



### 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	-0.97%	2.43%	9.99%	11.77%	17.39%	10.06%	9.72%	9.40%	10.39%
Net Returns	-1.04%	2.36%	9.59%	11.30%	16.59%	9.26%	8.92%	8.60%	9.59%
Benchmark Returns	-1.73%	1.75%	7.33%	8.99%	14.50%	8.05%	7.95%	8.09%	9.29%

VIP Balanced Portfolio– 166.47%

Morningstar Balanced Index – 141.37%



### Portfolio Asset Allocation



- Australian Equities - 25%
- International Equities - 25%
- Property Securities - 10%
- Fixed Interest Securities - 35%
- Cash - 5%

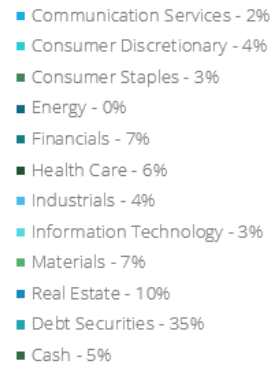
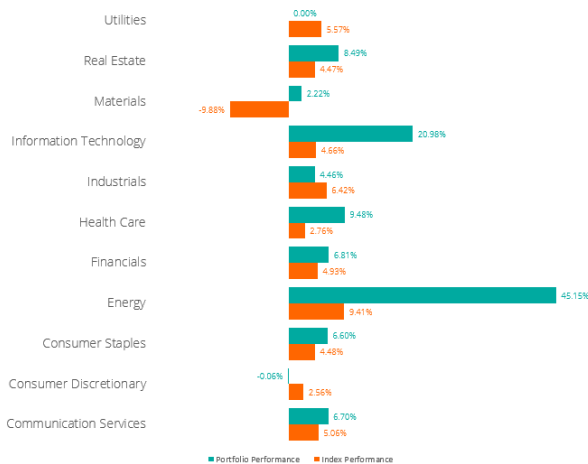
### Portfolio Facts

Inception Date	31 <sup>st</sup> August 2011
Asset Class	Multi-Asset
Platform Availability	Xplore Wealth
Index Benchmark	Morningstar Balanced Index
Investment Horizon	5 – 7 Years
Suggested Minimum Investment	\$250,000 AUD
Management Fee (Exc. GST)	0.80%



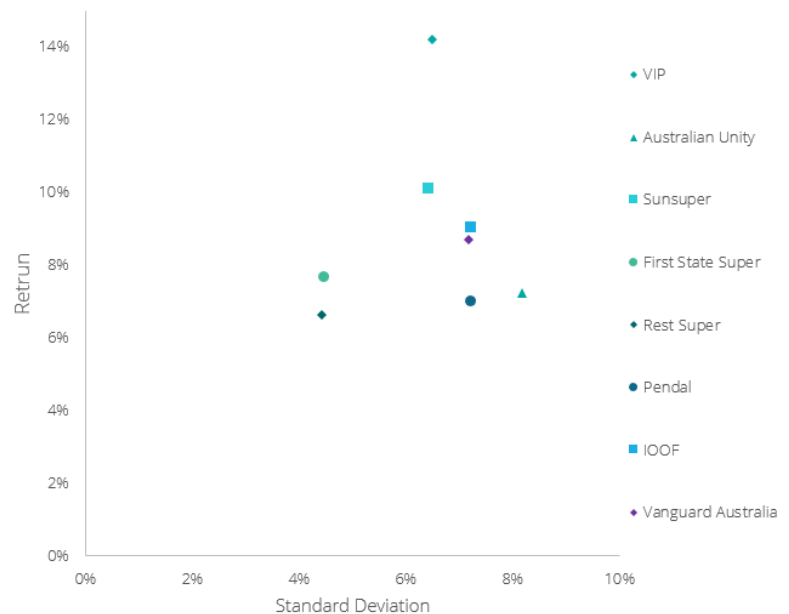
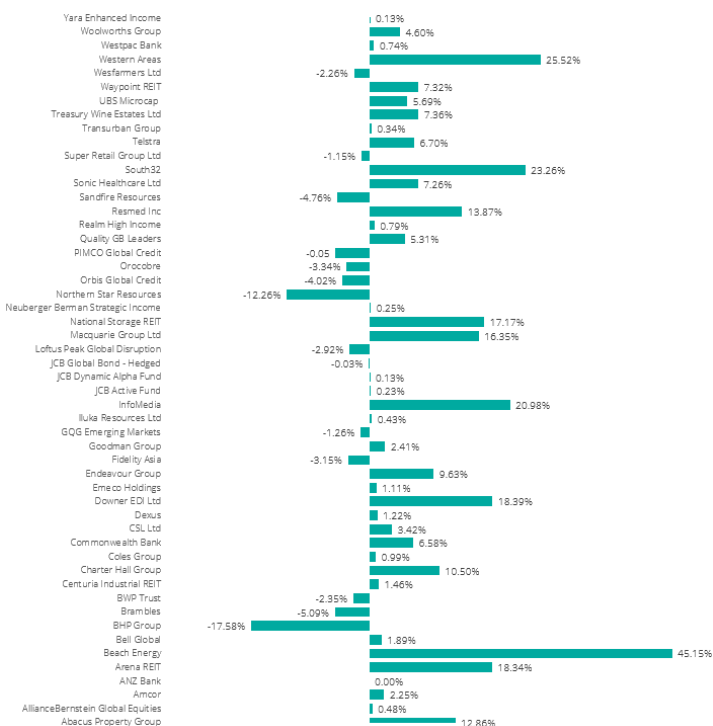
### 3 Month Sector Performance

### Current Sector Allocation



### 3 Month Holdings Performance

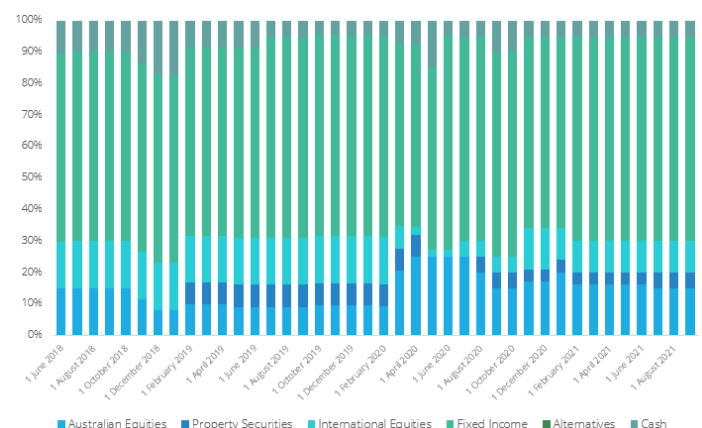
### 5 Year Risk/Return Profile



### Upside & Downside Capture

### Balanced Trailing Asset Weights

	3 Month	5 Year
Upside Capture	86%	88%
Downside Capture	109%	103%





### Market Commentary

Labour and supply shortages, shipping bottlenecks, COVID delta variant, inflation and vaccine hesitancy. There were plenty of worries in Q3, but markets remained mostly positive across the quarter as economies continued to open and society resumed some normality. This led to an increase in demand in many areas which has been exacerbating the impact of supply constraints. Something governments, businesses and central banks will be dealing with in the year ahead.

Data released in September showed the economy grew 0.7% for Q2, with year-on-year growth 9.6%, but showed growth slowing from Q1 before the COVID outbreaks in NSW and Victoria. The continued presence of COVID in the two largest states led to more vaccine urgency. By the end of the quarter, 77.8% of Australians over 16 had been administered their first dose and 54.2% of Australians over 16 were fully vaccinated. In its September minutes the RBA again said it "will not increase the cash rate until actual inflation is sustainably within the 2 to 3 per cent target range". Inflation increased to 3.8% in Q2 2021 with the largest increases coming in fuel, pricing for furniture due to timber prices and supply shortages and childcare as free childcare was ended.

Towards the end of the quarter there was concern (mainly driven by the media) there would be an intervention in the mortgage market by the Australian Prudential Regulation Authority. There were suggestions of a limit on borrowing, as various housing markets had increased over 25% annually, fuelled by low interest rates. This followed the OECD and International Monetary Fund both calling on Australian regulators to step in to cool the Sydney and Melbourne property markets.

US equities notched up a small positive return in Q3. Strong earnings had lifted US stocks in the run up to August, when the Federal Reserve reinforced its dovish tone, confirming its hesitance to tighten policy too fast. However, growth and inflation concern late in the quarter meant US equities retraced in September. Eurozone equities were flat in Q3. The energy sector was one of the strongest performers, as was information technology with semiconductor-related stocks seeing a robust advance. Consumer discretionary stocks were among the weakest for the quarter, with luxury goods companies under pressure amid suggestions that China could seek greater wealth redistribution, which could hit demand. UK equities rose over Q3 with the market driven by a variety of factors. While there were some clear sector winners (such as energy on the back of a recovery in crude oil prices) the difference between the best and worst-performing stocks, or dispersion, was quite marked. The Japanese equity market traded in a range through July and August before rising in September to record a total return of 5.2% for the quarter. The concern that Evergrande would default on its loans and cause a contagion effect throughout financial markets which could impact global trade and financial markets sparked investor concerns adding to inflationary pressures on markets, although concern has reduced over the last few weeks as markets have fully considered the potential impact of contagion of which there is little. China was the worst-performing index market, with sentiment towards the country also weakened by the government's regulatory crackdown affecting the education and technology sectors. Power outages in China and the rationing of energy also spooked investors, hurting production of key commodities. The downside risks in China have significantly increased against a backdrop of slowing economic activity and concerns that recent regulatory policies will further weigh on growth.

Inflation concerns reared their ugly head this quarter as issues with supply chains and increasing costs of commodities and energy has put doubt in the debate of transitory inflation. Coupled with a managed slowdown in economic growth in China and slower economic growth from major economies such as Australia from the continued impact of lockdowns did start the discussion about stagflation (a combination of higher levels of inflation with lower levels of economic growth). This has been having a material impact on yields as higher inflation expectations have pushed yields up along with an increased probability of central bank cash rate increases in the near term. Your portfolio has been positioned since the beginning of this calendar year to minimise the impact that interest rates could have by reducing yield exposure and increasing the level of credit risk to seek alpha by increased exposure to corporate credit. This has protected your portfolio as the benchmark has fallen over the last quarter and protected your capital.

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

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