

Milliman SmartShield High Growth



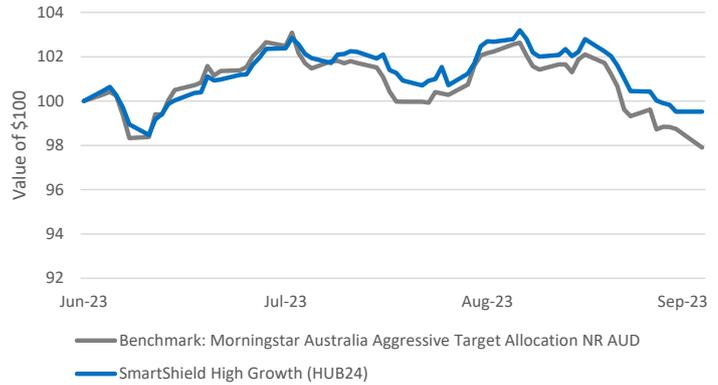
Q3 2023

MARKET SNAPSHOT

After a somewhat robust start for equities earlier in the year, Q3-2023 presented a more subdued period for equity markets, with the ASX 200 recording a -2.2% return, and MSCI World ex Australia (AUD) yielding -0.4% for the quarter. This shift occurred as sovereign yields surged due to investors factoring in central banks' commentaries around maintaining higher level of interest rates to combat inflationary pressures. Consequently, bond markets worldwide experienced a sell-off, which, also affected equity markets negatively.

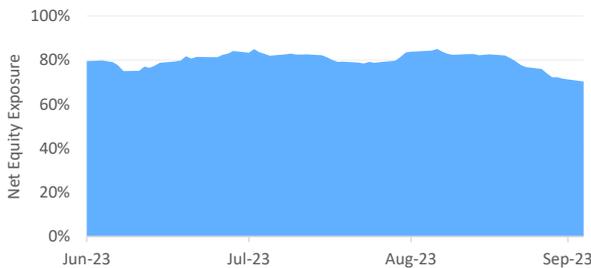
The SmartShield High Growth portfolio delivered a robust performance throughout Q3-2023, outperforming its benchmark as the market experienced a downward trend during August and September, while capturing the market gains in July. As a result, the SmartShield High Growth portfolio delivered a commendable return of -0.48% for the quarter compared to the benchmark's -1.26%, it is important to note that the portfolio achieved this return with lower volatility than the benchmark, reflecting its ability to effectively manage risk.

Performance over the quarter



SMARTSHIELD OVERLAY

Dynamic allocation to equities



Uncertainty over how long central banks will keep rates elevated plus other ongoing concerns such as the Chinese Property market crisis lead to higher volatility/less stability in global markets through Q3-2023. As a result, SmartShield High Growth portfolio has increased its hedge level, with the net equity exposure with the net equity exposure fluctuating between 85% and 72% (maximum equity exposure sits at 90%).

The portfolio ended the quarter with the risk management strategy positioned defensively as equity market experienced turbulence. the effective net equity exposure for the portfolio sits at 72% at the end of Q3-2023. This level is expected to provide some dampening of market returns in the short term. In the long-term, the strategy is expected to provide material cushioning if the markets enter a sustained period of drawdown, and participate well on the upside if volatility subsides.

PERFORMANCE OUTLOOK

As we progress into the end of 2023, the prevailing theme remains one of uncertainty, particularly surrounding ongoing geopolitical conflicts and the ongoing uncertainty regarding how long central banks may maintain their current monetary policies before cutting rates again.

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.

Simulated 1yr performance: High Growth

