



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.

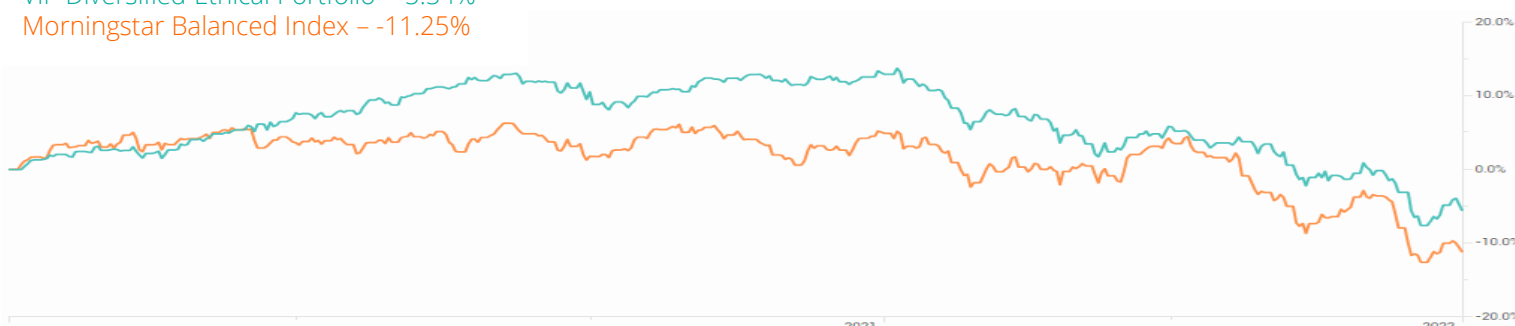
ESG Definitions

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	-5.52%	-10.06%	-16.26%	-16.26%	-12.00%	-4.46%
Net Returns	-5.62%	-10.36%	-16.86%	-16.86%	-13.20%	-4.96%
Benchmark Returns	-3.47%	-5.46%	-7.79%	-7.79%	-5.78%	-9.11%

VIP Diversified Ethical Portfolio – -5.54%
Morningstar Balanced Index – -11.25%



Market Commentary

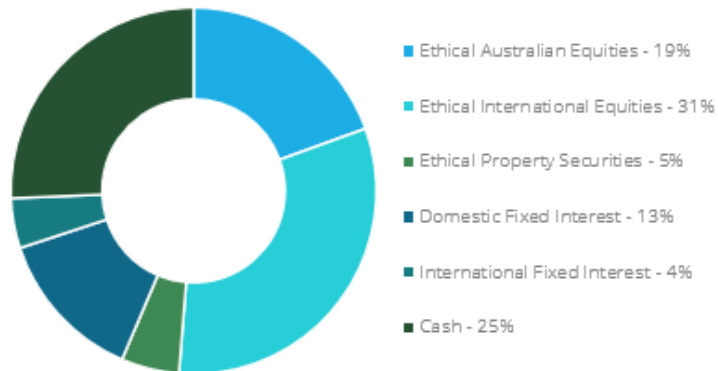
Inflation and fears about recession dominated equity markets over the June quarter with international markets declining significantly. The US Dow Jones was down 11.2%, the German DAX was down 11.3% and Australia's All Ords was down 11.7%. VIP as previously reported, was expecting difficult markets and 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.

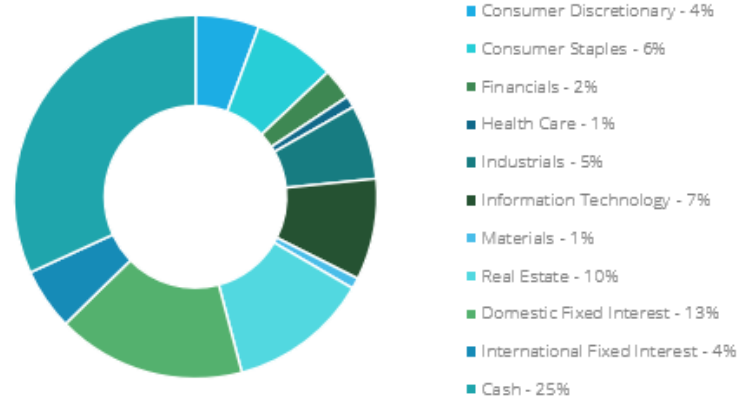
Despite our enthusiasm for these exposures, and Australia in general relative to the rest of the world, we do remain very cautious on the outlook for international financial markets and expect ongoing volatility.



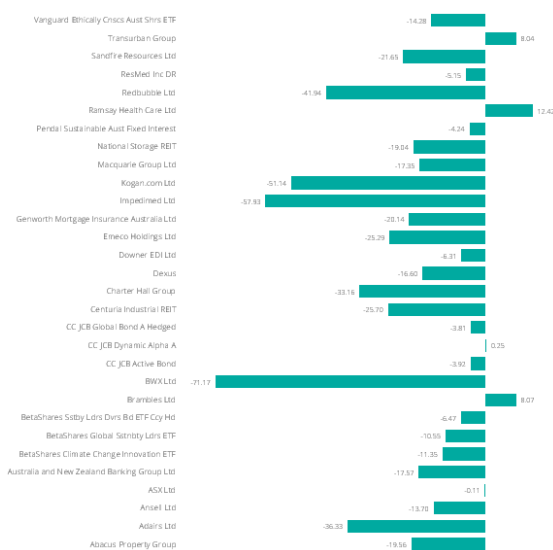
Current Asset Allocation



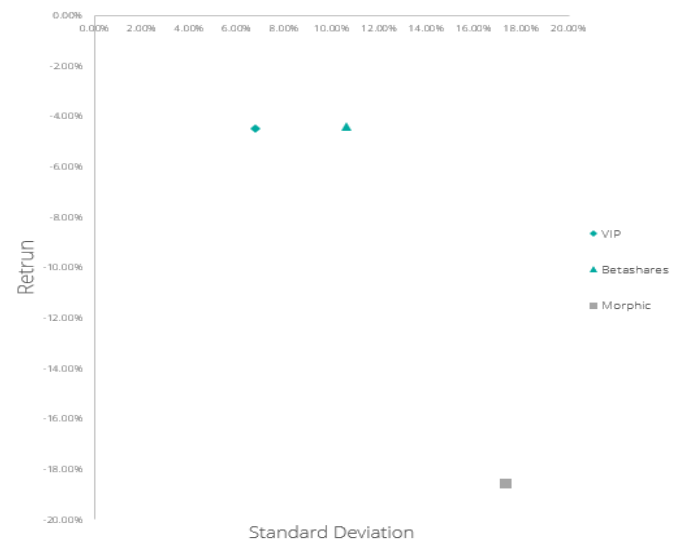
Current Sector Allocation



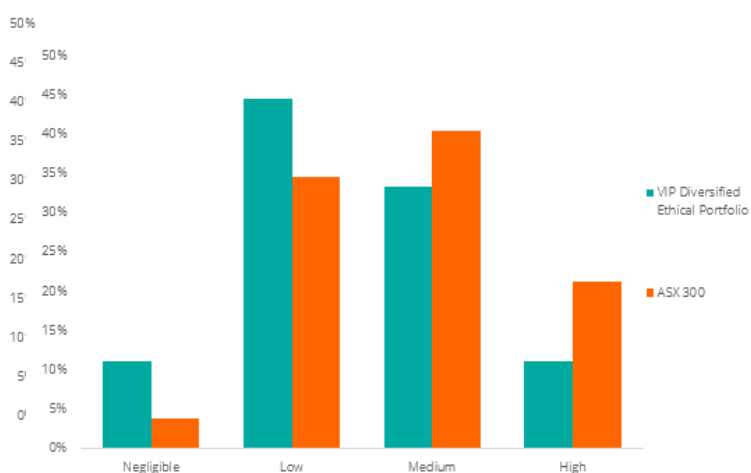
3 Month Asset Performance



3 Month Holdings Performance



ESG Risk Classification

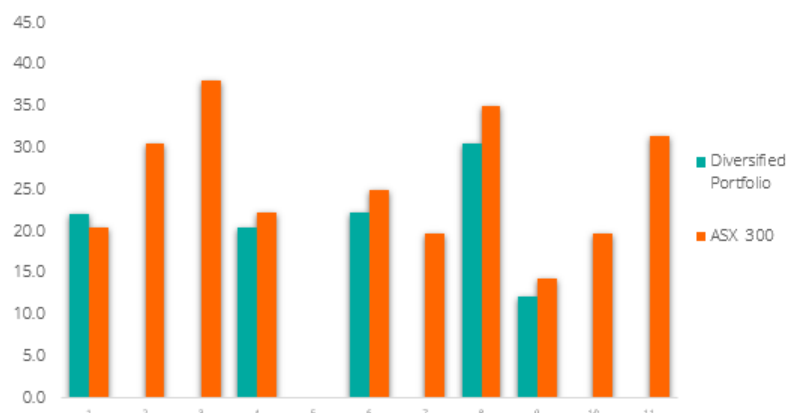


Portfolio Facts

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

19.6

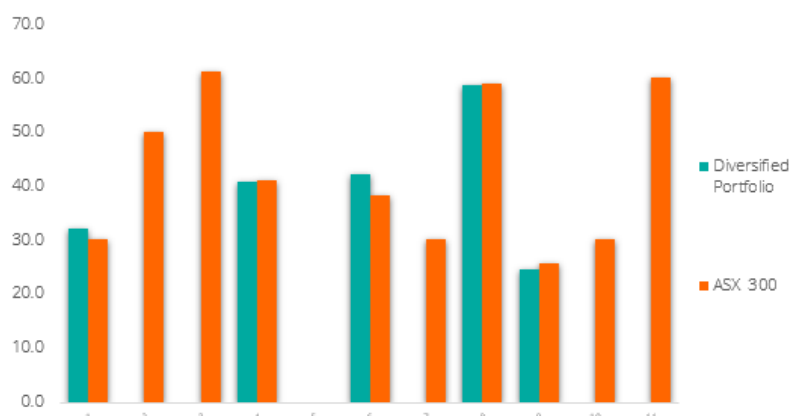
ASX 300 Index

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 Diversified Ethical Portfolio's ESG risk is considered **Low**, and is 22% lower than the benchmark.

ESG Risk Exposure



Portfolio

36.3

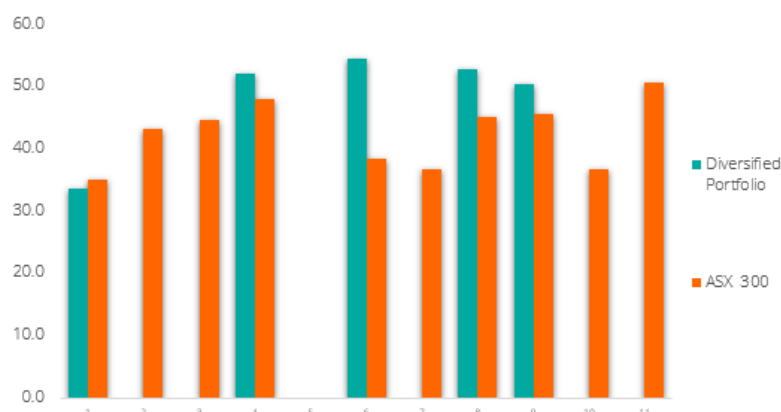
ASX 300 Index

48.2

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 Diversified Ethical Portfolio's exposure to ESG issues is considered as **Medium**, and is 13% lower than the benchmark.

ESG Risk Management



Portfolio

48.2

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 Diversified Ethical Portfolio's management of ESG issues is considered as **Strong**, and is 16% stronger than the benchmark.