

# Milliman SmartShield Growth



## Quarter in Review - Q3 2022

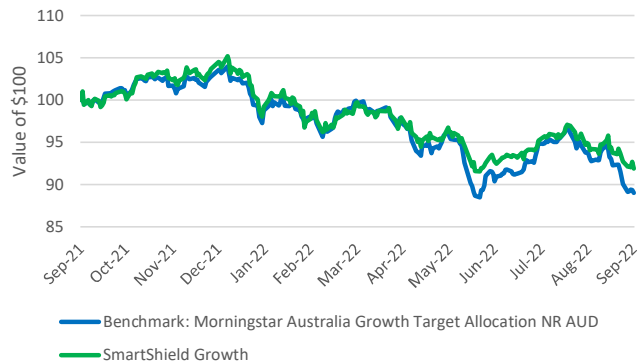
### MARKET SNAPSHOT

Q3 2022 resulted in another negative quarter for equity markets. High levels of volatility continued, as investors reacted to ongoing rate hikes from key central banks, such as the US Federal Reserve and the Reserve Bank of Australia. There was also ongoing speculation about when rates will peak? Inflation continued to be a key concern for many economies as CPI figures showed increases that were beyond expectations.

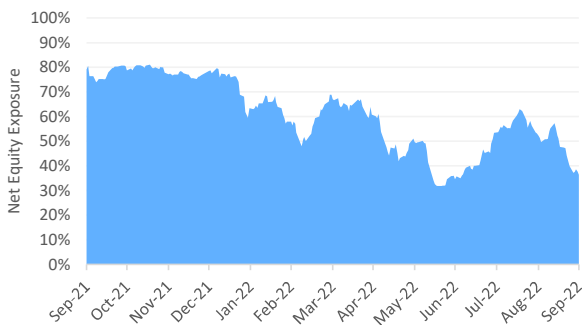
The ASX 200 fell -1.4% this quarter and in the US, the S&P 500 fell -5.3%. However, the Aussie Dollar continued to weaken against the USD. It fell -7.3% across the quarter, which helped to substantially soften the blow for those investors who are not currency hedged.

Across a 1-year period, the portfolio has outperformed its benchmark, returning -8.99% compared to the benchmark performance of -11.15%. Through the dynamic nature of the risk management strategy, the portfolio was able to reduce the impact of the recent sell-off, whilst still participating in the 2021 market upside through its tilt towards growth assets.

Performance over the past year



### SMARTSHIELD OVERLAY



The portfolio's hedge level remains higher, 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 36% (maximum equity exposure sits at 80%), with exposure levels varying throughout the quarter, according to market conditions and volatility levels.

### PERFORMANCE OUTLOOK

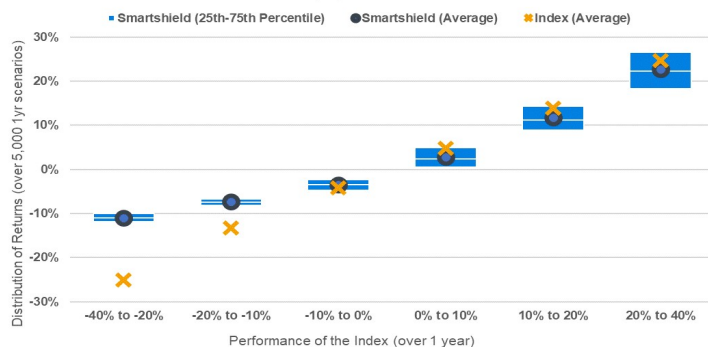
Many countries across the world are amid a rate hike cycle, with central banks forced to raise rates to combat widespread inflation following the COVID-19 pandemic. Rates are projected to continue to rise throughout the year. As a result, market sentiment remains pessimistic, in contrast to the bullish 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 throughout the rest of this year.

The portfolio's tilt toward growth assets will also allow it to participate in the upside once volatility and sentiment recovers to normal levels.

Simulated 1yr performance: Growth



PERFORMANCE (net of fees <sup>1</sup> )	1 month <sup>2</sup>	3 months <sup>2</sup>	6 months	1 year	Since Inception p.a. <sup>3</sup>
SmartShield Growth	-3.03%	-0.86%	-7.84%	-8.99%	0.23%
Benchmark: Morningstar Aus Growth Target Allocation NR AUD	-4.92%	-1.47%	-10.48%	-11.15%	0.90%

RISK METRICS SINCE INCEPTION	Volatility (Annualised)	Max Drawdown
SmartShield Growth	8.32%	-12.96%
Benchmark: Morningstar Aus Growth Target Allocation NR AUD	12.41%	-19.08%

<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>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).

<sup>3</sup>Inception Date: 3rd Mar 2020

BENEFITS	PORTFOLIO HOLDINGS
<ul style="list-style-type: none"> <li>Built-in portfolio protection</li> <li>Diversified</li> <li>Dynamically managed</li> <li>Low cost</li> <li>Flexibility &amp; control</li> <li>Participate in market upside</li> </ul>	<p><b>80% GROWTH ASSETS</b></p> <ul style="list-style-type: none"> <li>iShares S&amp;P 500</li> <li>iShares MSCI EAFE</li> <li>Vanguard Australian Shares</li> <li>Even Keel - Global &amp; Domestic Risk management Classes</li> </ul> <p><b>20% DEFENSIVE ASSETS</b></p> <ul style="list-style-type: none"> <li>BetaShares Australian High Interest Cash</li> <li>Vanguard Australian Fixed Interest</li> <li>Vanguard Global Aggregate Bond AUD Hedged Cash</li> </ul>



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