



Investment Objective

The aim of the **VIP Balanced Portfolio** is to provide investors with a combination of capital growth and income over the medium to long term from investment within a diversified portfolio of growth assets (60% allocation to Australian shares, International shares, and property securities) and defensive assets (40% allocation to fixed interest and cash). 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

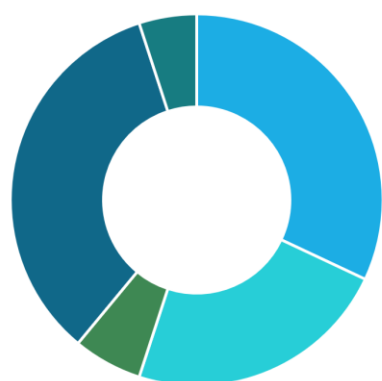
	1 Month	3 Month	6 Month	Y.T.D.	1 Year	3 Year (p.a.)	5 Year (p.a.)	7 Year (p.a.)	Since Inception (p.a.)
Gross Returns	2.13%	1.78%	6.80%	1.78%	15.03%	9.48%	10.19%	10.84%	15.85%
Net Returns	2.06%	1.58%	6.40%	1.75%	14.23%	8.68%	9.39%	10.04%	15.05%
Benchmark Returns	2.20%	1.65%	6.79%	1.65%	15.37%	8.50%	8.86%	9.37%	12.64%

VIP Balance Portfolio – 142.68%

VIP Balance Composite Index – 121.13%



Asset Allocation



- Australian Equities - 32%
- International Equities - 23%
- Property Securities - 6%
- Fixed Interest Securities - 34%
- Cash - 5%

Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	Multi-Asset
Management Style	Active
Current Number of Holdings	41
Index Benchmark	VIP Balanced Composite



Market Commentary

The final quarter in the year saw a surge in the Australian equities market off the back of improving economic growth data, as the ASX 200 closed at 4.26%. Across the board, Financials were up 11.3%, Consumer Discretionary up 7.4%, and Communications Services up 7.1%. Rising bond yields, rising margins, ongoing growth-to-value rotation, and the prospect of higher dividends are some of the tailwinds currently driving the positive sentiment around Australian banks, leading to many investors remaining bullish. Moreover, banks are also a beneficiary from a resurgent housing market, evidenced from CBA home lending market up 32% from the previous year. On the other end of the spectrum, a complete reversal saw Information Technology suffer an 11.5% decline, with Healthcare and Utilities also falling 2.9% and 2.6% respectively. The recent pullback in the Information Technology sector has been triggered by increasing bond yield headwinds and these stocks being regarded as 'expensive'. Additionally, the economy reopening saw a notable rotation to more cyclical industries.

The combined national property market realized the biggest month-on-month gain in 17 years (CommBank), off the back of low interest rates, short supply, and government stimulus. Continuing a trend that became prevalent early in the pandemic, combined regional housing values (5.4%) rose at nearly twice the pace of the combined capital city markets (3.6%) on the quarter. Furthermore, leading indicators such as lending and auction clearance rates are growing at a strong rate, laying a platform for sustained momentum for dwelling prices. However, there are some headwinds on the horizon in the form of a reduction in fiscal support, specifically the discontinuation of the JobKeeper and JobSeeker schemes. This is likely to cause a temporary roadblock in the economic recovery, and subsequently stunt the growth of the overarching housing market.

Considering the vaccination rollout and stimulus packages, the prospects of reopening economies through the latter half of the year are promising. In the US, the accelerated vaccination rollout and latest \$1.8 trillion fiscal stimulus package have prompted economic growth, however rising inflation places more upward pressure on interest rates. Moreover, there is a consensus that the U.S. equities are expensive and overvalued, deferring our investment conviction from the broad U.S market. Ongoing China-U.S. continue to dwell; however, the expectation is the new US administration will not escalate these tensions during the early stages of economic recovery. Relative to the U.S., initially Europe had been slow in its vaccine rollout and had distributed far smaller fiscal stimulus support. Recently however, vaccinations have increased resulting in a more positive economic outlook which could see these economies reopening at the end of the year. Europe's exposure to financials and cyclical sectors such as industrials, materials and energy gives optimism that they should benefit from a post-pandemic reopening.

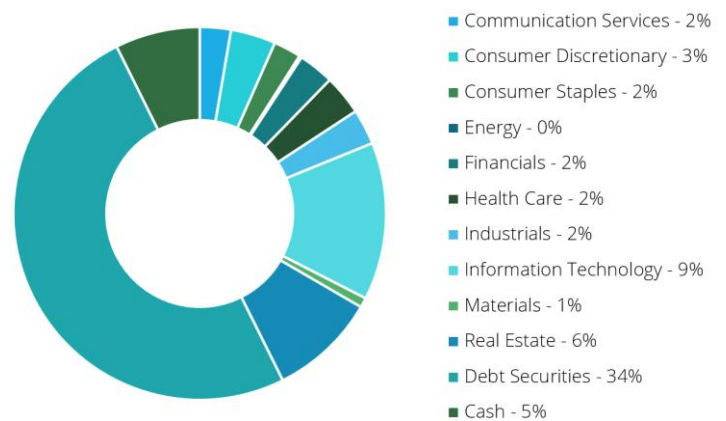
The first-quarter bond sell-off hit the bond market in a way that only saw high-yield bonds managing a positive outcome at the end of the quarter. While yields have been increasing since the start of the year, the 0.78% increase in yield in February is the largest monthly increase in 27 years. These yield curves steepening have been parallel to the U.S., both reflecting optimism over fiscal stimulus, vaccine rollout, and overarching economic recovery. The RBA has provided reassurance amongst borrowers that interest rates will remain near zero until 2024, and only increase when inflation is within the 2-3% threshold.



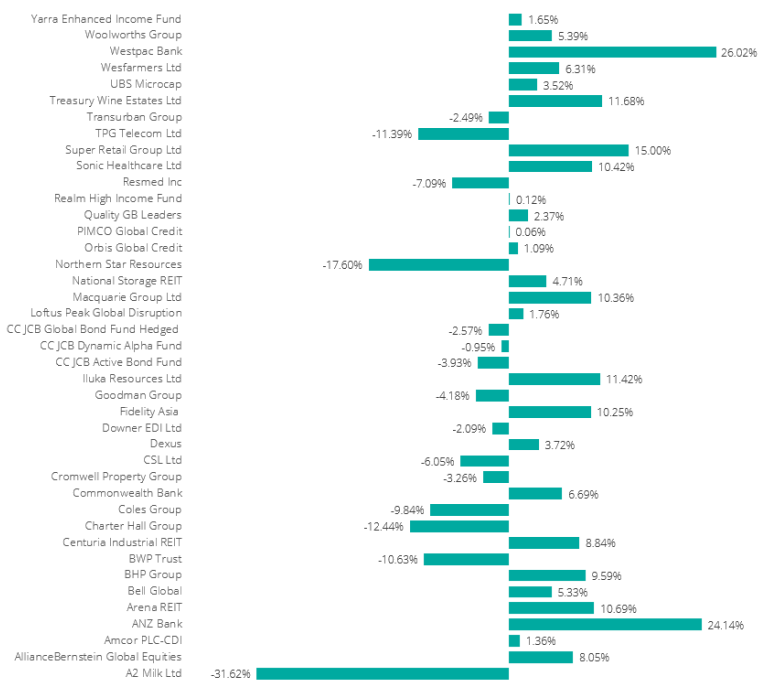
3 Month Asset Class Performance



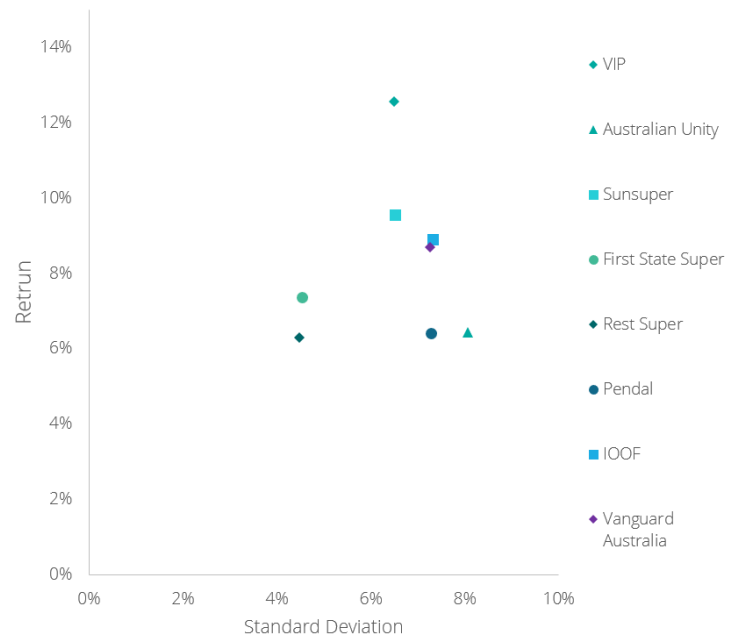
Current Sector Allocation



3 Month Holdings Performance

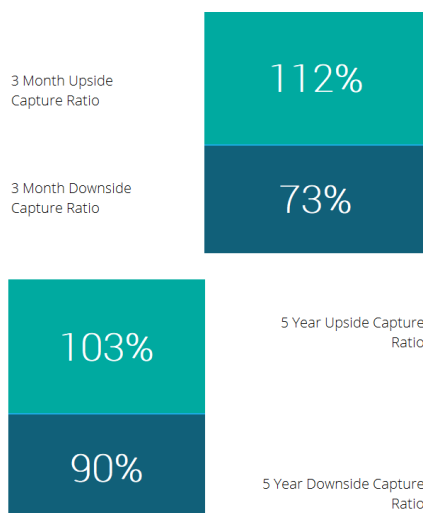


5 Year Risk/Return Profile



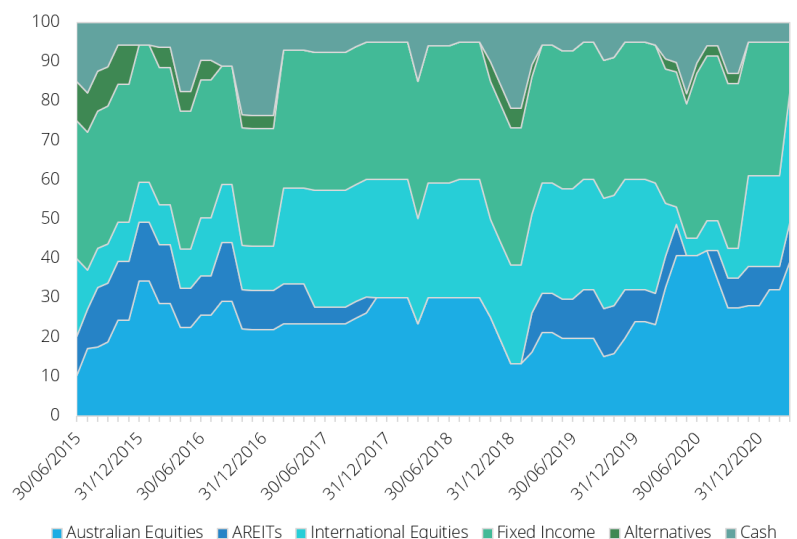
Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

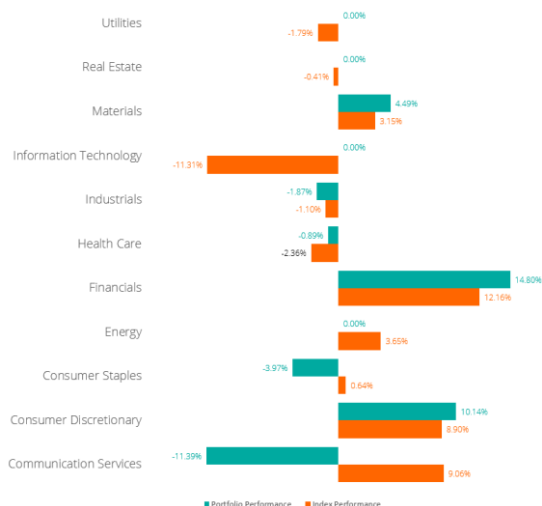
Balanced Trailing Weights



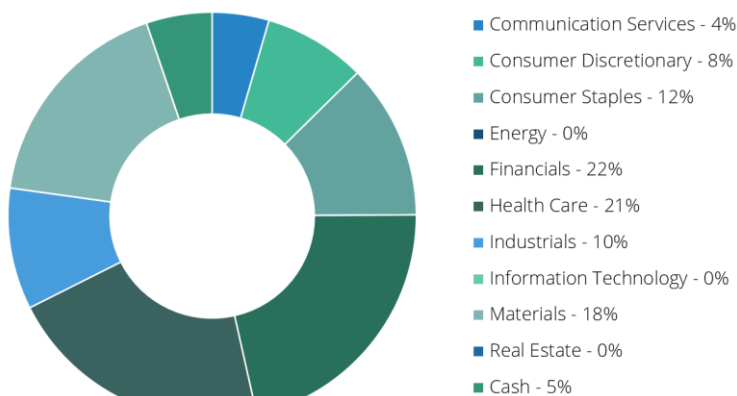


Australian Share Leaders Portfolio Performance

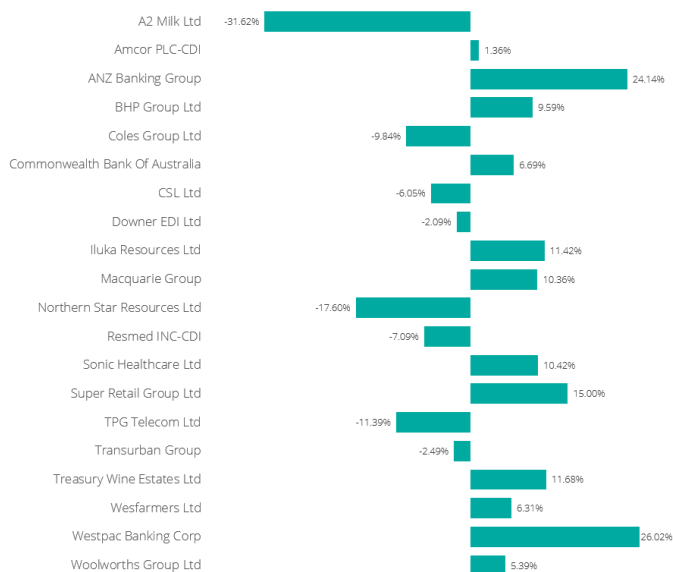
3 Month Sector Performance



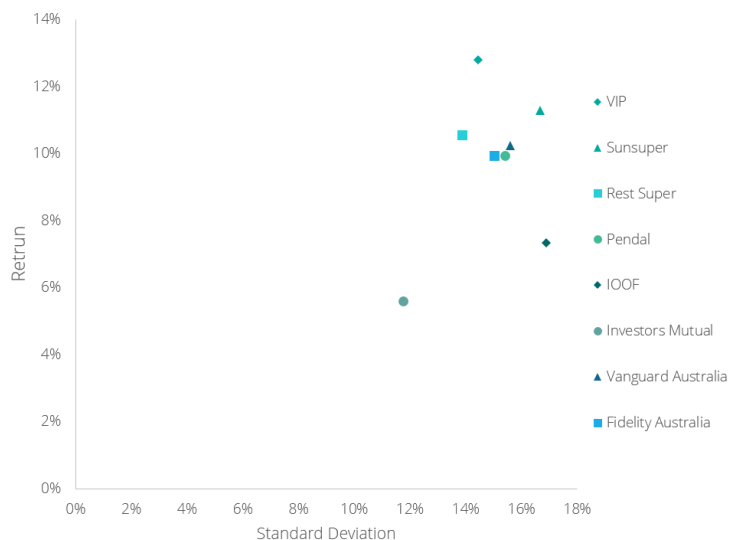
Current Sector Allocation



3 Month Holdings Performance

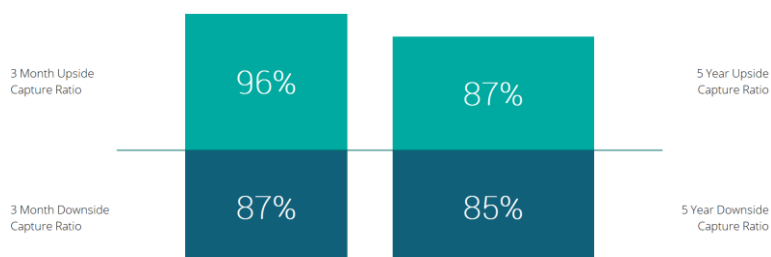


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

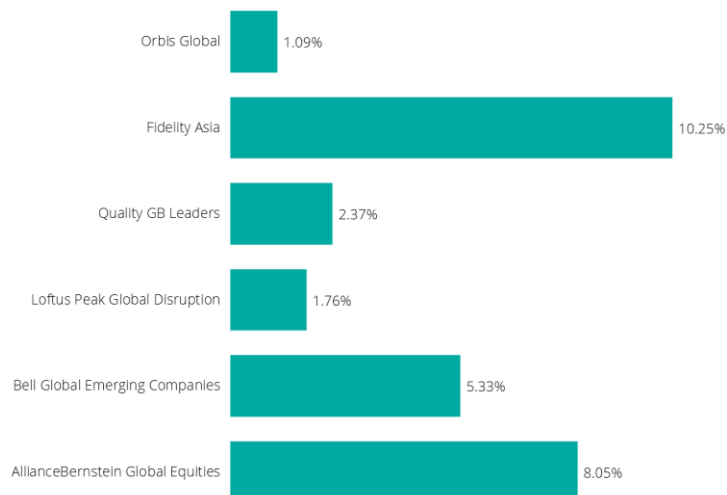
Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	Australian Equities
Management Style	Active
Current Number of Holdings	20
Average Market Capitalisation	\$38.50 Billion
Index Benchmark	ASX/S&P 200
Index Average Market Capitalisation	\$10 Billion

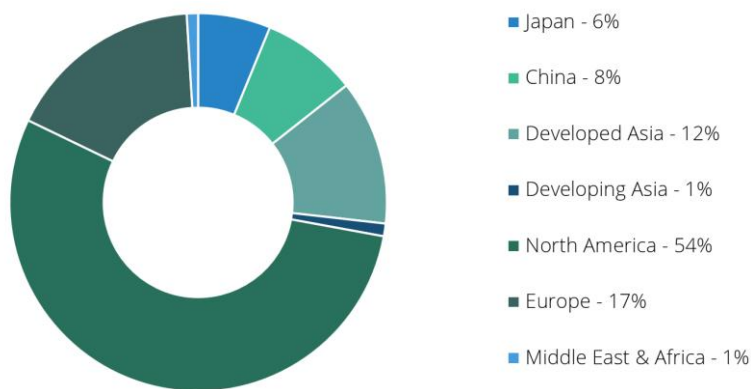


International Securities Portfolio Performance

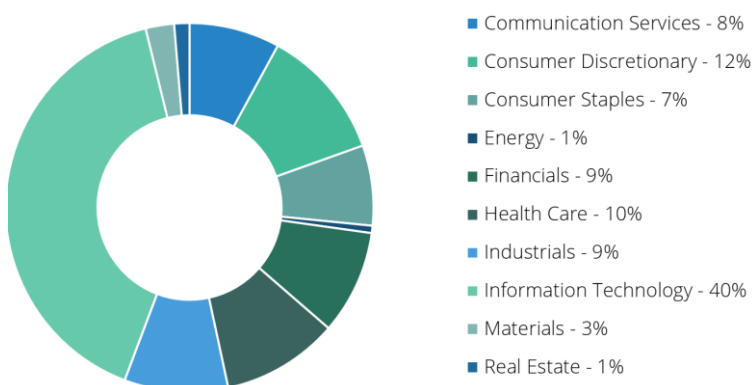
3 Month Fund Member Performance



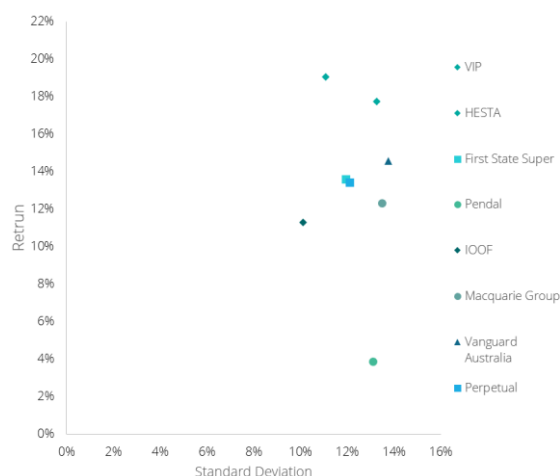
Current Geographical Allocation



Current Sector Allocation

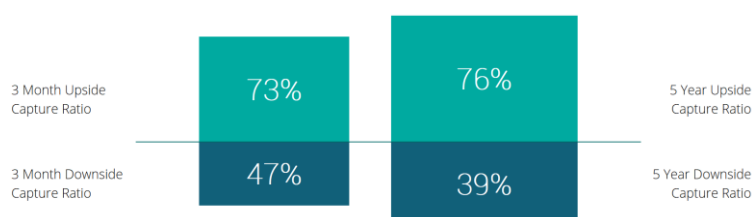


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

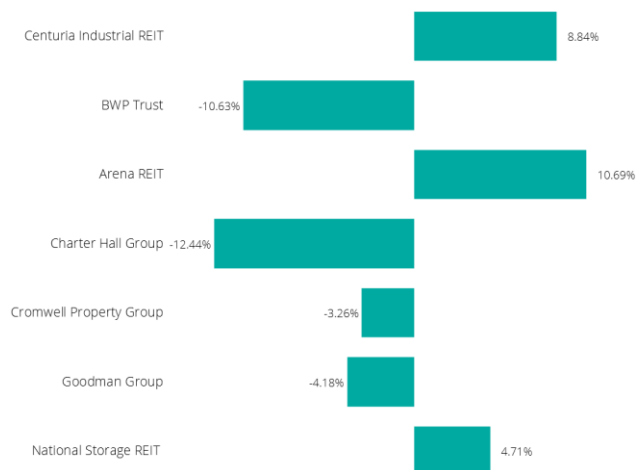
Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	International Equities
Management Style	Active Long Only
Current Number of Holdings	6
Index Benchmark	MSCI World Ex Australia
Index Average Market Capitalisation	\$28.70 Billion (USD)

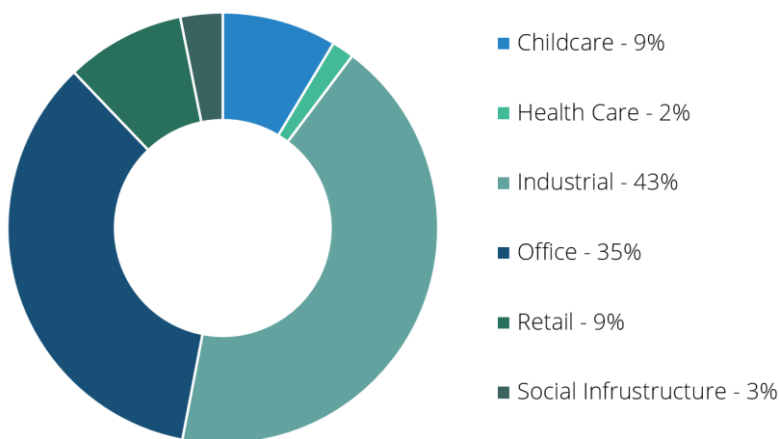


Property Securities Portfolio Performance

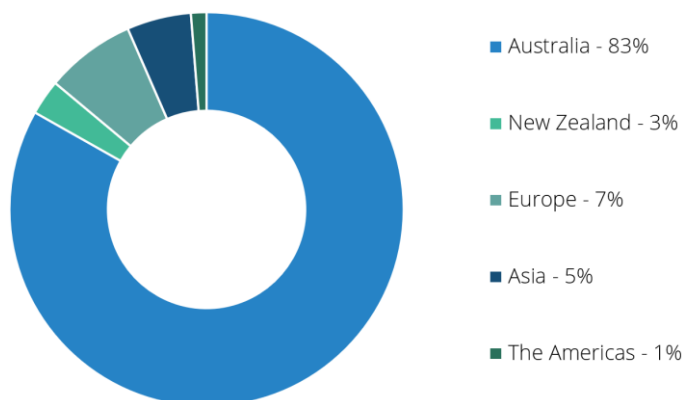
3 Month Holding Performance



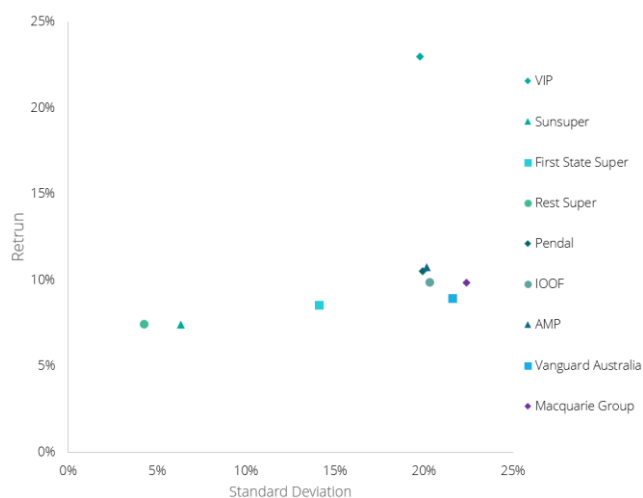
Current Property Sector Allocation



Current Geographical Allocation

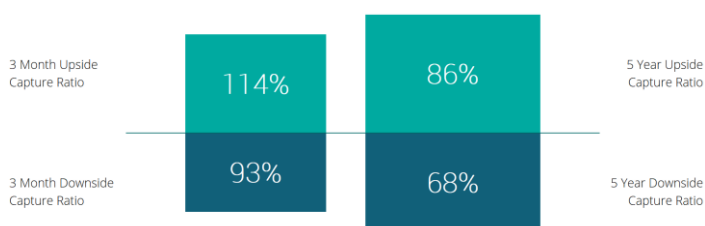


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

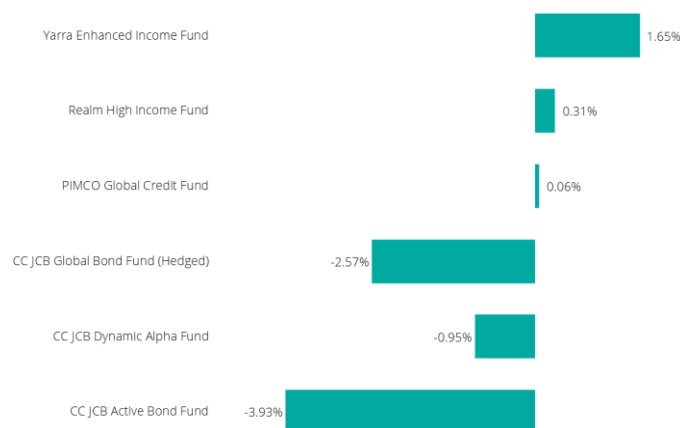
Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	A-REIT
Management Style	Active
Current Number of Holdings	8
Average Market Capitalisation	\$7.73 Billion
Index Benchmark	ASX/S&P 200 A-REIT
Index Average Market Capitalisation	\$6.55 Billion

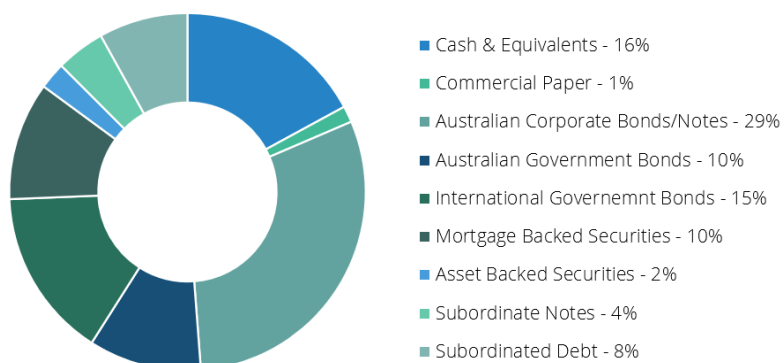


Fixed Interest Portfolio Performance

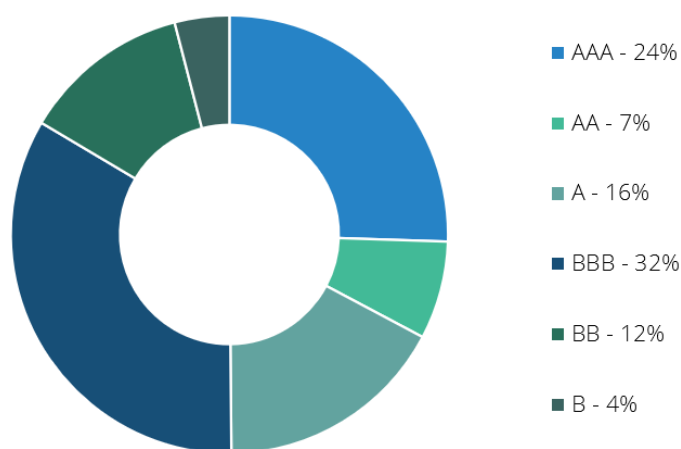
3 Month Holdings Performance



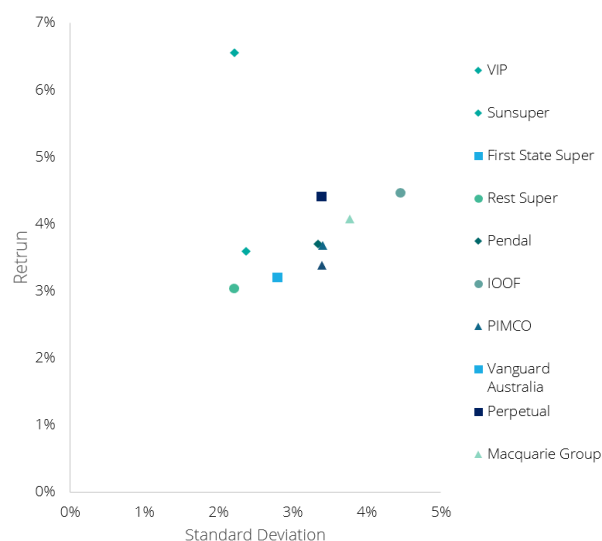
Current Asset Allocation



Current Credit Quality

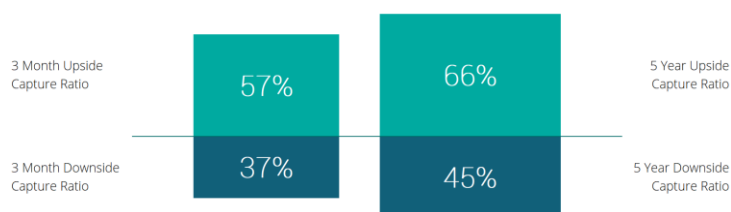


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	Fixed Income
Management Style	Active
Current Number of Holdings	6
Index Benchmark	BACMO