



### Investment Objective

The aim of the **VIP Conservative Portfolio** is to provide investors with a reliable income stream with the potential for moderate capital growth over the medium to long term from investment within a diversified portfolio heavily weighted to defensive assets and holding some growth assets. The portfolio can consist of 30 – 60 securities and consists of ASX listed securities, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs), Managed Funds, Government and Semi Government Bonds, Term Deposits and Cash.

### Investment Strategy

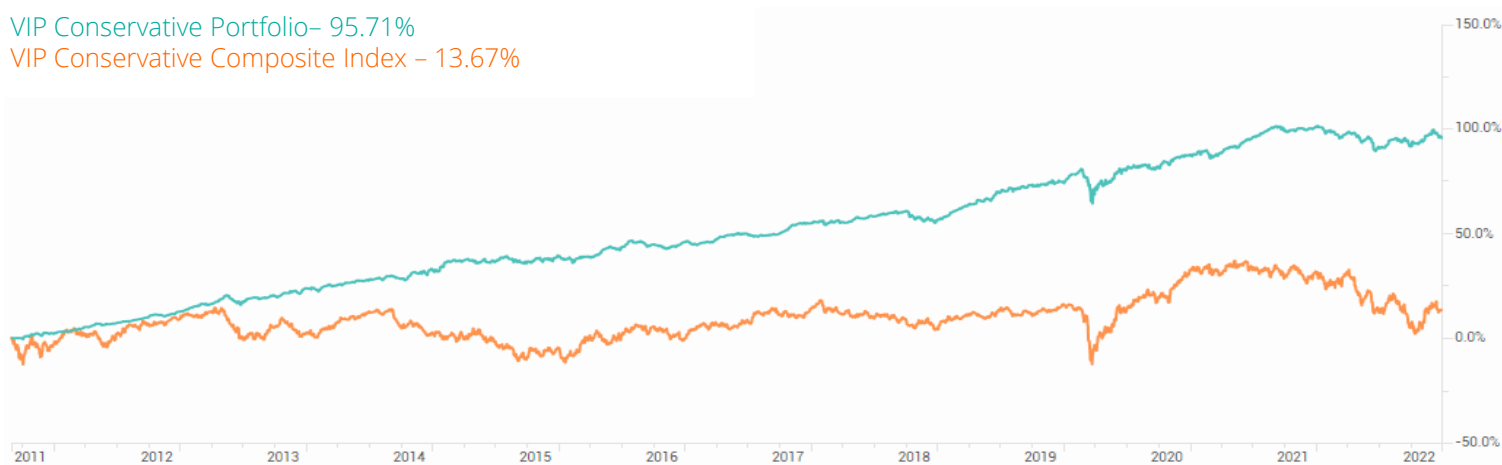
Using the principles of diversification, Value Investment Partners' multi-asset products use a specific blend of inhouse asset class specific portfolios to develop an 'all weather' fund designed to accrue and protect wealth in any market environment. Using tactical asset allocation, Value Investment Partners constructs the optimal portfolio of a variety of asset classes to control market risk exposure and take advantage of opportunities in a large investable universe.

### Portfolio Performance

	1 Month	3 Month	6 Month	Y.T.D.	1 Year*	3 Year (p.a.)*	5 Year (p.a.)*	7 Year (p.a.)*	Inception (p.a.)*
Gross Returns	-1.49%	2.01%	2.59%	-2.68%	-2.68%	4.01%	4.78%	5.15%	6.10%
Net Returns	-1.53%	1.90%	2.36%	-3.13%	-3.13%	3.56%	4.33%	4.70%	5.65%
Benchmark Returns	-1.14%	7.11%	0.47%	-12.49%	-12.49%	-0.43%	0.41%	2.75%	1.68%

\*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.

VIP Conservative Portfolio – 95.71%  
VIP Conservative Composite Index – 13.67%



### Portfolio Asset Allocation



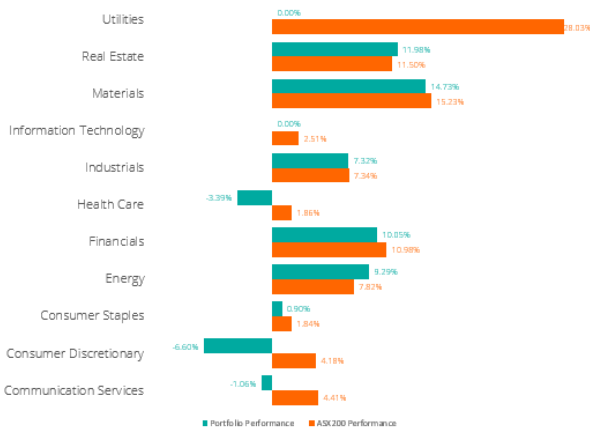
- Australian Equities - 16%
- International Equities - 10%
- Property Securities - 4%
- Domestic Fixed Interest - 31%
- International Fixed Interest - 9%
- Cash - 31%

### Portfolio Facts

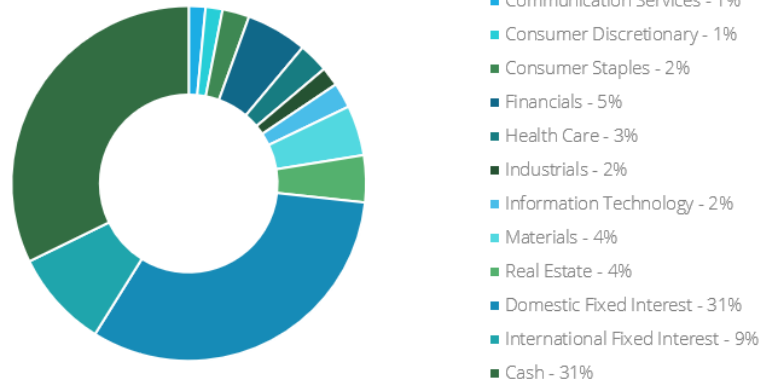
Inception Date	1 <sup>st</sup> August 2021
Asset Class	Multi-Asset
Platform Availability	Premium
Index Benchmark	VIP Conservative Composite Index
Investment Horizon	5 – 7 Years
Suggested Minimum Investment	\$200,000 AUD
Management Fee (Exc. GST)	0.45%



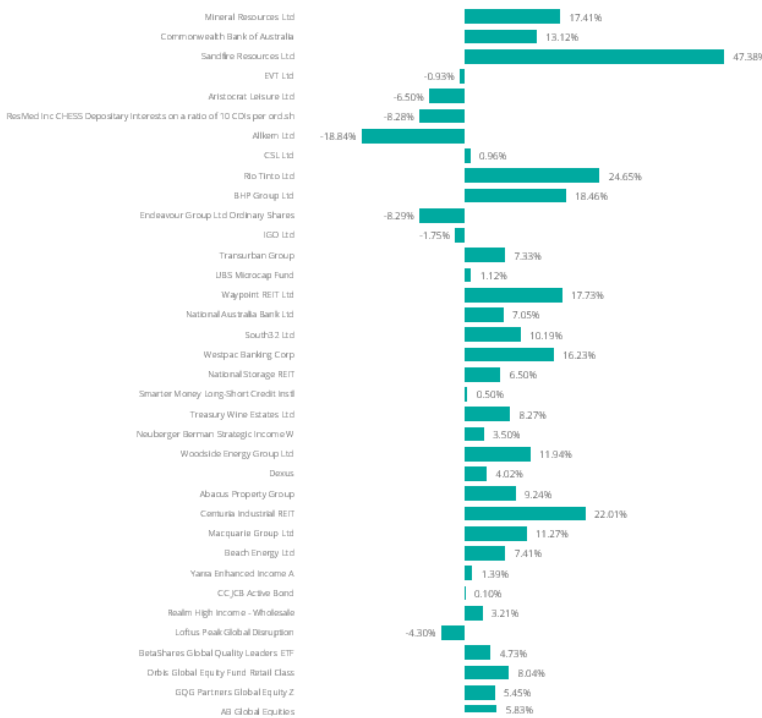
### 3 Month Sector Performance



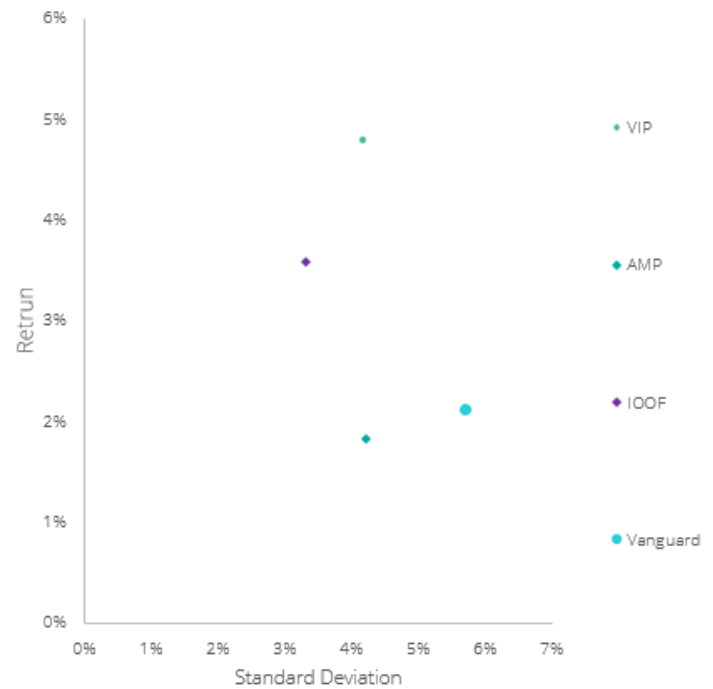
### Current Sector Allocation



### 3 Month Holdings Performance



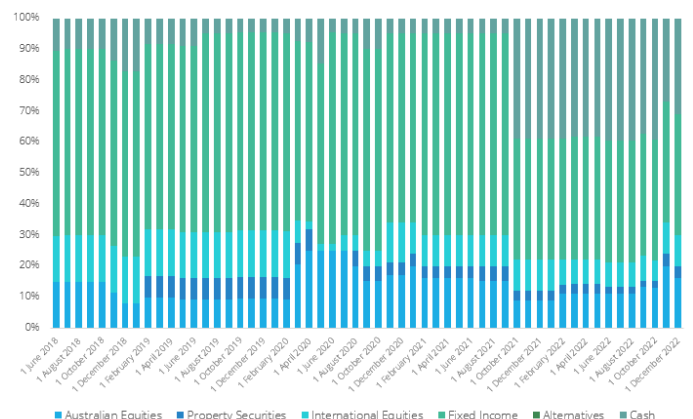
### 5 Year Risk/Return Profile



### Upside & Downside Capture

	3 Month	5 Year
Upside Capture	72%	54%
Downside Capture	73%	88%

### Conservative Trailing Asset Weight





## 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.

### VIP's portfolios ended the year well

VIP is pleased to report that over 2022 all of VIP's blends outperformed their benchmarks, largely due to the VIP Australian Leaders portfolio which was up 1.55% beating its benchmark by 2.6%. This was despite slight underperformance over the final quarter as our conservatively positioned portfolio rallied at a slower pace than broader markets. VIP's flagship Growth portfolio also performed well beating its benchmark, the Morning Star Australian Growth Index, by 7.7%.

The key performers for the VIP portfolios over 2022 were overweight positions in the USD (through to October), resources (especially lithium a key mineral in electric vehicle batteries), financial and healthcare stocks. VIP portfolios also benefitted from being underweight Europe, technology, real-estate and discretionary stocks.

### 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.

Sources Referred and Data Collected From: Morningstar, IRESS and RBA