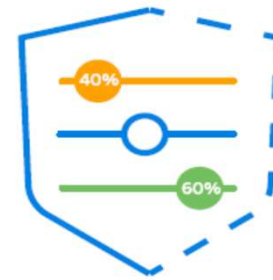


# Milliman SmartShield Moderate

## Quarter in Review - Q3 2021



### MARKET SNAPSHOT

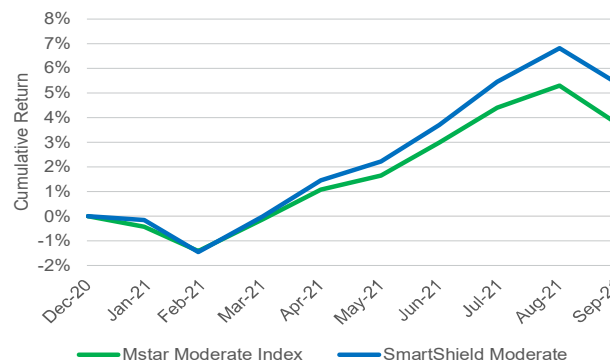
The post-pandemic recovery appears to have stalled this quarter, with investors fearful of the impacts of persistent inflationary pressures on global economies as central banks begin to taper their QE programs.

Market uncertainty remained elevated as the spread of the Coronavirus Delta-variant lead to prolonged lockdowns throughout Australia, whilst fears of a potential market contagion effect from troubled Evergrande have also weighed down on the market sentiment at the end of the quarter.

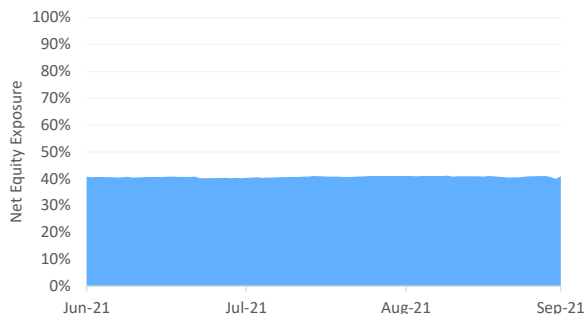
The ASX200 plateaued this quarter, gaining +0.3%. This was largely inline with the US where the S&P 500 closed +0.2%. The uncertainty towards end of the quarter has led to a marginal increase in the implied volatility of the ASX200 to 12.5%. (as measured by the S&P/ASX 200 VIX Index).

A rout in Iron Ore prices and a Hawkish pivot by the US Federal Reserve caused the Aussie Dollar to slide 3.6% against the US Dollar to 72.27 US cents. This contributed to a strong month for the unhedged international equity exposures.

Calendar Year 2021 Performance



### SMARTSHIELD OVERLAY



With the continued rally in the equities supported by large stimulus packages and accommodative monetary policies, hedge levels continued to be minimal, allowing the portfolio to participate on the upside.

Just like the situation at the start of the pandemic last year, if the latest market contraction at the end of the quarter were to extend well into the next quarter, the hedge level is expected to increase in response. The portfolio ended Q3-2021 with net equity exposure at 40%, which is at its full equity exposure.

As a result of the tilt towards growth assets relative to benchmark, the moderate portfolio outperformed during the quarter, returning +1.62% compared to +0.78% for the benchmark net of fees.

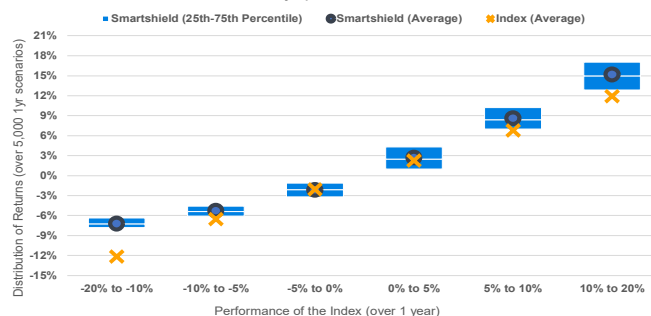
### PERFORMANCE OUTLOOK

Countries around the world are continuing to deal with new waves of COVID. However, they are also now beginning to face the ramifications resulting from wide-scale stimulus packages and it remains to be seen whether current inflationary pressures driven by supply-chain disruptions and shortages are transitory or will persist.

As we progress into a post-COVID world, providing investors with protection for 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 expected to continue participating on the upside, should markets perform strongly going forward.

In the event of any further market sell-offs, the dynamic risk management strategy is well positioned to act swiftly, as it did in 2020.

Simulated 1yr performance: Moderate



PERFORMANCE (net of fees <sup>1</sup> )	1 month	3 months	6 months	1 year	2 year	Since Inception
SmartShield Moderate	-1.34%	1.62%	5.40%	7.84%		1.44%
Benchmark: Morningstar Aus Msec Moderate TR AUD	-1.48%	0.79%	3.93%	6.65%		3.35%

RISK METRICS SINCE INCEPTION	Volatility (Annualised)	Max Drawdown
SmartShield Moderate	5.42%	-9.28%
Benchmark: Morningstar Aus Msec Moderate TR AUD	5.74%	-8.60%

<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.

### BENEFITS

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



### PORTFOLIO HOLDINGS

**40% GROWTH ASSETS**  
iShares S&P 500  
iShares MSCI EAFE  
Vanguard Australian Shares  
Vanguard Australian Property  
Even Keel - Global & Domestic Risk management Classes

**60% DEFENSIVE ASSETS**  
BetaShares Australian High Interest Cash  
Vanguard Australian Fixed Interest  
Vanguard Global Aggregate Bond AUD Hedged  
Cash

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