

Portfolio Code - SMAFPW02S
Short Term Portfolio (SHORT)

Performance

	Inception (3)	24 months	12 months	6 months	3 months	1 month
Long	45.82%	26.45%	21.86%	8.06%	3.97%	1.36%
Benchmark (1)	23.10%	13.20%	6.60%	3.30%	1.65%	0.55%
Short	10.81%	4.60%	0.71%	-0.08%	0.03%	0.27%
Benchmark (2)	1.75%	1.54%	0.25%	0.13%	0.06%	0.02%

December was a relatively muted month for Fixed Income markets, while inflation has continued to be on everyone's lips. The debate as to whether inflation is transitory or structural in nature is gaining momentum as the US recorded an annual rate of inflation of 6.2%, the highest rate in three decades. What is interesting is that we are observing a growing divergence between what is driving inflation in different countries, which is making the debate between structural and transitory inflation more nuanced. There is no doubt that supply shortages related to COVID-19 have been putting upward pressure in input costs for many companies around the world.

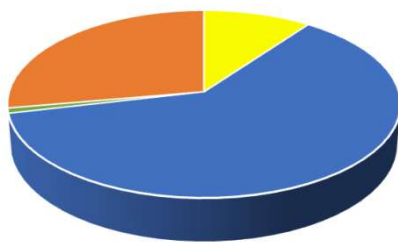
Australia's inflation rose 1.3% in the three months to December, bringing inflation for the full 2021 year to 3.5%. This is above the Reserve Bank medium term target range of 2-3% inflation. It will excite speculation about the central bank lifting interest rates far sooner than 2024 but don't expect the RBA board to be spooked into a rate rise so easily as confirmed by it's decision to leave rates at record levels on Feb 1st. Central banks like a little inflation but not too much. History shows prices either falling or increasing too rapidly are bad for an economy. When inflation rises above the sweet spot, the normal response of a central bank would be to cool demand by lifting interest rates. The RBA also confirmed in the February meeting that it'll be ceasing further purchases under the bond purchase program from the 19th February which again was not unexpected.

Regardless of future rate calls, the Short SMA remains well diversified across the fixed income credit spectrum to respond to any current and future market conditions.

Monthly Portfolio Holdings - SHORT

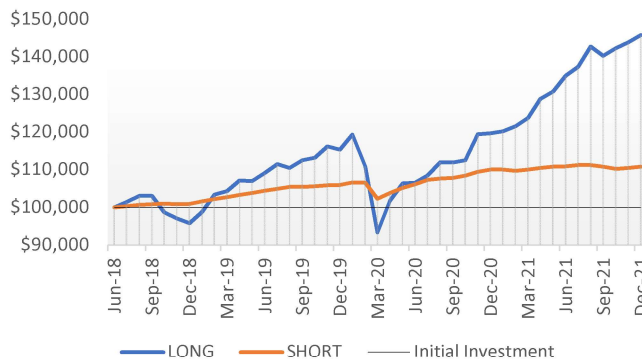
Name	Allocation	Return	Effect
PIMCO Diversified Fixed Interest Fund - Wholesale Class	19.47%	0.11%	0.03%
Ardea Real Outcome Fund	18.48%	0.42%	0.08%
La Trobe Australian Credit Fund - 12 Month Term Account	19.45%	0.35%	0.07%
Macquarie Wrap Solutions Cash Account	4.20%	0.00%	0.00%
Perpetual Wholesale Diversified Income Fund	19.77%	0.18%	0.04%
Smarter Money Higher Income Fund - Assisted Investor	9.47%	0.24%	0.02%
Legg Mason Brandywine Global Opportunistic Fixed Income Tru	9.03%	0.43%	0.04%
	100%		0.27%

Asset Allocation

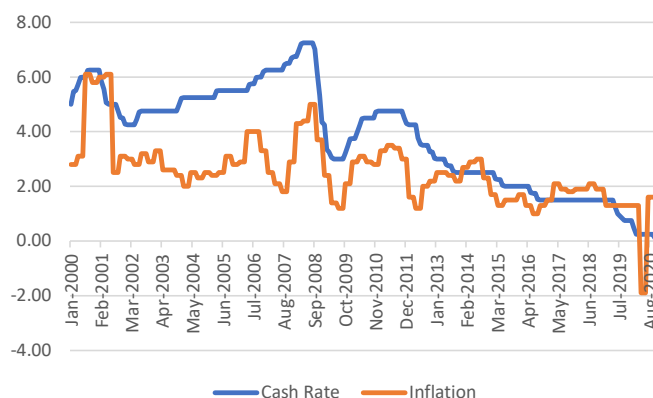


- Alternative
- Domestic cash
- Domestic equity
- Domestic fixed interest
- Domestic property
- International cash
- International equity
- International fixed interest

Growth of \$100,000 invested since inception.



CPI and Cash Rate



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The investment tables above set out returns net of Investment manager fees. Past Performance is no indicator of future performance. Please read the PDS in conjunction with this update.

(1) CPI + 5%
(2) RBA Cash rate
(3) 2 July 2018