



Investment Description

The model provides an actively managed diversified portfolio with a strategic allocation of 30% in growth assets and 70% in defensive assets. The manager uses tactical asset allocation within pre-defined ranges as a key contributor to the manager's investment objective and core philosophy of minimising portfolio volatility.

Portfolio Updates

International equities led markets in October, with MSCI World ex-Australia NR AUD up 3.32% on strong US and European earnings and improved risk appetite. Gold ended 3.7% higher after early-month volatility and profit-taking. US Treasury yields edged slightly lower. The ASX200 finished marginally positive at 0.4%, inline with the Conservative portfolio returning 0.43%.

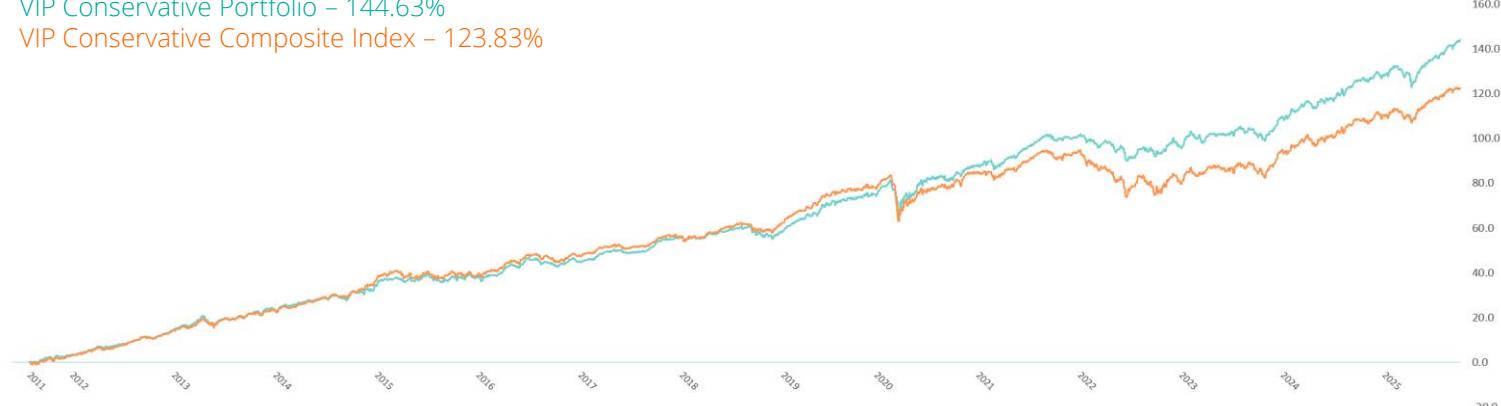
Portfolio Performance

	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	0.43%	2.82%	6.88%	7.46%	8.53%	7.95%	5.99%	6.19%	6.56%
Net Returns	0.39%	2.71%	6.65%	7.11%	8.08%	7.50%	5.54%	5.73%	6.10%
Benchmark Returns	0.74%	1.98%	5.40%	6.76%	8.24%	7.75%	4.63%	4.75%	5.89%

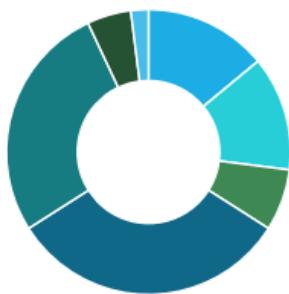
*Returns based on the MDA Class since its inception given the only differences between the two class from a return perspective is the different management fee and relative performance to a different performance benchmark.

VIP Conservative Portfolio – 144.63%

VIP Conservative Composite Index – 123.83%



Portfolio Asset Allocation



- Australian Equities - 14%
- International Equities - 13%
- Property Securities - 7%
- Domestic Fixed Interest - 32%
- International Fixed Interest - 27%
- Cash - 5%
- Alternative - 2%

Sector Allocation



- Communication Services - 1%
- Consumer Discretionary - 1%
- Consumer Staples - 1%
- Financials - 4%
- Health Care - 1%
- Industrials - 2%
- Information Technology - 3%
- Materials - 1%
- Real Estate - 7%
- Domestic Fixed Interest - 32%
- International Fixed Interest - 27%
- Cash - 5%
- Alternative - 2%