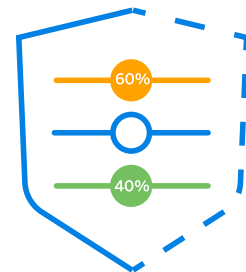


# Milliman SmartShield Balanced

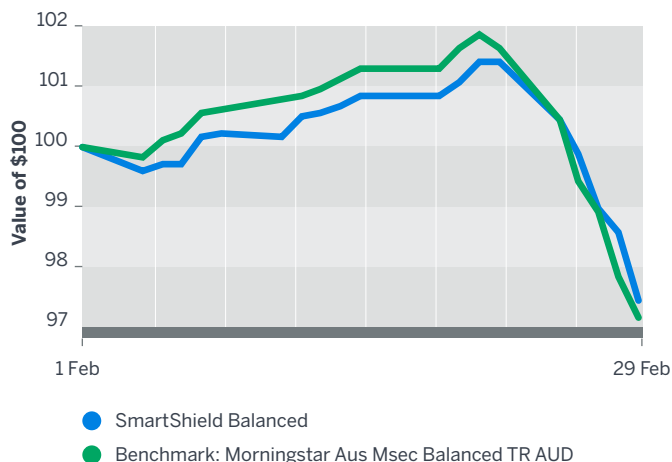


## Month in Review – February 2020

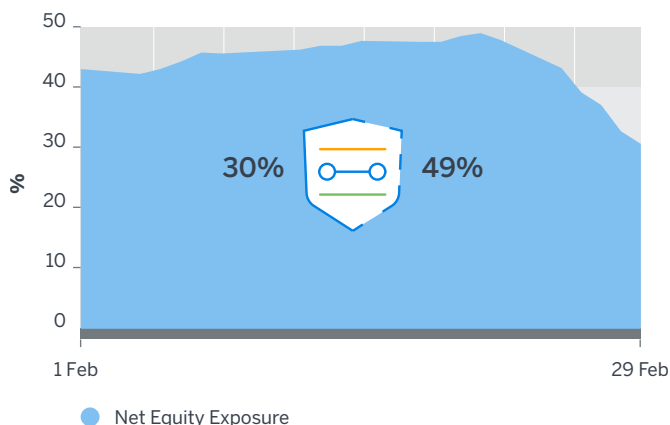
### MARKET SNAPSHOT

Whilst February is the shortest month of the year, 2020 reminded us that even 29 days is long enough to cause concern for investors who don't have a proper risk management strategy in place. The first three weeks of February saw markets continue to rise before a dramatic sell off in the last week, which led to the fastest US equity market correction in over 100 years.

With COVID-19 unable to be contained within China and spreading globally, the uncertainty left investors nervous and policy makers scrambling as they went in search for any lever they could pull to stem the economic impact.



### SMARTSHIELD OVERLAY



The portfolio went into the month with a relatively high level of exposure to equities which benefited the portfolio as markets rose steadily in the first three weeks. With market conditions dramatically changing in the last week, so too did the level of protection.

Investor's equity exposure changed rapidly from 49% to 30% over the course of 7 days. This rising level of protection whilst markets were falling resulted in outperformance for the portfolio of 0.3% during the month.

### PERFORMANCE OUTLOOK

As we look forward 12 months, the one thing that is certain is that we don't know how equity markets will perform. However, we do know with a high degree of certainty how the SmartShield portfolio will behave if returns are negative throughout 2020.

This chart informs us if returns over the next 12 months continue to decline, the SmartShield portfolio will protect investors to the tune of around half of that fall. In severe market declines, the protection becomes even stronger ensuring the portfolio remains focussed on capital preservation.

Whilst protecting the downside, the SmartShield approach to asset allocation and dynamic risk management, provides investors with exposure to growth assets and the benefit of positive returns in rising markets.

### SIMULATED 1 YEAR PERFORMANCE

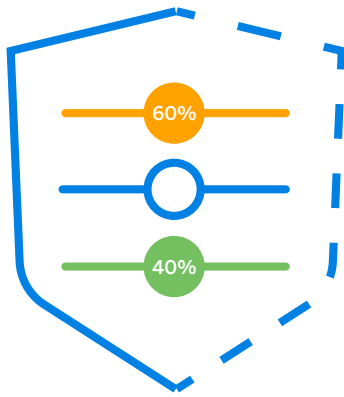


## PERFORMANCE

|   | 1 month | 3 months | 6 months | 1 year |
|---|---------|----------|----------|--------|
| SmartShield Balanced                            | -1.91%  |          |          |        |
| Benchmark: Morningstar Aus Msec Balanced TR AUD | -2.86%  |          |          |        |
| Relative performance to benchmark               | 0.95%   |          |          |        |

### BENEFITS

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



### PORTFOLIO HOLDINGS

#### 60% GROWTH ASSETS

iShares S&P 500  
 iShares MSCI EAFE  
 Vanguard Australian Shares  
 Vanguard Australian Property  
 Even Keel – Global & Domestic Risk Management Classes

#### 40% DEFENSIVE ASSETS

BetaShares Australian High Interest Cash  
 Vanguard Australian Fixed Interest  
 Vanguard Global Aggregate Bond AUD Hedged  
 Cash

## Key Contacts



**Nigel Crampton**  
**Head of Managed Accounts**  
 Sydney, AU  
[nigel.crampton@milliman.com](mailto:nigel.crampton@milliman.com)  
 +61 (0) 410 458 132



**Wade Matterson**  
**Practice Leader**  
 Sydney, AU  
[wade.matterson@milliman.com](mailto:wade.matterson@milliman.com)

**For more information about Milliman, please call or visit us at:** +61 2 8090 9100 | [au.milliman.com](http://au.milliman.com)

### LIMITATIONS & DISCLAIMERS

Milliman Pty Ltd ABN 51 093 828 418 AFSL 340679 (Milliman AU) for provision to Australian financial services (AFS) licensees and their representatives, [and for other persons who are wholesale clients under section 761G of the Corporations Act]. Not for public use or distribution.

Past performance is not indicative of future results. Recipients must make their own independent decisions regarding any strategies or securities or financial instruments mentioned herein.

Milliman Pty Ltd does not make any representations that products or services described or referenced herein are suitable or appropriate for the recipient. Many of the products and services described or referenced herein involve significant risks, and the recipient should not make any decision or enter into any transaction unless the recipient has fully understood all such risks and has independently determined that such decisions or transactions are appropriate for the recipient.

Any discussion of risks contained herein with respect to any product or service should not be considered to be a disclosure of all risks or a complete discussion of the risks involved.

The recipient should not construe any of the material contained herein as investment, hedging, trading, legal, regulatory, tax, accounting or other advice. The recipient should not act on any information in this document without consulting its investment, hedging, trading, legal, regulatory, tax, accounting and other advisors.

Milliman Pty Ltd does not ensure a profit or guarantee against loss.