



## Investment Objective

The aim of the **VIP Conservative Portfolio** is to provide investors with a reliable income stream with the potential for moderate capital growth over the medium to long term from investment within a diversified portfolio heavily weighted to defensive assets (70% allocation to fixed interest and cash) and holding some growth assets (30% allocation to Australian shares, International shares, and property securities). The portfolio is composed of 30 – 60 securities and consists of ASX listed securities, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs), Managed Funds, Government and Semi Government Bonds, Term Deposits and Cash.

## Investment Strategy

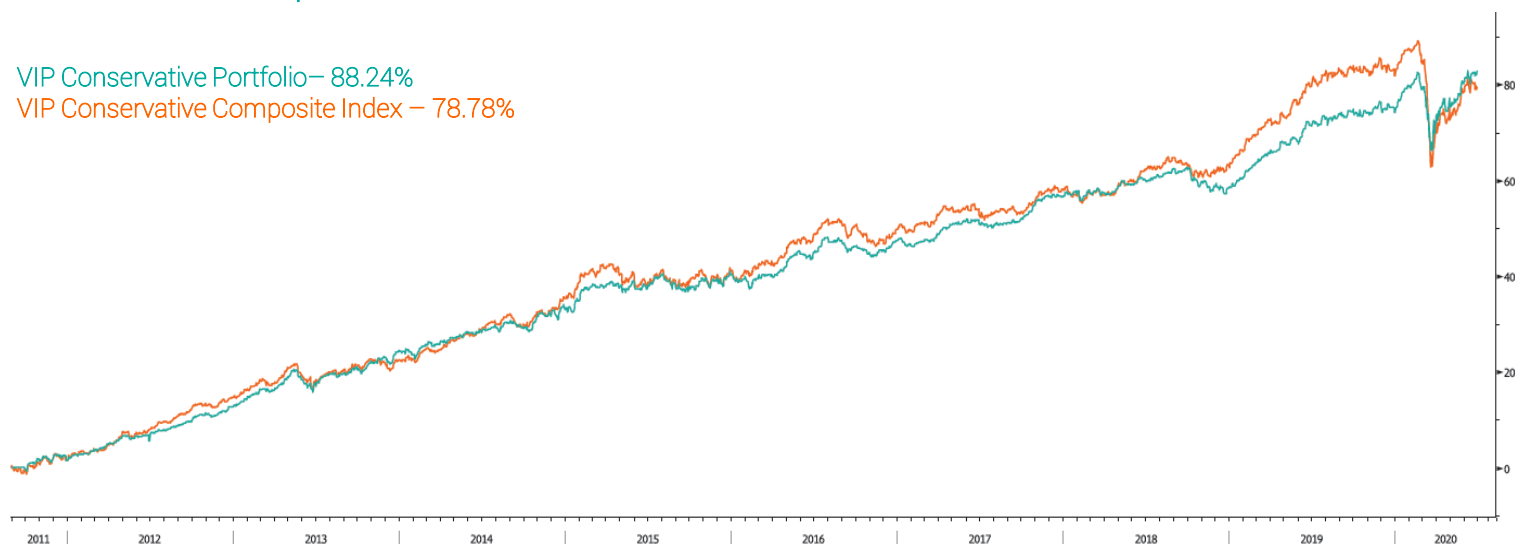
Using the principles of diversification, Value Investment Partners' multi-asset products use a specific blend of inhouse asset class specific portfolios – Australian Share Leaders, International Securities, Property Securities, and Fixed Interest – to develop an 'all weather' fund designed to accrue and protect wealth in any market environment. Using tactical asset allocation, Value Investment Partners constructs the optimal portfolio of a variety of asset classes to control market risk exposure and take advantage of opportunities in a large investable universe. The resultant portfolio contains the same underlying investments as Value Investment Partners' inhouse portfolios while actively managing allocation to broader asset classes to ensure that investors' money is poised to appreciate from identified macroeconomic and market trends by the team of investment specialists.

## Fund Performance

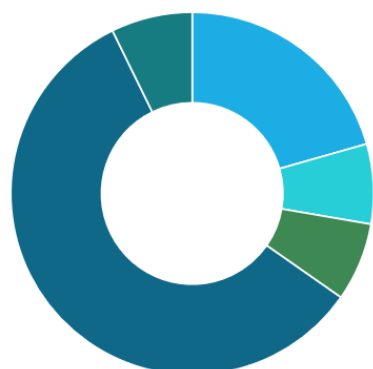
	1 Month	3 Month	6 Month	Y.T.D.	1 Year	3 Year (p.a.)	5 Year (p.a.)	7 Year (p.a.)	Since Inception (p.a.)
Gross Returns	1.63%	6.27%	6.60%	6.60%	9.18%	8.19%	7.40%	8.61%	10.08%
Net Returns	1.56%	6.07%	6.20%	5.87%	8.38%	7.39%	6.60%	7.81%	9.28%
Benchmark Returns	0.65%	5.65%	-1.26%	-1.26%	0.00%	5.82%	5.98%	7.42%	9.00%

VIP Conservative Portfolio – 88.24%

VIP Conservative Composite Index – 78.78%



## Asset Allocation



- VIP Australian Share Leaders Portfolio - 9%
- VIP International Portfolio - 15%
- VIP Property Securities Portfolio - 7%
- VIP Fixed Interest Portfolio - 64%
- Cash - 5%

## Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Multi-Asset
Management Style	Active
Current Number of Holdings	24
Index Benchmark	VIP Conservative Composite



### Market Commentary

The second quarter of this year saw Australian equities rapidly recover from the pandemic induced lows of March with the ASX 200 index closing up 14.12% as optimism flooded the market on a 'V-Shaped' economic recovery and the increased hopes of a COVID-19 vaccine emerging from pharmaceutical companies and the world's most prestigious universities and institutions. Our portfolio allocation was heavily defensive being overweight staples, utilities, and healthcare, but our exposure to large top 50 companies saw material gains as the market became risk-on into companies where liquidity and solvency issues are less concerning. There were also a few additions to the portfolio that took advantage of heavily suppressed prices of companies that have been directly affected by the shutdowns where the portfolio was able to generate excess returns.

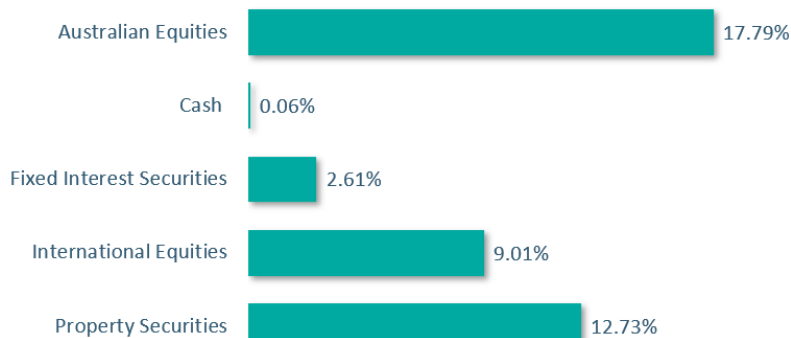
After being some of the most directly effected assets from the shutdowns particularly commercial and retail property the broad listed property market has seen a significant return of 21.05% with the return to work and the re-opening of many retailers contributing to a reassessment of how effected rents will be for these properties. The portfolio was overweight both industrial property and commercial which meant we did experience the downside within our commercial exposure but throughout the quarter we have sold off a portion of our commercial property allocation to bolster the more defensive industrial exposure. Looking forward we expected industrial property to outperform of overall economic thematic support those types of assets as consumer behaviour changes with an increased use of online shopping and home delivery services, warehouses and data centres provided by industrial property REIT's will experience low vacancies and increased rental yields.

With the likes of Facebook, Amazon, Apple, Google, Netflix, and other internet-based consumer companies benefiting from the living and working from home dynamics with the inability to connect to people in person or shop in a physical store, the Nasdaq 100 Index has grown 14.79% over the quarter. Further large pharmaceutical and healthcare companies experiencing significant tailwinds as the health-crisis response relies heavily on private hospitals and healthcare companies filling the gaps of the public sector response. Valuations are high and the underlying economic conditions of many of these companies are very weak with long recovery horizons, but the market has been increasingly bullish within sectors that used to be considered growth, such as technology and healthcare. That said, the current climate has shown noteworthy defensive characteristics leading to revaluations with lower expected return trade-offs for risk.

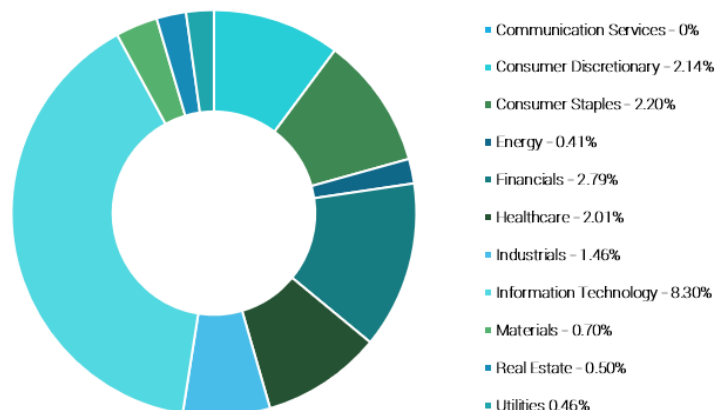
As the market became more risk-on and the QE programs of central banks well anticipated and in many cases well underway, there was lower returns during this month for bonds and credit as the supporting 'flight to security' themes and lowering yields that propelled fixed interest markets through the first quarter of this month waned. The portfolio over this quarter have been repositioned to have a higher exposure to the credit market and as well targeting Australian government bonds within our bond allocation through both ETF's and the JCB Active bond fund to benefit from projected returns in Australian government bond over other G10 countries. Debt capital markets should continue to be supported by uncertainty in markets and will act as an essential aspect of portfolio construction for capital protection in highly volatile equity markets over the next 12-18 months.



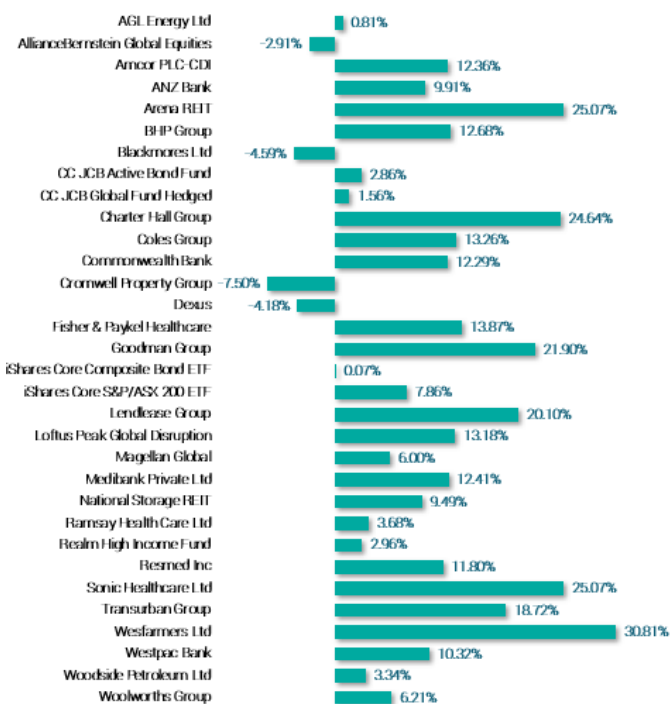
### 3 Month Asset Class Performance



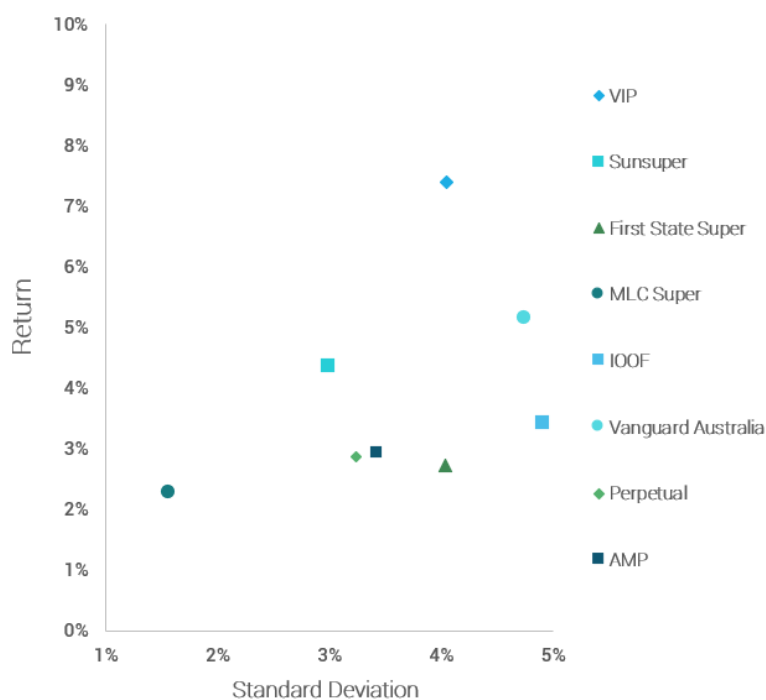
### Current Sector Allocation



### 3 Month Holdings Performance



### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio

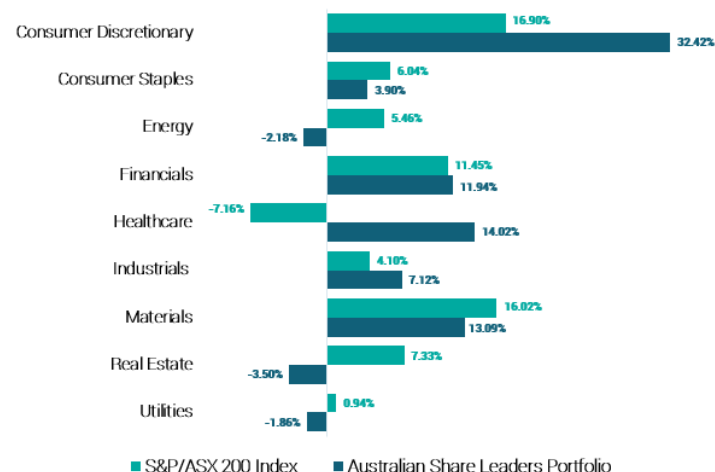


Source: Bloomberg

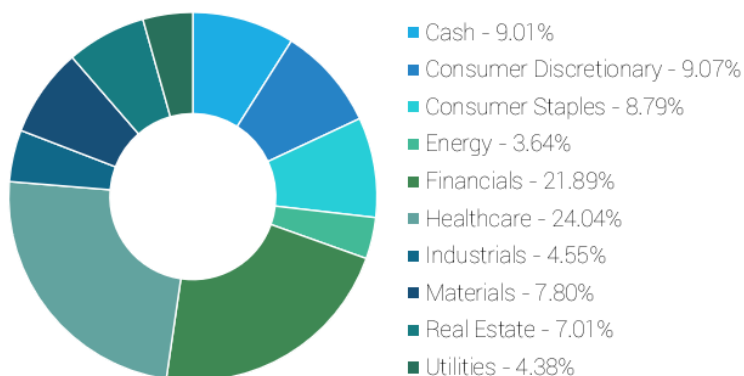


## Australian Share Leaders Portfolio Performance

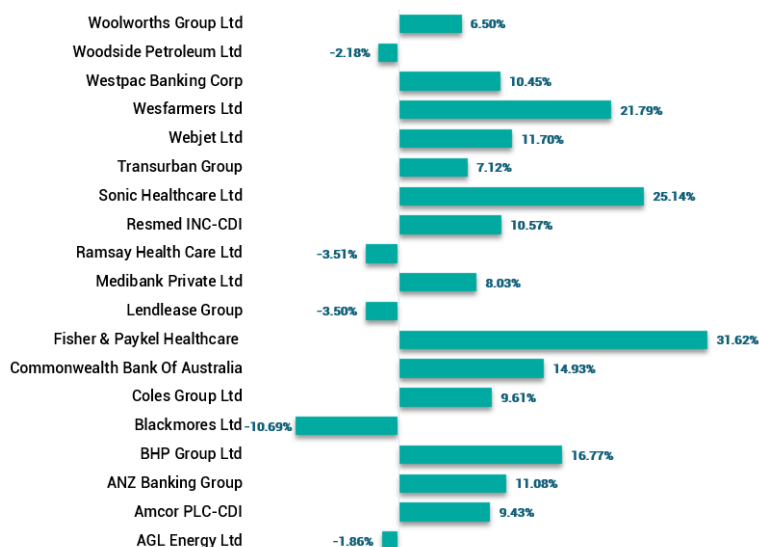
### 3 Month Sector Performance



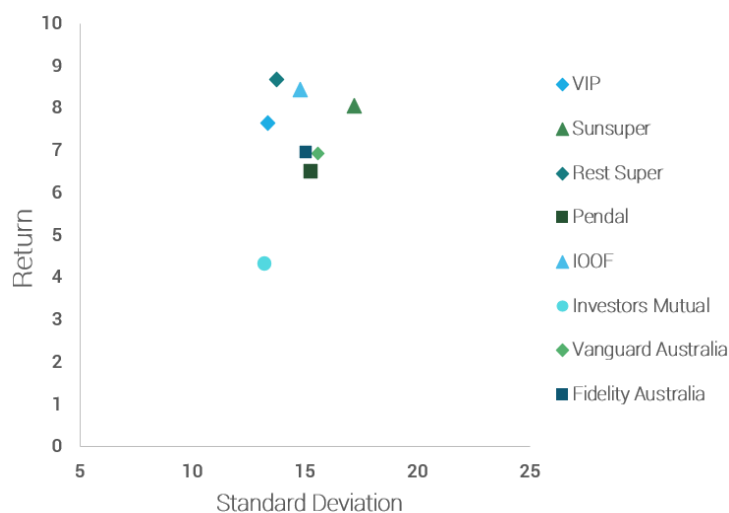
### Current Sector Allocation



### 3 Month Holdings Performance

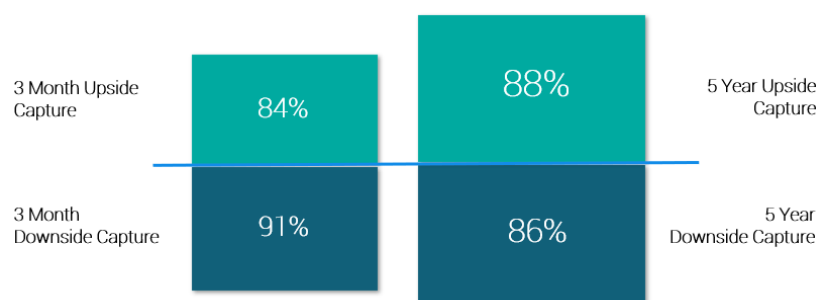


### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio



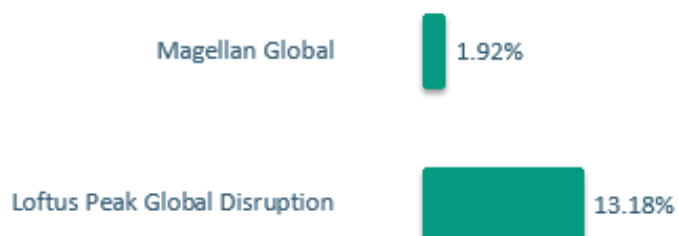
### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Australian Equities
Management Style	Active
Current Number of Holdings	19
Average Market Capitalisation	\$38.50 Billion
Index Benchmark	ASX/S&P 200
Index Average Market Capitalisation	\$10 Billion

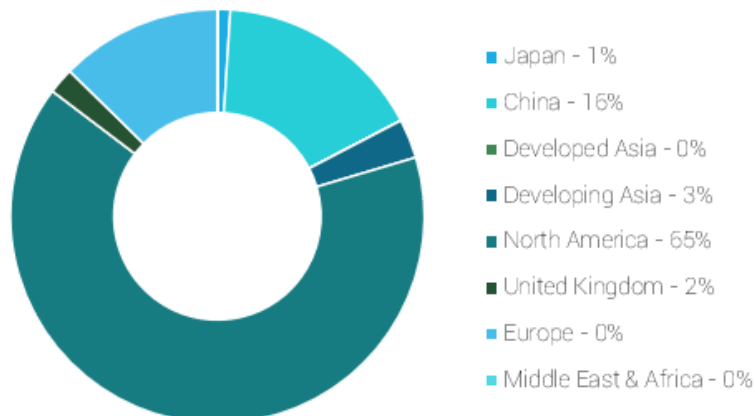


## International Securities Portfolio Performance

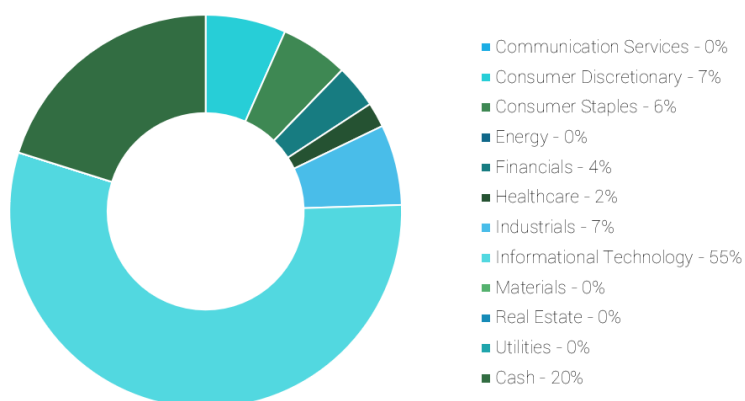
### 3 Month Fund Member Performance



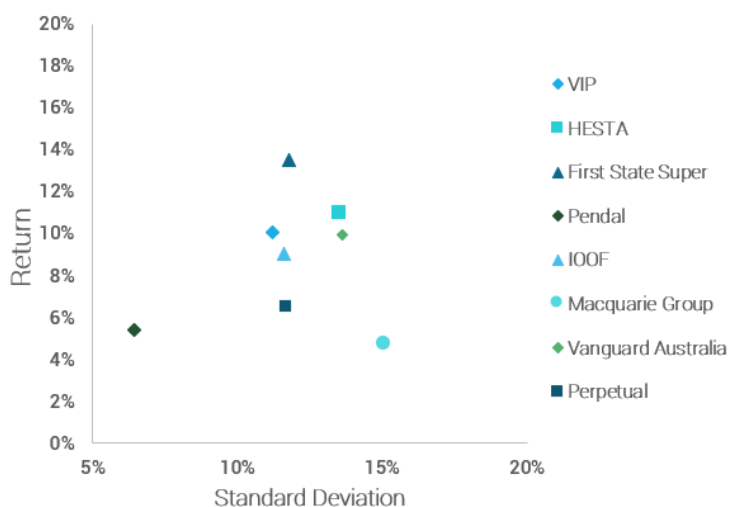
### Current Geographical Allocation



### Current Sector Allocation

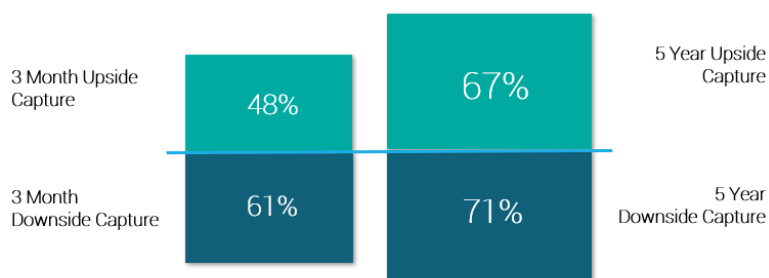


### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio



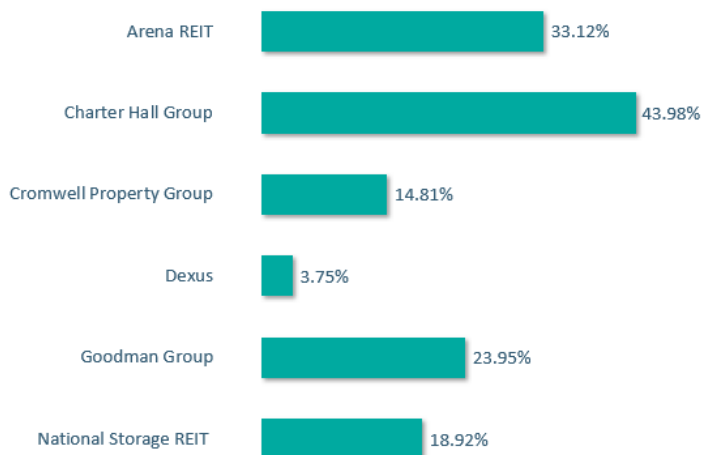
### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	International Equities
Management Style	Active Long Only
Current Number of Holdings	2
Index Benchmark	MSCI World Ex Australia
Index Average Market Capitalisation	\$28.70 Billion (USD)

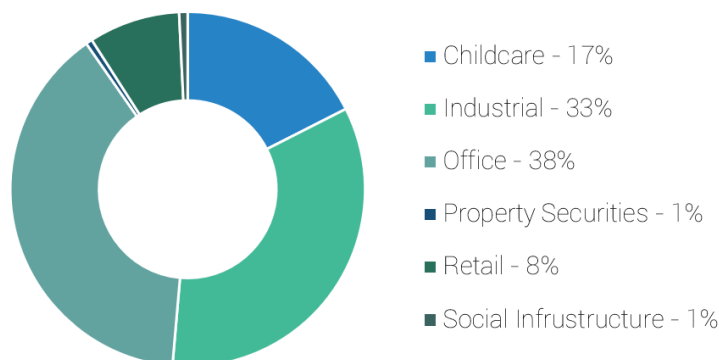


## Property Securities Portfolio Performance

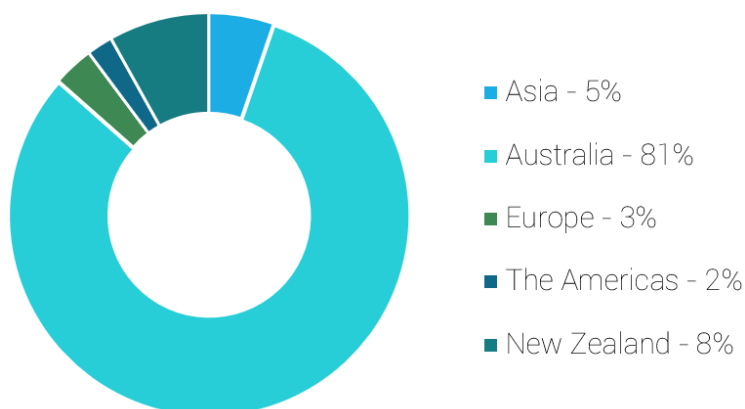
### 3 Month Holding Performance



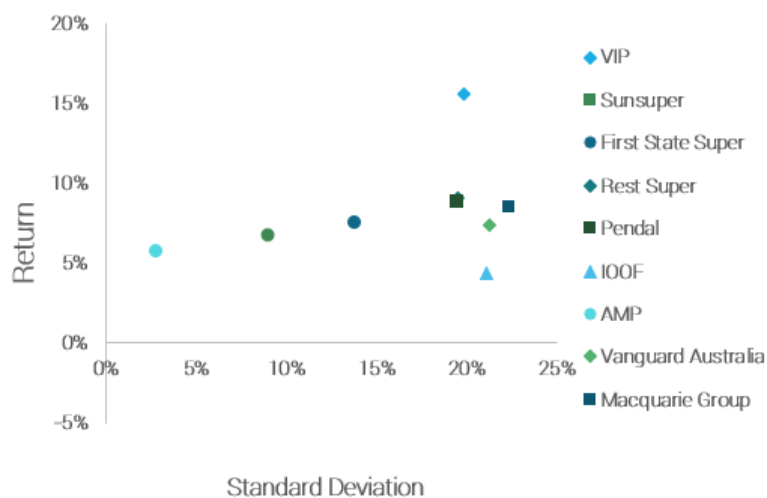
### Current Property Sector Allocation



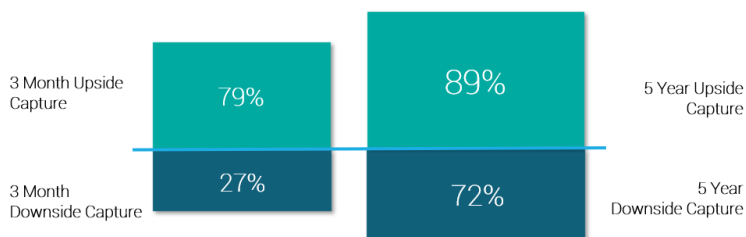
### Current Geographical Allocation



### 5 Year Risk/Return Profile



### Upside & Downside Capture Ratio



Source: Bloomberg

### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	A-REIT
Management Style	Active
Current Number of Holdings	6
Average Market Capitalisation	\$7.73 Billion
Index Benchmark	ASX/S&P 200 A-REIT
Index Average Market Capitalisation	\$6.55 Billion

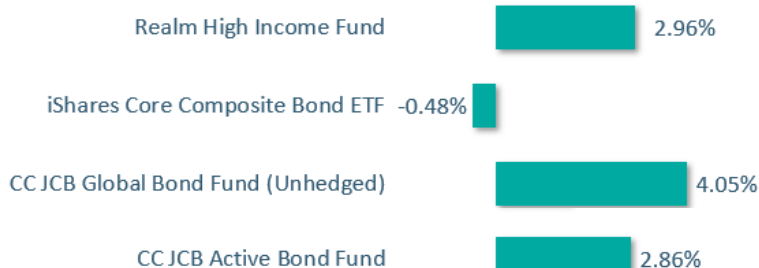
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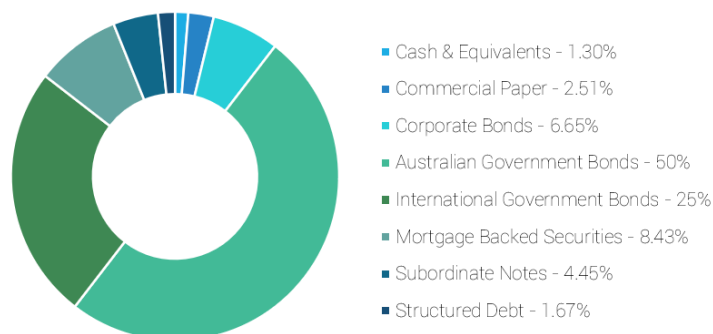


### Fixed Interest Portfolio Performance

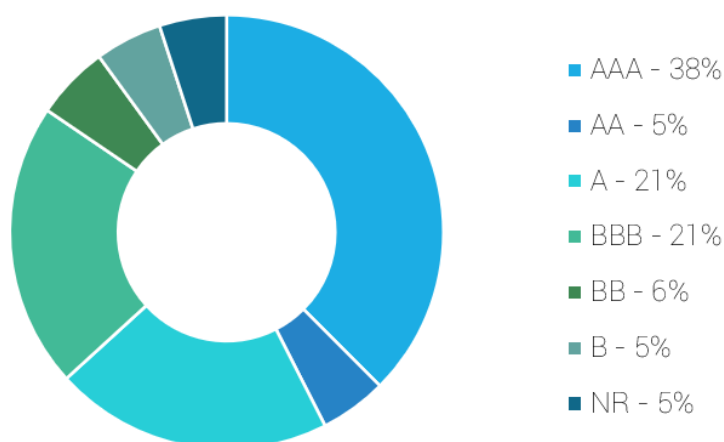
#### 3 Month Holdings Performance



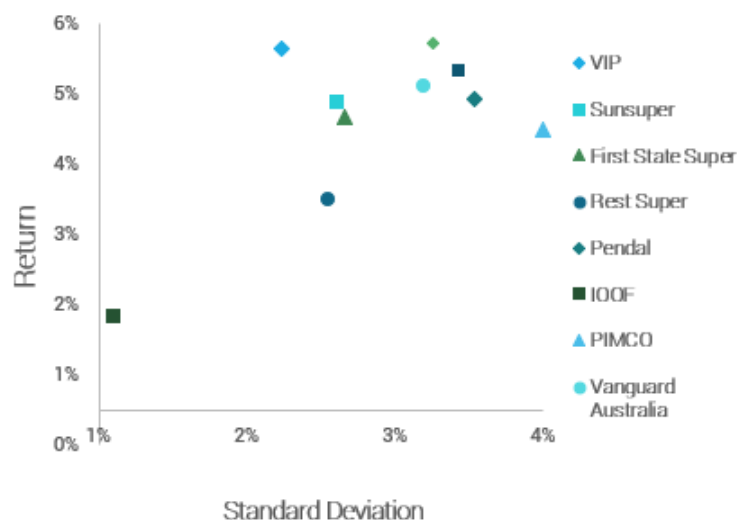
#### Current Asset Allocation



#### Current Credit Quality

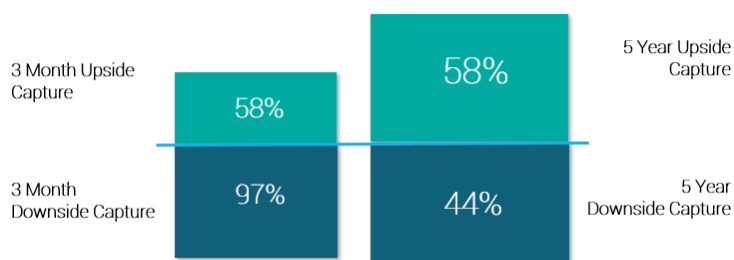


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### Upside & Downside Capture Ratio



#### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Fixed Income
Management Style	Active
Current Number of Holdings	4
Index Benchmark	BACMO

\*Information presented on the fixed interest section of the report are derived from the performance and allocations of the VIP Fixed Interest Portfolio

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