



### 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	Since Inception (p.a.)
Gross Returns	1.84%	3.88%	8.87%	8.87%	11.97%	3.26%
Net Returns	1.74%	3.58%	8.27%	8.27%	10.77%	2.76%
Benchmark Returns	0.87%	1.14%	5.41%	5.41%	7.57%	1.39%
VIP Diversified Ethical-	5.77%					
Morningstar Balanced Index -	2.45%					



### Market Commentary

#### Inflation subsided fuelling mixed responses from bonds and equities

Fortunately, the June quarter saw inflation in both the US and Australia starting to settle back into lower and somewhat more acceptable levels, eliciting different responses from each country’s central bank and throwing their financial markets into more uncertainty. US bonds rallied to record yields, and surprisingly US equities also rallied with the DJ up 3.4%, S&P500 up 8.4%, and the NASDAQ up a staggering 13%. The strong equities performance was predominantly due to seven technology stocks (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, & Tesla) which were responsible for the majority of the US strength. Excluding the seven, US equities were flat, but still reflecting little concern about recession and stronger than Australia’s S&P200 which was down 0.3%

There was also economic and financial market disparity evident across other countries. The FTSE was down 1.3%, China’s Hang Seng was down 7.8%, while the Nikkei was up 18% and the MSCI World Index was up 7.5%.

#### VIP is proud of its performance through these difficult markets

Despite the difficult financial markets VIP’s portfolios put in another solid 12 months ending the 2023 financial year, with the flagship Growth Portfolio recording a 11.34% return (10.54% net) outperforming its SMA benchmark by 1.8%. This was achieved whilst running a very conservative position with high cash levels and a low standard deviation. The key performers for the portfolios over the quarter were overweight positions in international equities (tech stocks, including the seven mentioned above) and short duration bonds, while our record low level of REITs also served VIP clients well.



## Emission Scores

Carbon  
Solutions

**3.2x**

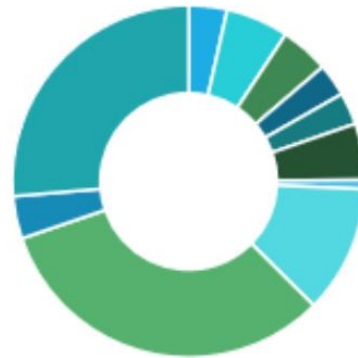
VIP's Climate Sustainability Portfolio's has 3.2 times more exposure to companies working on carbon solutions than the benchmark.

Green  
Energy

**60%**

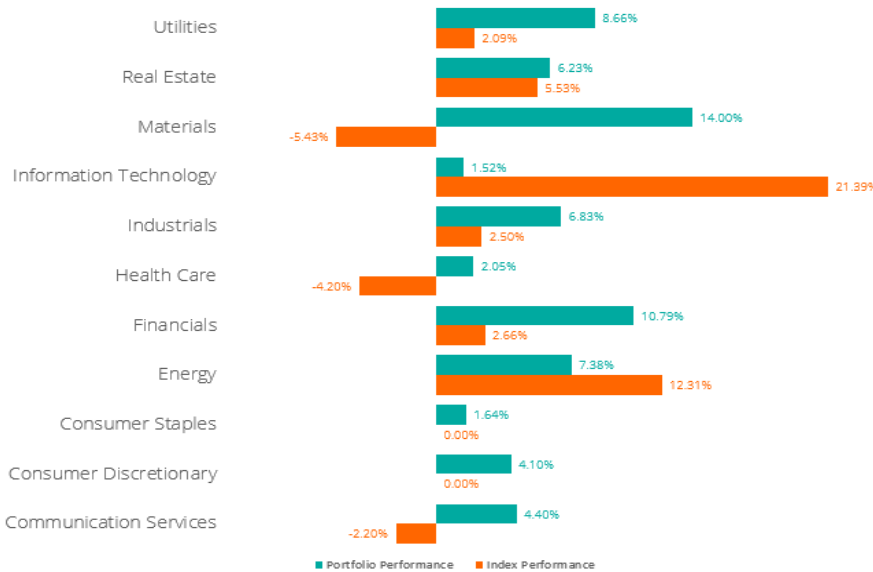
VIP's Climate Sustainability Portfolio's has 60% less exposure to the fossil fuel industry than the benchmark.

## Current Sector Allocation

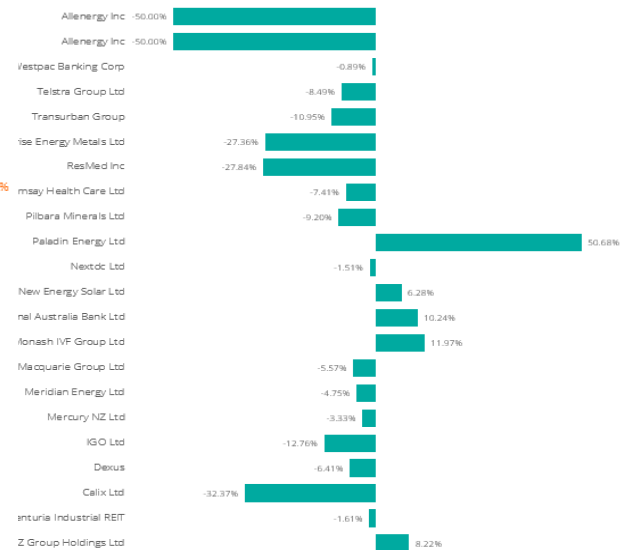


- Consumer Discretionary - 2%
- Consumer Staples - 3%
- Financials - 2%
- Health Care - 2%
- Industrials - 2%
- Information Technology - 3%
- Materials - 0%
- Real Estate - 6%
- Domestic Fixed Interest - 18%
- International Fixed Interest - 2%
- Cash - 15%

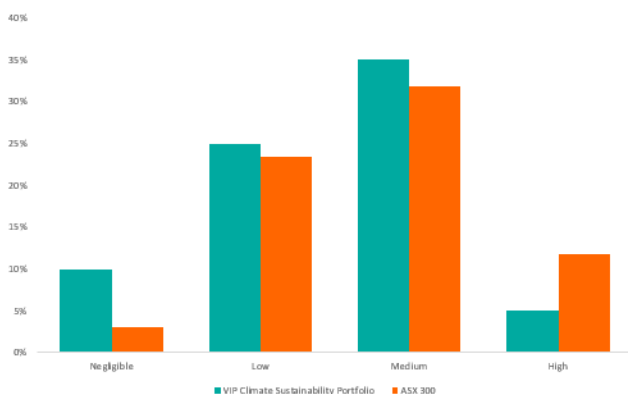
## 3 Month Sector Performance



## 3 Month Holdings Performance



## ESG Risk Classification

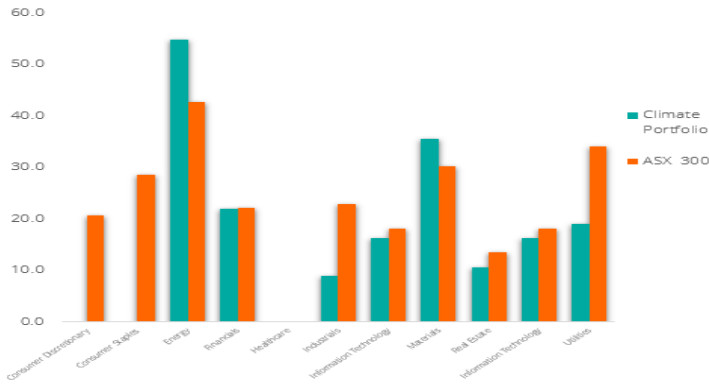


## Portfolio Facts

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

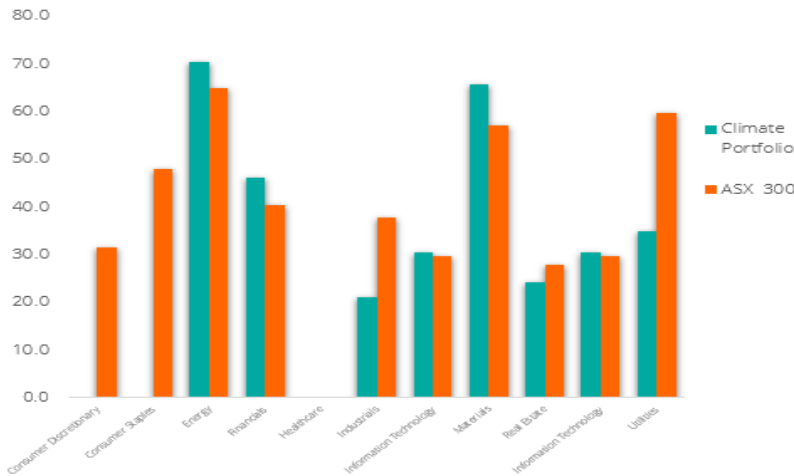
ASX 300 Index

**23.90**

**23.75**

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.

### ESG Risk Exposure



Portfolio

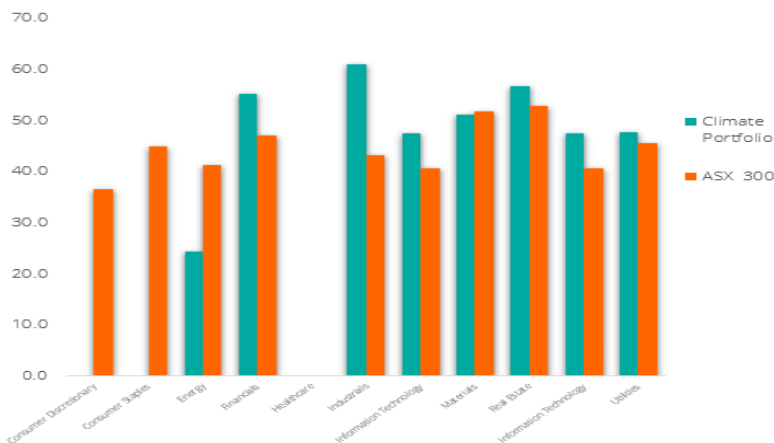
ASX 300 Index

**44.51**

**41.23**

Exposure considers a company's sensitivity or vulnerability to ESG risks. Lower exposure scores indicate that the constituent companies face less ESG risk.

### ESG Risk Management



Portfolio

ASX 300 Index

**50.82**

**45.19**

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.