Milliman SmartShield Balanced

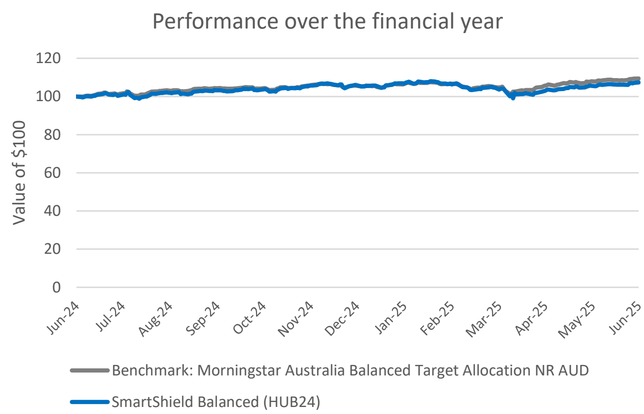
Q2 2025

MARKET SNAPSHOT

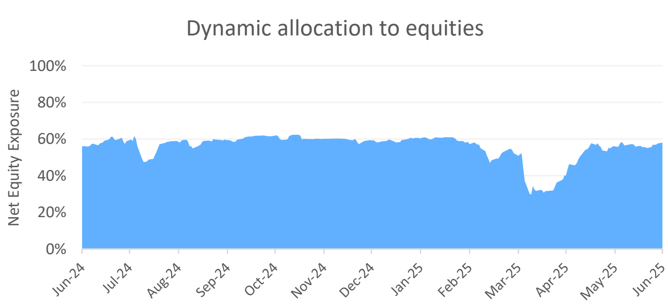
2024-25 financial year incorporated both bullish and volatile periods. The US tech sector performed strongly during the second half of last year, and Trump's election win further boosted markets with promises of corporate-friendly policies. US equities hit record highs by December, but sentiment reversed sharply after Trump implemented "Liberation Tariffs," raising concerns over global trade and growth. The S&P 500 fell roughly 20%, and other global indices also declined. Rising US Treasury yields increased federal debt servicing costs, prompting Trump to scale back and delay some tariffs. Markets rebounded quickly, reaching new highs later in H1 2025.

In Australia, the ASX 200 mirrored the S&P 500, setting record highs in February and June. Improved domestic sentiment, driven by two RBA rate cuts in H1 2025, further supported the market.

During the upwards trending market in the first half of the financial year, the SmartShield Balanced portfolio closely tracked its Morningstar benchmark on a net-of-fees basis, capturing market gains for investors. However, the introduction and subsequent reversal of Trump's "Liberation Tariffs" in March 2025 triggered a sharp market sell-off followed by a rapid rebound. The portfolio incurred higher hedging costs during this V-shaped recovery, as existing hedges limited participation in the swift rally and caused underperformance in April. Nevertheless, the portfolio quickly reduced its hedges, reaching a net equity exposure of 58% (with full exposure at 60%) towards the end of June, enabling it to capture the market upside, and slightly outperform the benchmark during May and June. Ultimately, SmartShield Balanced returned 7.38% for the financial year, compared to a 9.40% gain for the Morningstar Balanced benchmark.



SMARTSHIELD OVERLAY



Throughout the financial year, the SmartShield Balanced model generally maintained net equity exposure near its maximum allowable level of 60%, except in April 2025, when the Trump administration's tariff announcement caused market turmoil. During this period, the portfolio reduced net equity exposure to as low as 31%, before returning to near full exposure in May and June as tariff implementation was delayed.

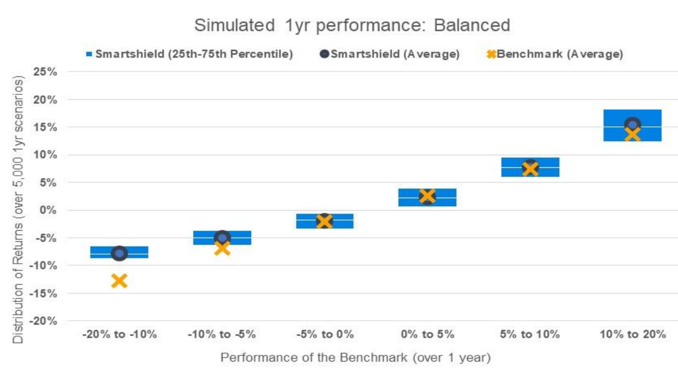
By the end of Q2, net equity exposure stood at approximately 58%. The strategy remains prepared to quickly increase hedging in response to any sustained and significant market downturn.

PERFORMANCE OUTLOOK

As we enter the new financial year, there are still some uncertainties remaining such as US trade policies with its key trading partners as well as the geopolitical instability in the Middle East. Together with the global equities trading at their historical highs and the VIX Fear index hovering around mid-16, it could be a sign of complacency and could lead to knee-jerk reactions on negative news.

As we move through this environment, managing risk is as important as ever, giving investors the confidence to stay invested, whatever the market conditions.

As a result of the SmartShield overlay's ability to dynamically adjust the hedge levels, the portfolio continues to be well positioned should the market show signs of further drawdown for an extended period. The portfolio's tilt towards growth assets and dynamic hedging strategy will also allow it to participate on the upside once volatility and sentiment recovers to normal levels.



PERFORMANCE (net of fees[1])	1 month[2]	3 months[2]	YTD	1 year	Since Inception p.a.[3]
SmartShield Balanced	1.72%	3.66%	2.06%	7.38%	3.34%
Benchmark: Morningstar Aus Balanced Target Allocation NR AUD	1.33%	4.53%	3.97%	9.40%	4.40%

RISK METRICS SINCE INCEPTION	Volatility (Annualised)	Max Drawdown
SmartShield Balanced	6.65%	-12.36%
Benchmark: Morningstar Aus Balanced Target Allocation NR AUD	8.12%	-14.01%

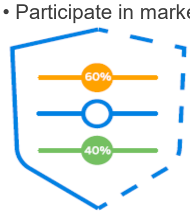
[1]Performances are calculated net of underlying investment cost and management fee. Fees applied on the benchmark = 90bps p.a., it represents the average management fee charged by investible multi-asset diversified portfolios as published by Morningstar research.

[2]Aside from hedging strategy performance, short term performance relative to the benchmark differs due to imperfect performance tracking of the underlying sector ETFs against its benchmark on a month to month basis. This is mainly caused by difference in the period that performance is accounted for between various time zones, as well as difference in effective date of dividend distributions relative to the benchmark. These effects will largely be 'washed-out' when looking at a longer time horizon (e.g. 1 year).

[3]Inception Date: 3rd Mar 2020

BENEFITS

- Built-in portfolio protection
- Diversified
- Dynamically managed
- Low cost
- Flexibility & control
- Participate in market upside



PORTFOLIO HOLDINGS

60% GROWTH ASSETS
Betashares Global Shares
Betashares Global Shares Currency Hedged
Vanguard Australian Shares
Even Keel - Global & Domestic Risk management Classes

40% DEFENSIVE ASSETS
BetaShares Australian High Interest Cash
Vanguard Australian Fixed Interest
Vanguard Global Aggregate Bond AUD Hedged
Cash

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