



Investment Objective

The **VIP Climate Sustainability Portfolio** invests in 20 to 40 Australian equities listed on the ASX, with a guide to the proportionate investment in large, medium, small, and micro capitalisation companies for diversification. Underlying all investments will be a strict environmental, social, and governance (ESG) screen which will identify companies which are acting in line with expectations of creating a more sustainable future. Unlike other ESG portfolios this will portfolio will put significant emphasis on the environmental impact of a company in a way that assesses the total supply chain and whether it is doing all it can to reduce its carbon footprint.

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	2.02%	8.45%	18.01%	18.01%	-	18.01%
Net Returns	1.92%	8.15%	17.41%	17.31%	-	17.51%
Benchmark Returns	-1.36%	2.26%	11.77%	15.72%	-	10.26%

VIP Climate Sustainability Portfolio – 18.01%
All Ordinaries Index – 10.26%



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.



Emission Scores

Carbon
Solutions

3.37x

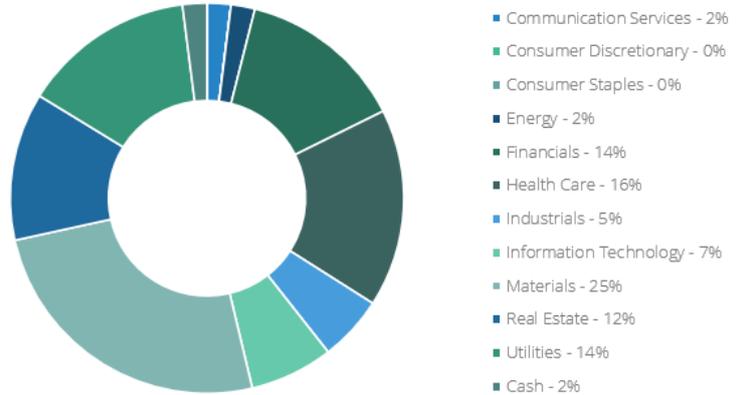
VIP's Climate Sustainability Portfolio's has 3.37 times more exposure to companies working on carbon solutions than the benchmark.

Green
Energy

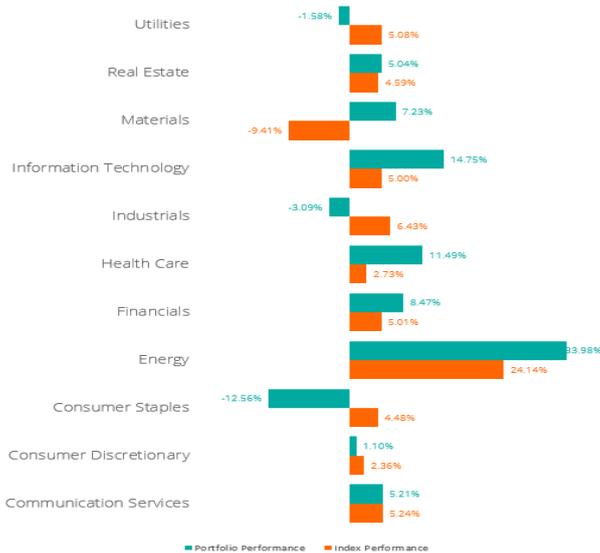
62%

VIP's Climate Sustainability Portfolio's has 62% less exposure to the fossil fuel industry than the benchmark.

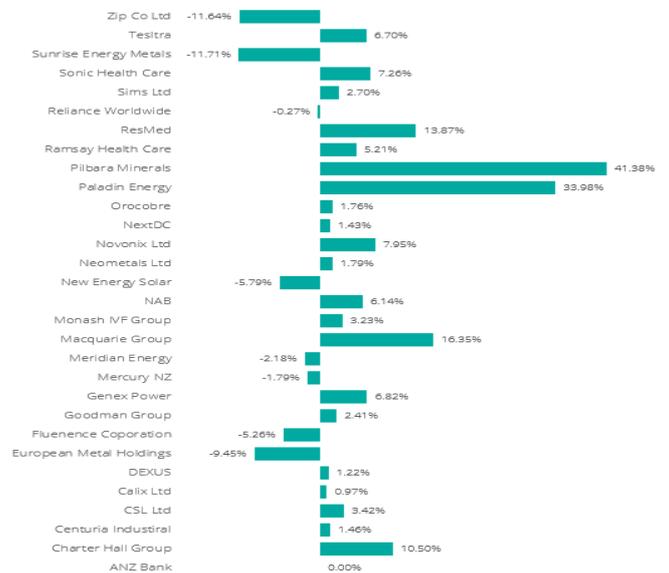
Current Sector Allocation



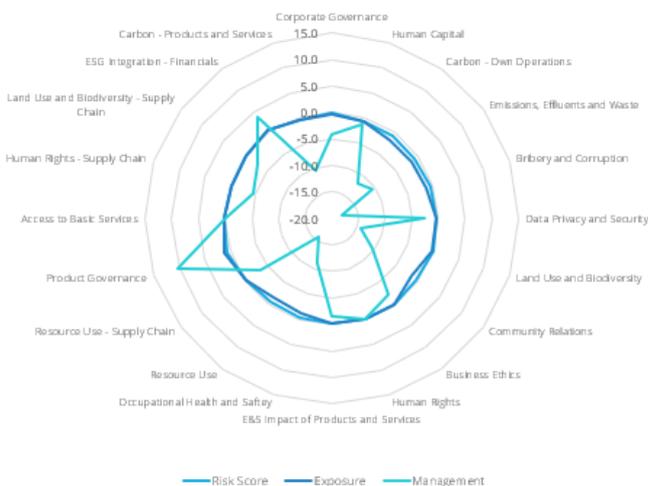
3 Month Sector Performance



3 Month Holdings Performance



ESG Relative Score Index

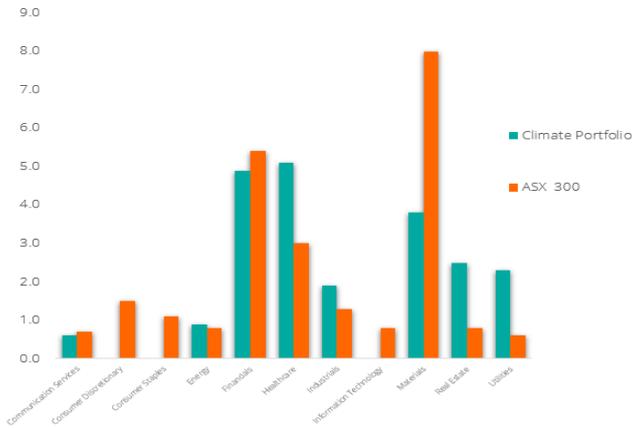


Portfolio Facts

Inception Date	1st April 2021
Asset Class	Australian Equities
Platform Availability	Xplore Wealth
Index Benchmark	S&P/ASX All Ordinaries Index
Investment Horizon	5 – 7 Years
Suggested Minimum Investment	\$75,000 AUD
Management Fee (Exc. GST)	0.90%



ESG Risk Rating



Portfolio

22.1

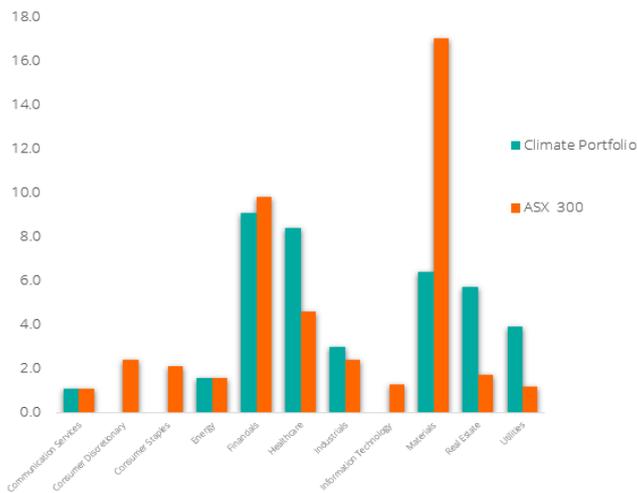
ASX 300 Index

24.0

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's Climate Sustainability Portfolio's ESG risk is considered **Medium**, and is 8% lower than the benchmark.

ESG Risk Exposure



Portfolio

39.1

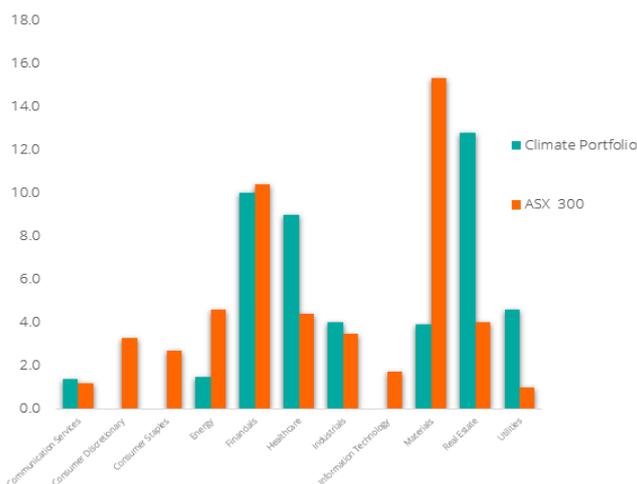
ASX 300 Index

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 Climate Sustainability Portfolio's exposure to ESG issues is considered as **Average**, and is 13% lower than the benchmark.

ESG Risk Management



Portfolio

47.2

ASX 300 Index

49.1

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 Climate Sustainability Portfolio's management of ESG issues is considered as **Average**, and is 4% weaker than the benchmark.