

# Milliman SmartShield GSS Series - High Growth

Q1 2025

## MARKET SNAPSHOT

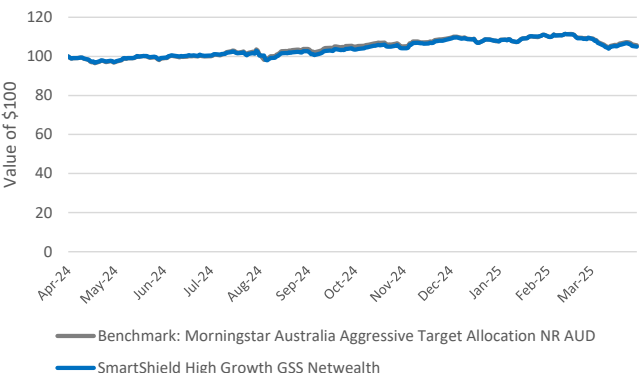
Q1-2025 was a volatile period for investors, as trade tensions led equity markets to deliver mixed returns. US equities, in particular, underperformed as fears of wide-reaching tariffs introduced by the new Trump administration dampened the market's projections for US economic growth. European equities outperformed US stocks as investors rotated out of large-cap US tech, partly due to more optimistic growth prospects in the Eurozone region. The S&P 500 Total Return index returned -4.3%.

In Australia, the ASX 200 hit a record high in February before sinking through March, as corporate earnings were mixed. The RBA cut rates by 25 basis points in their February meeting, marking the start of a new easing cycle. The ASX 200 TR index ended the quarter down -2.8%. Meanwhile, the MSCI World ex Australia (AUD) index yielded a -2.4% return for the quarter.

Throughout this period, the hedge level for SmartShield portfolios marginally increased, reversing some of its growth asset tilt. However, the market decline during the quarter was not significant enough to trigger substantial hedge activity. The SmartShield GSS High Growth portfolio underperformed its benchmark for Q1-2025, delivering a return of -2.85% compared to the benchmark's -1.93%. A-REITs and G-REITs outperformed their equity counterparts during the quarter, contributing -30bps to performance. Additionally, a -60bps impact was observed due to the benchmark constituents outperforming the managed fund counterparts for the quarter.

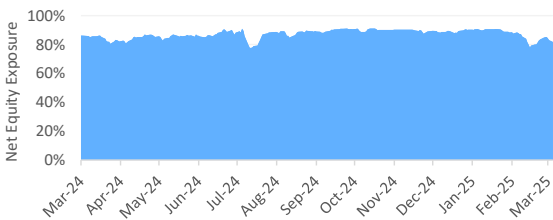


Performance over the year



## SMARTSHIELD OVERLAY

Dynamic allocation to equities



Throughout January and February, the SmartShield High Growth model maintained a net equity exposure close to its maximum allowable level of 90%, driven by expectations of future rate cuts. During March, global market volatility increased due to Trump's tariff policies and rising protectionism. In response, the portfolio increased its hedge level in anticipation of an equity sell-off. By the end of Q1, net equity exposure was approximately 80%. The strategy remains poised to elevate the hedge level swiftly, in the event of a sustained and material market downturn.

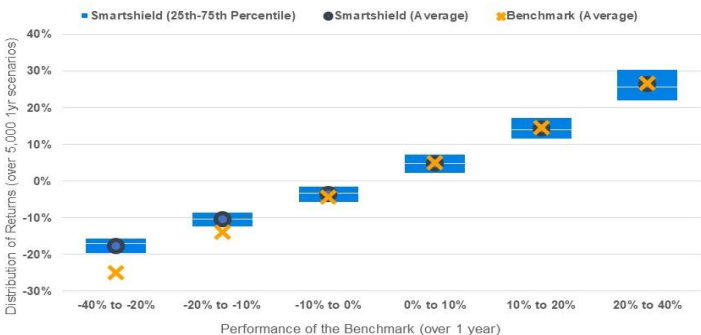
## PERFORMANCE OUTLOOK

As we progress into 2025, the dominant themes will be the impact of the Trump administration's trade policies on economic growth and the potential for a prolonged trade war as other nations, such as China, introduce reciprocal tariffs. Although Trump has announced a 90-day reprieve from most tariffs, equity and fixed income markets are still taking a pessimistic view, and volatility is elevated. Markets are pricing in multiple rate cuts in both the US and Australia this year, as economic growth projections have been revised downward.

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 is well positioned should the current market drawdown persist for an extended period. The portfolio's tilt toward growth assets will also allow it to participate on the upside once volatility and sentiment recovers to normal levels.

Simulated 1yr performance: High Growth



| PERFORMANCE (net of fees <sup>1</sup> )                        | 1 month | 3 months | YTD    | 1 year | Since Inception p.a. <sup>2</sup> |
|--|---------|----------|--------|--------|-----------------------------------|
| SmartShield GSS Series - High Growth                           | -4.20%  | -2.85%   | -2.85% | 4.54%  | 7.85%                             |
| Benchmark: Morningstar Aus Aggressive Target Allocation NR AUD | -3.35%  | -1.93%   | -1.93% | 5.15%  | 8.95%                             |

| RISK METRICS SINCE INCEPTION <sup>2</sup>                      | Volatility (Annualised) | Max Drawdown |
|--|-------------------------|--------------|
| SmartShield GSS Series - High Growth                           | 8.34%                   | -13.98%      |
| Benchmark: Morningstar Aus Aggressive Target Allocation NR AUD | 10.39%                  | -16.47%      |

<sup>1</sup>Performances 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.

<sup>2</sup>Inception Date: 17th Aug 2020

## BENEFITS

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



## PORTFOLIO HOLDINGS

### 90% GROWTH ASSETS

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

### 10% DEFENSIVE ASSETS

netwealth Australian Bond Index Fund  
netwealth Global Bond Index Fund  
Cash

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