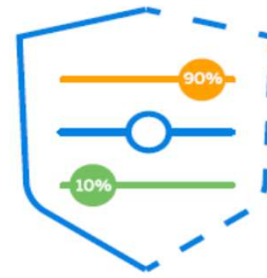


Milliman SmartShield High Growth

Q4 2022

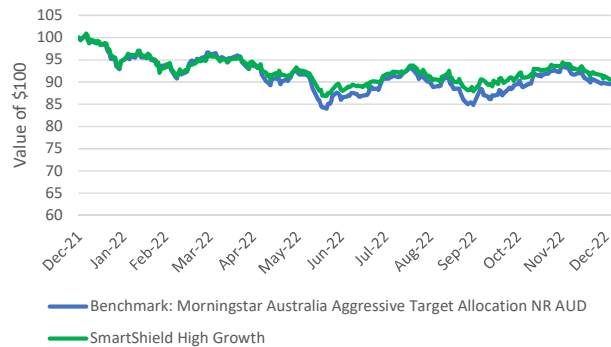


MARKET SNAPSHOT

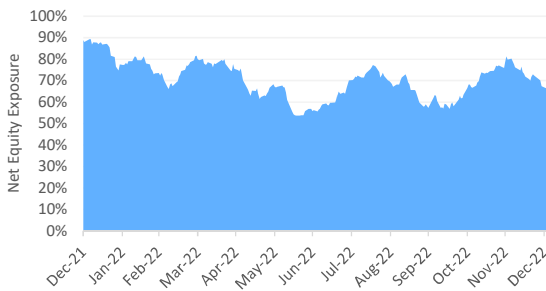
2022 was a poor year for most asset classes, as many central banks around the world began aggressive rate hike programs to combat high inflation, following on from the COVID-19 pandemic. We saw heightened volatility and choppy markets as investors continuously adjusted their expectations in response 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 -8.13% compared to the benchmark performance of -9.85%. As expected, the returns were accomplished with a reduced volatility and drawdown compared to the market.

Performance over the past year



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 67% (maximum equity exposure sits at 90%), with exposure levels dropping to a low of 55% in June in response to the rising volatility and market drawdown, and a high of 89% 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.

Simulated 1yr performance: High Growth

