Bentleys Wealth // Growth Portfolio

September 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	High
Fund type	Diversified multi-manager
Investments	SMAs, Unit Trusts, ETFs and Direct Shares
Return objective	CPI + 4.5% (RBA Trimmed Mean CPI)
Investment timeframe	7 years +
Investment style	Dynamic active allocation
Fund inception date	December 2020
Platform	Macquarie

Current Asset Allocation

Performance

September-2022	Growth Portfolio*	Return Objective CPI + 4.5%
1 Month	-3.56%	
3 Months	0.05%	
1 Year	-6.20%	8.70%
3 Years p.a.	3.81%	7.33%
5 Years p.a.	7.00%	6.63%

Top & Bottom 3 by Performance

Top 3	Return
ETFS Physical Gold	3.85%
Ardea Real Outcome Fund	1.83%
Invesco Global Real Estate A	1.09%

Bottom 3	Return
UBS Clarion Global Infrastructure Securities	-11.40%
Macquarie Hedged International Equities Fund	-8.91%
Allan Gray Australia Equity Fund Class B	-7.60%

* 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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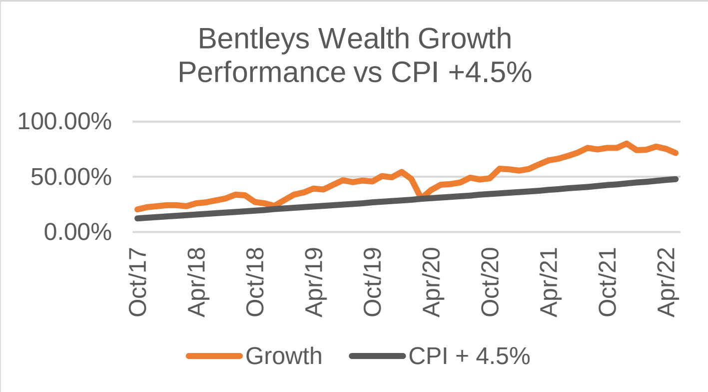
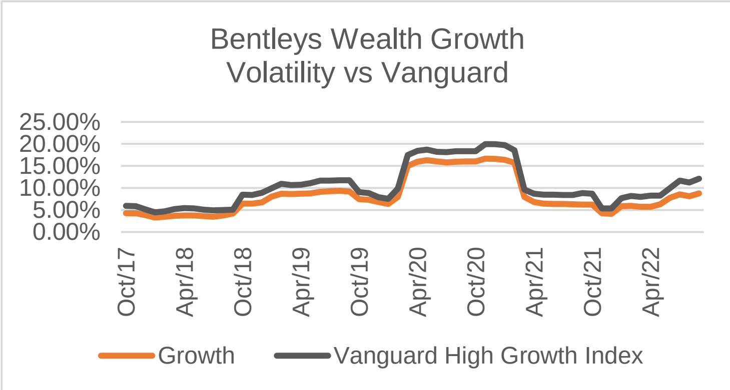
Performance and Rolling Annual Volatility^

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

The factors that have wrought havoc this year including persistently high inflation, slowing economic growth, and hawkish central banks are likely to continue over the coming quarters. The Chinese property market looks like a bubble in the process of bursting. Geopolitical risks also give us cause for concern.

Our summary view is that inflation, especially in the US, is likely to remain stubbornly high over the next 3-6 months. If this remains the case, the Fed will continue hiking rates, even if it pushes the economy into recession. The biggest upside surprise would be if inflation fell without growth slowing much. That would allow the Fed to pause and / or ease policy sometime in 2023. A weaker dollar would also be positive for risk assets especially emerging markets since it would ease financial conditions.

At this stage of the cycle however, we continue to be cautious and recommend a highly defensive stance, with an underweight to equities.

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