

Bentleys Wealth // Balanced Portfolio

February 2022 Overview

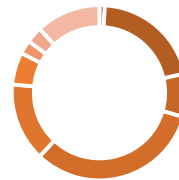
Bentleys Wealth's model portfolios are a suite of real return, multi-asset class, multi-manager portfolios across four risk/return profiles. The portfolios are actively managed through our dynamic asset allocation and investment manager selection processes.

We dynamically adjust the portfolios' allocations to achieve a high probability of meeting or exceeding the required return objectives while maintaining the stated risk profiles. The mix of asset classes and strategies in the portfolios will vary through time depending on our forward-looking estimates of market risk and return. Our style is active value management with quantitative foundations and qualitative decision-making.

Fund Details

Risk profile	Medium
Fund type	Diversified multi-manager
Investments	SMA's, Unit Trusts, ETFs and Direct Shares
Return objective	CPI + 3.5% (RBA Trimmed Mean CPI)
Investment timeframe	5 years +
Investment style	Dynamic active allocation
Fund inception date	December 2020
Platform	Macquarie

Current Asset Allocation



- Cash A\$ 1.00%
- Australian fixed income 20.50%
- Global fixed income 8.00%
- Australian equities 32.50%
- Global equities - unhedged 14.50%
- Global equities - hedged 6.00%
- Emerging markets 2.50%
- Global property & infrastructure 3.00%
- Alternatives 12.00%

Performance

February-2022	Balanced Portfolio*	Return Objective CPI + 3.5%
1 Month	0.03%	
3 Months	-1.21%	
1 Year	8.75%	5.50%
3 Years p.a.	8.02%	5.13%
5 Years p.a.	8.60%	5.20%

Top & Bottom 3 by Performance

Top 3	Return
Allan Gray Australia Equity Fund Class B	8.77%
Janus Henderson Global Natural Resources Fund	5.65%
ETFS Physical Gold	4.38%
Bottom 3	Return
Fairlight Global Small & Mid Cap A	-7.36%
Aoris International B Fund	-7.14%
T.Rowe Price Global Equity Fund - M Class	-6.05%

* Returns for periods prior to Dec 2020 are backtested. Returns are net of all investment costs. Returns over more than 1 month are geometrically compounded from monthly data. Returns over periods longer than 12 months are annualised. CPI = RBA Trimmed Mean quarterly data series; CPI + figures shown here include an estimate for the months since the last published quarterly CPI figure. Performance data is an estimate based on information provided to Quilla by Financial Express.

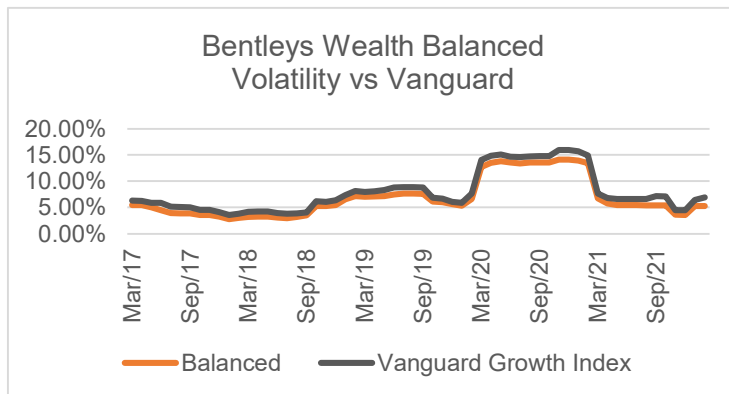
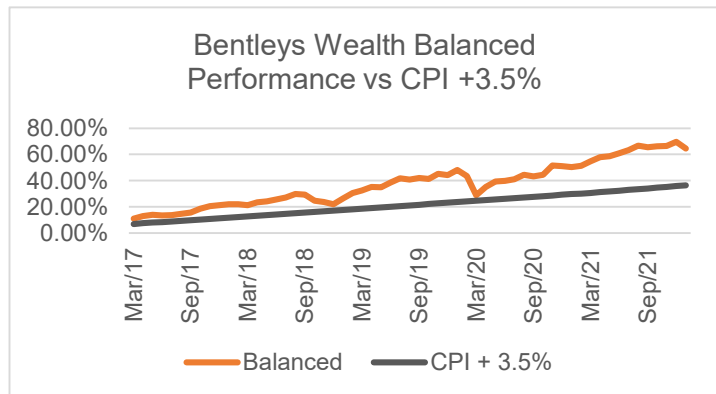
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➤ Advisors ➤ Accountants ➤ Auditors

Performance and Rolling Annual Volatility[^]

Bentleys Wealth's portfolios are designed with a focus on minimising the impact of volatility on an investors' assets. In practice, this means the portfolios will have reduced exposure to asset classes where we anticipate risks will outweigh the expected returns. This active management has resulted in consistently lower volatility than an equivalent passively managed index strategy (see chart below).



[^] The above charts include actual portfolio performance data (from December 2020) combined with back tested data prior to this date. The back tested data is based on the portfolio's initial allocation (both weights and managers). This allocation is static over the time period, as we believe that this will serve as an appropriate proxy for the portfolio.

Strategy and Outlook

Russia's deplorable invasion of the Ukraine in late February, sadly stole the headlines this month, fuelling a widespread pull back in global share markets. The fog of war contributed to an overriding sense of unease and uncertainty, exacerbating an already volatile macroeconomic backdrop still trying to come to grips with high inflation and the prospect that central banks will accelerate quantitative tightening. Regrettably, as it stands, there is a high risk that the situation could get a lot worse before it gets better. Markets have predictably responded to this latest shock in a volatile fashion out of fear of the unknown about how long the conflict will continue, the extent of the humanitarian crisis that is growing worse every day and, to a lesser extent, what if any adverse economic impacts may come to pass. Falling global sentiment and confidence are obvious casualties of this war. However, the main threat to the global economy may come in the form of an energy crisis (and higher inflation) which would hit Europe especially hard.

Whilst the crisis continues to unfold, a degree of caution is clearly warranted. Risk management with a focus on portfolio protection is paramount in order to minimise any further market drawdowns. Investors need to be highly selective, active, disciplined and diversified to overcome what is shaping up as a very challenging macro environment at least in the short term.

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