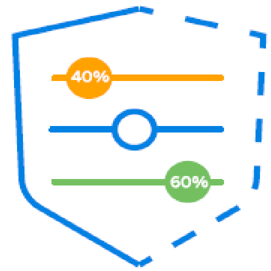
Milliman SmartShield Moderate

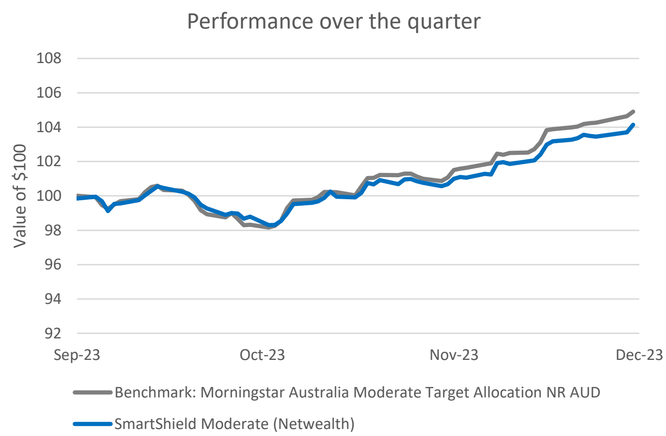


Q4 2023

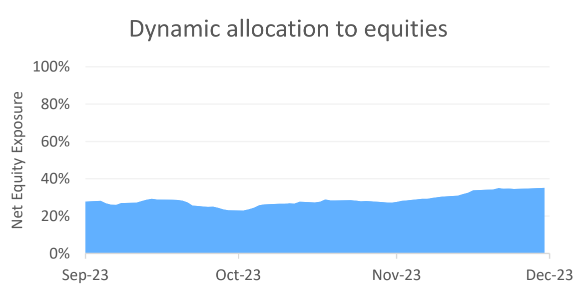
MARKET SNAPSHOT

The final quarter of 2023 delivered strong returns for investors across multiple markets, mainly driven by the expectation that central banks would begin rate cuts sooner than previously anticipated, stemming from signs of a deceleration in inflation. Notable performances include the ASX 200, which recorded an impressive +7.7% return for the quarter, and the MSCI World ex Australia (AUD) index, yielding a commendable +5.3%. Simultaneously, sovereign yields across numerous developed countries experienced a rapid decline as a response to the end of the monetary tightening cycle.

Within the quarter, the equity market witnessed a decline in October, followed by a V-shaped recovery in November and December. The fluctuations inherent in this V-shaped rebound led to some hedging costs for the SmartShield portfolios during the quarter. Ultimately, SmartShield Moderate portfolio delivered a quarterly return of +4.12%, compared to +4.72% for the benchmark. It is worth noting that the SmartShield portfolio achieved this return with lower volatility than the benchmark, reflecting its ability to effectively manage risk.



SMARTSHIELD OVERLAY



As a result of the prevailing market optimism fueled by the anticipation of an end to the tightening monetary policy and potential future rate cuts, the SmartShield Moderate portfolio systematically reduced its hedge level.

This adjustment translated to an increase in net equity exposure, climbing from 28% at quarter's outset to 35% by the end of the quarter (maximum equity exposure sits at 40%). This level will allow participation in potential market upswings should it persist. However, the strategy remains poised to elevate the hedging level swiftly, in the event of a sustained and material market downturn.

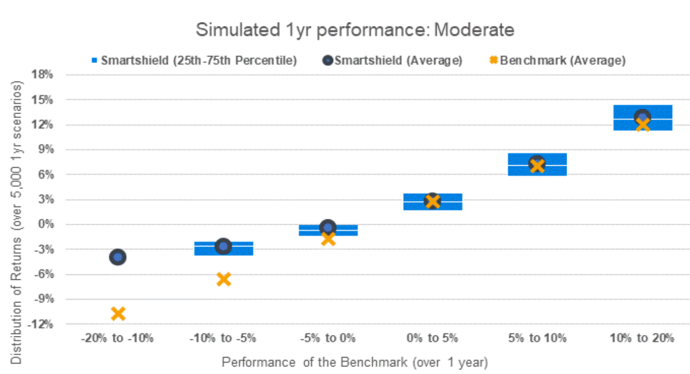
PERFORMANCE OUTLOOK

As we progress into the new year, the prevailing theme will be uncertainty regarding when and by how much central banks will cut rates in 2024. At the end of 2024 market participants were pricing in between 5 to 6 rate cuts in the US, Eurozone and the UK and between 2 to 3 in Australia. The recent gains may be at risk of retracement if new economic data comes out to suggest a more resilient economy than expected, leading to central banks not needing to cut rates as quickly.

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's ability to dynamically adjust the hedge levels, the portfolio is well positioned should we enter into a case of a sustained market drawdown.

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



PERFORMANCE (net of fees[1])	1 month[2]	3 months[2]	6 months	1 year	Since Inception p.a.[3]
SmartShield Moderate	2.83%	4.12%	3.26%	6.40%	1.13%
Benchmark: Morningstar Aus Moderate Target Allocation NR AUD	3.08%	4.72%	3.65%	7.10%	1.10%

RISK METRICS SINCE INCEPTION	Volatility (Annualised)	Max Drawdown
SmartShield Moderate	5.53%	-11.31%
Benchmark: Morningstar Aus Moderate Target Allocation NR AUD	6.22%	-12.25%

[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: 11th Aug 2020

BENEFITS

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

PORTFOLIO HOLDINGS

40% GROWTH ASSETS
iShares S&P 500
iShares MSCI EAFE
Vanguard Australian Shares
Even Keel - Global & Domestic Risk management Classes

60% DEFENSIVE ASSETS
BetaShares Australian High Interest Cash
Vanguard Australian Fixed Interest
Vanguard Global Aggregate Bond AUD Hedged
Cash

Key Contacts

Durand Oliver
Head of Distribution
Sydney, AU
durand.oliver@milliman.com
+61 (0) 403 148 057

Simon Ho
Portfolio Manager
Sydney, AU
simon.ho@milliman.com
+61 (0) 401 874 948

For more information about Milliman, please call or visit us at: +61 2 8090 9100 | 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.

Milliman