

Milliman SmartShield GSS Series - Moderate

Quarter in Review - Q4 2021

MARKET SNAPSHOT

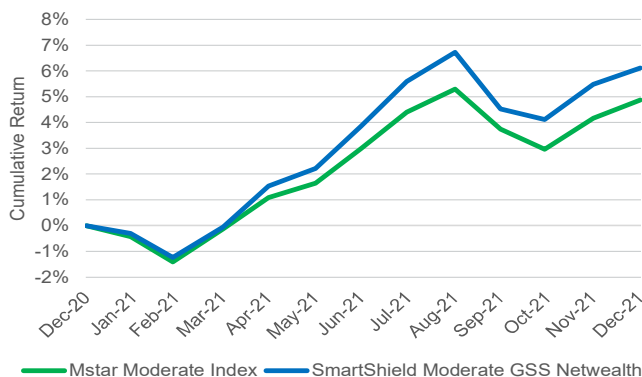
The post-pandemic recovery has continued at a frenetic pace this quarter as investors reacted to the emergence of the Omicron-variant, on-going inflationary pressures and supply chain disruptions as well as central bank moves, to begin tapering of Quantitative Easing programs or rate-rises.

Equity markets still moved higher through the quarter, thanks to accommodating monetary and fiscal policy as well as strong earnings growth. However, the threat of new variants such as Omicron that could compromise existing vaccines, has created investor uncertainty throughout the quarter.

With NSW and Victoria ending their lockdowns, the ASX200 made modest gains across the quarter ending with the index up 1.6%. In the US, the S&P 500 performed strongly and jumped 10.7% thanks to continued strong earnings growth, across sectors such as Technology and Energy. The implied volatility of the ASX 200 fell slightly, ending the quarter at 10.6%, while in the US the VIX dropped 6 points to close at 17.2%.



Calendar Year 2021 Performance



SMARTSHIELD OVERLAY



Just like the situation at the start of the pandemic in March 2020, the hedge level is expected to increase in response to any large-scale market contraction.

The continued rally in equities this quarter, was supported by large stimulus packages and accommodating monetary policies. This meant hedge levels remained minimal and enabled the portfolio to participate on the market upside. The portfolio maintained an average equity exposure of 39.7%, which is close to its maximum level of 40% throughout Q4-2021.

The moderate portfolio outperformed its benchmark during 2021, returning +6.1% compared to +4.9% for the benchmark on a net of fees basis.

PERFORMANCE OUTLOOK

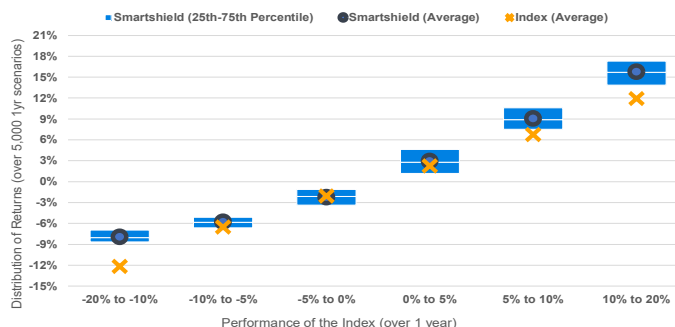
Many countries across the world including Australia, continue to face further Covid outbreaks from the Omicron variant.

Large proportions of developed economy populations have now been fully vaccinated and as we continue to move through the year under the 'COVID normal' environment — with current and on-going supply chain disruptions and inflationary pressures on the horizon — providing investors protection across their life savings, is as important as it has ever been.

As a result of the portfolio's tilt towards growth assets and the SmartShield overlay winding back its hedges, the portfolio is well-positioned, to continue participation in any continued market upside.

However, in the event of any future market sell-offs, the dynamic risk management strategy is placed to act swiftly, as it did in 2020.

Simulated 1yr performance: Moderate



PERFORMANCE (net of fees ¹)	1 month	3 months	6 months	1 year	2 year	Since Inception
SmartShield GSS Series - Moderate	0.60%	1.51%	2.18%	6.01%		5.49%
Benchmark: Morningstar Aus Msec Moderate TR AUD	0.68%	1.09%	1.88%	4.93%		4.54%

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

²Inception Date: 19th Nov 2020

BENEFITS

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



PORTFOLIO HOLDINGS

40% GROWTH ASSETS

netwealth Australian Equities Index Fund
netwealth Unhedged International Equities Index Fund
Even Keel - Domestic Risk management Classes
Even Keel - Global Risk management Classes

60% DEFENSIVE ASSETS

netwealth Australian Bond Index Fund
netwealth Global Bond Index Fund
Cash

Key Contacts

Durand Oliver

Head of Distribution

Sydney, AU

durand.oliver@milliman.com

+61 (0) 403 148 057

Simon Ho

Portfolio Manager

Sydney, AU

simon.ho@milliman.com

+61 (0) 401 874 948

For more information about Milliman, please call or visit us at:

+61 2 8090 9100 | au.milliman.com

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