



### 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

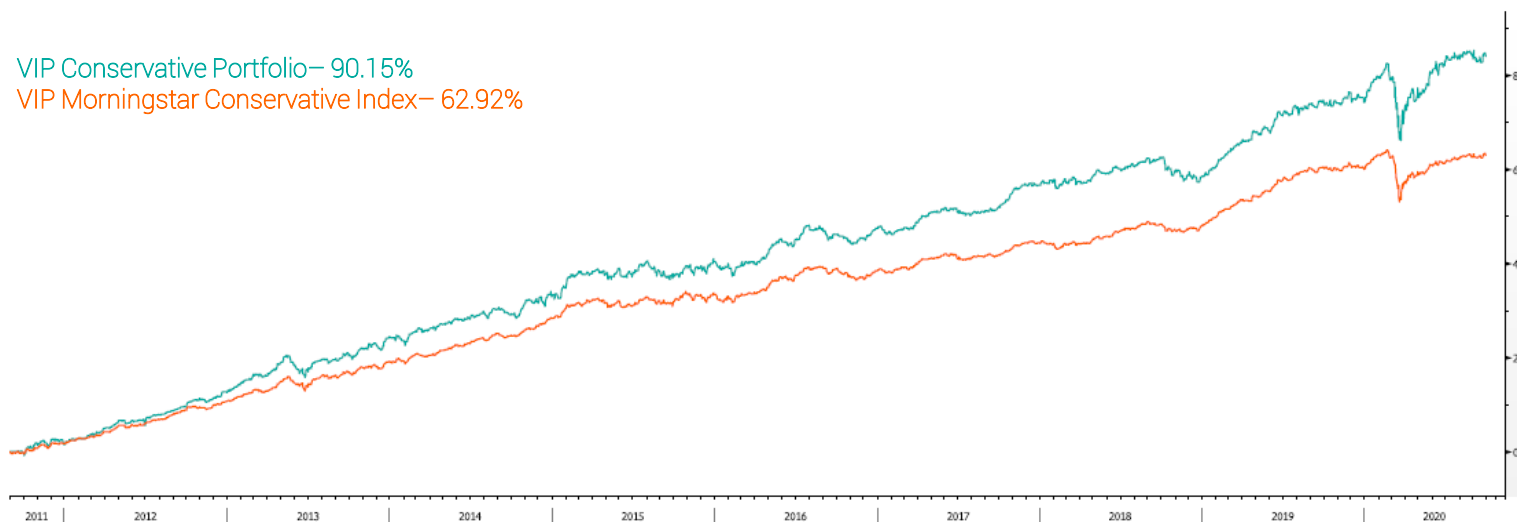
Using the principles of diversification, Value Investment Partners' multi-asset products use a specific blend of inhouse asset class specific portfolios – Australian Share Leaders, International Securities, Property Securities, and Fixed Interest – to develop an 'all weather' fund designed to accrue 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

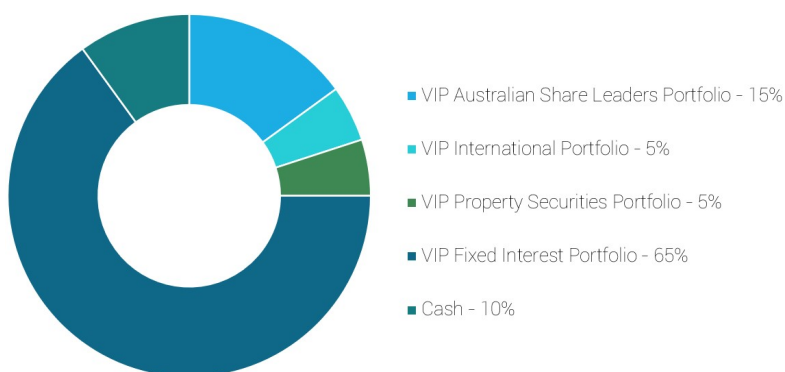
	1 Month	3 Month	6 Month	Y.T.D.	1 Year	3 Year (p.a.)	5 Year (p.a.)	7 Year (p.a.)	Since Inception (p.a.)
Gross Returns	-0.40%	0.10%	6.42%	6.93%	6.87%	8.05%	7.48%	8.10%	10.02%
Net Returns	-0.46%	-0.10%	6.02%	6.33%	6.07%	7.25%	6.68%	7.30%	9.22%
Benchmark Returns	0.14%	0.90%	3.65%	1.84%	1.56%	4.97%	4.76%	5.63%	6.99%

VIP Conservative Portfolio – 90.15%

VIP Morningstar Conservative Index – 62.92%



### Asset Allocation



### 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	28
Index Benchmark	VIP Conservative Composite



### Market Commentary

The third quarter of 2020 saw a regression in the Australian equities' momentum from last quarter, as the ASX 200 index closed at -0.42%. Unprecedentedly in a time of economic struggle, the market reacted well to typically classified growth stocks, whereas defensive companies battled for a large part. Consumer staples exemplifies this, as it traded at a loss of 3.91% on the quarter. Information technology had arguably the best sector performance on the quarter, with digitalization and working from home becoming normalized amid and post-pandemic. Our asset allocation was heavily defensive being overweight staples, utilities, and healthcare, but our stake in consumer discretionary prevailed as the leading contributor again, realizing a gain of 6.30% on the quarter.

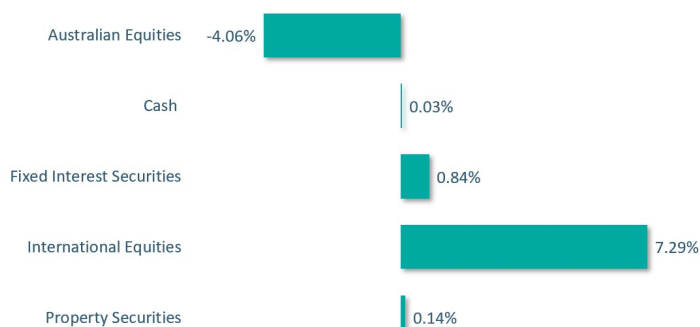
Following its resurgence last quarter, the broadly listed property market has remained remarkably resilient at a return of 6.96%, fuelled by lagging return to work and the re-opening of additional businesses. Our portfolio was overweight in defensive industrial exposure, being largely responsible for outperforming the index at 9.60% on the quarter. The general consensus among the banks is relatively optimistic, illustrating a growing belief that real estate is weathering the COVID-19 storm. However, the Melbourne market still appears to be anchoring down the results, with respective dwellings dropping by 0.9% in August (CommBank 2020). This underperformance is intrinsically linked with the extent of social distancing policies and border closures which also has a direct effect on labour market conditions and sentiment. Outside of Melbourne, most of the capital cities returned positive growth and reflecting more consumer activity. Looking forward, we expect an increase in property activity due to the easing of tighter restrictions and positive revised projections from the banks.

The international market has been largely bullish, fuelled by the rise of the technology sector with the S&P 500 showing a significant return of 8.33%. This can be explained as the continuation of the tech sector's dominance as the shift towards remote working is now being normalized and regarded as less of a temporary fix. Growth for the tech sector is encouraging and becoming a staple holding for most investors as the prospect of low interest rates for an extended period becomes more of a reality. VIP was optimally positioned to absorb an appreciation in the technology sector, however our defensive allocation resulted in underperforming the comparative index. Consistent with Australian markets, consumer discretionary experienced a solid quarter of growth, adding to the bullish sentiment towards growth sectors.

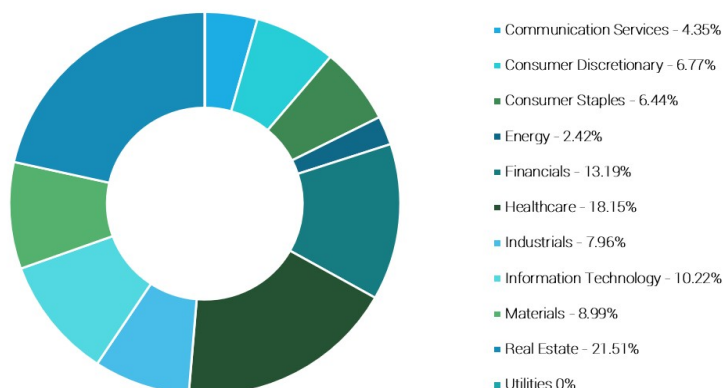
As the market yields have plummeted, the threat of capital losses prevails as an unlikely outcome. More simply, the flat yield curves minimize the compensation from taking longer-term risk. These conditions have led us to the school of thought of being largely bullish on credit, given that the spreads have provided more than enough compensation for the added credit and liquidity risks. The portfolio over this period has 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 bonds.



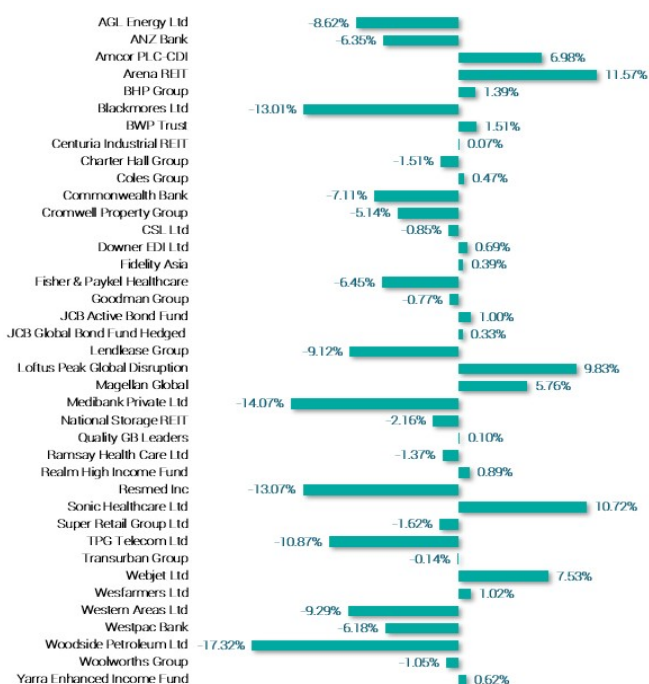
### 3 Month Asset Class Performance



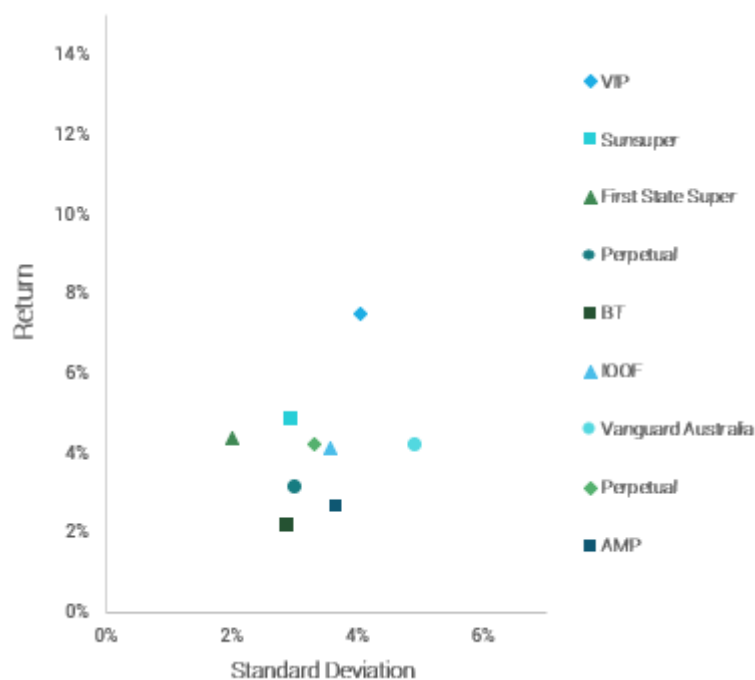
### Current Sector Allocation



### 3 Month Holdings Performance

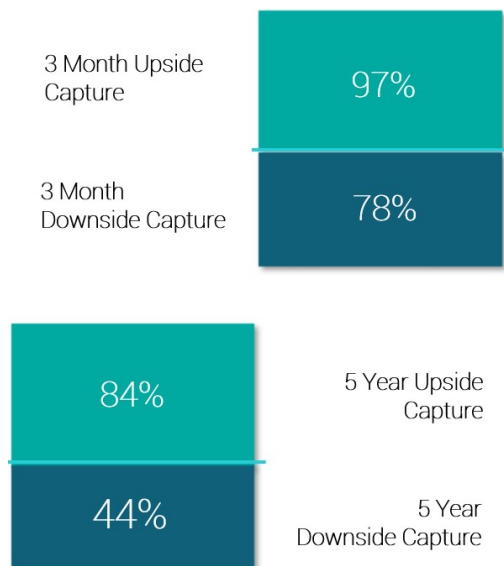


### 5 Year Risk/Return Profile



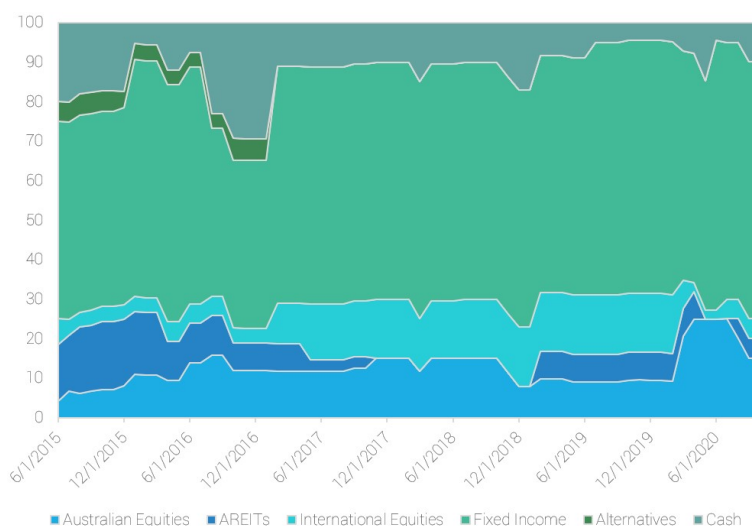
Source: Bloomberg

### Upside & Downside Capture Ratio



Source: Bloomberg

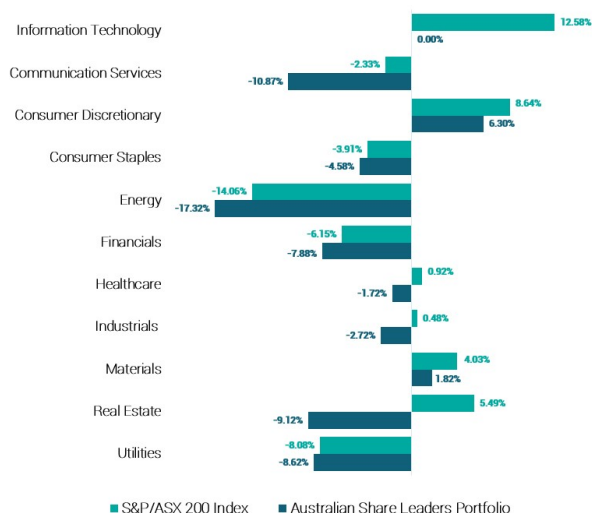
### Conservative Trailing Weights





### Australian Share Leaders Portfolio Performance

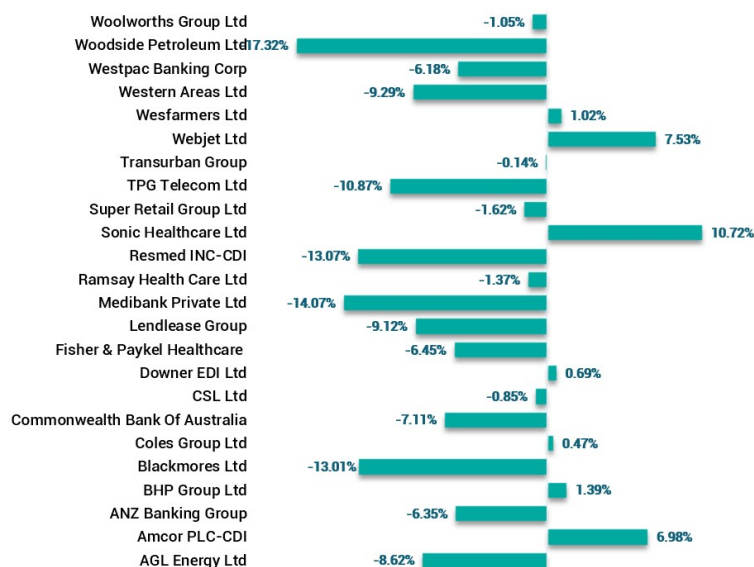
#### 3 Month Sector Performance



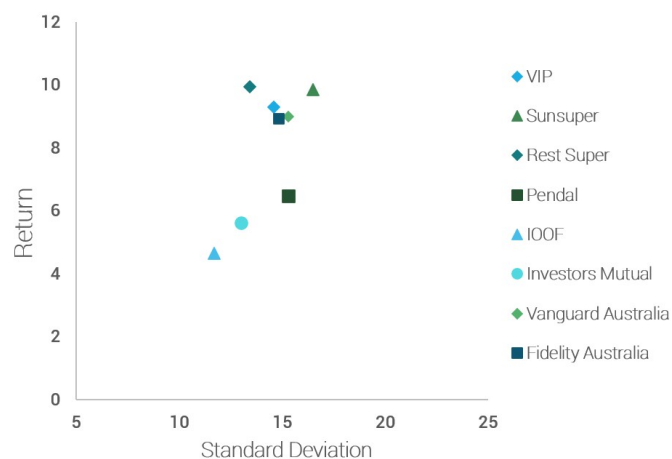
#### Current Sector Allocation



#### 3 Month Holdings Performance

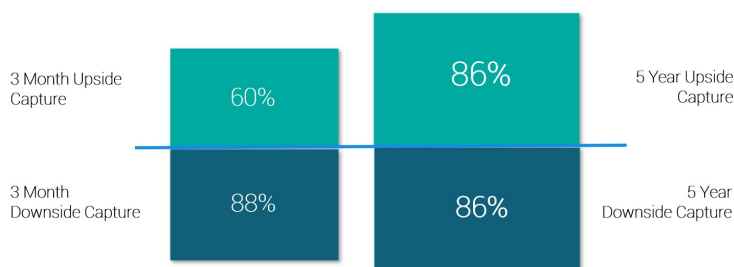


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### Upside & Downside Capture Ratio



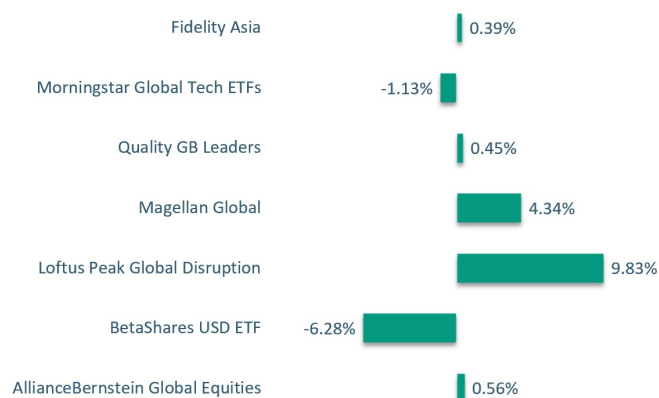
#### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Australian Equities
Management Style	Active
Current Number of Holdings	18
Average Market Capitalisation	\$38.50 Billion
Index Benchmark	ASX/S&P 200
Index Average Market Capitalisation	\$10 Billion

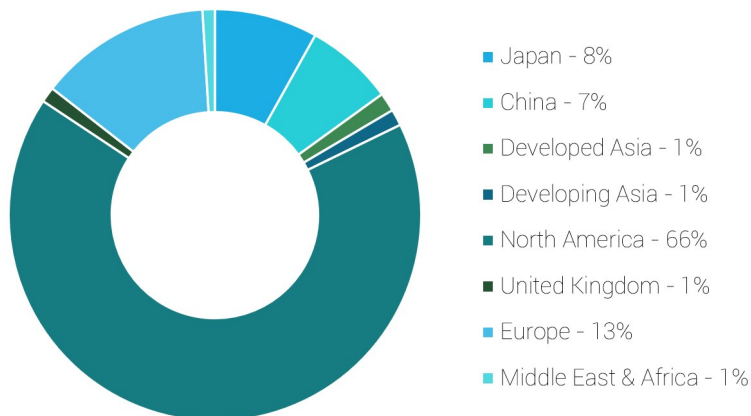


### International Securities Portfolio Performance

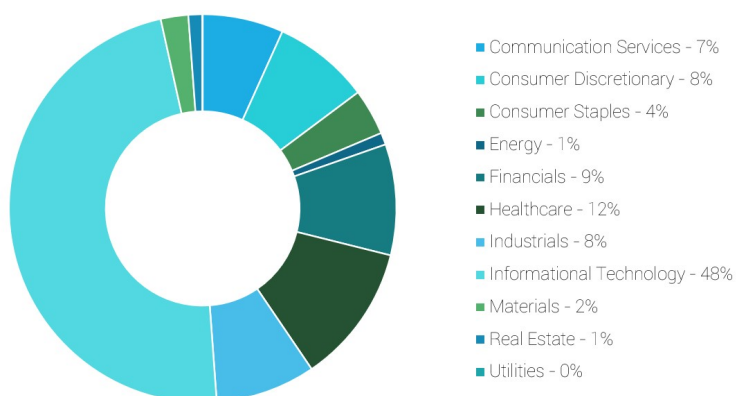
#### 3 Month Fund Member Performance



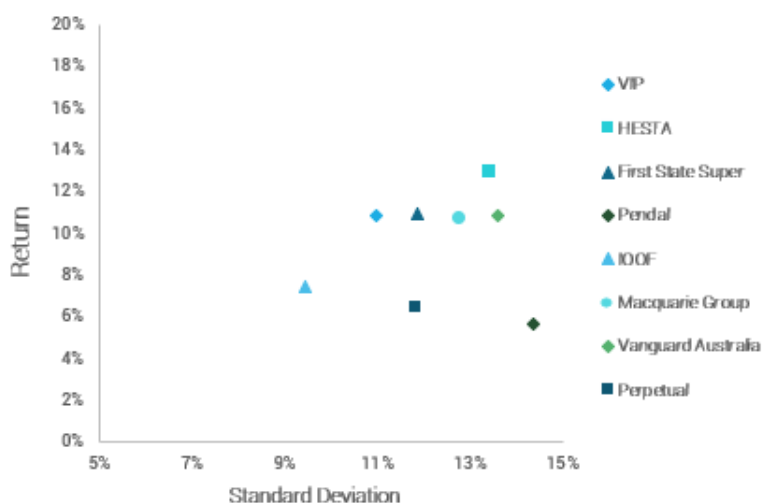
#### Current Geographical Allocation



#### Current Sector Allocation

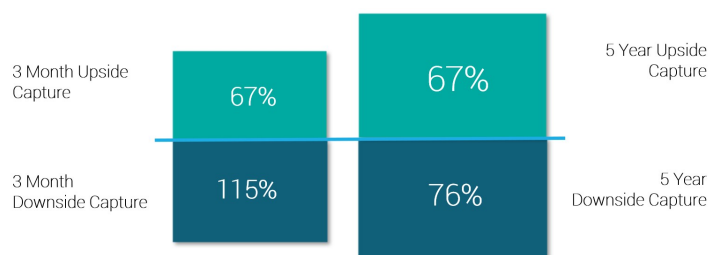


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### Upside & Downside Capture Ratio



#### Fund Characteristics

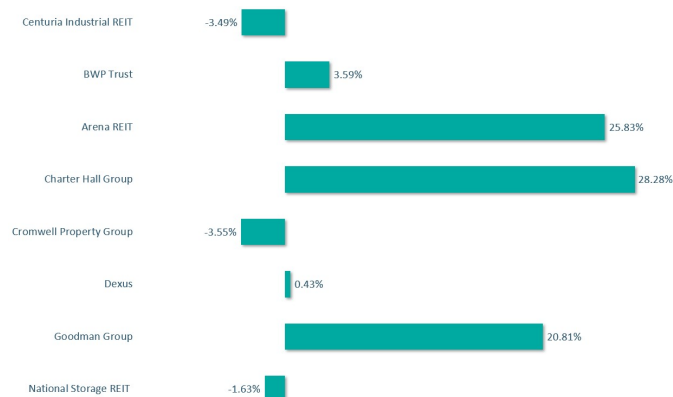
Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	International Equities
Management Style	Active Long Only
Current Number of Holdings	5
Index Benchmark	MSCI World Ex Australia
Index Average Market Capitalisation	\$28.70 Billion (USD)



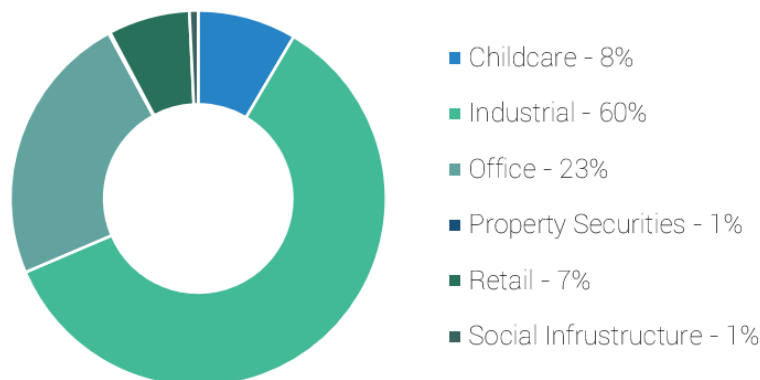


### Property Securities Portfolio Performance

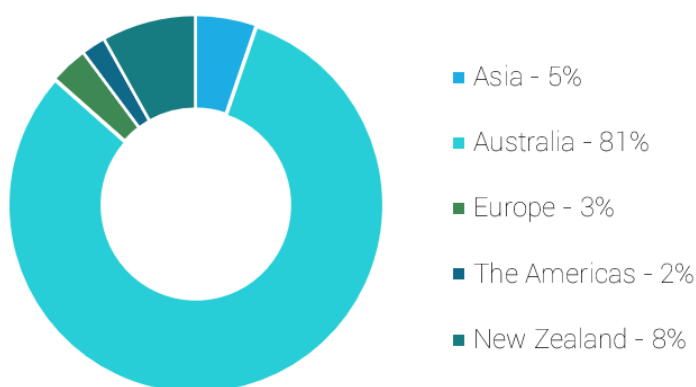
#### 3 Month Holding Performance



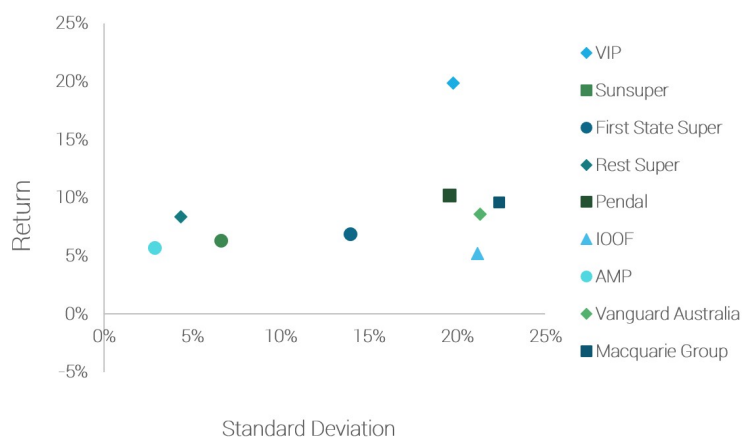
#### Current Property Sector Allocation



#### Current Geographical Allocation

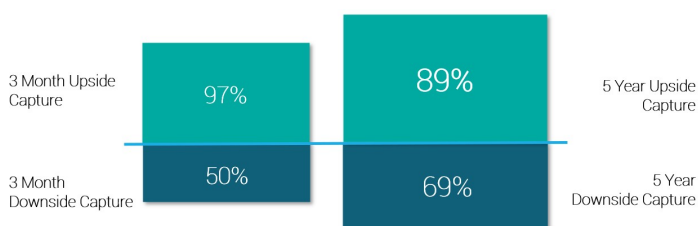


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### 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	7
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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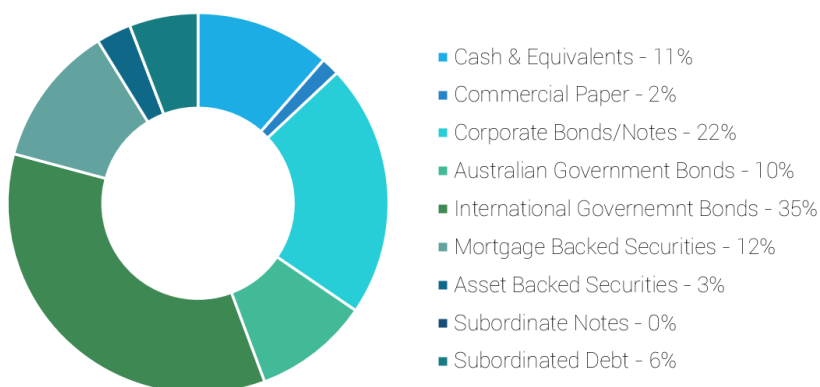


### Fixed Interest Portfolio Performance

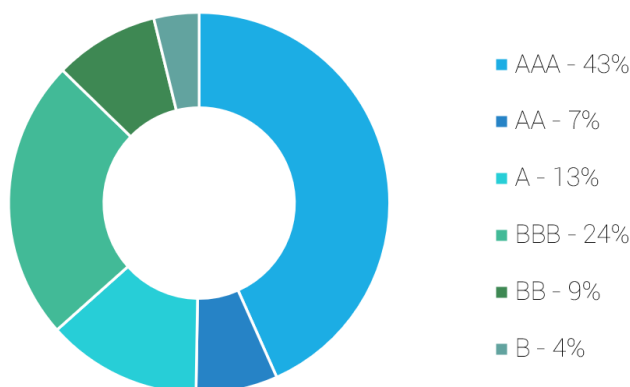
#### 3 Month Holdings Performance



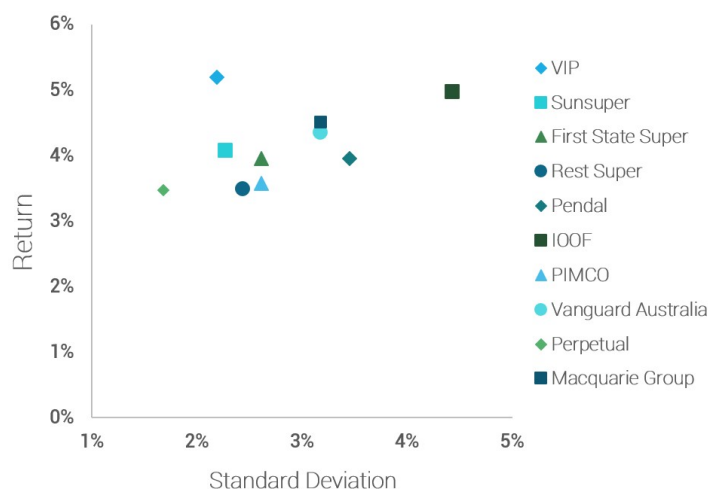
#### Current Asset Allocation



#### Current Credit Quality

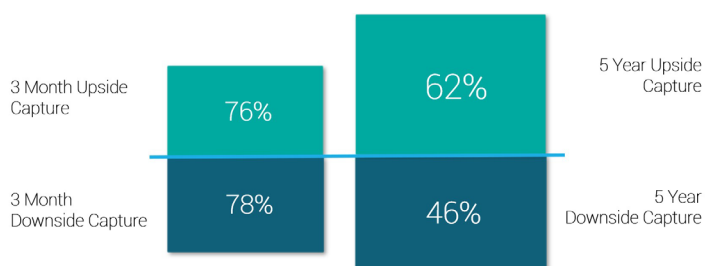


#### 5 Year Risk/Return Profile



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	5
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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