



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	0.93%	-6.34%	-4.31%	-6.34%	5.79%	5.79%
Net Returns	0.86%	-6.57%	-4.76%	-6.87%	4.89%	5.42%
Benchmark Returns	4.55%	-0.80%	3.52%	-0.80%	7.55%	7.55%

*Returns based on the MDA Class since its inception given the only differences between the two class from a return perspective is the different management fee and relative performance to a different performance benchmark.



Market Commentary

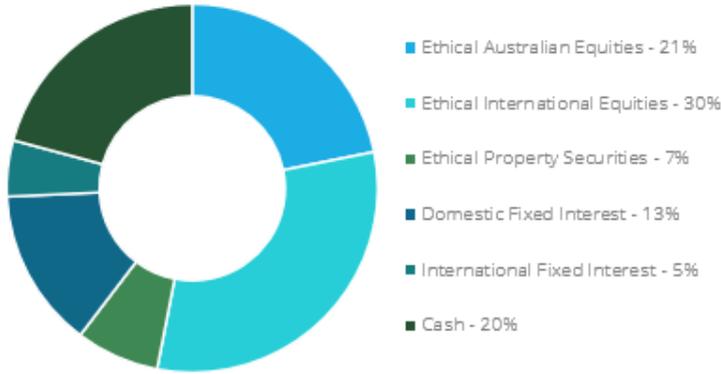
Volatility, due to economic uncertainty, dominated the March quarter with equity markets swinging aggressively.

As the new year started, the emergence of a fifth COVID variant (Omicron) and what it meant for inflation and interest rates gripped investors. The word transitory (to describe inflation) disappeared, the realization that global interest rates were set for sustained hikes gained mainstream acceptance and equity markets tanked. This resulted in a divergence in investor behaviour; many institutional investors recognizing the difficulty central banks are likely to have curtailing inflation, rotated out of interest-rate sensitive stocks into resources and other commodities, while bargain hunters upon realizing that Omicron wasn't as severe as earlier versions began 'buying the dip' and the Australian equity market rallied recovering half its YTD losses.

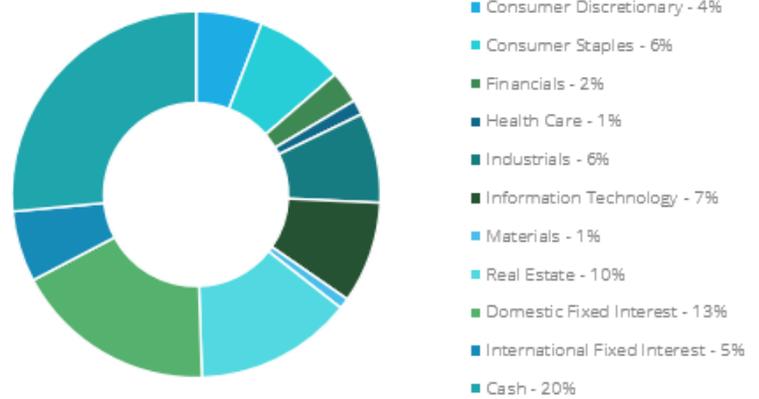
However, when Russia attacked Ukraine in mid-February, it was just one too many negatives for nervous investors and global equity markets tanked again. Then in the last few weeks of March, the US printed a massive inflation figure of 8.5%, but core inflation looked low and bargain hunters (use to decades of loose monetary policy and pumped-up equity markets) once again began buying the dip and Australia's equity market ended the quarter in line with where it started the year.



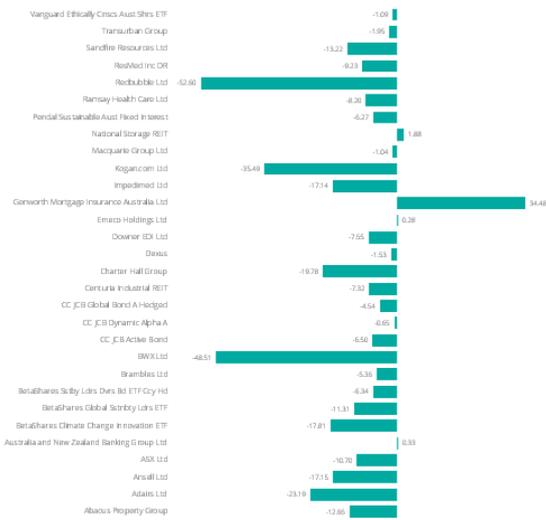
Current Asset Allocation



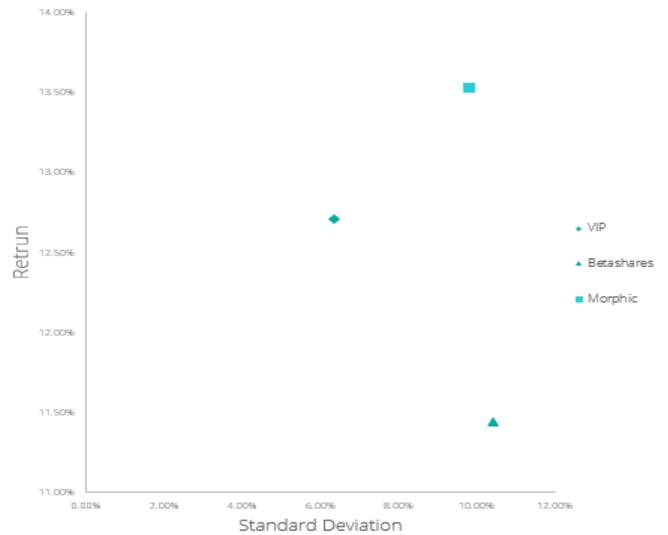
Current Sector Allocation



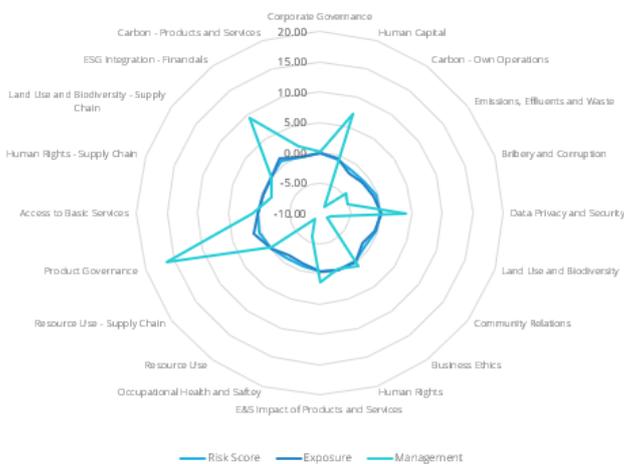
3 Month Asset Performance



3 Month Holdings Performance



ESG Relative Score Index

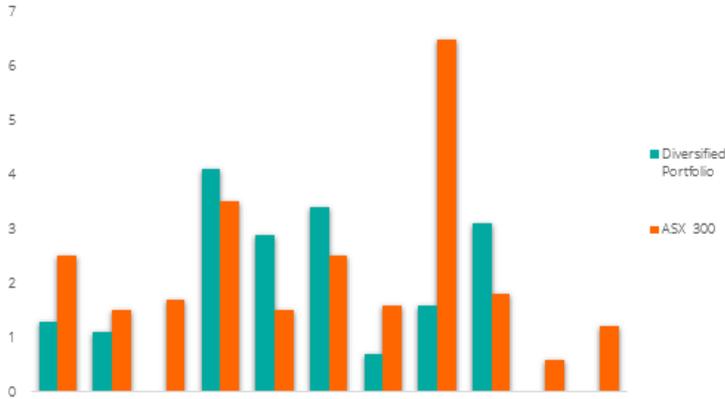


Portfolio Facts

Inception Date	1st April 2021
Asset Class	Multi-Asset
Platform Availability	Praemium
Index Benchmark	VIP Diversified Composite Index
Investment Horizon	5 – 7 Years
Suggested Minimum Investment	\$200,000 AUD
Management Fee (Exc. GST)	0.90%



ESG Risk Rating



Portfolio

18.3

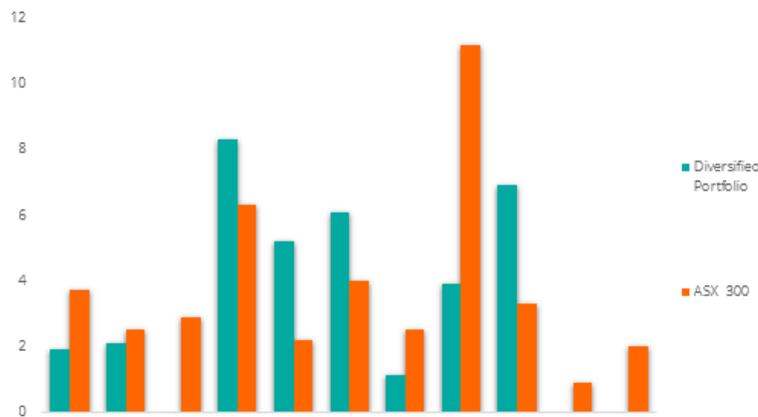
ASX 300 Index

25.0

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 Diversified Ethical Portfolio's ESG risk is considered **Low**, and is 27% lower than the benchmark.

ESG Risk Exposure



Portfolio

35.4

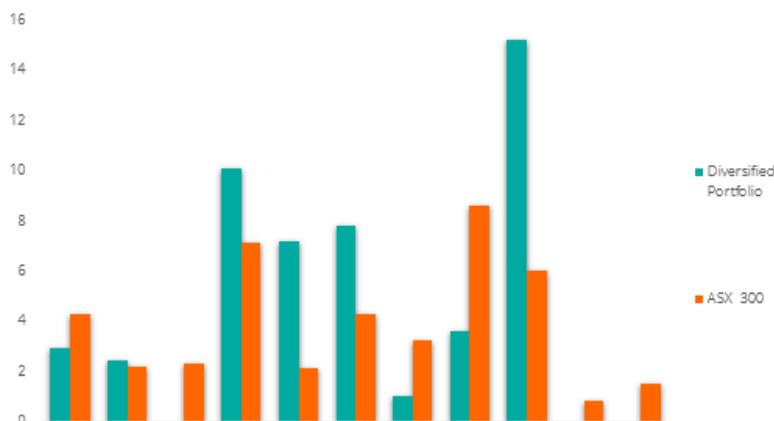
ASX 300 Index

41.5

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 **Medium**, and is 15% lower than the benchmark.

ESG Risk Management



Portfolio

50.2

ASX 300 Index

42.50

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 **Strong**, and is 18% stronger than the benchmark.