



### Investment Objective & Strategy

The aim of the **VIP Diversified Ethical Portfolio** is to provide investors high level of capital growth over the medium to long term through exposure to a diversified portfolio of investments. Underlying all investments will be a strict environmental, social, and governance (ESG) screen which will work to identify companies which are acting in line with social expectations and are not only working in pursuit of maximising profit but engaging in their responsibility to the community regarding the environment and the social responsibilities of creating a more sustainable future.

### ESG Definitions

Companies are placed into one of five risk categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a "high risk" assessment reflects a comparable degree of unmanaged ESG risk across the research universe, whether it refers to an agriculture company, a utility or any other type of company. One point of risk is the same, no matter which company or which issue it applies to, and points of risk add up across issues to create overall scores. Companies with lower Risk Ratings scores have lower ESG risk.

### Portfolio Performance

	1 Month	3 Months	6 Months	Y.T.D.	Since Inception (p.a.)
Gross Returns	3.26%	7.56%	-%	7.56%	7.56%
Net Returns	3.16%	7.26%	-%	7.26%	7.26%
Benchmark Returns	1.13%	5.57%	-%	5.57%	5.57%

VIP Diversified Ethical Portfolio – 7.56%

Morningstar Balanced Index – 5.29%

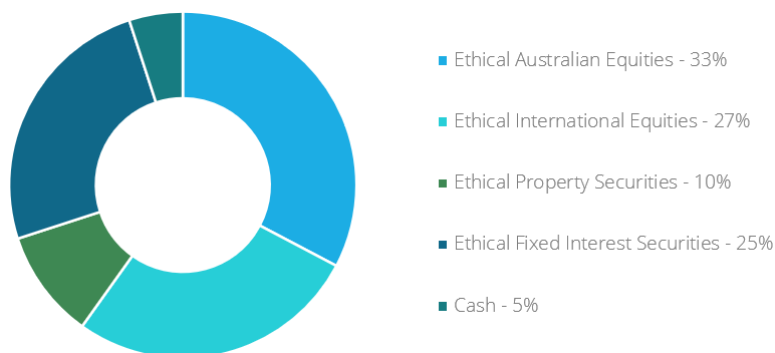


### Market Commentary

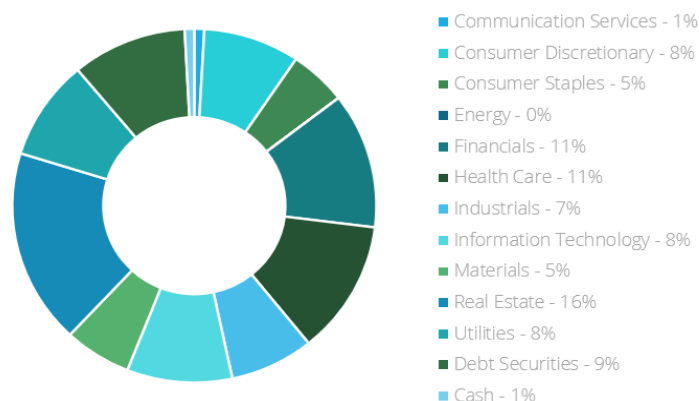
The Australian economy continued to recover in the last quarter of the financial year underpinned by large fiscal spending, low levels of unemployment, strong consumer and business sentiment, and monetary policy support. The continued improving economic backdrop was reflected in the ASX 200 closing up 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.



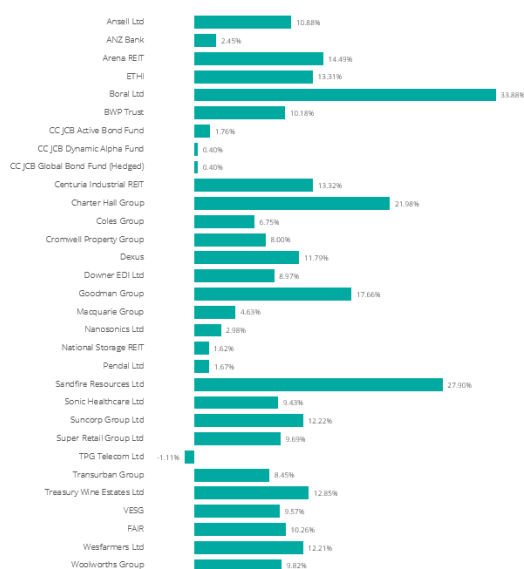
### Current Asset Allocation



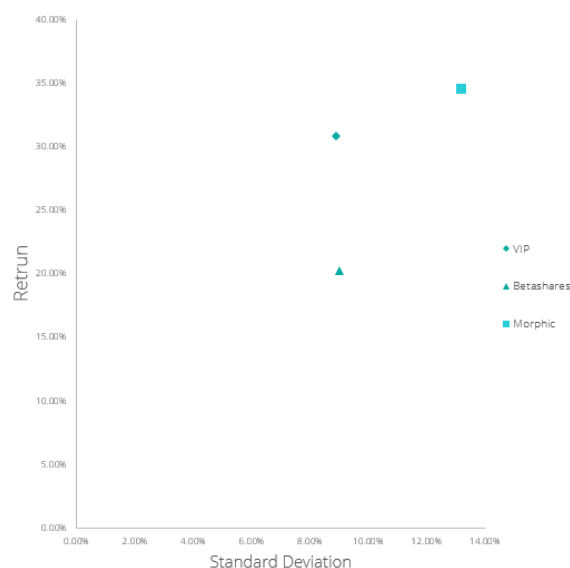
### Current Sector Allocation



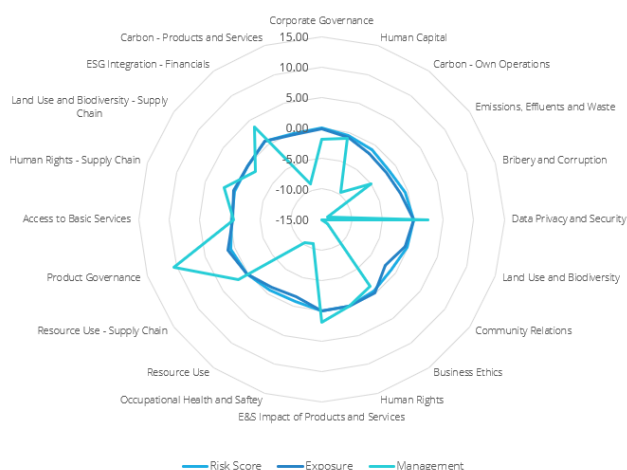
### 3 Month Asset Performance



### 3 Month Holdings Performance



### ESG Relative Score Index

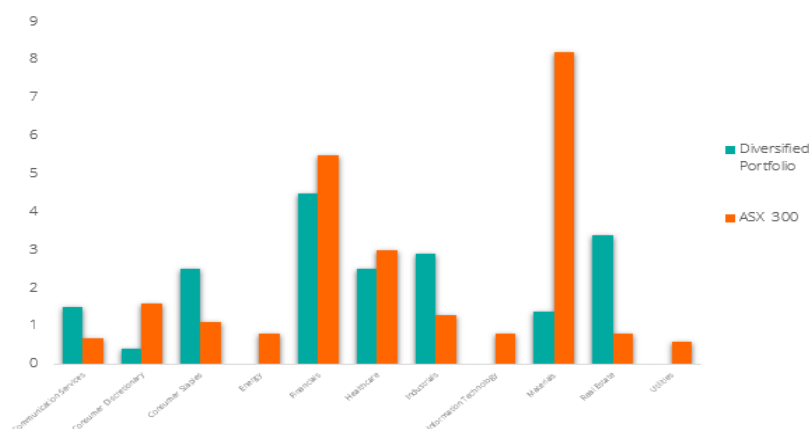


### Portfolio Facts

Inception Date	1 <sup>st</sup> April 2021
Asset Class	Multi-Asset
Index Benchmark	Morningstar Balance
Investment Horizon	5 – 7 Years
Minimum Investment	\$100,000 AUD
Management Fee	1.20%



### ESG Risk Rating



Portfolio

19.1

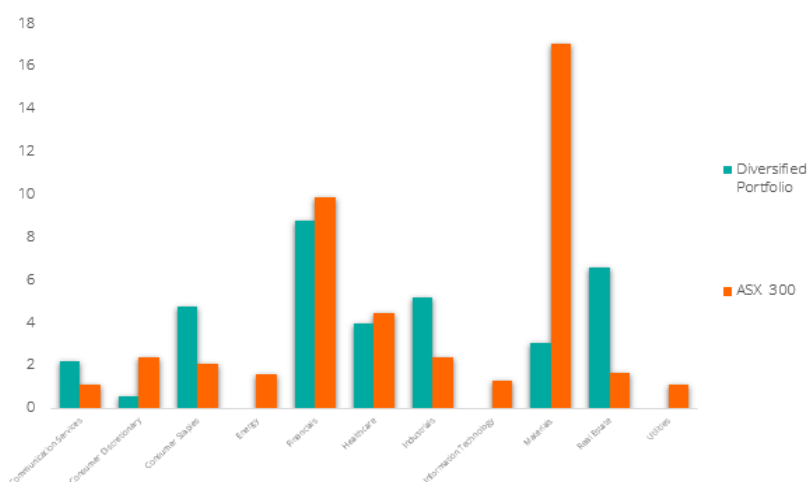
ASX 300 Index

24.3

The ESG Risk Rating measures the degree to which a company's economic value is at risk driven by ESG factors, as assessed through Sustainalytics' calculation of the company's unmanaged ESG risks.

VIP Diversified Ethical Portfolio's ESG risk is considered **Low**, and is 21% lower than the benchmark.

### ESG Risk Exposure



Portfolio

35.3

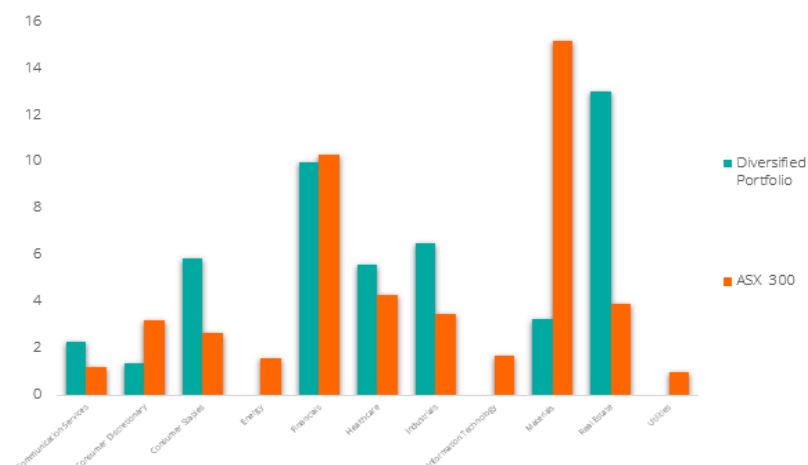
ASX 300 Index

45.3

Exposure considers a company's sensitivity or vulnerability to ESG risks. Lower exposure scores indicate that the constituent companies face less ESG risk.

VIP's Diversified Ethical Portfolio's exposure to ESG issues is considered as **Medium**, and is 22% lower than the benchmark.

### ESG Risk Management



Portfolio

48.0

ASX 300 Index

48.0

Management evaluates a company's performance on managing its exposure to ESG issues. Higher management scores indicate the constituent companies have stronger management of their exposure.

VIP's Diversified Ethical Portfolio's management of ESG issues is considered as **Average**, and is 2% weaker than the benchmark