



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	-4.01%	2.83%	2.85%	-13.87%	-13.87%	-1.64%
Net Returns	-4.11%	2.53%	2.25%	-15.07%	-15.07%	-2.14%
Benchmark Returns	-2.85%	3.69%	2.05%	-9.22%	-9.22%	-1.24%

VIP Diversified Ethical– 2.85%

Morningstar Balanced Index – 2.15%



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

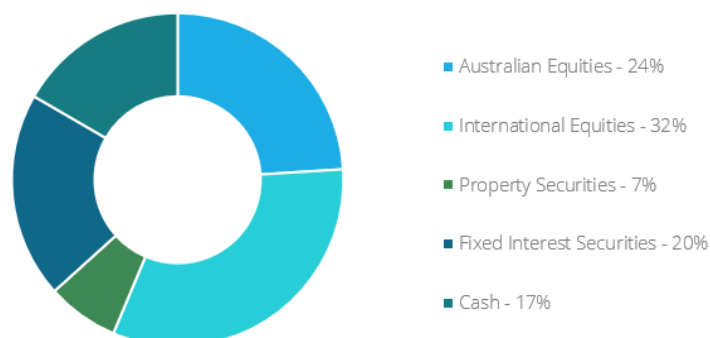
While inflation is starting to look as though it may have peaked in some countries and continues to fuel US and European equity markets, we are not out of the woods yet! Inflation is likely to remain volatile and recession is now pressing with a multitude of data points that look concerning (especially 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

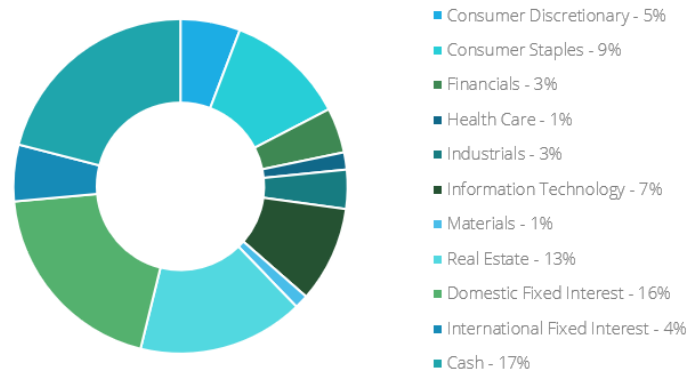
With the tilt from worrying about inflation to worrying about inflation and recession, VIP portfolios have been positioned to be more exposed to relatively safe bonds, while resources (such as Lithium, copper and iron ore) and financial stocks continue to be preferred over technology and discretionary 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.



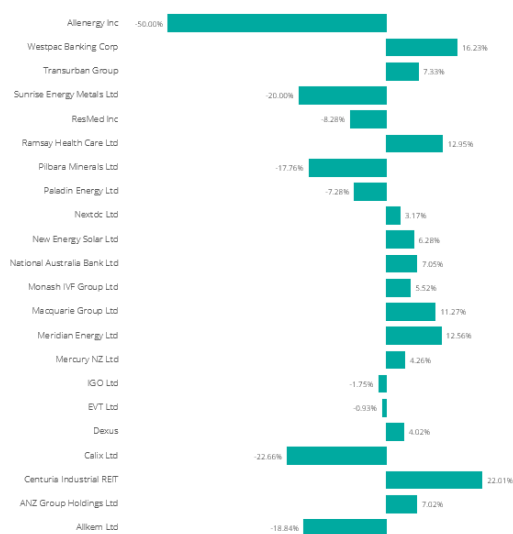
Current Asset Allocation



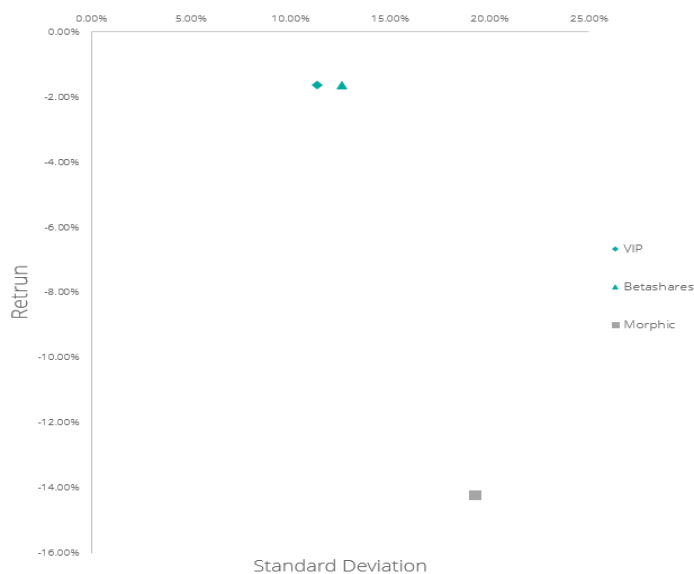
Current Sector Allocation



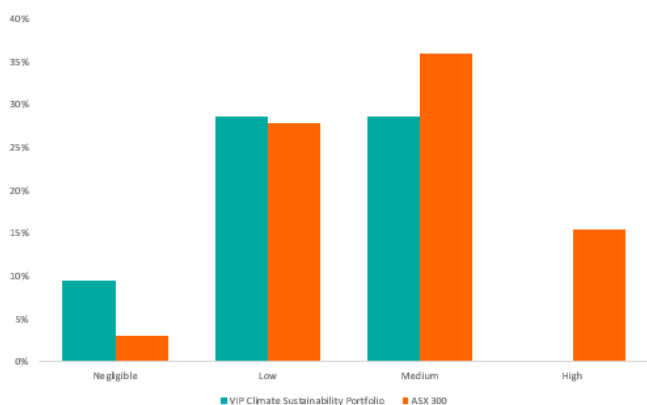
3 Month Asset Performance



3 Month Holdings Performance



ESG Risk Classification

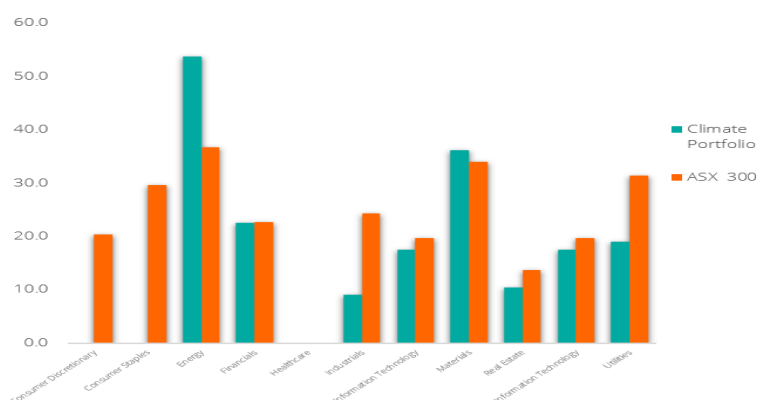


Portfolio Facts

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

23.52

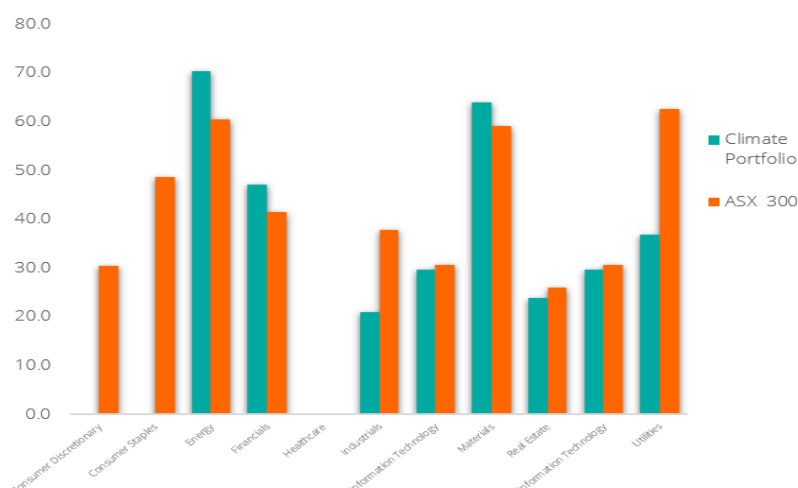
ASX 300 Index

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 Diversified Ethical Portfolio's ESG risk is considered **Low**, and is 5% lower than the benchmark.

ESG Risk Exposure



Portfolio

43.02

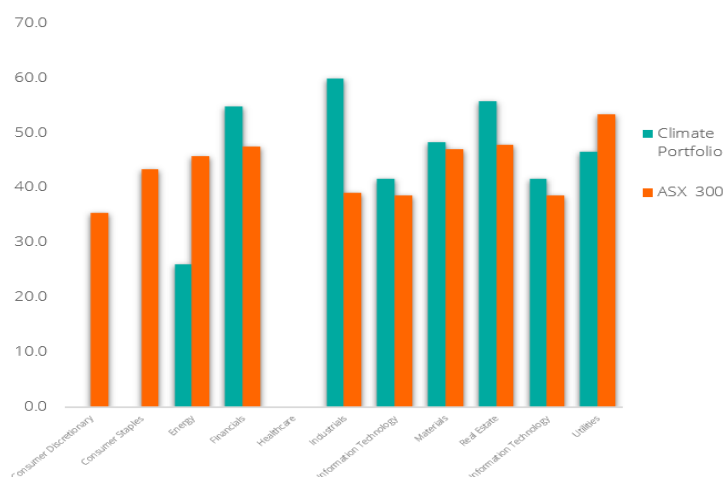
ASX 300 Index

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 Diversified Ethical Portfolio's exposure to ESG issues is considered as **Medium**, and is 3% lower than the benchmark.

ESG Risk Management



Portfolio

48.73

ASX 300 Index

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 Diversified Ethical Portfolio's management of ESG issues is considered as **Strong**, and is 13% stronger than the benchmark.