



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.)	Since Inception (p.a.)
Gross Returns	-0.82%	1.53%	6.02%	11.84%	11.84%	4.72%	7.08%	7.10%	8.57%
Net Returns	-0.89%	1.46%	5.62%	11.17%	11.04%	3.92%	6.28%	6.30%	7.72%
Benchmark Returns	-0.67%	1.04%	5.71%	10.12%	10.12%	3.36%	4.82%	5.62%	7.11%

VIP Balanced Portfolio – 195.36%

Morningstar Balanced Index – 151.18%



Portfolio Asset Allocation



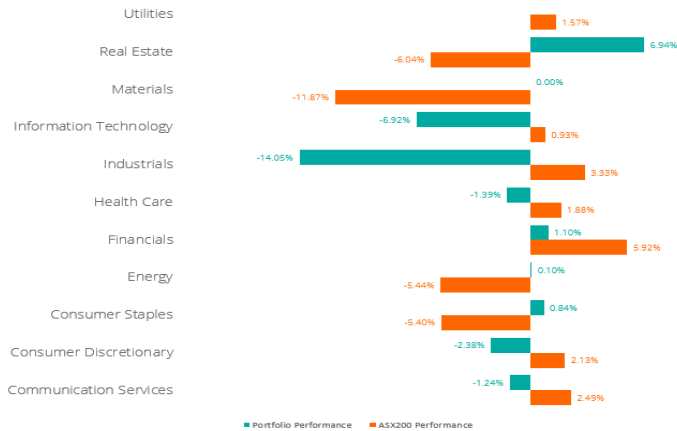
- Australian Equities - 21%
- International Equities - 25%
- Property Securities - 8%
- Domestic Fixed Interest - 23%
- International Fixed Interest - 16%
- Cash - 5%
- Alternative - 2%

Portfolio Facts

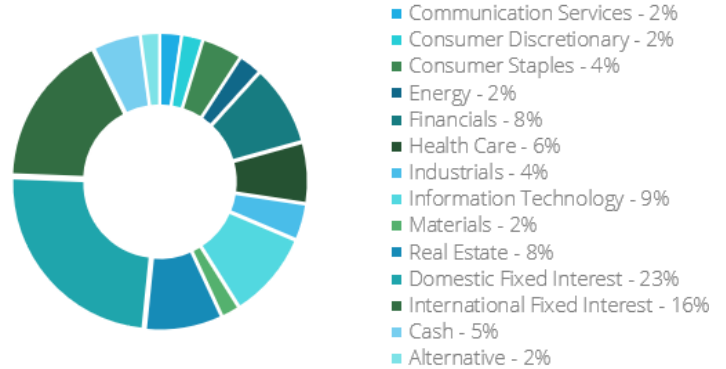
Inception Date	31 st August 2011
Asset Class	Multi-Asset
Platform Availability	Xplore Wealth
Index Benchmark	Morningstar Balanced Index
Investment Horizon	5 – 7 Years
Suggested Minimum Investment	\$250,000 AUD
Management Fee (Exc. GST)	0.80%



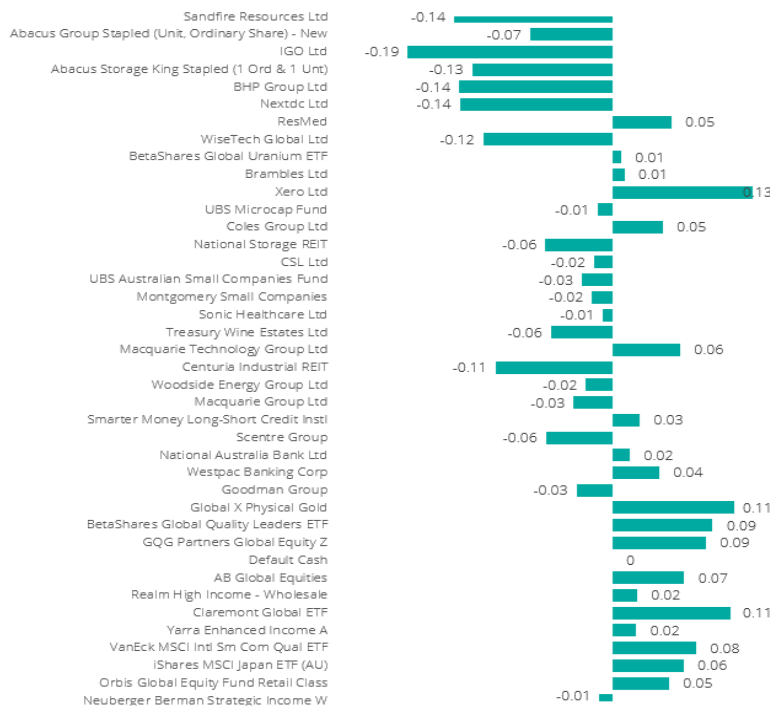
3 Month Sector Performance



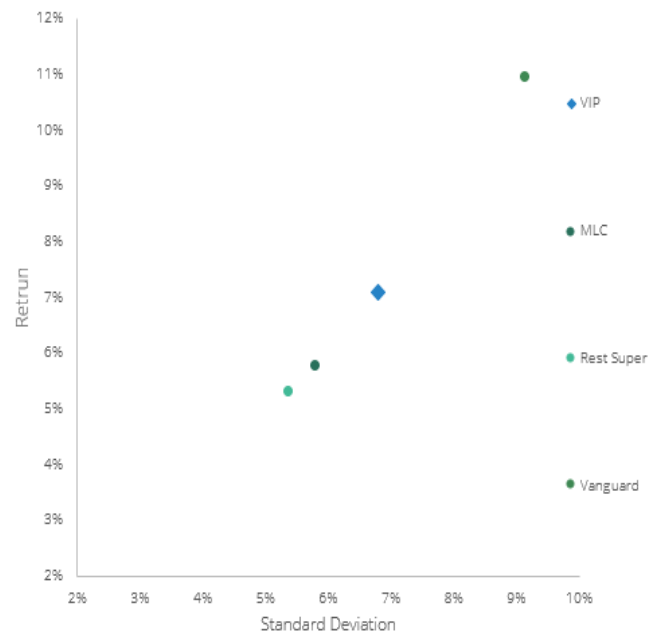
Current Sector Allocation



3 Month Holdings Performance



5 Year Risk/Return Profile



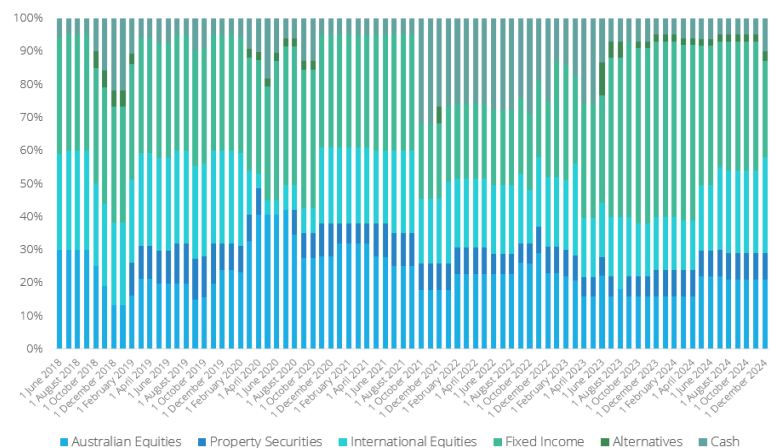
Upside & Downside Capture

3 Month 5 Year

Upside Capture 89% 96%

Downside Capture 45% 72%

Balanced Trailing Asset Weights





Market Commentary

VIP Balanced Portfolio Performance Overview

The VIP Balanced Portfolio continued its strong performance amid evolving economic challenges during the December 2024 quarter. Over the past three months, the portfolio achieved a return of 1.53%, bringing its year-to-date returns to 11.84% outperforming its Benchmark of 10.12%. Despite global and domestic uncertainties, the portfolio exhibited resilience, driven by strategic investments in key sectors.

Leading contributors to the portfolio's returns for the December Quarter included Claremont Global (+0.47%), BetaShares Global Quality (+0.37%), and GQG Partners Global Equities (+0.34%), all of which benefitted from technological advancements and the ongoing global demand for automation. However, JCB Global Bonds (-0.18%) and Centuria Industrials (-0.17%) detracted from overall performance, reflecting yield volatility and uncertainty around differing central bank decisions.

Australian Economy

In the December 2024 quarter, the Australian economy exhibited signs of resilience amid global uncertainties. Retail sales experienced a 1% increase, driven by significant consumer spending during Black Friday and Cyber Monday. This uptick was further supported by government tax cuts and subsidies, contributing approximately 0.2 percentage points to the GDP. However, the labour market remained tight, with unemployment at 4%, exerting inflationary pressures that complicated the Reserve Bank of Australia's (RBA) monetary policy decisions. Consequently, the RBA maintained the cash rate at 4.35% during its December meeting, balancing the need to control inflation without stifling economic growth.

International Markets

Globally, financial markets faced a mix of challenges and developments in the final quarter of 2024. The U.S. economy demonstrated resilience, with third-quarter GDP revised upward to a 3.1% annualized rate, marking robust growth. However, international equities experienced declines, influenced by a strengthening U.S. dollar and rising bond yields. The European Central Bank (ECB) implemented a 25 basis point rate cut in December, responding to a significant slowdown in business activity and a recession in the manufacturing sector. Additionally, geopolitical tensions were heightened by U.S. President Donald Trump's imposition of sweeping tariffs on imports from Mexico, Canada, and China, prompting retaliatory measures and contributing to global trade uncertainties.

Outlook for the First Quarter of 2025

Looking ahead to the first quarter of 2025, cautious optimism prevails. In Australia, the combination of sustained consumer spending and potential monetary easing by the RBA could bolster economic activity. However, the tight labour market may continue to pose inflationary challenges, potentially influencing the timing and magnitude of any rate adjustments. Globally, markets will be closely monitoring central bank policies, particularly the ECB's approach following its recent rate cut, and the ongoing impact of international trade tensions. The trajectory of the U.S. economy will also be pivotal, as its performance often sets the tone for global economic sentiment. Investors are advised to remain vigilant, balancing growth opportunities with the prevailing risks in both domestic and international markets.

Strategic Adjustments

In December, VIP made several key portfolio adjustments to align with shifting market dynamics. VIP increased our allocation to Gold, in anticipation surrounding the US tariffs, Continual increase of gold reserves and as a general safe haven during economic uncertainty. Additionally, we exited our position in the JCB Global Bond and reallocated capital to MSCI Japan ETF, in anticipation for trumps tariffs and policies being inflationary, leading to higher US government bond yields, which in turn reduces the relative attractiveness of global fixed-income and reinforces our decision to reallocate capital into the Japanese market. VIP has identified two key themes driving Japanese markets: corporate improvement leading to greater capital efficiency and higher shareholder returns, and the ongoing shift from deflation to inflation transforming economic behaviour. VIP believe the market continues to underestimate the potential of these secular tailwinds, making this an opportune time to revisit strategic weightings in Japanese equities

These strategic adjustments aim to enhance resilience while positioning the portfolio to benefit from long-term structural trends heading into 2025. By focusing on defensive sectors and strategic resource allocations, the portfolio aims to navigate economic volatility effectively while delivering long-term returns aligned with its capital preservation and growth philosophy.

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

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