

# Bentleys Wealth // Conservative Portfolio

## March 2021 Overview

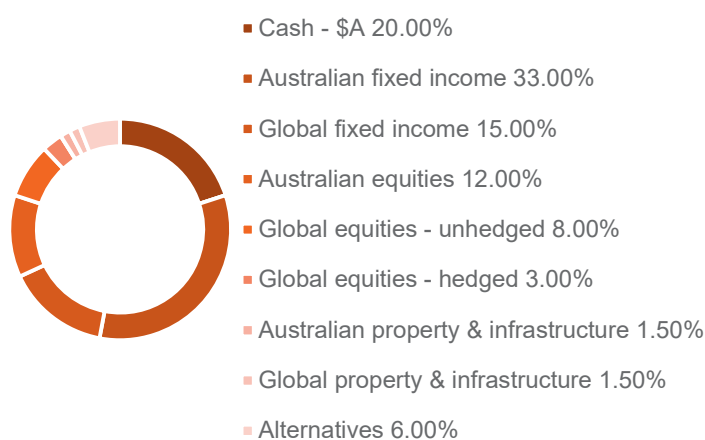
Bentleys Wealth's model portfolios are a suite of real return, multi-asset class, multi-manager portfolios across four risk/return profiles. The portfolios are actively managed through our dynamic asset allocation and investment manager selection processes.

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

<b>Risk profile</b>	<b>Medium</b>
<b>Fund type</b>	Diversified multi-manager
<b>Investments</b>	SMAs, Unit Trusts and ETFs
<b>Return objective</b>	CPI + 1.5% (RBA Trimmed Mean CPI)
<b>Investment timeframe</b>	3 years +
<b>Investment style</b>	Dynamic active allocation
<b>Fund inception date</b>	December 2020
<b>Platform</b>	Macquarie

## Current Asset Allocation



## Performance

March 2021	Conservative Portfolio *	Return objective CPI +1.5%
<b>1 Month</b>	1.04%	-
<b>3 Months</b>	0.75%	-
<b>6 Months</b>	3.55%	-
<b>1 Year</b>	9.39%	2.72%
<b>3 Years</b>	5.45%	2.93%
<b>5 Years</b>	5.63%	3.09%

## Top & Bottom 3 by Performance

Top 3	Return
Magellan Infrastructure Fund	7.98%
Aoris International Fund	7.57%
BetaShares Global Banks ETF Currency Hedged	7.08%

Bottom 3	Return
Janus Henderson Global Multi-Strategy Fund	-1.50%
BetaShares Australian High Interest Cash ETF	0.04%
Franklin Australian Absolute Return Bond Fund	0.23%

\* 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.

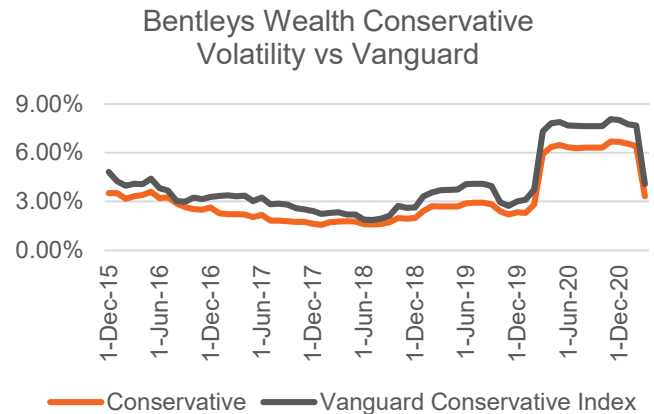
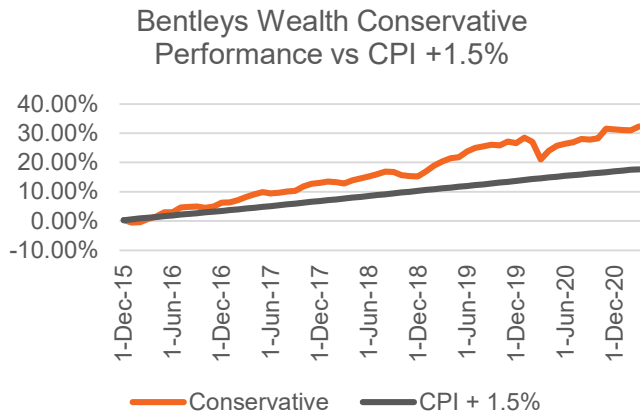
Ashley Honeyman, Director  
 Authorised Representative No. 1003351  
 Bentleys (Qld) Wealth & Financial Services Pty Ltd  
 Telephone +61 7 3222 9702 | Mobile+ 61 455 440 577  
 ahoneyman@bris.bentleys.com.au



➤ Advisors ➤ Accountants ➤ Auditors

## Performance and Rolling Annual Volatility<sup>^</sup>

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).



<sup>^</sup> 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

The recent rise in bond yields has been driven by two factors, an improving economic outlook and the expectation of imminent inflation. Rising yields will impact the spectrum of asset classes in a variety of ways. Assets that are sensitive to rising bond yields and inflation expectations are more likely to underperform. This includes government bonds, equities such as growth stocks (including tech stocks), and EM equities. In contrast, the assets that benefit from an uptick in economic activity, which is causing yields to increase, will outperform. This includes value/cyclical stocks, particularly banks and resource stocks.

While we expect to see a spike in the inflation indicators during March and April, we still believe that this is a base effect and that the excess capacity in the economy means that actual inflation is unlikely to be an issue until well into 2022. So, in the short term, we could see volatility in some markets as yields and inflation push higher, but we believe that this will be transitory with markets resuming their upward trend into the backend of 2021.

Given this outlook, we have adjusted our portfolio allocations to reduce allocations to long-duration managers while increasing exposure to cyclical stocks. The overall effect of the changes will be to reduce the exposure to yield sensitive assets while increasing the portfolios' ability to benefit from a continuation of the global cyclical upswing and rotation to value equities.

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Ashley Honeyman, Director  
 Authorised Representative No. 1003351  
 Bentleys (Qld) Wealth & Financial Services Pty Ltd  
 Telephone +61 7 3222 9702 | Mobile+ 61 455 440 577  
[ahoneyman@bris.bentleys.com.au](mailto:ahoneyman@bris.bentleys.com.au)



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