

# Managed Account

## Managed Model Profiles

15 November 2022

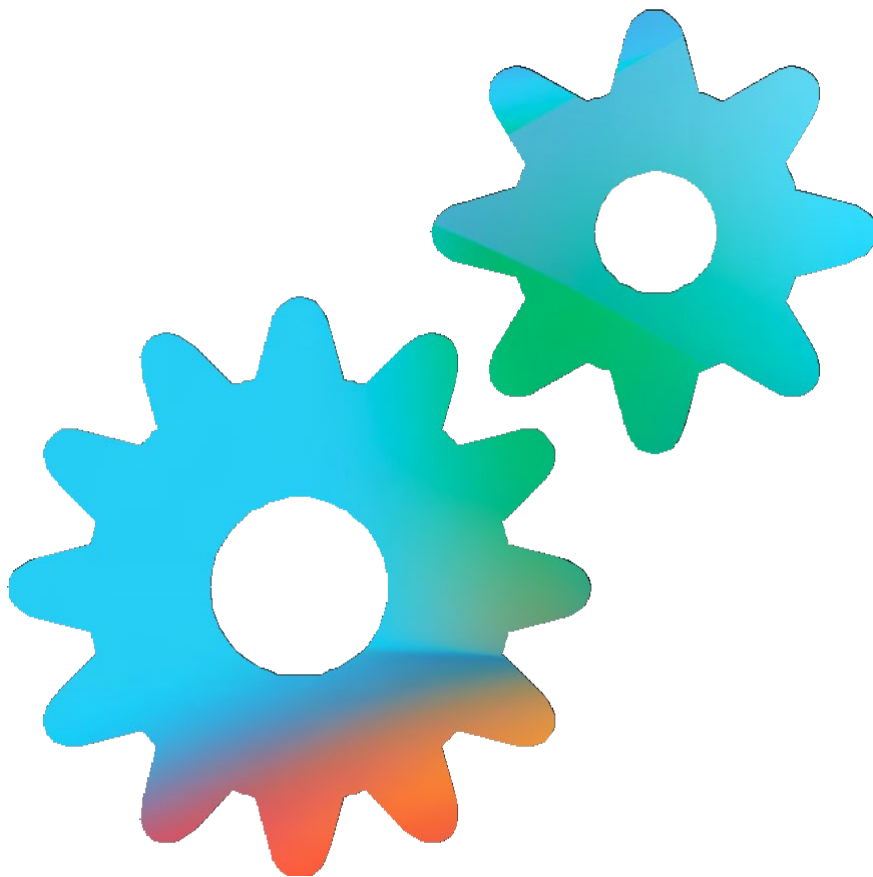
### Milliman SmartShield GSS

Milliman SmartShield GSS Series – Moderate Model

Milliman SmartShield GSS Series – Balanced Model

Milliman SmartShield GSS Series – Growth Model

Milliman SmartShield GSS Series – High Growth Model



This document has been prepared and issued by Netwealth Investments Limited (ABN 85 090 569 109, AFS Licence No. 230975) ('Netwealth', 'we', 'us' or 'our') as the Responsible Entity of the Netwealth Managed Account Service (ARSN 633 923 887) ('Managed Account'). In this document 'your managed account' means your interest in the Managed Account.

This document is part of a group of documents called the 'Managed Model Profiles' described in the Managed Account Product Disclosure Statement ('PDS'). The information in this document, together with the information in the other Managed Models Profiles documents and Managed Account Guide, is taken to be included in the Managed Account PDS issued by Netwealth ('Managed Account disclosure documents').

This document describes the Milliman SmartShield GSS Managed Models for which Netwealth has appointed Milliman Pty Ltd. (ABN 51 093 828 418, AFS Licence No 340679) ('Milliman'), as the Model Manager.

If you received this document electronically, we will provide a paper copy free upon request. If obtaining an electronic copy, please ensure you have a complete copy of it, and all of the relevant Managed Account disclosure documents. You should consider all of the Managed Account disclosure documents that are relevant to you before making an investment decision.

The information in this document about Milliman is based on information provided to us by Milliman and:

- we have not independently verified the information provided by Milliman and, to the extent permitted by law, take no responsibility for it;
- Milliman and its related bodies corporate have not authorised or caused the issue of this document or the Managed Account disclosure documents or been involved in the preparation of them other than providing information about Milliman and Milliman's risk management strategy; and
- Milliman and each of its related bodies corporate expressly disclaim and take no responsibility for any part of this document or the Managed Account disclosure documents other than in respect of any part of this document to which they have expressly given their consent.

We may choose not to implement the advice provided by Milliman in relation to the investment portfolios for the Milliman SmartShield GSS Managed Models where we believe that doing so may breach relevant law or result in an outcome that is not consistent with the investment mandate of the Milliman SmartShield GSS Managed Models and we may adjust the investment portfolios of the Milliman SmartShield GSS Managed Models in our absolute discretion.

An investment in the Managed Account is not a deposit with or other liability of Milliman or any of its related bodies corporate and is subject to investment risk including possible delays in repayment and loss of income or principal invested. Milliman and its related bodies corporate do not guarantee the performance of the Managed Account, the repayment of capital from the Managed Account or any particular rate of return.

Milliman has given and not withdrawn its consent to be named in this document in the form and context in which it is named.

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## About the Model Manager

The Model Manager's global parent company, Milliman, Inc. was founded in 1947 and currently employs over 3,900 staff across 72 offices in principal cities worldwide.

Milliman Financial Risk Management (Milliman FRM) began as a business unit within Milliman, Inc. in 1998 to provide investment advisory, overlay and consulting services and has approximately AUD \$242 billion in assets under management (as of 30 September 2022). Milliman FRM includes over 200 professionals operating from four trading platforms in Sydney, London, Amsterdam, and Chicago.

Milliman FRM provides 24-hour coverage by operating as a group across various time zones for trading efficiency, portfolio monitoring, operational logistics and reporting.

## Milliman's risk management strategy

The Milliman SmartShield Models include a unique risk management strategy developed specifically for managed accounts. The Milliman SmartShield Models each invest in a diversified portfolio of assets based on market indices, using the BlackRock GSS Index funds<sup>1</sup>. To manage the downside risk in Australian and international equity markets, the models also include exposure to the Even Keel unit trusts<sup>2</sup>. The exposure to the various asset classes and to the Even Keel trusts is dynamically managed by Milliman using a rules-based explicit risk management strategy that seeks to manage volatility and provide a cushion in sustained market downturns.

The strategy within the Even Keel unit trusts is implemented using exchange traded futures contracts as an overlay to the equity allocations within the models. The futures contracts used within the trusts are liquid and relate to major stock market indices around the world.

## Distribution of income<sup>3</sup>

The model income setting for the models described in this document is unallocated income.

This means income from investments held in your managed account is not allocated as cash in the model or in your reference allocation.

If you have set your income instruction in your managed account to pay to your platform account cash account, you are instructing us as platform operator to make a partial redemption from your managed account. As a result, following receipt of income in relation to the assets in your managed account, the income is transferred to your platform account cash account. The amount of cash remaining in your managed account is consistent with the cash allocation in the model and your reference allocation and no rebalance transactions are likely to occur as a result of the income distribution.

If your income instruction is set to reinvest in the Managed Account (or no income instruction has been provided), then following receipt of income in relation to the assets in your managed account, there will be more cash in your managed account than the cash allocation in the model. At the next review, your managed account is rebalanced and the cash is reinvested across all the investments and models in your managed account, in line with the reference allocation.

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<sup>1</sup> The BlackRock GSS Index Funds are issued by Netwealth and managed by BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975, AFSL 230523).

<sup>2</sup> The Even Keel unit trusts are issued by The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) and managed by Milliman.

<sup>3</sup> More information about the distribution of income is available in the Managed Account Guide.

## Milliman SmartShield GSS Series – Moderate Model<sup>4</sup>

### Managed Model Profile | Model code MACC000326

Model Manager	Milliman Pty Ltd																																
Investment objective and timeframe	The objective of the portfolio is to outperform the Morningstar Australia Moderate Target Allocation NR AUD Index, after fees and costs, over a rolling 4-year period with lower volatility and smaller losses in declining equity markets relative to the benchmark.																																
Investment strategy	<p>The strategy is to invest in a diversified portfolio across a range of asset classes, using the BlackRock GSS Index Funds and the Milliman Even Keel managed funds. As a result of the risk management strategy implemented in this portfolio, it may underperform the benchmark in rising equity markets and is designed to limit losses (and outperform) in falling equity markets.</p> <p>In general, the portfolio has a neutral allocation of around 40% to growth assets and around 60% to defensive assets, however the allocations are actively managed within the allowable ranges depending on market conditions.</p>																																
Asset allocation ranges	<table><tr><th>Asset class</th><th>Minimum allocation (%)</th><th>Neutral allocation (%)</th><th>Maximum allocation (%)</th></tr><tr><td>Australian equities</td><td>14</td><td>18</td><td>26</td></tr><tr><td>International equities</td><td>14</td><td>18</td><td>26</td></tr><tr><td>International property</td><td>0</td><td>0</td><td>10</td></tr><tr><td>Alternatives</td><td>0</td><td>4</td><td>25</td></tr><tr><td>Australian fixed interest</td><td>26</td><td>29</td><td>34</td></tr><tr><td>International fixed interest</td><td>14</td><td>16</td><td>21</td></tr><tr><td>Cash</td><td>0</td><td>15</td><td>30</td></tr></table>	Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)	Australian equities	14	18	26	International equities	14	18	26	International property	0	0	10	Alternatives	0	4	25	Australian fixed interest	26	29	34	International fixed interest	14	16	21	Cash	0	15	30
Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)																														
Australian equities	14	18	26																														
International equities	14	18	26																														
International property	0	0	10																														
Alternatives	0	4	25																														
Australian fixed interest	26	29	34																														
International fixed interest	14	16	21																														
Cash	0	15	30																														
Investment universe	Managed funds and cash. The model normally holds 7 to 10 investments.																																
Investment management fee	0.220% p.a.																																
Other estimated fees and costs	Our estimates of the interest retained on the cash account, international securities fee (if applicable), indirect costs (if applicable), underlying performance fees (if applicable) and transaction costs that apply for the current financial year are set out in Part 2 of the PDS - Managed Models Menu.																																
Minimum investment amount	\$10,000																																

<sup>4</sup> Available on Wealth Accelerator Core, Super Accelerator Core, Wealth Accelerator Plus and Super Accelerator Plus accounts.

## Milliman SmartShield GSS Series – Balanced Model<sup>5</sup>

### Managed Model Profile | Model code MACC000327

Model Manager	Milliman Pty Ltd																																
Investment objective and timeframe	The objective of the portfolio is to outperform the Morningstar Australia Balanced Target Allocation NR AUD Index, after fees and costs, over a rolling 5-year period with lower volatility and smaller losses in declining equity markets relative to the benchmark.																																
Investment strategy	<p>The strategy is to invest in a diversified portfolio across a range of asset classes, using the BlackRock GSS Index Funds and the Milliman Even Keel managed funds. As a result of the risk management strategy implemented in this portfolio, it may underperform the benchmark in rising equity markets and is designed to limit losses (and outperform) in falling equity markets.</p> <p>In general, the portfolio has a neutral allocation of around 60% to growth assets and around 40% to defensive assets, however the allocations are actively managed within the allowable ranges depending on market conditions.</p>																																
Asset allocation ranges	<table><tr><th>Asset class</th><th>Minimum allocation (%)</th><th>Neutral allocation (%)</th><th>Maximum allocation (%)</th></tr><tr><td>Australian equities</td><td>21</td><td>27</td><td>39</td></tr><tr><td>International equities</td><td>21</td><td>27</td><td>39</td></tr><tr><td>International property</td><td>0</td><td>0</td><td>10</td></tr><tr><td>Alternatives</td><td>0</td><td>6</td><td>25</td></tr><tr><td>Australian fixed interest</td><td>17</td><td>21</td><td>27</td></tr><tr><td>International fixed interest</td><td>11</td><td>13</td><td>17</td></tr><tr><td>Cash</td><td>0</td><td>6</td><td>20</td></tr></table>	Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)	Australian equities	21	27	39	International equities	21	27	39	International property	0	0	10	Alternatives	0	6	25	Australian fixed interest	17	21	27	International fixed interest	11	13	17	Cash	0	6	20
Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)																														
Australian equities	21	27	39																														
International equities	21	27	39																														
International property	0	0	10																														
Alternatives	0	6	25																														
Australian fixed interest	17	21	27																														
International fixed interest	11	13	17																														
Cash	0	6	20																														
Investment universe	Managed funds and cash. The model normally holds 7 to 10 investments.																																
Investment management fee	0.220% p.a.																																
Other estimated fees and costs	Our estimates of the interest retained on the cash account, international securities fee (if applicable), indirect costs (if applicable), underlying performance fees (if applicable) and transaction costs that apply for the current financial year are set out in Part 2 of the PDS - Managed Models Menu.																																
Minimum investment amount	\$10,000																																

<sup>5</sup> Available on Wealth Accelerator Core, Super Accelerator Core, Wealth Accelerator Plus and Super Accelerator Plus accounts.

## Milliman SmartShield GSS Series – Growth Model<sup>6</sup>

### Managed Model Profile | Model code MACC000328

Model Manager	Milliman Pty Ltd																																
Investment objective and timeframe	The objective of the portfolio is to outperform the Morningstar Australia Growth Target Allocation NR AUD Index, after fees and costs, over a rolling 6-year period with lower volatility and smaller losses in declining equity markets relative to the benchmark.																																
Investment strategy	<p>The strategy is to invest in a diversified portfolio across a range of asset classes, using the BlackRock GSS Index Funds and the Milliman Even Keel managed funds. As a result of the risk management strategy implemented in this portfolio, it may underperform the benchmark in rising equity markets and is designed to limit losses (and outperform) in falling equity markets.</p> <p>In general, the portfolio has a neutral allocation of around 80% to growth assets and around 20% to defensive assets, however the allocations are actively managed within the allowable ranges depending on market conditions.</p>																																
Asset allocation ranges	<table><tr><th>Asset class</th><th>Minimum allocation (%)</th><th>Neutral allocation (%)</th><th>Maximum allocation (%)</th></tr><tr><td>Australian equities</td><td>28</td><td>36</td><td>52</td></tr><tr><td>International equities</td><td>28</td><td>36</td><td>52</td></tr><tr><td>International property</td><td>0</td><td>0</td><td>10</td></tr><tr><td>Alternatives</td><td>0</td><td>8</td><td>25</td></tr><tr><td>Australian fixed interest</td><td>8</td><td>11</td><td>15</td></tr><tr><td>International fixed interest</td><td>6</td><td>7</td><td>9</td></tr><tr><td>Cash</td><td>0</td><td>2</td><td>20</td></tr></table>	Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)	Australian equities	28	36	52	International equities	28	36	52	International property	0	0	10	Alternatives	0	8	25	Australian fixed interest	8	11	15	International fixed interest	6	7	9	Cash	0	2	20
Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)																														
Australian equities	28	36	52																														
International equities	28	36	52																														
International property	0	0	10																														
Alternatives	0	8	25																														
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Investment universe	Managed funds and cash. The model normally holds 7 to 10 investments.																																
Investment management fee	0.220% p.a.																																
Other estimated fees and costs	Our estimates of the interest retained on the cash account, international securities fee (if applicable), indirect costs (if applicable), underlying performance fees (if applicable) and transaction costs that apply for the current financial year are set out in Part 2 of the PDS - Managed Models Menu.																																
Minimum investment amount	\$10,000																																

<sup>6</sup> Available on Wealth Accelerator Core, Super Accelerator Core, Wealth Accelerator Plus and Super Accelerator Plus accounts.

# Milliman SmartShield GSS Series – High Growth Model<sup>7</sup>

## Managed Model Profile | Model code MACC000329

Model Manager	Milliman Pty Ltd																																
Investment objective and timeframe	The objective of the portfolio is to outperform the Morningstar Australia Aggressive Target Allocation NR AUD Index, after fees and costs, over a rolling 7-year period with lower volatility and smaller losses in declining equity markets relative to the benchmark.																																
Investment strategy	<p>The strategy is to invest in a diversified portfolio across a range of asset classes, using the BlackRock GSS Index Funds and the Milliman Even Keel managed funds. As a result of the risk management strategy implemented in this portfolio, it may underperform the benchmark in rising equity markets and is designed to limit losses (and outperform) in falling equity markets.</p> <p>In general, the portfolio has neutral allocation of around 90% to growth assets and around 10% to defensive assets, however the allocations are actively managed within the allowable ranges depending on market conditions.</p>																																
Asset allocation ranges	<table><tr><th>Asset class</th><th>Minimum allocation (%)</th><th>Neutral allocation (%)</th><th>Maximum allocation (%)</th></tr><tr><td>Australian equities</td><td>32</td><td>41</td><td>59</td></tr><tr><td>International equities</td><td>32</td><td>41</td><td>59</td></tr><tr><td>International property</td><td>0</td><td>0</td><td>10</td></tr><tr><td>Alternatives</td><td>0</td><td>8</td><td>25</td></tr><tr><td>Australian fixed interest</td><td>3</td><td>5</td><td>7</td></tr><tr><td>International fixed interest</td><td>1</td><td>3</td><td>5</td></tr><tr><td>Cash</td><td>0</td><td>2</td><td>20</td></tr></table>	Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)	Australian equities	32	41	59	International equities	32	41	59	International property	0	0	10	Alternatives	0	8	25	Australian fixed interest	3	5	7	International fixed interest	1	3	5	Cash	0	2	20
Asset class	Minimum allocation (%)	Neutral allocation (%)	Maximum allocation (%)																														
Australian equities	32	41	59																														
International equities	32	41	59																														
International property	0	0	10																														
Alternatives	0	8	25																														
Australian fixed interest	3	5	7																														
International fixed interest	1	3	5																														
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Minimum investment amount	\$10,000																																

<sup>7</sup> Available on Wealth Accelerator Core, Super Accelerator Core, Wealth Accelerator Plus and Super Accelerator Plus accounts.