



### Investment Objective

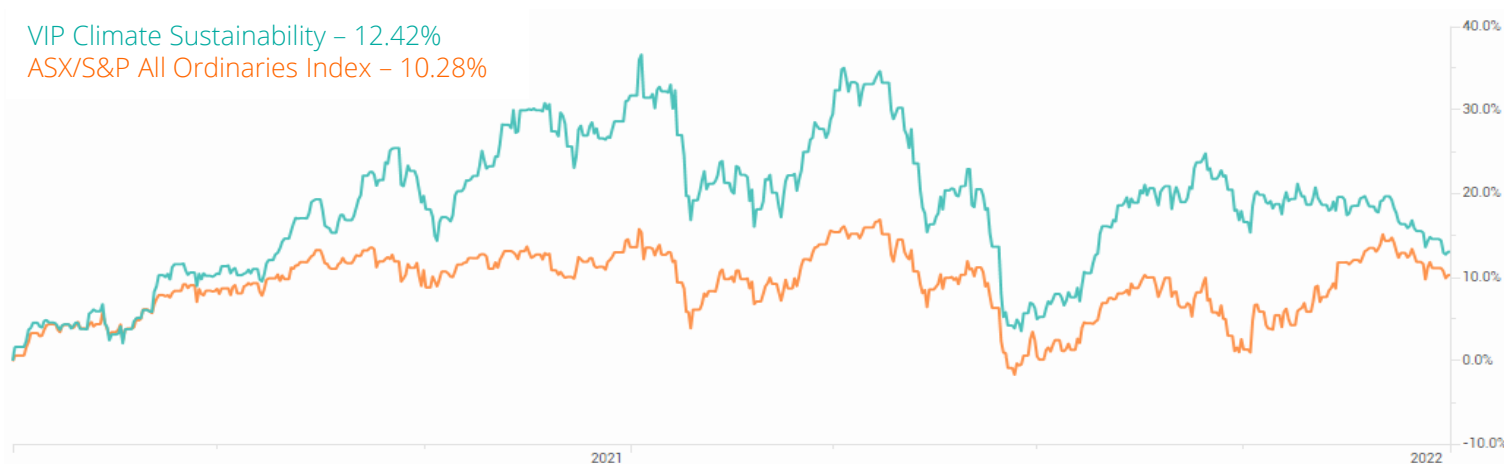
The **VIP Climate Sustainability Portfolio** invests in 20 to 40 Australian equities listed on the ASX, with a guide to the proportionate investment in large, medium, small, and micro capitalisation companies for diversification. Underlying all investments will be a strict environmental, social, and 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     | -4.33%  | 1.01%   | 10.21%  | -11.48% | -11.48% | 9.48%            |
| Net Returns       | -4.41%  | 0.79%   | 9.76%   | -12.38% | -12.38% | 9.11%            |
| Benchmark Returns | -3.30%  | 8.77%   | 9.65%   | -2.96%  | -2.96%  | 5.75%            |



### Market Commentary

#### We are not out of the Woods yet!

The December quarter brought an easing of inflationary fears as the US reported its first monthly decline in inflation since August 2021. This was reflected in lower US bond yields and stronger US equity markets, with the S&P500 rallying 7% over the quarter. Late in the quarter the inflationary outlook for Australia and Europe also appeared to improve which led to strength in their local markets.

#### Economic uncertainty continues to prevail

While inflation is starting to look as though it may have peaked in some countries and continues to fuel US and European equity markets, we are not out of the woods yet! Inflation is likely to remain volatile and recession is now pressing with a multitude of data points that look concerning (especially US and European PMI data, non-farm payroll data and the inverted yield curves). Some "experts" are warning of a deep and severe Northern Hemisphere recession. VIP is not as concerned about Australia's economy; however, a deep Northern Hemisphere recession would see contagion.

#### Protecting capital continues to be VIP's key focus

With the tilt from worrying about inflation to worrying about inflation and recession, VIP portfolios have been positioned to be more exposed to relatively safe bonds, while resources (such as Lithium, copper and iron ore) and financial stocks continue to be preferred over technology and discretionary stocks. Consequently, despite the prospects for global stagflation (inflation and recession) VIP remains comfortable with the positioning of your portfolio and the prospects for 2023.



### Emission Scores

Carbon  
Solutions

3.37x

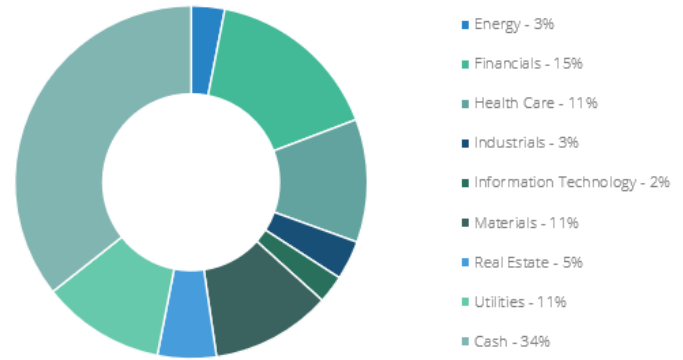
VIP's Climate Sustainability Portfolio's has 3.37 times more exposure to companies working on carbon solutions than the benchmark.

Green  
Energy

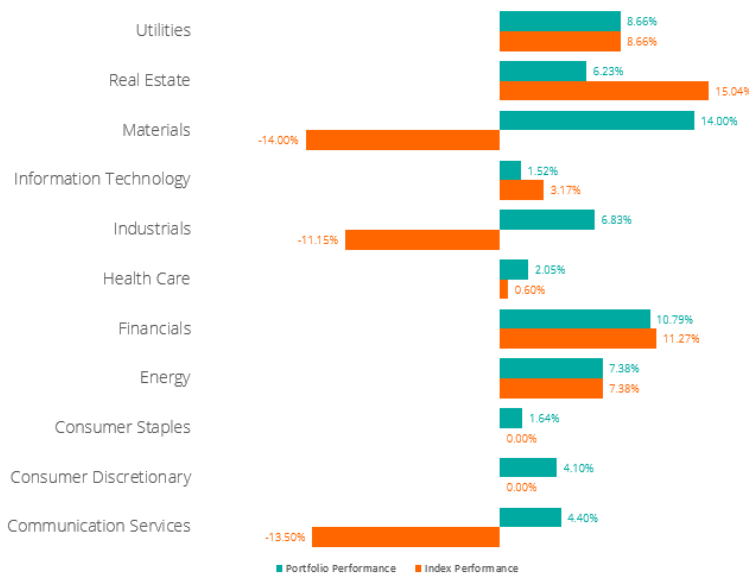
62%

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

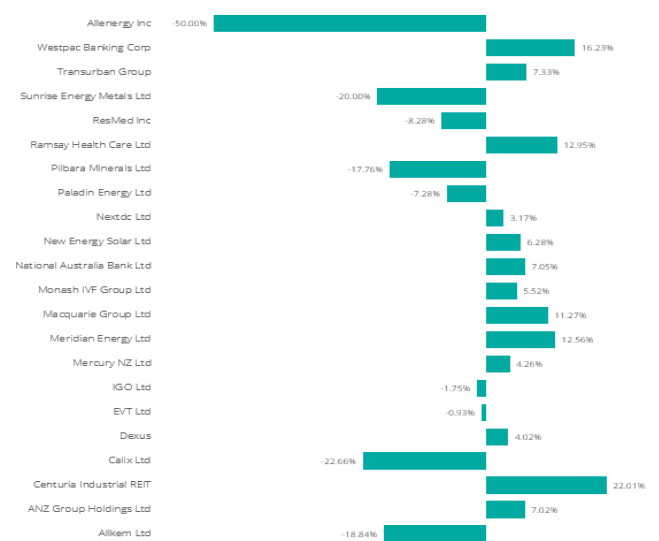
### Current Sector Allocation



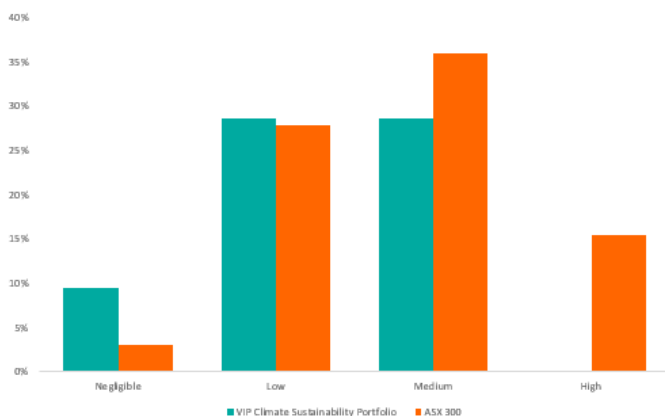
### 3 Month Sector Performance



### 3 Month Holdings Performance



### ESG Risk Classification

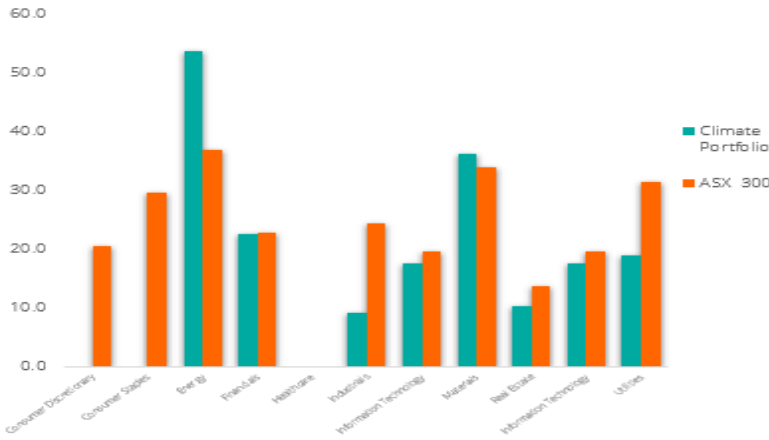


### Portfolio Facts

|                              |                              |
|------------------------------|------------------------------|
| 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

ASX 300 Index

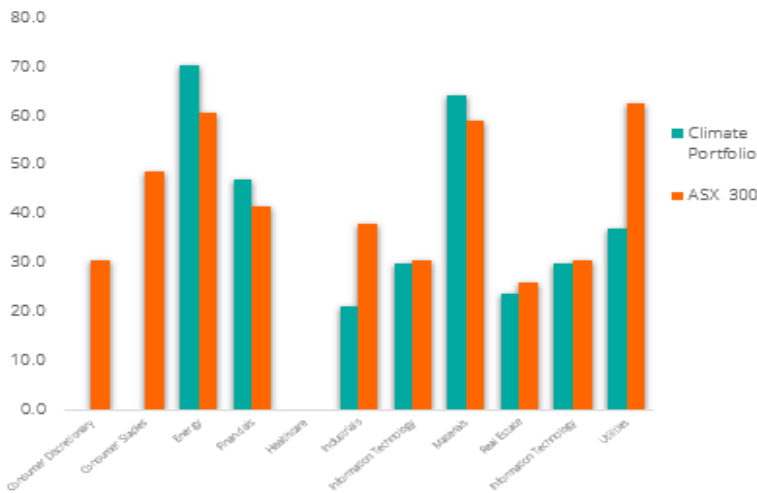
23.52

24.86

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 5% lower than the benchmark.

### ESG Risk Exposure



Portfolio

ASX 300 Index

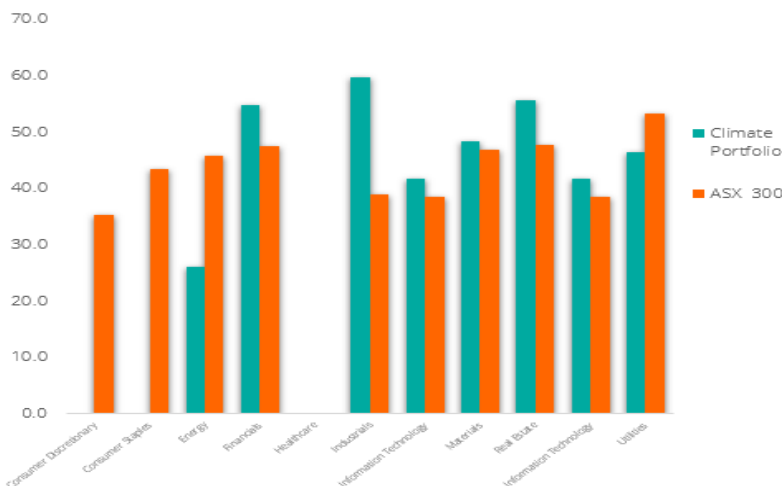
43.02

41.71

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

ASX 300 Index

48.73

43.11

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 **Strong**, and is 13% stronger than the benchmark