VIP Balanced Portfolio

Value Investment Partners

September 2023 Quarterly Update (SMA Class)

Investment Objective

The aim of the VIP Balanced Portfolio is to provide investors with a combination of capital growth and income over the medium to long term from investment within a diversified portfolio of growth assets and defensive assets. The portfolio is composed of 30 – 60 securities and can consist 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

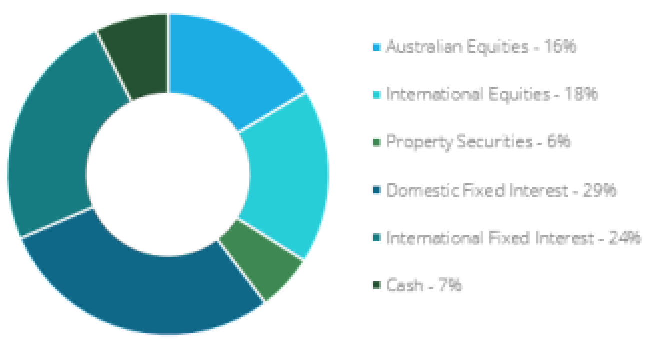
Using the principles of diversification, Value Investment Partners' multi-asset products use a specific blend of inhouse asset class specific portfolios to develop an 'all weather' fund designed to accrue and protect wealth in any market environment. Using tactical asset allocation, Value Investment 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	-1.85%	-0.90%	0.68%	3.96%	7.76%	5.61%	5.61%	6.27%	8.57%
Net Returns	-1.89%	-1.01%	0.45%	3.85%	7.31%	5.16%	5.16%	5.82%	8.12%
Benchmark Returns	-3.60%	-3.67%	-2.50%	0.19%	10.87%	1.71%	2.56%	3.36%	3.70%

*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.

Portfolio Asset Allocation



Portfolio Facts

Inception Date	1st August 2021
Asset Class	Multi-Asset
Platform Availability	Praemium
Index Benchmark	VIP Balanced Composite Index
Investment Horizon	5 – 7 Years
Suggested Minimum Investment	$200,000 AUD
Management Fee (Exc. GST)	0.60%

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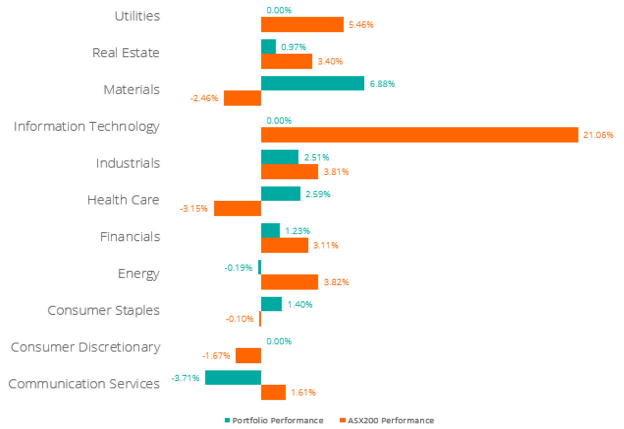
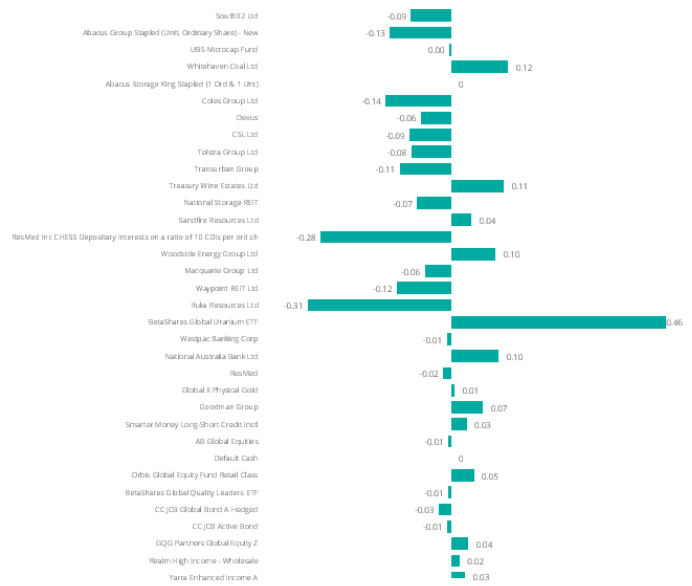
3 Month Sector Performance

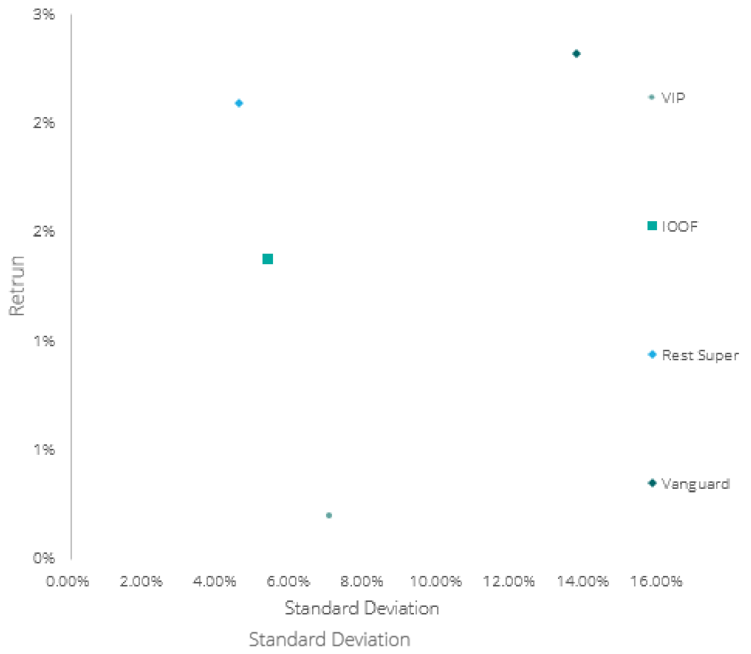


Current Sector Allocation

3 Month Holdings Performance



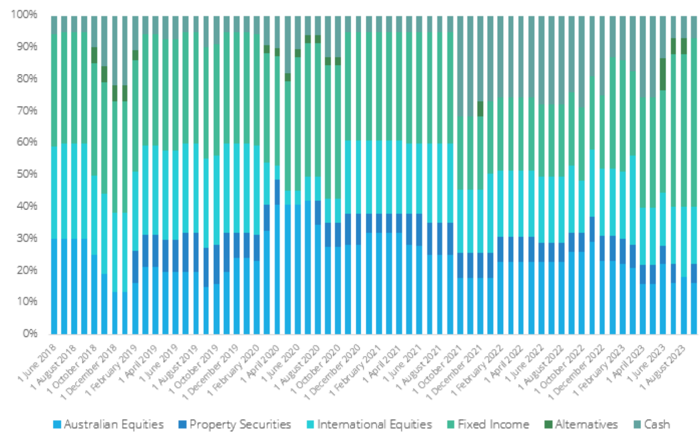
5 Year Risk/Return Profile



Upside & Downside Capture

	3 Month	5 Year
Upside Capture	36%	76%
Downside Capture	55%	58%

Balanced Trailing Asset Weights



Market Commentary

Inflation moderated, but it was volatile and uncertainty remains

The September quarter saw US and Australian inflation continue to moderate, albeit with a fair degree of volatility. The quarter also saw the emergence of a broad view that rates were peaking. Supporting this view was the emergence of signs of economic slowdown and ongoing concerns that a recession is pending. These expectations lead to high levels of volatility, but by the end of September both Bond and Equity markets, ended relatively flat in both the US and Australia.

The rest of the world also experienced high levels of volatility, but there was also considerable economic and financial market disparity as reflected by the performance of different equity markets, with the UK's FTSE up 1%, China's Hang Seng down 4.2%, the Nikkei down 4% and the MSCI World Index down 3.8%.

VIP's performance reflected conservative positioning

We believe the volatility that was evident not only in the USA and Australia, but across global markets, combined with the emerging evidence of a recession justified the ongoing conservative positioning VIP has adopted in order to protect our client's capital. This included a historically low exposure to Australian Equities, and a relatively higher exposure to short dated Fixed Interest securities. However, this meant following VIP's stellar performance over FY23 (VIP Growth Portfolio up 11.34%) we delivered a more modest performance over 1Q23 with the portfolio down 1.2%, reflecting a poor performance from Australian Resources (-216bp) offset by a strong performance from our International Equities (+186bp) and Fixed Interest holdings (+43bp).

Concerns about recession continue to build

Recession continues to be expected, but has again been pushed out into the future. Consumers both here in Australia and in the US, largely due to the build-up in savings during COVID, have been far more resilient than central bankers and or investors had expected. However, as at the time of writing, it looks as though consumer savings are being depleted, the consumer is weakening and monetary policy is starting to slow economies around the world. This is the basis of our expectation that a recession is looming and that caution continues to be required.

Protecting capital is always VIP's key focus

In addition to our concerns about a potential recession, since the end of the September quarter long dated bond yields have rallied significantly throwing more uncertainty into the outlook. This has hurt equities and long dated bonds, but has justified VIP's shorter duration positioning. VIP portfolios consequently continue to be conservatively positioned, ready to be deployed more aggressively when conditions become more favourable.

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