



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	0.57%	2.14%	4.85%	12.95%	-	12.95%
Net Returns	0.47%	1.84%	4.25%	12.25%	-	12.45%
Benchmark Returns	1.27%	2.60%	4.40%	11.83%	-	11.83%

VIP Diversified Ethical Portfolio– 12.95%
Morningstar Balanced Index – 11.83%

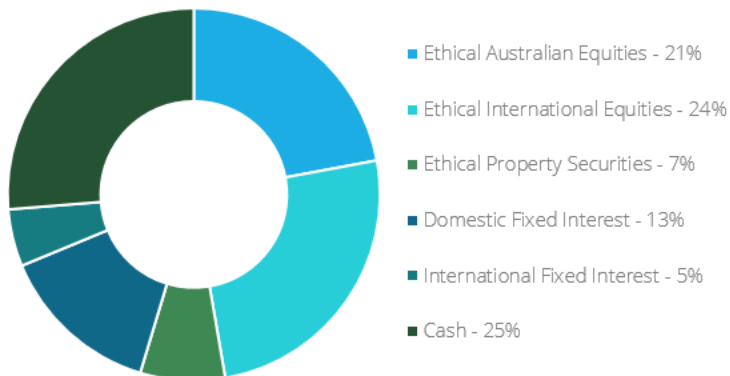


Market Commentary

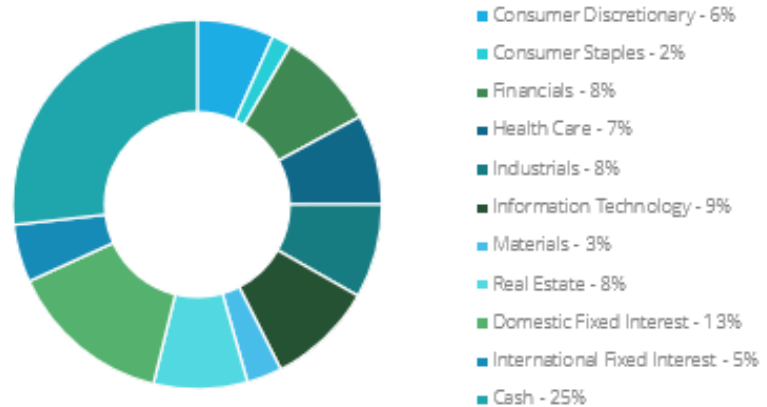
Just as Delta and broader COVID issues looked to be easing and the world was returning to some normality, the emergence of Omicron late in the December quarter threw society and markets back into uncertainty. The emergence of Omicron not only led to another wave of infections resulting in labour and 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.



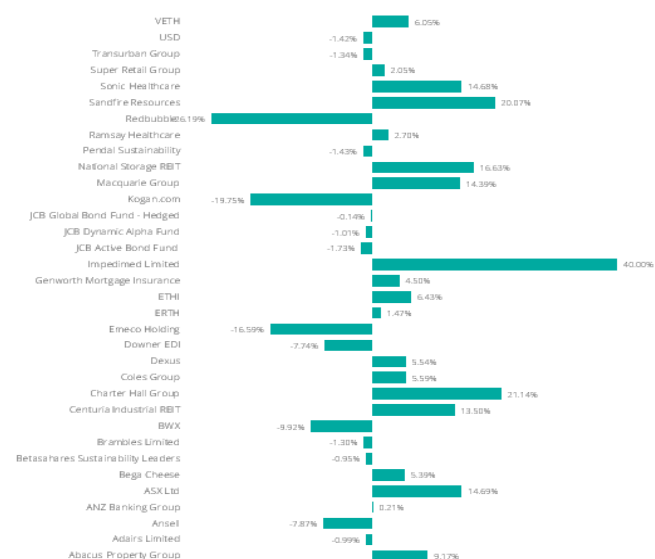
Current Asset Allocation



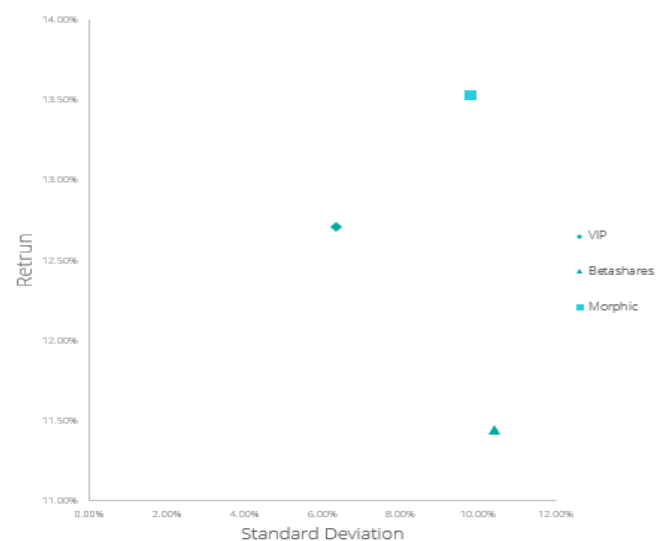
Current Sector Allocation



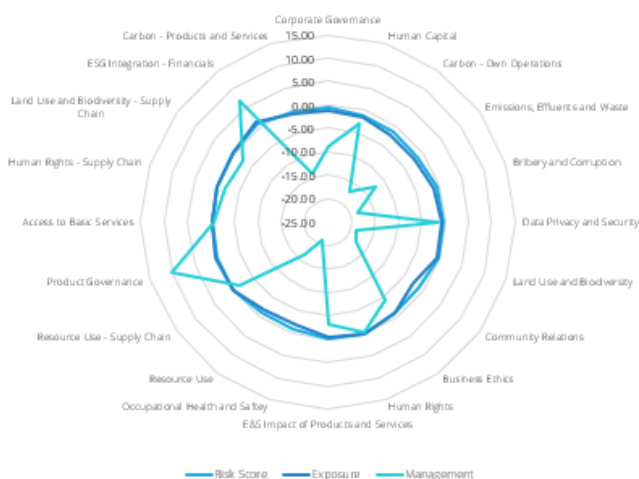
3 Month Asset Performance



3 Month Holdings Performance



ESG Relative Score Index

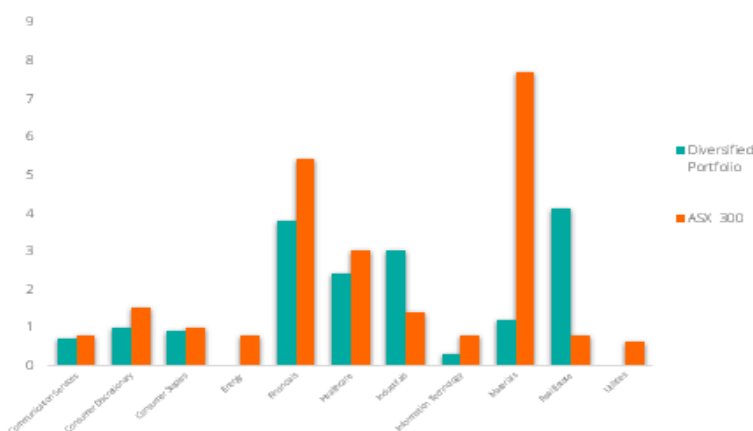


Portfolio Facts

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

17.5

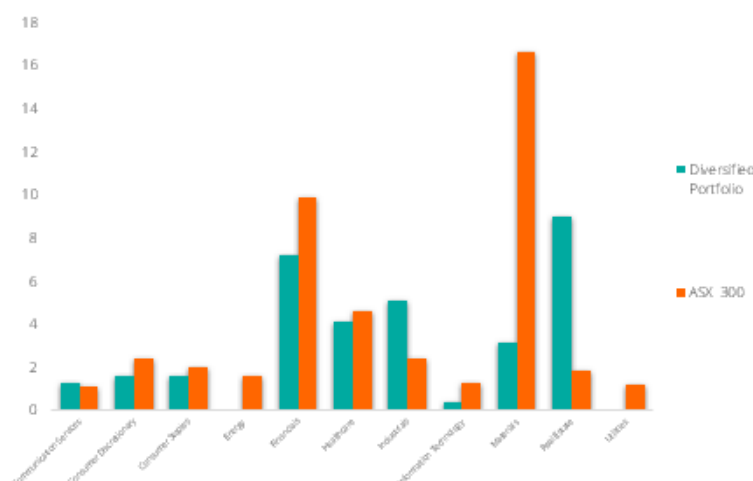
ASX 300 Index

23.6

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 26% lower than the benchmark.

ESG Risk Exposure



Portfolio

33.3

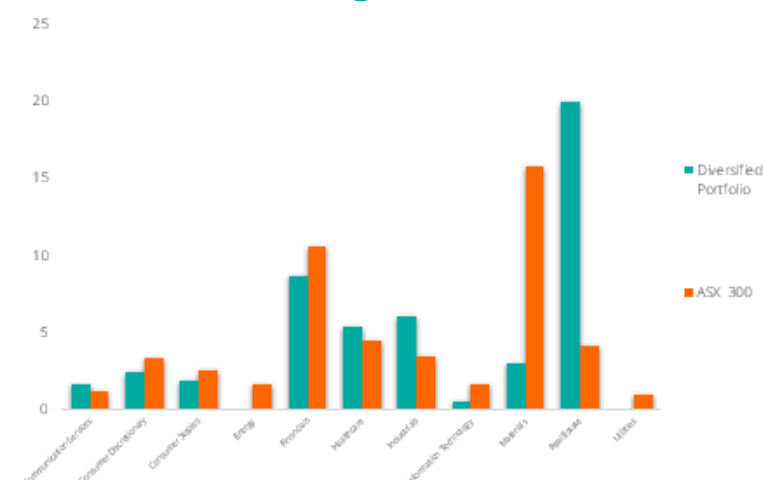
ASX 300 Index

44.8

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 26% lower than the benchmark.

ESG Risk Management



Portfolio

49.2

ASX 300 Index

49.7

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 1% weaker than the benchmark