

# Milliman SmartShield High Growth



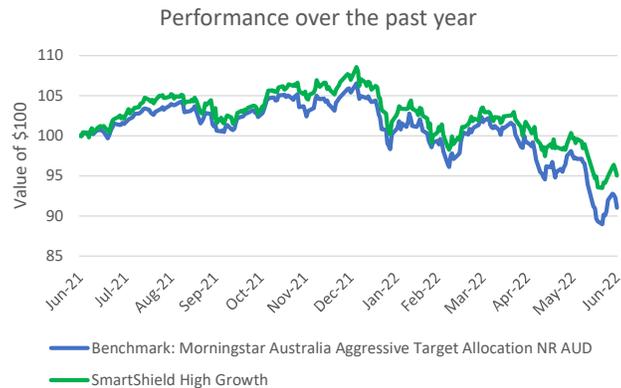
## Quarter in Review - Q2 2022

### MARKET SNAPSHOT

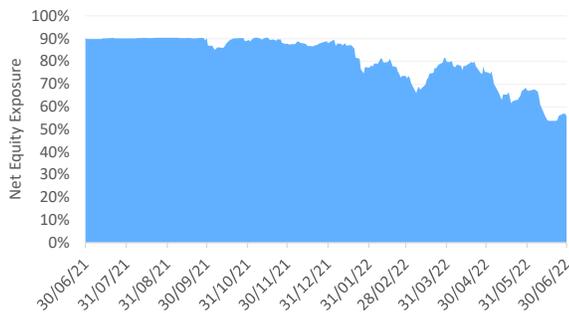
Q2 2022 was a poor quarter for equity markets. Inflation continues to accelerate rapidly due to on-going supply chain disruptions, as well as surging fuel prices due to the continuation of the Russia-Ukraine war. This has forced central banks to begin raising rates rapidly, with multiple large hikes this quarter from the US Federal Reserve, as well as the Reserve Bank of Australia.

The ASX 200 fell -12.4% this quarter. In the US the S&P 500 fell -16.5% however, the Aussie Dollar also fell 7.7% which helped to soften the blow for investors who are not currency hedged.

Across a 1 year period, the portfolio has outperformed its benchmark by returning -4.95% compared to the benchmark performance of -8.94%. Through the dynamic nature of the risk hedges along with the growth asset allocation tilt, the portfolio was able to mitigate the recent sell-off, as well as participate in the 2021 market upside.



### SMARTSHIELD OVERLAY



The portfolio's hedge level has significantly increased this quarter, in response to the sustained market downturn, which follows from the on-going inflationary pressures and central bank rate hikes.

The portfolio ended the quarter with an equity exposure of around 55% (maximum equity exposure sits at 90%), with exposure levels varying throughout the quarter according to market conditions and volatility levels.

### PERFORMANCE OUTLOOK

Many countries across the world are feeling the impacts of the sustained high inflation, brought on by accommodative monetary policy through the COVID-19 pandemic. Many central banks have now been forced to raise interest rates to combat this inflation and rates are projected to continue to rise throughout the year. As a result, market sentiment has shifted firmly away from the very bullish environment of late 2020 and 2021.

As we move through this transition, 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 ramping up its hedges, the portfolio is well positioned in case the current market downturn accelerates further through this year.

Thanks to the portfolio's tilt toward growth assets, it also remains well positioned to benefit from any market upside in case of any market sentiment recovery.

