



## 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     | -3.54%  | 0.02%   | -10.04% | -16.24% | -14.06% | -3.93%           |
| Net Returns       | -3.64%  | -0.28%  | -10.64% | -17.04% | -15.26% | -4.43%           |
| Benchmark Returns | -3.98%  | -1.40%  | -8.71%  | -12.29% | -10.42% | -3.75%           |

VIP Diversified Ethical – -5.52%  
Morningstar Balanced Index – -5.27%



## Market Commentary

### Powell's reality check reminded markets there's more pain to come

The September quarter was another volatile period for financial markets as they dealt with two months of bullish enthusiasm followed by a reality check from the US Federal Chairman, Jerome Powell who advised "restoring stability will take some time". His comments resulted in a massive change in sentiment and gains from the two-month bear rally were more than completely wiped out as global equity markets plunged with the Dow Jones down 5427 points or ~16% to new lows for the year.

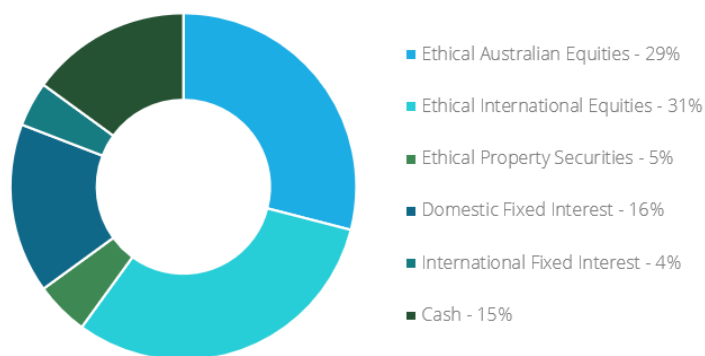
### Global economies look to be in trouble and markets are reflecting it

Inflation remains rampant across Europe, the USA and Australia. In addition, recession looks to be unavoidable in Europe, US company results are reflecting increased costs and changing consumer behaviour. Consequently, we remain very cautious on the outlook for global economies and international financial markets and expect ongoing volatility.

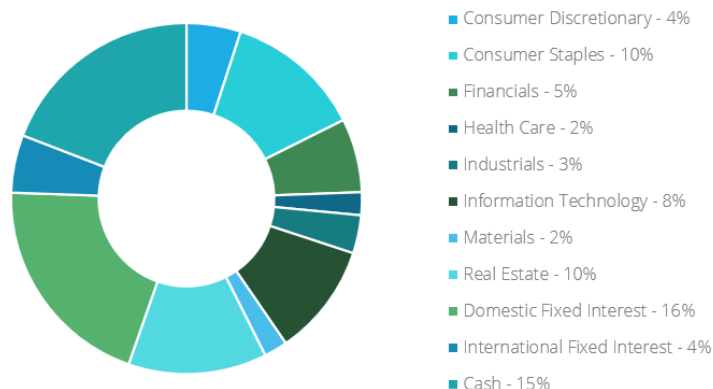
Despite the dreary global outlook Australia is increasingly looking as though it will once again be the "lucky country". The AUD is likely to remain weak based on our expectation that interest rates will remain below US rates, while demand for our commodities should remain at least steady as the world searches for a stable reliable source of energy, agricultural commodities and key mineral resources.



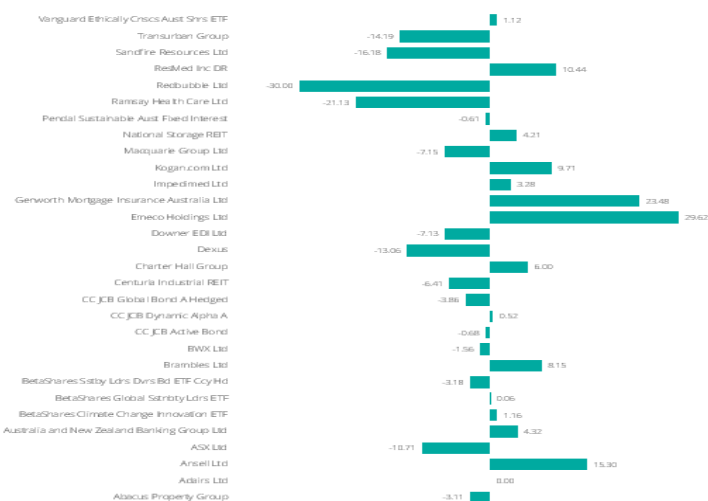
### Current Asset Allocation



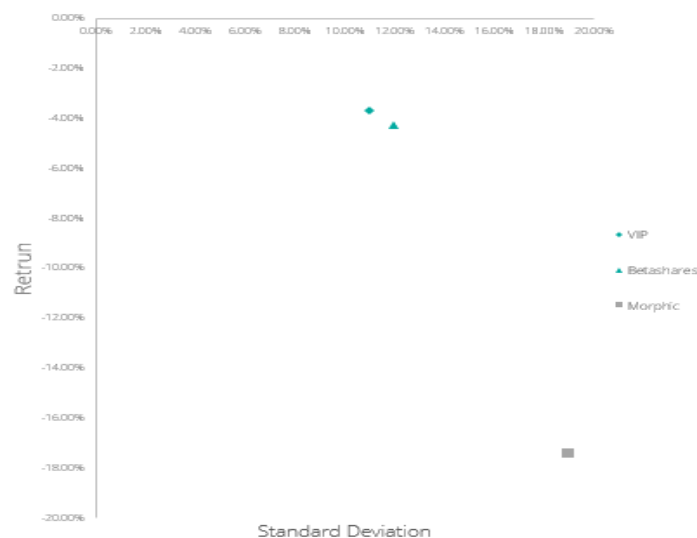
### Current Sector Allocation



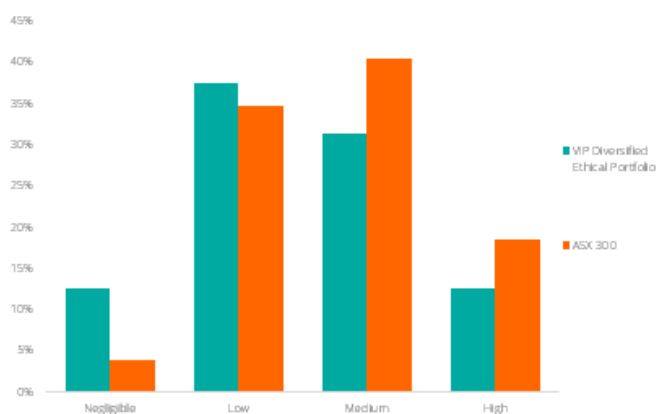
### 3 Month Asset Performance



### 3 Month Holdings Performance



### ESG Risk Classification

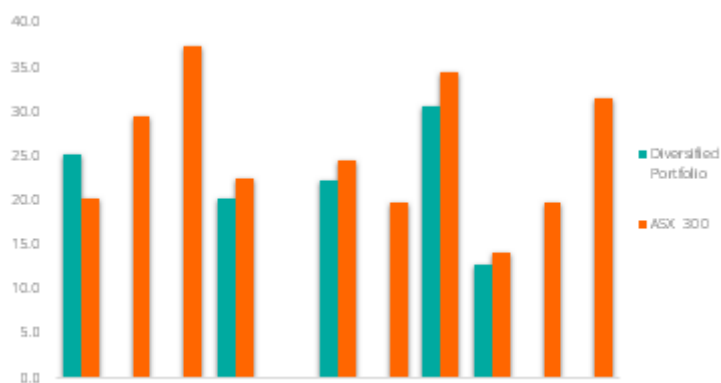


### Portfolio Facts

|                              |                                 |
|------------------------------|---------------------------------|
| Inception Date               | 1st April 2021                  |
| Asset Class                  | Multi-Asset                     |
| Platform Availability        | 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

20.36

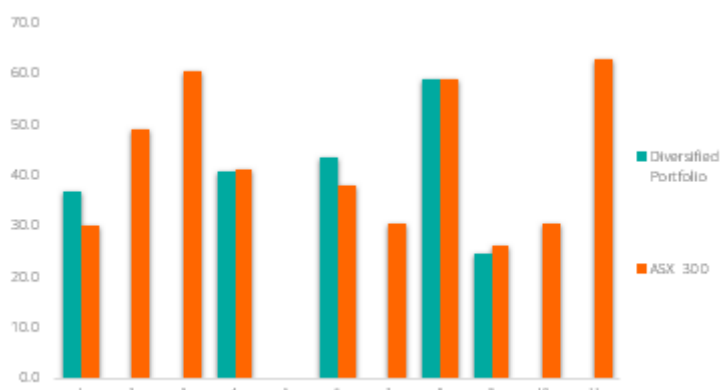
ASX 300 Index

24.84

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 18% lower than the benchmark.

### ESG Risk Exposure



Portfolio

37.57

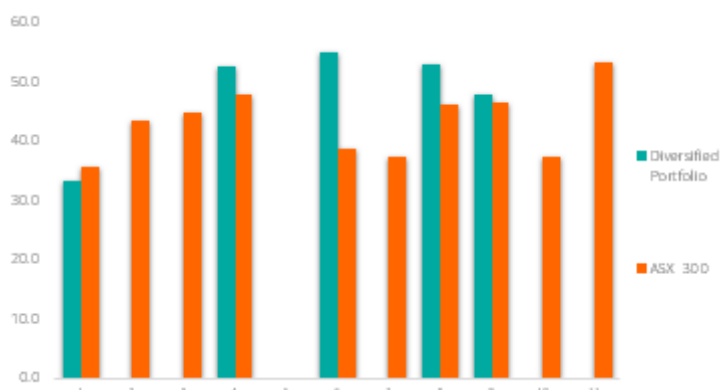
ASX 300 Index

41.32

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 9% lower than the benchmark.

### ESG Risk Management



Portfolio

48.26

ASX 300 Index

42.44

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 14% stronger than the benchmark.