



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 Month	6 Month	Y.T.D.	1 Year	Inception (p.a.)
Gross Returns	-1.68%	2.64%	10.56%	10.56%	-	10.56%
Net Returns	-1.78%	2.34%	9.96%	9.86%	-	10.06%
Benchmark Returns	-1.73%	1.75%	7.33%	8.99%	-	9.07%

VIP Diversified Ethical Portfolio – 10.56%
Morningstar Balanced Index – 9.07%



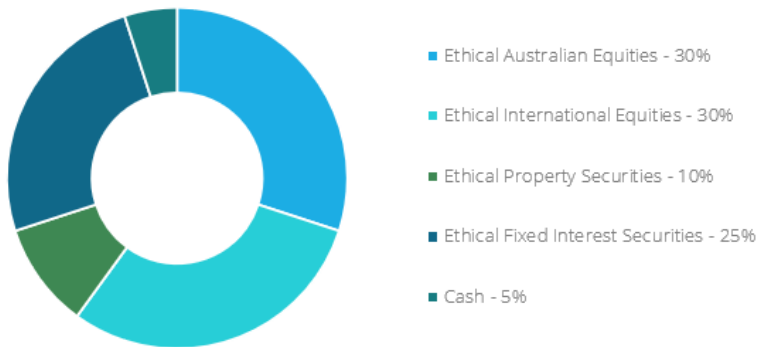
Market Commentary

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.

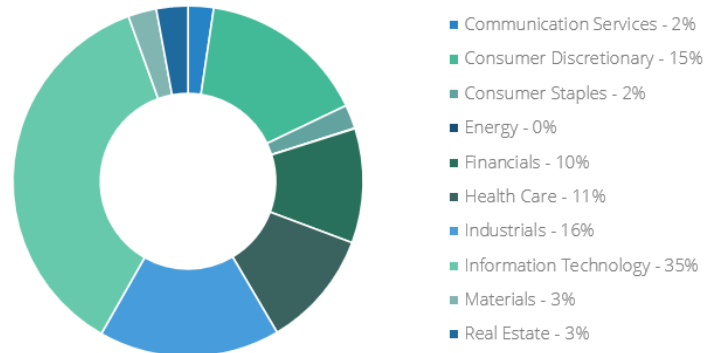
Data released in September showed the economy grew 0.7% for Q2, with year-on-year growth 9.6%, but showed growth slowing from Q1 before the COVID outbreaks in NSW and Victoria. The continued presence of COVID in the two largest states led to more vaccine urgency. By the end of the quarter, 77.8% of Australians 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.



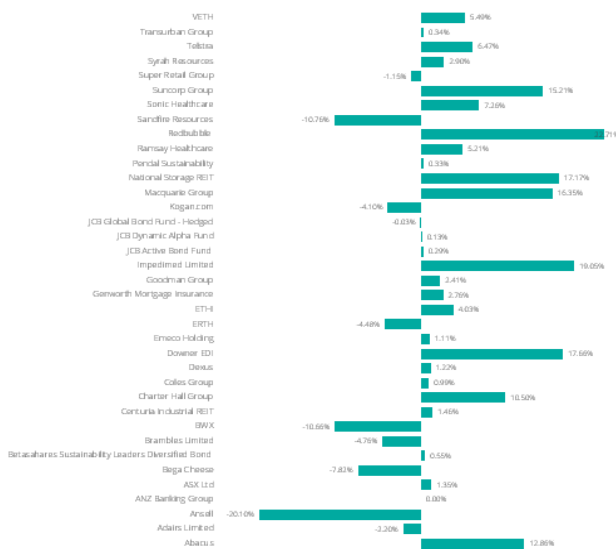
Current Asset Allocation



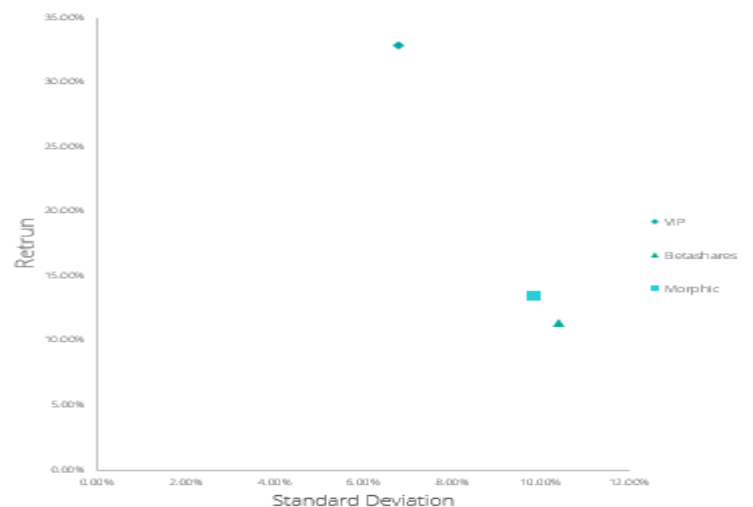
Current Sector Allocation



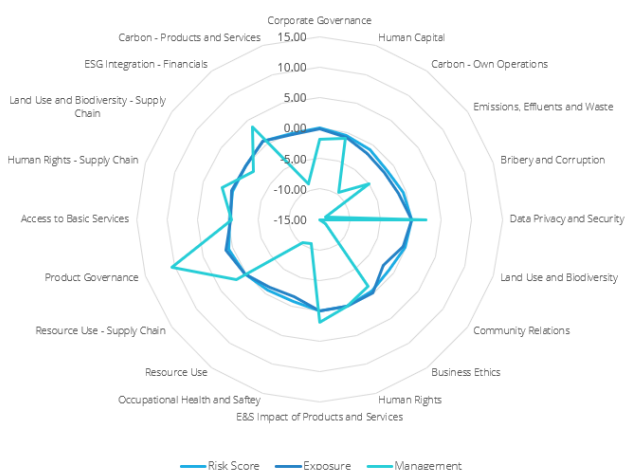
3 Month Asset Performance



3 Month Holdings Performance



ESG Relative Score Index

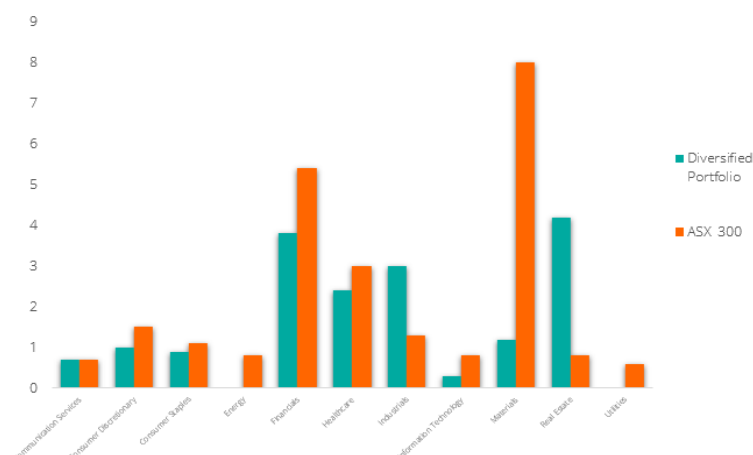


Portfolio Facts

Inception Date	1st April 2021
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)	1.20%



ESG Risk Rating



Portfolio

17.7

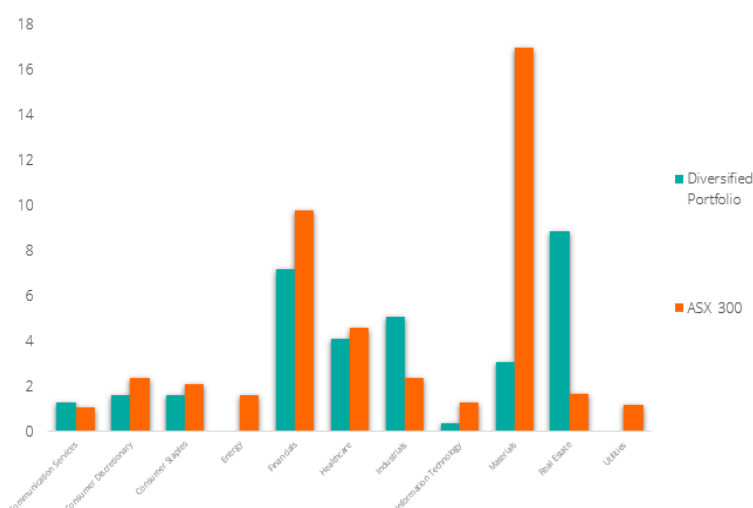
ASX 300 Index

24.9

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 29% lower than the benchmark.

ESG Risk Exposure



Portfolio

31.3

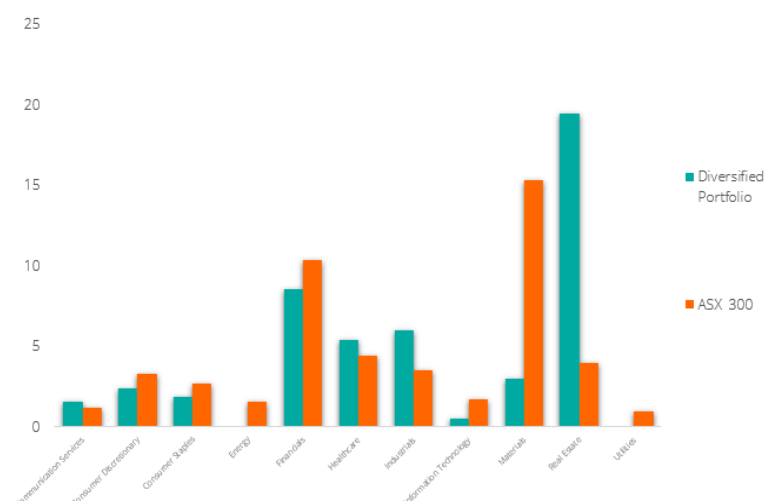
ASX 300 Index

45.2

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 **Low**, and is 31% lower than the benchmark.

ESG Risk Management



Portfolio

44.9

ASX 300 Index

46.8

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 4% weaker than the benchmark