Integrating flexibility but not too much

Resonant looks to manage this uncertainty by integrating quantitative and qualitative approaches as much as possible throughout the portfolio

- **Long Term asset allocation**: Our capital markets assumptions are updated quarterly, have a baseline quantitative process and a rigorous qualitative approach.
- Our baseline quantitative process estimates risk premium of asset classes, sub classes, countries and styles.
- Our IC discusses various scenarios for markets and the impact on long term returns.
- Our latest updates continue to reflect our forward views on the likely behaviour of international fixed income should an adverse equity market event arise.

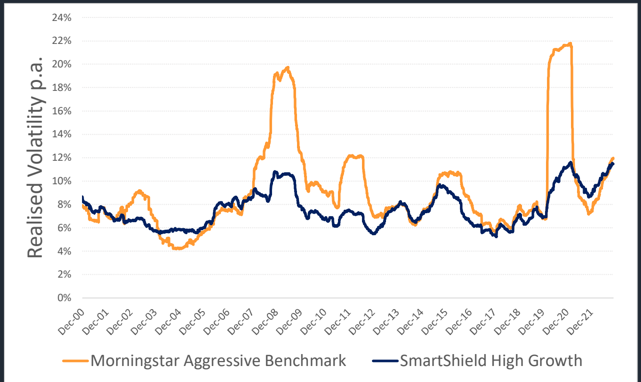
AssetClass	Excess above Cash	Nominal	Franked Nominal
Australian equities	3.7%	7.96%	8.96%
International equities hedged	3.3%	7.48%	7.48%
Australian property	2.8%	7.02%	7.02%
International equities unhedged	2.3%	6.48%	6.48%
Alternatives	2.0%	6.22%	6.22%
Australian fixed interest	1.0%	5.22%	5.22%
Cash	0.0%	4.22%	4.22%
International fixed interest	-0.6%	3.64%	3.64%
International infrastructure	-1.2%	3.00%	3.00%

2016 2018 2020 2022

Risk Management Within SMAs

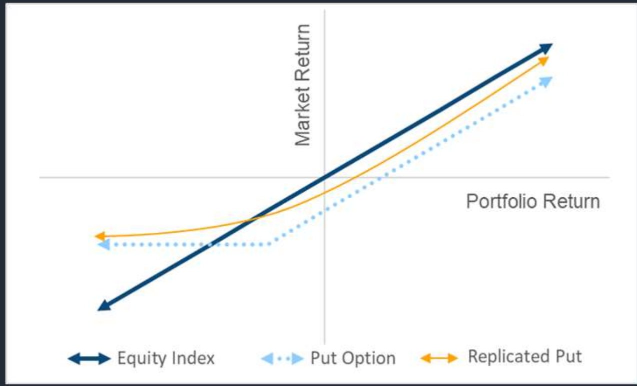
Volatility Management

- Designed to provide a smoother ride by stabilising volatility
- Utilises a generalised auto-regressive model to forecast volatility
- Hedging is generally increased as volatility spikes up and decreased as volatility subsides



Downside Risk Management

- Designed to address sequencing risk, by reducing the likelihood and severity of large market drawdowns
- Implemented by 'manufacturing' a long-dated, put option payoff using index futures
- Hedging is generally increased as equities sell-off and decreased as equities rally



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Integrating flexibility but not too much

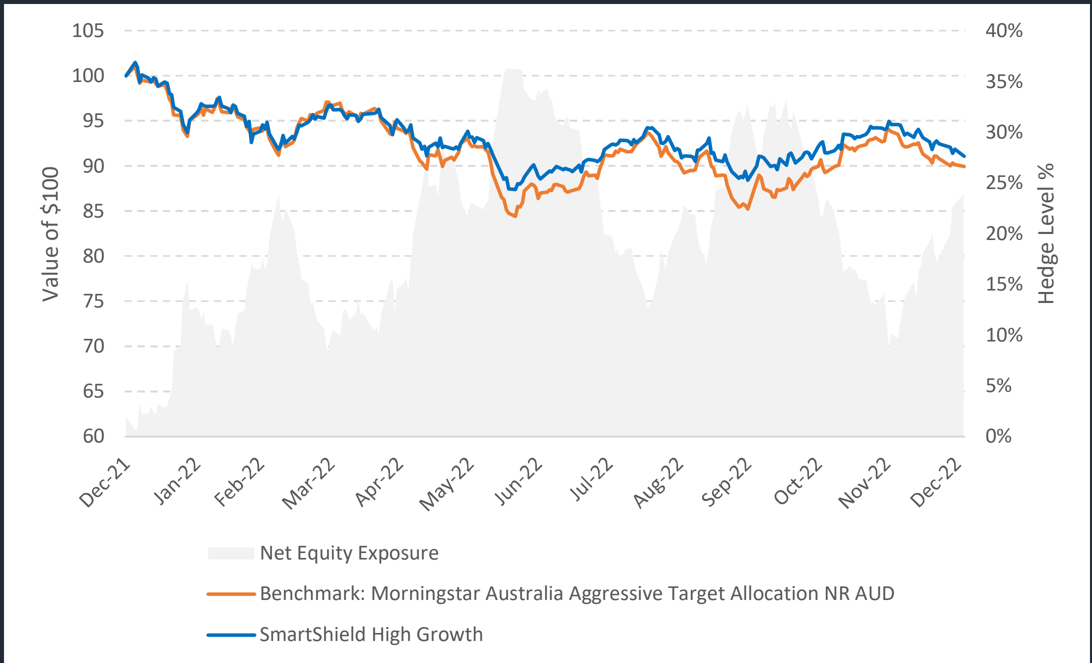
Resonant looks to manage this uncertainty by integrating quantitative and qualitative approaches as much as possible throughout the portfolio.

- Resonant has a baseline quantitative portfolio construction that runs continuously. It incorporates the latest correlation estimates, trend indicators and earnings adjustments.
- Portfolio managers however have discretion to adjust up or down weights based on qualitative events such as:

1. Macro data and central bank announcements.
2. Sentiment: opportunistically buying (selling) unwarranted sell downs (rallies).
3. Asset specific events such as earnings announcements, upgrades.
4. Changes to interest rates.

- **Resonant strikes a sweet spot between the rigour of quantitative and the flexibility of fundamental analysis.**

2022: A Year in Review



[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.

	SmartShield High Growth	Morningstar Aggressive Target Allocation Benchmark
Net Performance[1]	-8.1%	-9.9%
Maximum Drawdown	-13.9%	-16.5%
Actual Volatility[2]	10.8%	14.9%

[2]Actual volatility is calculated based on monthly returns

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Weathering Volatility in the Long Run

[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.

*Morningstar Aggressive Benchmark consist of the Morningstar Aus Multi-sector Aggressive Total Return Index from inception to 28th Feb 2022, before it was retired by Morningstar and replaced by the Morningstar Aus Aggressive Target Allocation Index, which is used as the benchmark from 1st March 2022 onwards.

Backtest + Live Performance

	SmartShield High Growth	Morningstar Aggressive*
Net Performance[1]	6.3%	6.0%
Maximum Drawdown	-24.8%	-41.8%
Actual Volatility	7.8%	10.2%
Risk Adjusted Return	0.81	0.59

Live Performance

	SmartShield High Growth	Morningstar Aggressive*
Net Performance[1]	4.8%	4.1%
Maximum Drawdown	-13.9%	-21.1%
Actual Volatility	9.5%	15.2%
Risk Adjusted Return	0.51	0.27

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