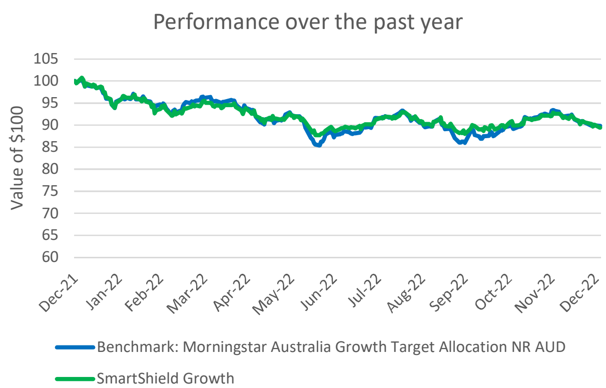
Milliman SmartShield Growth

Q4 2022

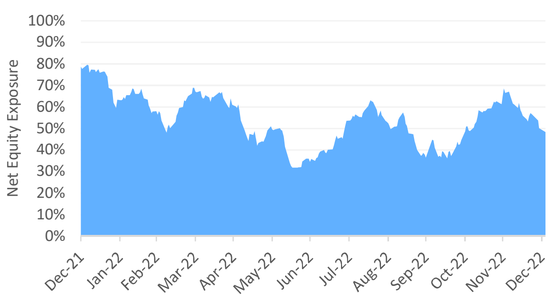
MARKET SNAPSHOT

2022 was a poor year for most asset classes, as many central banks around the world began aggressive rate hike programs to combat high inflation, following on from the COVID-19 pandemic. We saw heightened volatility and choppy markets as investors continuously adjusted their expectations in response to each central bank meeting and new CPI figure releases. Equity markets began to find some support towards the end of the year as lower than expected CPI data suggested central banks may pivot and raise rates less aggressively into the future. Fixed Income saw one of the largest drawdowns in recent history due to tightening monetary policies globally. Other key geopolitical developments this past year include the on-going Russia Ukraine war, which has added to the inflationary pressure and ongoing market uncertainty.

Following the strong 2021 bull run, SmartShield's systematic risk management strategy identified a shift in momentum towards a more volatile market. It was then able to effectively reduce the impact of the equity market drawdowns. Some of the outperformance during the sell off was given back during the rebound while the strategy sought to stabilise volatility. Despite the choppiness we've seen this year, the portfolio outperformed its benchmark, returning -9.43% compared to the benchmark performance of -9.66%, with a part of the drawdown driven by the Fixed Income exposure. As expected, the returns were accomplished with a reduced volatility and drawdown compared to the market.



SMARTSHIELD OVERLAY



The portfolio's hedge level has generally increased over the year, in response to the market downturn due to the on-going inflationary pressures and central bank rate hikes.

The portfolio ended the year with an equity exposure of around 50% (maximum equity exposure sits at 80%), with exposure levels dropping to a low of 32% in June in response to the rising volatility and market drawdown, and a high of 80% at the start of the year on the back of the low volatility bull market in 2021.

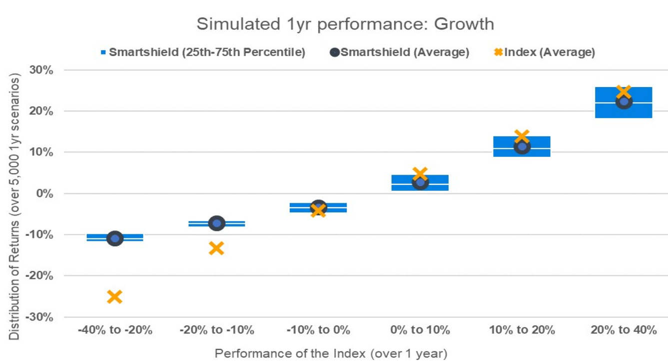
PERFORMANCE OUTLOOK

Many countries across the world are still going through a rate hike cycle, with central banks forced to raise rates to combat widespread inflation following the COVID-19 pandemic and the on-going Russian-Ukraine war. Rates are projected to rise further in 2023. As a result, market sentiment remains pessimistic, in contrast to the bullish environment of late 2020 and 2021.

As we move through this environment, 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 maintaining a healthy level of hedges, the portfolio is well positioned in case of continued market downturn.

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



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PERFORMANCE (net of fees[1])	1 month[2]	3 months[2]	6 months	1 year	Since Inception p.a.[3]
SmartShield Growth	-2.16%	2.37%	1.45%	-9.43%	1.03%
Benchmark: Morningstar Aus Growth Target Allocation NR AUD	-3.50%	4.69%	3.15%	-9.66%	2.47%

RISK METRICS SINCE INCEPTION	Volatility (Annualised)	Max Drawdown
SmartShield Growth	8.28%	-12.96%
Benchmark: Morningstar Aus Growth Target Allocation NR AUD	12.50%	-19.08%

[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).

[3]Inception Date: 3rd Mar 2020

BENEFITS

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

PORTFOLIO HOLDINGS

80% GROWTH ASSETS
iShares S&P 500
iShares MSCI EAFE
Vanguard Australian Shares
Even Keel - Global & Domestic Risk management Classes

20% DEFENSIVE ASSETS
BetaShares Australian High Interest Cash
Vanguard Australian Fixed Interest
Vanguard Global Aggregate Bond AUD Hedged
Cash

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