



### 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	-14.64%	-18.97%	-20.34%	-20.34%	-4.96%	3.93%
Net Returns	-14.74%	-19.27%	-20.94%	-20.94%	-6.16%	3.43%
Benchmark Returns	-9.36%	-12.91%	-11.50%	-11.50%	-7.44%	0.46%

VIP Climate Sustainability Portfolio- 4.94%  
ASX All Ordinaries Index- 0.57%



### Market Commentary

Inflation and fears about recession dominated equity markets over the June quarter with international markets declining significantly. The US Dow Jones was down 11.2%, the German DAX was down 11.3% and Australia's All Ords was down 11.7%. VIP as previously reported, was expecting difficult markets and had prepared your portfolios positioning them very conservatively. As a result, your portfolios performed significantly better than markets and benchmarks for the quarter, but they were still down as reflected by VIP's Australian Leaders portfolio which was down 7.2%.

The key underperformers were Property and Lithium stocks. VIP remains confident in the Property exposures we have as they are predominantly last mile industrial exposures that are in short demand (i.e. we have limited office and retail exposure). Similarly, the Managers are confident in the outlook for Lithium equities (a key mineral in electric vehicle batteries) given the extremely high prices that are being reported for supply of this vital and short supply mineral. As such, and as we are already seeing through the start of July, we expect these exposures to perform well relative to other equities.

Despite our enthusiasm for these exposures, and Australia in general relative to the rest of the world, we do remain very cautious on the outlook for international financial markets and expect ongoing volatility.



### Emission Scores

Carbon  
Solutions

3.37x

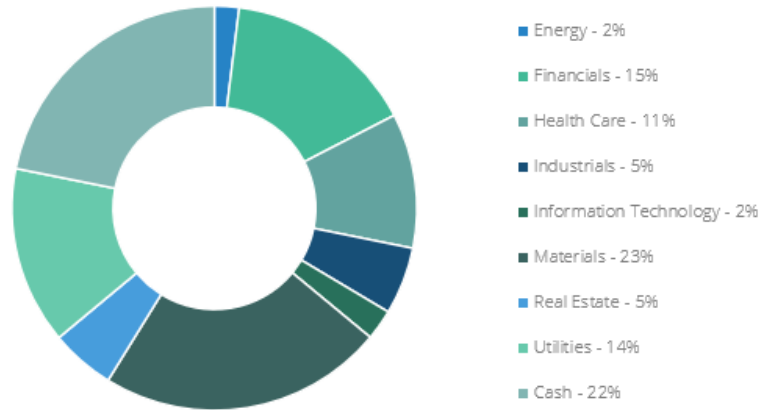
VIP's Climate Sustainability Portfolio's has 3.37 times more exposure to companies working on carbon solutions than the benchmark.

Green  
Energy

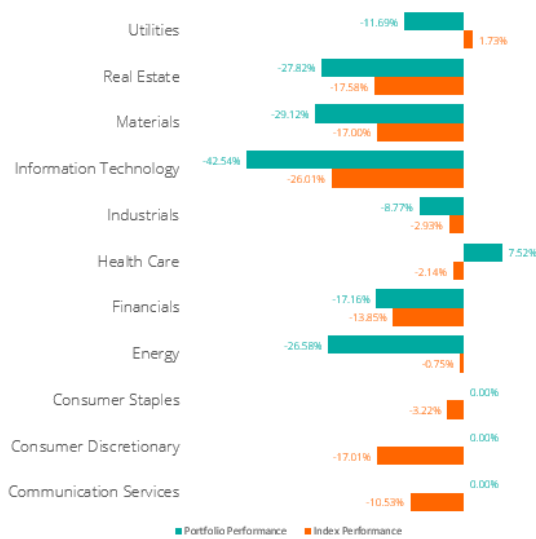
62%

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

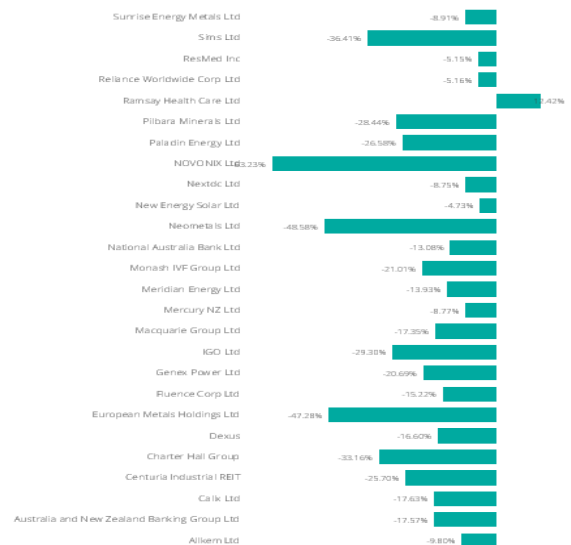
### Current Sector Allocation



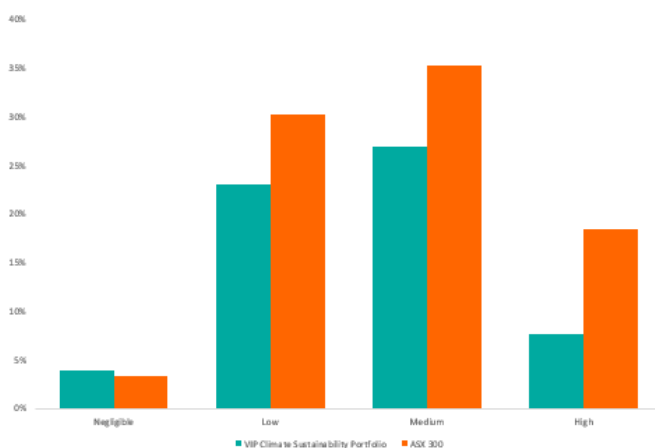
### 3 Month Sector Performance



### 3 Month Holdings Performance



### ESG Risk Classification

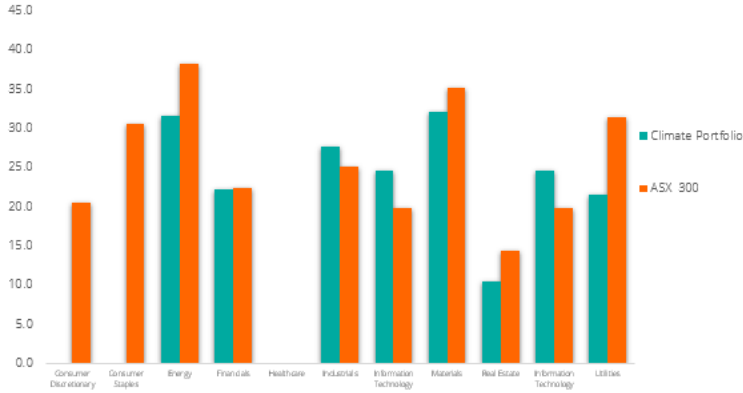


### Portfolio Facts

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

23.6

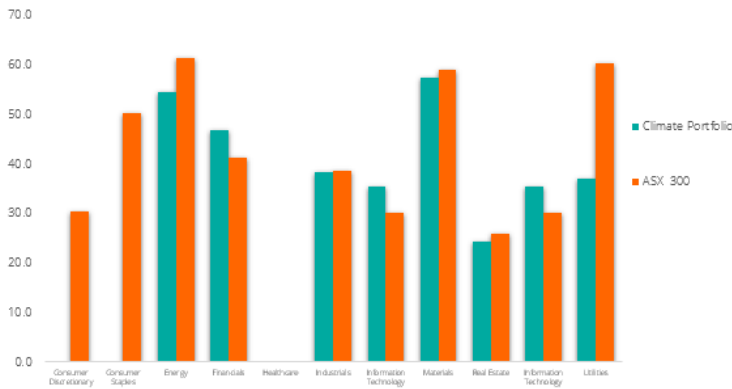
ASX 300 Index

25.3

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 7% lower than the benchmark.

### ESG Risk Exposure



Portfolio

42.5

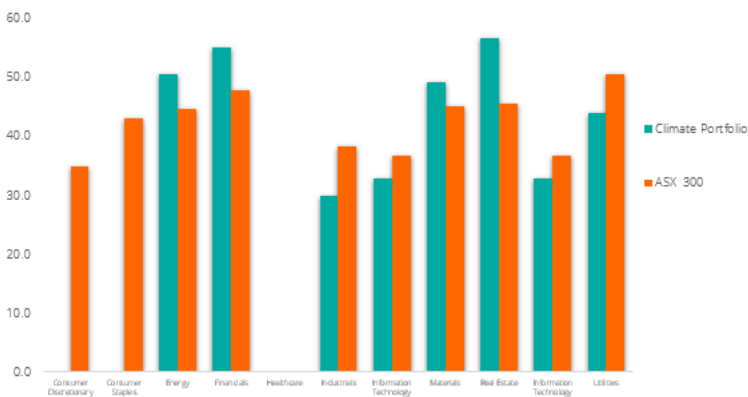
ASX 300 Index

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 Climate Sustainability Portfolio's exposure to ESG issues is considered as **Medium**, and is 3% higher than the benchmark.

### ESG Risk Management



Portfolio

47.7

ASX 300 Index

41.6

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 15% stronger than the benchmark.