



### 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	1.57%	10.05%	19.35%	29.87%	-	29.87%
Net Returns	1.47%	9.75%	18.75%	29.17%	-	29.37%
Benchmark Returns	2.68%	2.21%	4.53%	18.28%	-	18.28%



### Market Commentary

Just as Delta and broader COVID issues looked to be easing and the world was returning to some normality, the emergence of Omicron late in the December quarter threw society and markets back into uncertainty. The emergence of Omicron not only led to another wave of infections resulting in labour and supply shortages, shutdowns, shipping bottlenecks, and rising prices, but also the broad acceptance that inflation was not going to be transitory. All of this spooked markets, as was evident in economic commentary from business leaders and central bankers, the rise in treasury yields, equity market volatility and the sell down of tech and high PE stocks globally. Omicron led to further business shutdowns and supply chain issues across major economies such as the U.S., China and Australia. Paradoxically Omicron also led to an increase in demand in some areas which exacerbated the impact of supply constraints. The net result, slowing economies and persistent inflation.

However, it wasn't just Omicron and the economic effects of closures that spooked markets. A number of additional inflationary factors emerged that are of even greater concern. Energy prices saw increased volatility and started on an upward price trajectory. Even more concerning to markets was the fact that US rents and wages began contributing to U.S. inflation. Rising rents and wages reflect the impact of creating money via the huge monetary stimulus that has occurred around the world in response to Covid. Inflation from rents and wages is a big problem because it is a structural issue that has previously spiralled out of control and problematically these factors look set to continue to drive inflation.



### Emission Scores

Carbon  
Solutions

3.37x

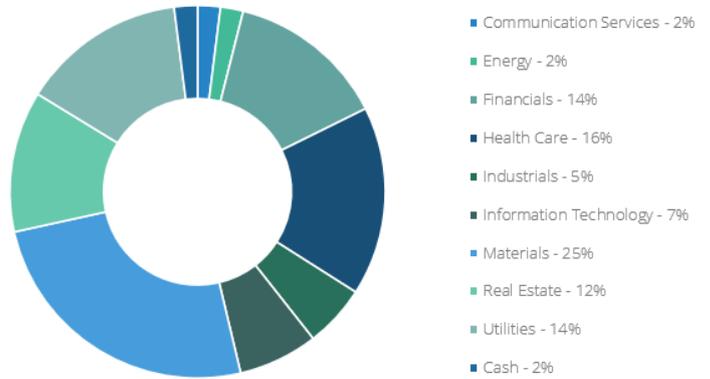
VIP's Climate Sustainability Portfolio's has 3.37 times more exposure to companies working on carbon solutions than the benchmark.

Green  
Energy

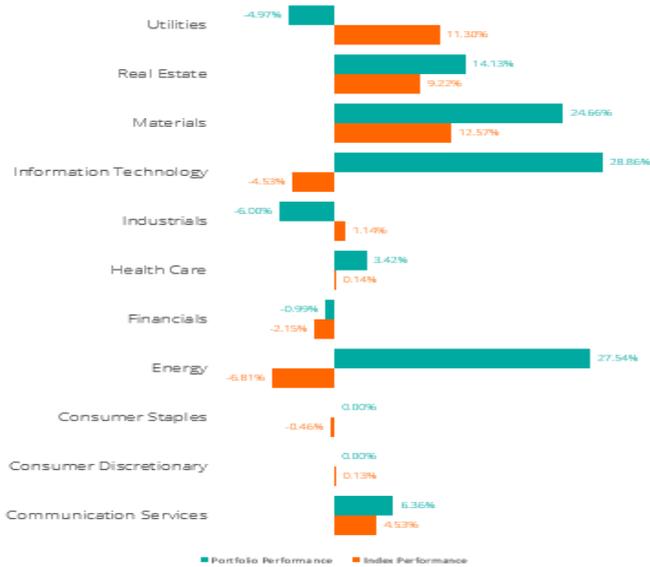
62%

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

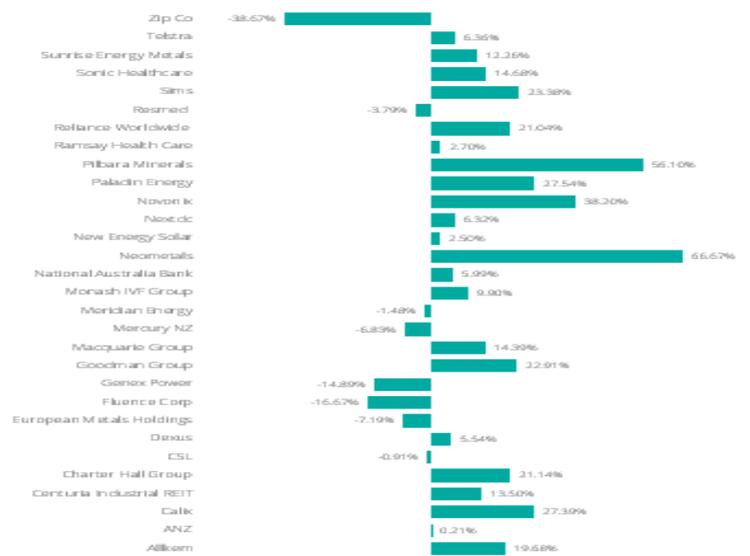
### Current Sector Allocation



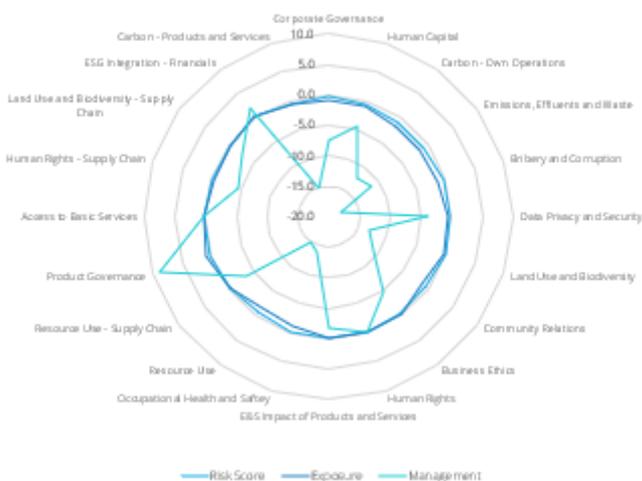
### 3 Month Sector Performance



### 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%

