



Investment Objective

The aim of the **VIP Balance eXplore Portfolio** is to provide investors a high level of capital growth over the medium to long term through exposure to a diversified portfolio of ETF's tracking major indices, while providing low management costs to investors. The investments have a heavy weight to growth assets with minimal allocation to defensive assets in order to provide the desired investment risk profile. A targeted tactical allocation as well as regular performance and risk screenings are employed by Value Investment Partners in order to maximise investor wealth and mitigate volatility.

Investment Strategy

Value Investment Partners eXplore products enable investors to benefit from the principle of asset allocation having the majority of the contribution to excess returns rather than individual stock selection. By using the firms proven expertise of tactical asset allocation investors are able to gain exposure to a wide variety of asset classes – Australian Equities, International Equities, Property Securities, and Fixed Interest Securities – through indexed exchange traded funds actively managed by our team of investment professionals. The use of these products for investments allows for significant cost reductions due to the use of passive investment vehicles with broad market exposures, perfect for investors at the beginning of their wealth accumulation.

Fund Performance

	1 Month	3 Month	6 Month	Y.T.D.	1 Year	3 Year (p.a.)*	5 Year (p.a.)*	Since Inception (p.a.)
Gross Returns	2.34%	0.55%	6.09%	0.55%	16.58%	10.31%	9.95%	9.54%
Net Returns	2.31%	0.48%	5.94%	0.54%	16.28%	10.01%	9.65%	9.24%
Benchmark Returns	2.20%	1.65%	6.79%	1.65%	15.37%	8.50%	8.86%	7.80%

*The portfolio is backdated from the inception date of 02/01/2018 (shaded graph area) to test the investment philosophy of actively managed tactical asset allocation, for which the asset allocation changes are reflective of real historical changes of the existing VIP Balanced Portfolio.

VIP Balance eXplore Portfolio – 28.61%
VIP Balance Composite Index – 24.05%

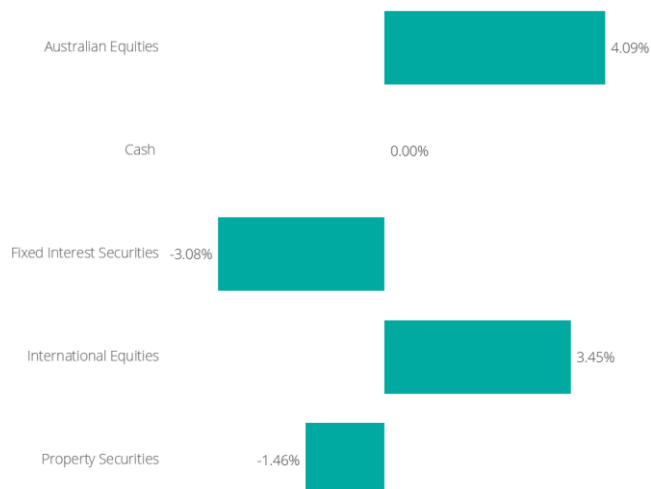


Market Commentary

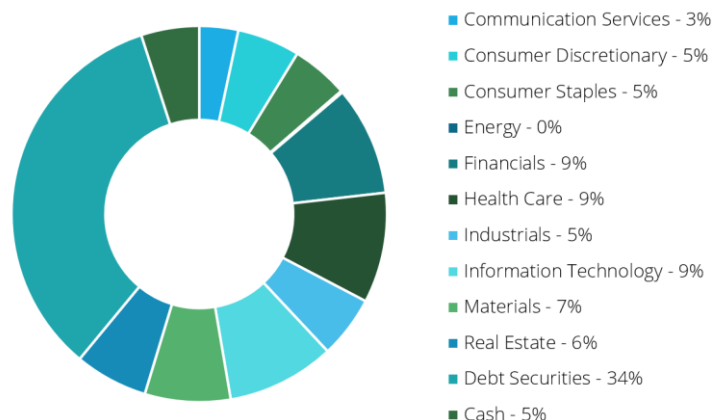
The final quarter in the year saw a surge in the Australian equities market off the back of improving economic growth data, as the ASX 200 closed at 4.26%. Across the board, Financials were up 11.3%, Consumer Discretionary up 7.4%, and Communications Services up 7.1%. Rising bond yields, rising margins, ongoing growth-to-value rotation, and the prospect of higher dividends are some of the tailwinds currently driving the positive sentiment around Australian banks, leading to many investors remaining bullish. Moreover, banks are also a beneficiary from a resurgent housing market, evidenced from CBA home lending market up 32% from the previous year. On the other end of the spectrum, a complete reversal saw Information Technology suffer an 11.5% decline, with Healthcare and Utilities also falling 2.9% and 2.6% respectively. The recent pullback in the Information Technology sector has been triggered by increasing bond yield headwinds and these stocks being regarded as 'expensive'. Additionally, the economy reopening saw a notable rotation to more cyclical industries. Considering the vaccination rollout and stimulus packages, the prospects of reopening economies through the latter half of the year are promising. In the US, the accelerated vaccination rollout and latest \$1.8 trillion fiscal stimulus package have prompted economic growth, however rising inflation places more upward pressure on interest rates. Moreover, there is a consensus that the U.S. equities are expensive and overvalued, deferring our investment conviction from the broad U.S market. Ongoing China-U.S. continue to dwell; however, the expectation is the new US administration will not escalate these tensions during the early stages of economic recovery. Relative to the U.S., initially Europe had been slow in its vaccine rollout and had distributed far smaller fiscal stimulus support. Recently however, vaccinations have increased resulting in a more positive economic outlook which could see these economies reopening at the end of the year. Europe's exposure to financials and cyclical sectors such as industrials, materials and energy gives optimism that they should benefit from a post-pandemic reopening.



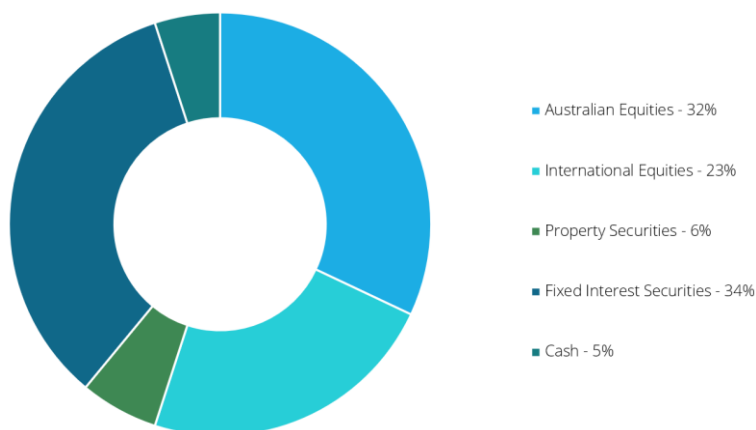
3 Month Asset Class Performance



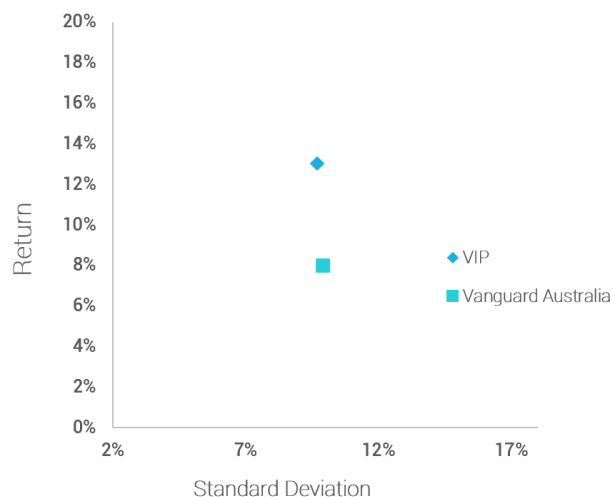
Current Sector Allocation



Current Asset Class Allocation

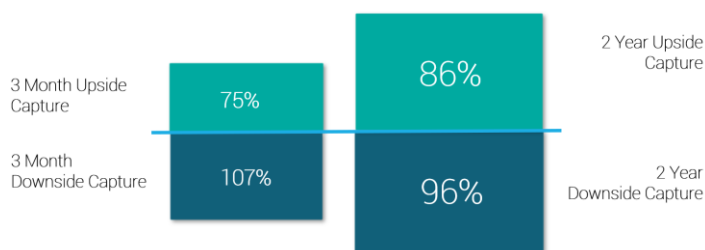


2 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

Fund Characteristics

Inception Date	1 st of February 2018
Investment Horizon	5 – 7 Years
Asset Class	ETF's
Management Style	Active Tactical Allocation
Current Number of Holdings	8
Index Benchmark	VIP Balanced Composite

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