



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	3.26%	2.23%	0.02%	2.87%	2.87%	5.60%
Net Returns	3.16%	1.93%	-0.58%	1.77%	1.67%	5.10%
Benchmark Returns	7.44%	8.67%	7.95%	12.98%	12.98%	8.59%

VIP Climate Sustainability – 20.76%
 ASX/S&P All Ordinaries Index – 24.53%



Market Commentary

Inflation moderated, and rate cut bets ramped up

The December quarter saw US and Australian inflation continue to moderate, coming closer to the Feds and RBAs target range. The markets took this in their stride and started to price in multiple rate cuts in America for 2024 beginning as early as March, and September for Australia. Supporting this view was the fall in bond yields during the December quarter, with the US10Y Yield falling from a high of 5.02% down to a low of 3.78%. The AU10Y yield also fell from a high of 5.00% to a low of 3.89% during the quarter. These expectations lead to high levels of volatility, and by the end of December both Bond and Equity markets, ended strongly 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 1.6%, China's Hang Seng down 4.3%, the Nikkei up 5% and the MSCI World Index up 11.7%.

Protecting capital is always VIP's key focus

While we have maintained our conservative approach, VIP has invested more capital in areas such as Property and Resources such as Uranium. At the time of writing this has proven to be a well-timed move and the portfolios are showing the benefits of our positioning, delivering returns while still being conservatively positioned during these uncertain and volatile times.



Emission Scores

Carbon
Solutions

3.2x

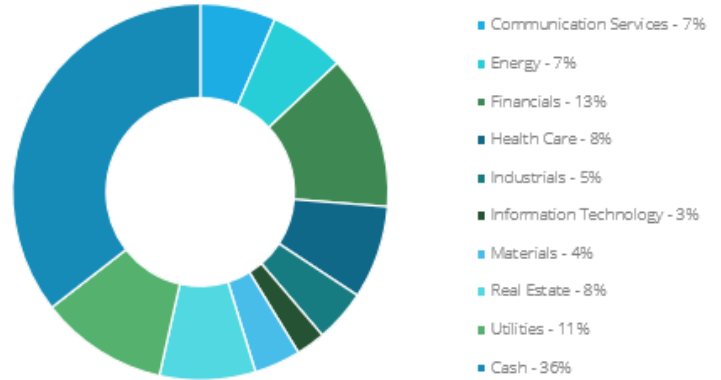
VIP's Climate Sustainability Portfolio's has 3.2 times more exposure to companies working on carbon solutions than the benchmark.

Green
Energy

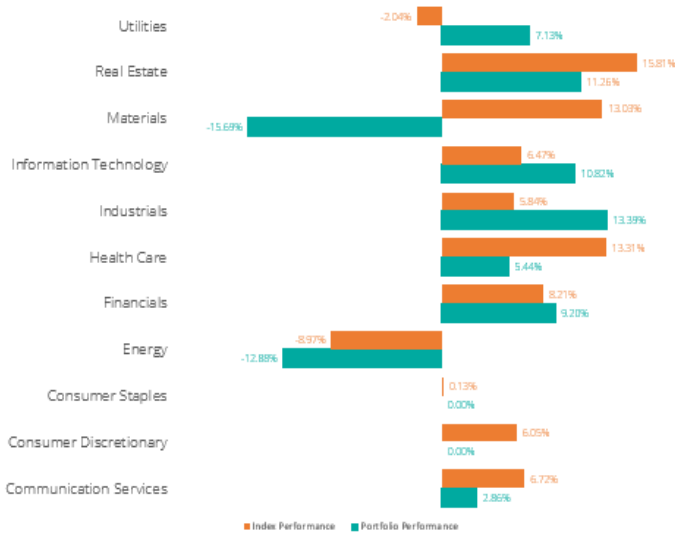
60%

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

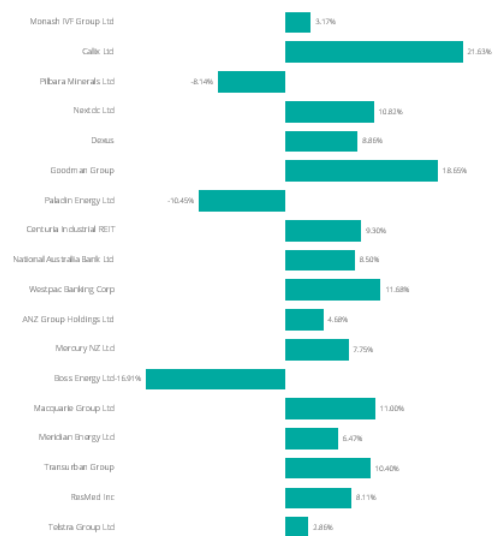
Current Sector Allocation



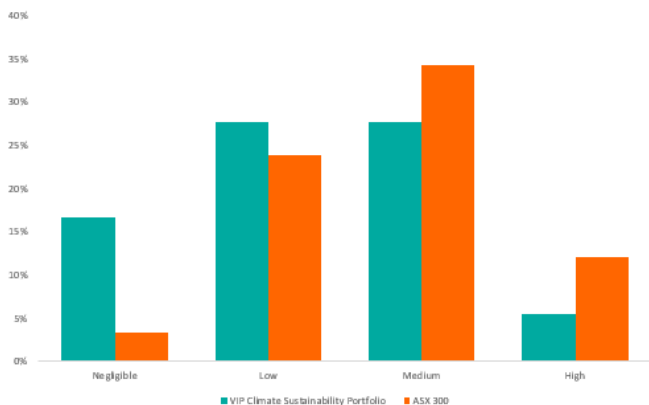
3 Month Sector Performance



3 Month Holdings Performance



ESG Risk Classification

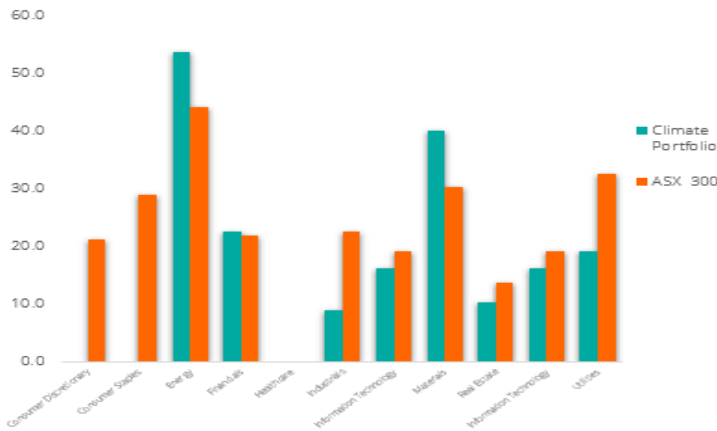


Portfolio Facts

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

24.67

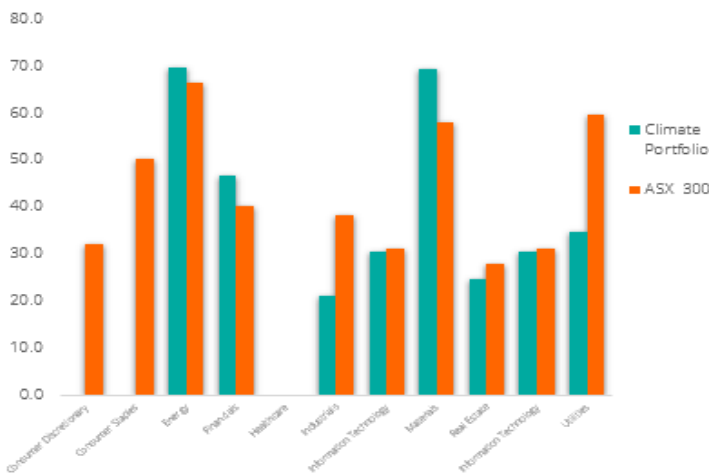
ASX 300 Index

23.90

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 3.2% higher than the benchmark.

ESG Risk Exposure



Portfolio

43.84

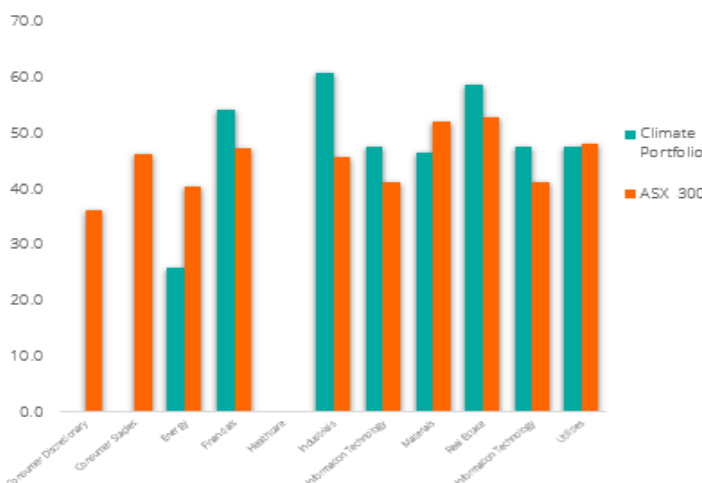
ASX 300 Index

41.90

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 4.6% lower than the benchmark.

ESG Risk Management



Portfolio

49.30

ASX 300 Index

45.89

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 7.4% stronger than the benchmark.