

Bentleys Wealth // Conservative Portfolio

April 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 **Low to Medium**

Fund type	Diversified multi-manager
Investments	SMA's, Unit Trusts and ETFs
Return objective	CPI + 1.5% (RBA Trimmed Mean CPI)
Investment timeframe	3 years +
Investment style	Dynamic active allocation
Fund inception date	December 2020
Platform	Macquarie

Current Asset Allocation



- Cash A\$ 20.00%
- Australian fixed income 35.00%
- Global fixed income 15.00%
- Australian equities 12.00%
- Global equities - unhedged 6.00%
- Global equities - hedged 3.00%
- Alternatives 9.00%

Performance

April-2022	Conservative Portfolio*	Return Objective CPI + 1.5%
1 Month	-0.37%	
3 Months	0.07%	
1 Year	2.00%	3.85%
3 Years p.a.	3.90%	3.29%
5 Years p.a.	4.53%	3.23%

Top & Bottom 3 by Performance

Top 3	Return
ETFs Physical Gold	3.96%
Ardea Real Outcome Fund	1.00%
Allan Gray Australia Equity Fund Class B	0.54%

Bottom 3	Return
Betashares Global Banks ETF (Hedged)	-7.41%
T.Rowe Price Global Equity Fund - M Class	-5.83%
Aoris International B Fund	-3.04%

* 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.

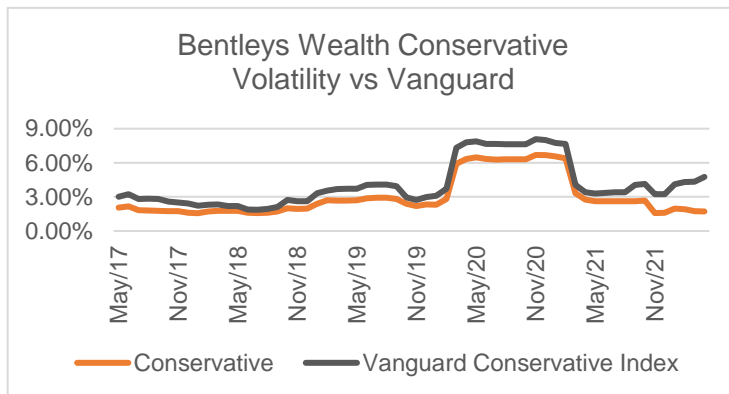
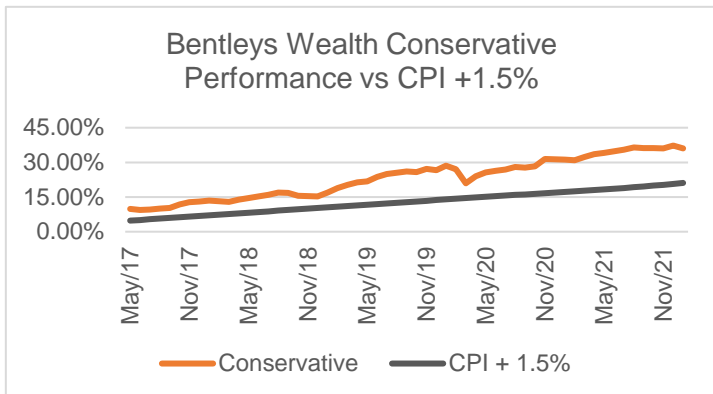
Ashley Honeyman, Director
Authorised Representative No. 1003351
Bentleys (Qld) Wealth & Financial Services Pty Ltd
Telephone +61 7 3222 9702 | Mobile+ 61 455 440 577



➤ 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

Risks around inflation, higher interest rates, the war in Ukraine and sluggish Chinese growth remain high for the moment. With these volatile dynamics still in play, the short-term picture continues to be an uncertain one for investors. If inflation moderates as we expect (due to base effects as well as a gradual recovery in supply chains), our analysis suggests that sectors that are currently struggling throughout the initial slowdown phase, when inflation is high and rising, are likely to reverse as inflation begins to moderate. As such, we anticipate a recovery in small/mid-cap equity performance as inflation falls from its peak as well as a recovery in interest rate sensitive equity sectors such as growth and technology stocks. These sectors may outperform value and cyclical strategies as the inflationary environment improves over coming quarters.

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Ashley Honeyman, Director
 Authorised Representative No. 1003351
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