



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 and defensive assets. The portfolio is composed of 30 – 60 securities and can consist of ASX listed securities, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs), Managed Funds, Government and Semi Government Bonds, Term Deposits and Cash.

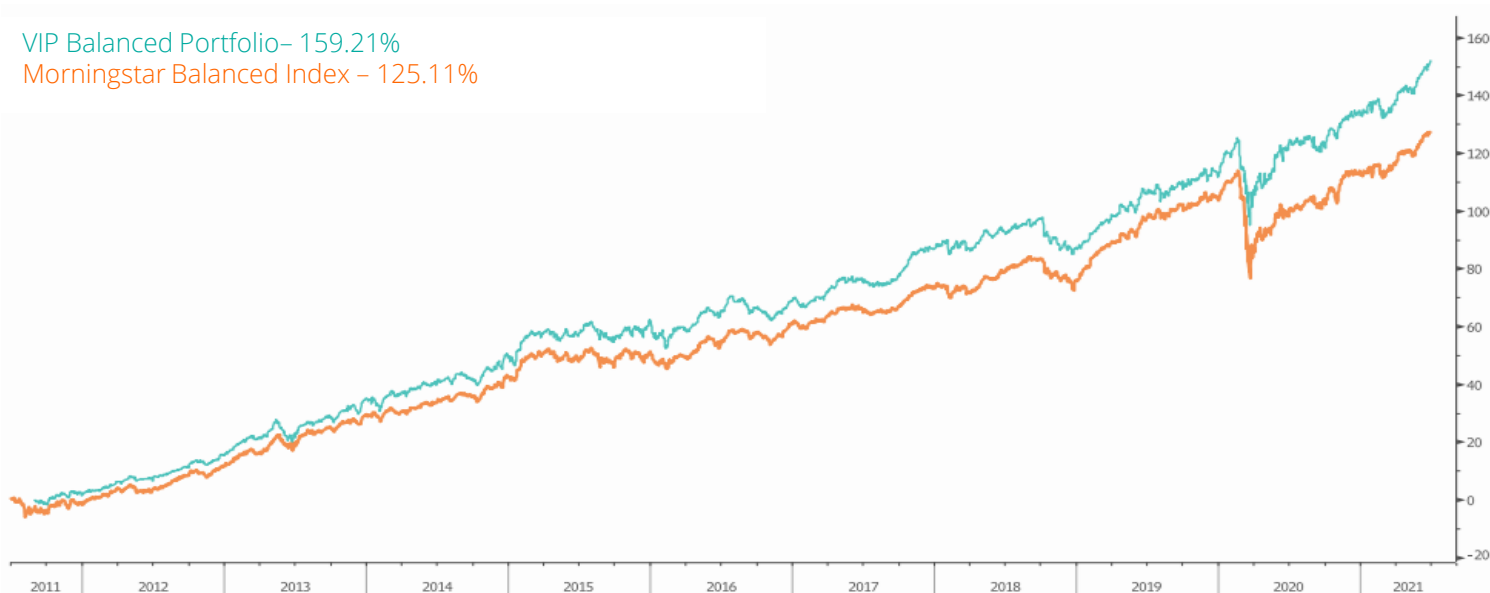
Investment Strategy

Using the principles of diversification, Value Investment Partners' multi-asset products use a specific blend of inhouse asset class specific portfolios 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..

Portfolio 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	2.57%	6.91%	8.87%	8.87%	13.49%	10.10%	9.25%	9.10%	10.27%
Net Returns	2.50%	6.71%	8.47%	8.54%	12.69%	9.30%	8.45%	8.30%	9.47%
Benchmark Returns	1.13%	5.57%	5.05%	5.05%	12.21%	8.13%	7.34%	7.91%	8.68%

VIP Balanced Portfolio – 159.21%
Morningstar Balanced Index – 125.11%



Portfolio Asset Allocation



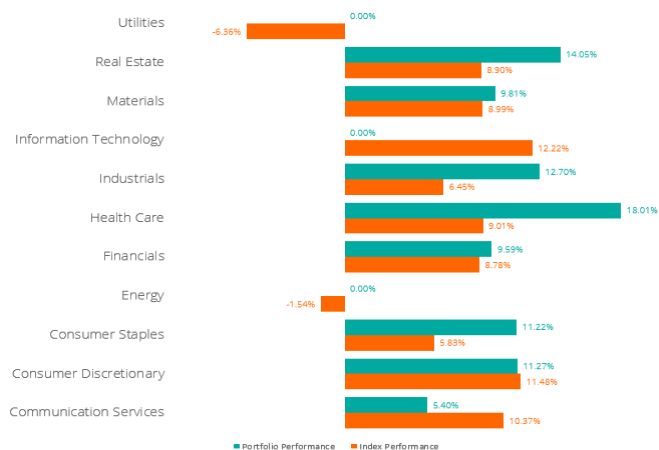
- Australian Equities - 28%
- International Equities - 22%
- Property Securities - 10%
- Fixed Interest Securities - 35%
- Cash - 5%

Portfolio Facts

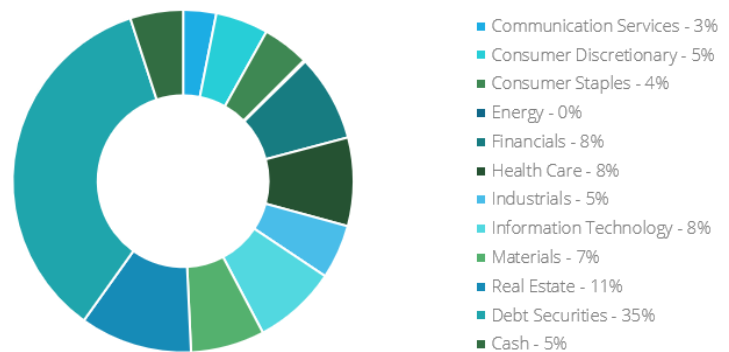
Inception Date	31 st August 2011
Asset Class	Multi-Asset
Index Benchmark	Morningstar Balance
Investment Horizon	5 – 7 Years
Minimum Investment	\$100,000 AUD
Management Fee	0.80%



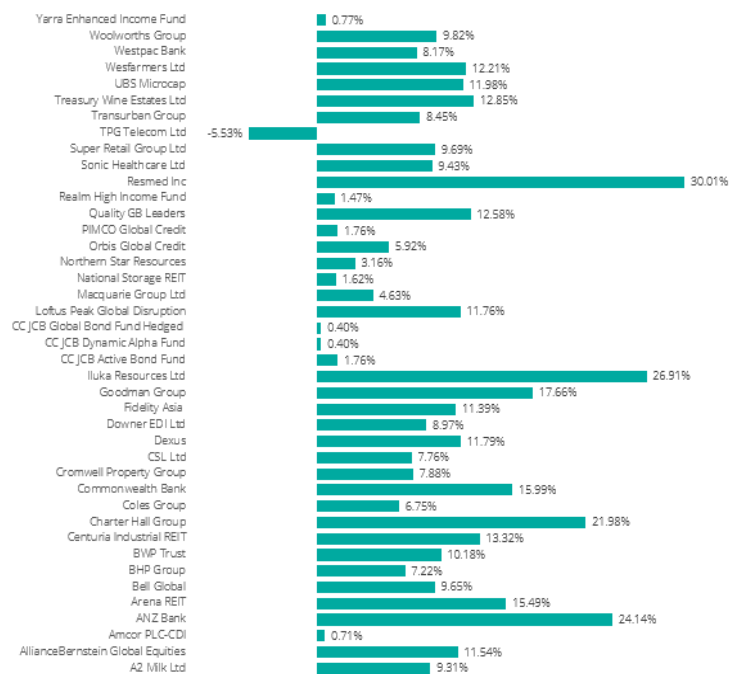
3 Month Sector Performance



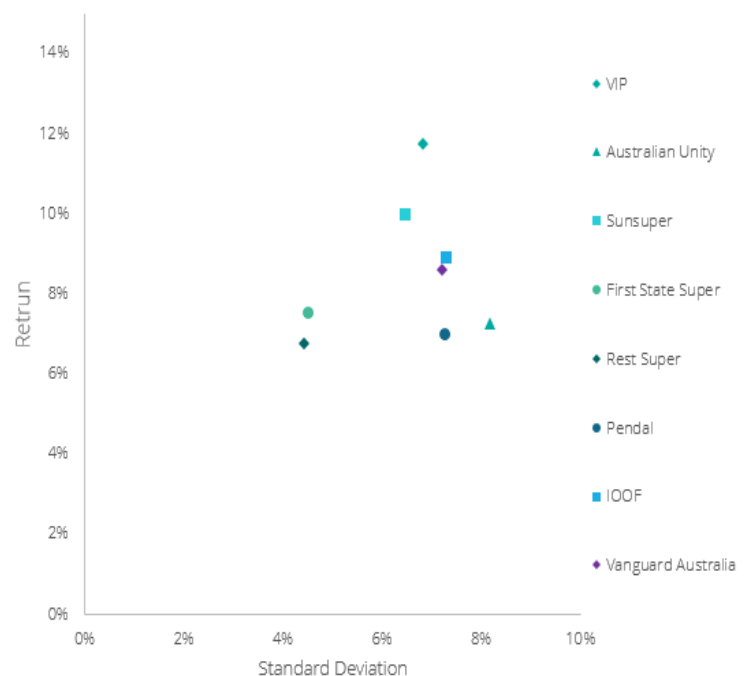
Current Sector Allocation



3 Month Holdings Performance



5 Year Risk/Return Profile



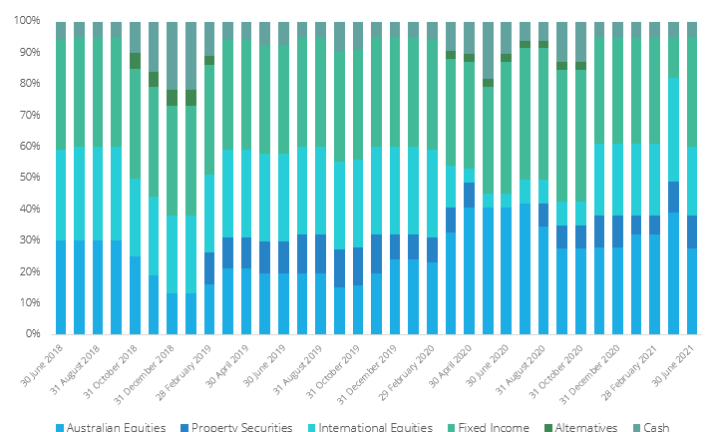
Upside & Downside Capture

3 Month 5 Year

Upside Capture 109% 103%

Downside Capture 111% 96%

Balanced Trailing Asset Weights





Market Commentary

The Australian economy continued to recover in the last quarter of the financial year underpinned by large fiscal spending, low levels of unemployment, strong consumer and business sentiment, and monetary policy support. The continued improving economic backdrop was reflected in the ASX 200 closing up 7.04% for the quarter. The sectors on the Australian market with the largest growth over the quarter were Communications Services, Information Technology, and Consumer Discretionary growing at 9.90%, 9.53%, and 9.45% respectively. Australian labour market conditions are improving with unemployment at a 10-year low of 4.90% with potential tightening labour supply being a catalyst for improved real wages growth. That being said it is unlikely those numbers are properly catching the impact of continued lockdown with those on wage support or dropping out of the labour market completely not being captured in the data, so this will be closely monitored as Australia returns to international travel and Australians re-enter the labour market. Business conditions deteriorated slightly throughout the quarter yet generally remain elevated across the states despite the some weakening. Weaker conditions were brought upon by the May and June Victorian lockdowns which gives pause for concern on the implications of prolonged lockdowns in New South Wales in the following quarter. Australia-China tensions continue but record high iron ore exports in both volumes and value underpinned a solid trade surplus with China. Recently, Chinese manufacturing, construction, and export order data have shown signs of a slowdown for the nation which is likely to put pressure on already record high commodity prices. Australia and the United Kingdom have agreed on a Free Trade Agreement, with greater access to a range of high-quality products made in both countries as well as greater access for businesses and workers, all of which will drive economic growth and job creation in both countries. Broadly over the quarter, global equities rose as vaccination campaigns continued to accelerate in most developed economies, especially in Europe, which is now catching up with the UK and the US.

The residential property market finished the financial year strong with 6.1% growth across the country. Sydney and Hobart finishing the strongest with 8.2% and 7.4% gains respectively. Noting the strong demand-side factors underlying the growth, elevated savings through COVID restrictions last year, along with a more confident consumer sector has encouraged consumption of larger goods, such as housing. There are signs that some heat is coming out of the market, the monthly gain of 1.9% in property values over June was down from a recent peak in March, with Perth and Darwin failing to post gains above 1%. Looking ahead, the leading indicators of dwelling prices remain strong. New lending is growing at a fast pace and auction clearance rates remain high. Prices are expected to continue growing but the pace of the monthly gains should slow.

The global economic reopening remains on track as COVID-19 vaccination rates climb. Mid-June vaccination rates close to 50% in the US and Europe and over 60% in the United Kingdom, the economic recovery should continue across the major developed economies through the second half of 2021. Amid this backdrop, the focus for markets has shifted to the strength of growth rebound and the implications for inflation. A widely adopted view is the spike in inflation is mostly transitory, a combination of base effects from when the U.S. consumer price index fell during the initial lockdown last year and temporary supply bottlenecks with many believing interest rate rises are still a couple years away. In Europe, the vaccine rollout has gathered pace with a more sustained reopening of economies is on track for the second half of the year. The UK is set for a strong rebound in both gross domestic product (GDP) and corporate profits as it recovers from both Brexit and the pandemic. Chinese equities have struggled over the last couple of months mainly due to the increase scrutiny of international investors on the willingness for the Chinese Communist Party to intervene into capital markets when it is politically beneficial to them.

In the bond market the main piece of news over the quarter has been the changing rhetoric from central banks around inflation. As it stands the US Federal Reserve has begun tapering off its massive buying program and so it is likely for other central banks to follow where they can. The overall central banker tone on inflation at this point is that it is transitory and not true systemic inflation which would have material implications for equity markets and bond markets alike. Key areas to watch over the next six months will be inflation, unemployment, and wages growth to get a sense of what the central banks and bond market will do next.

Sources Referred and Data Collected From: Bloomberg, NAB, CommBank, & RBA

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