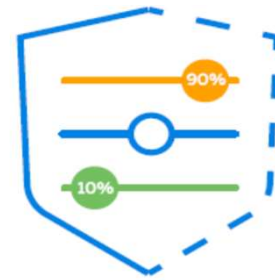# Milliman SmartShield High Growth

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

— Mstar Aggressive Index   — SmartShield High Growth
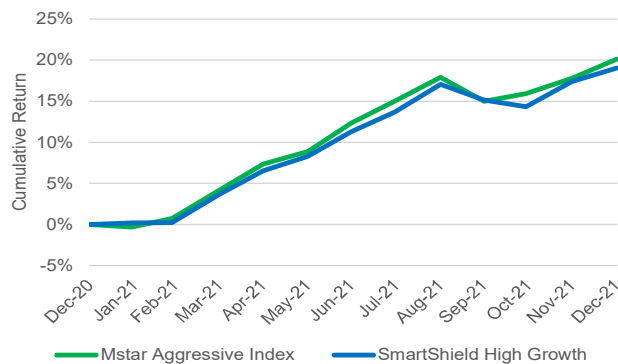
SMARTSHIELD OVERLAY
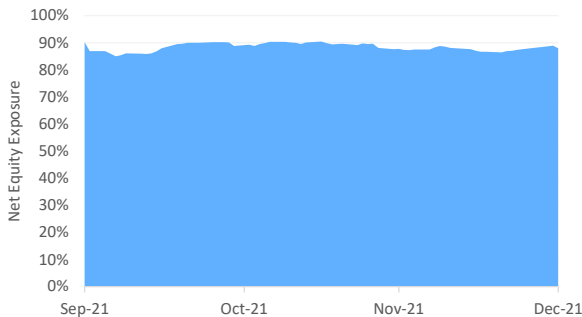
Just like the situation at the start of the pandemic in March 2020, the hedge level is expected to increase in response to any large-scale market contraction.

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 that is close to its maximum level of 90% throughout Q4-2021.

The high growth portfolio tracked its benchmark well during 2021, returning +19.1% compared to +20.2% for the benchmark net of fees.

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: High Growth

■ Smartshield (25th-75th Percentile)   ● Smartshield (Average)   ✕ Index (Average)

Milliman
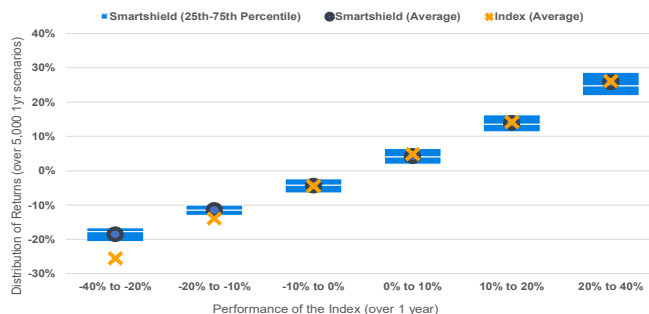
PERFORMANCE (net of fees[1])	1 month[2]	3 months[2]	6 months	1 year	2 year	Since Inception
SmartShield High Growth	1.41%	3.41%	6.97%	19.08%		12.66%
Benchmark: Morningstar Aus Msec Aggressive TR AUD	1.99%	4.47%	7.01%	20.23%		12.74%

RISK METRICS SINCE INCEPTION	Volatility (Annualised)	Max Drawdown
SmartShield High Growth	9.95%	-7.21%
Benchmark: Morningstar Aus Msec Aggressive TR AUD	16.34%	-21.09%

[1]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.

[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).

BENEFITS

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

PORTFOLIO HOLDINGS

90% GROWTH ASSETS
iShares S&P 500
iShares MSCI EAFE
Vanguard Australian Shares
Vanguard Australian Property
Even Keel - Global & Domestic Risk management Classes

10% DEFENSIVE ASSETS
BetaShares Australian High Interest Cash
Vanguard Australian Fixed Interest
Vanguard Global Aggregate Bond AUD Hedged
Cash

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