



VALUE INVESTMENT PARTNERS

FINANCIAL SERVICES COUNCIL QUESTIONNAIRE

APRIL 2021



1.1 State The Name Of The Investment Person Responsible For The Content Of This Section. Please Provide The Following:

- o Name – Zachary Sharah
- o Contact Details – zsharah@vipim.com.au
- o Company Website – vipim.com.au

1.2 Describe Your Broad Investment Philosophy. This Should Not Limit The Statement To Different Philosophies Or Sub-philosophies Which May Be Driving Any Individual Product, As Articulated In A Later Section Of This Document. What Evidence Do You Have To Support This Philosophy?

Value investment Partners is a value manager, preference is given to stocks with prices that are believed to be at material discount to the value of the underlying company on a fundamental basis and it is believed that the stock is over-sold. To do so the firm uses in-house and external research to attempt to quantify the underlying value of the company as well as support the case for why the fundamentals of the company have not changed in a way that is accurately reflected in the price devaluation. The firm also uses quantitative models to score stocks using a value screen which has a heavy weighting to valuation ratios while also including considerations to balance sheet health, earnings growth, and cash flows. These quantitative models are tailored to GICS sectors and industry because some financial ratios and information are more important to the long term profitability for some industries over others. Ensuring that the firm can identify growth opportunities within a pre-defined level of risk tolerance in each industry group and achieve appropriate sector diversification. On top of that the firm holds the believe that price relationships and long-term valuations of a company will mean revert, so the current discount on valuation ratios to long term averages plays an important role informing investment decisions.

It is important to note that valuation alone is not the only consideration that the manager and the investment committee use to make an investment decision, nor do the analysts only consider valuation when researching and bringing stock and asset

allocation suggestions to meetings. The valuation perspective is a fundamental view of the market that the firm has, but for a company to be selected it must still fit within the economic view of the firm and have sound financials and growth potential desired by the firm appropriate for each sector and industry. This value approach to investment which can at times take the form of contrarian investments informs the managers which we use for our international and fixed interest exposure as well, resulting in a multi-asset portfolio which is constructed on the fundamental view that markets over-react to bad news resulting in solid companies getting heavily discounted for short term difficulties offering a buying opportunity to take advantage of mispricing and achieve excess returns for our clients.

1.3 Please Describe Your Approach To Tax Management. Do You Report After Tax Returns?

Because it is an MDA product it is inherently more tax effective than other investment structures, but in order to reduce the tax on investments for our clients when given the option we will sell stocks with lower levels of capital gains over those with higher levels of the outperforming companies. When a company's stock is underperforming, and a decision needs to be made on whether the fund continues to hold that position the total amount of capital gains that investors may have to pay will be taken into consideration in whether to remove the position to offset capital gains.

The manager and investment committee are also tracking unrealised gains/losses in the portfolio throughout the year and on an ad hoc basis review the inbuilt capital gains at the end of the financial year to decide on whether or not to bring forward or delay certain trades heading into the new financial year. Finally, as many of our clients are retired dividend yield and the level of franking credits are a major consideration for each new and existing position. If choosing between two stocks with relatively similar future identified prospects and expected return the company with the highest dividend yield and level of franking credits will be selected. We do report after tax returns through an annual report and tax summary for each client.



1.4 Have You Committed To Formalising The Integration Of ESG Considerations In Your Investment Process Either By Becoming A Signatory To The UNPRI Or Developing A Publicly Available Responsible Investment/ ESG Policy?

We have committed to integrating broad ESG guides and principles into our investment process starting with the publicly available responsible investment policy detailing our integration of ESG considerations to investments and as a firm.

Inside the policy it also details what our view of ethical investing is, how this and other principles and metrics inform the investment decision in our dedicated ESG model portfolios.

In time we hope to have our two ESG mandates certified by the Responsible Investment Association of

Australasia (RIAA) and become members of the association. After which we will deeply consider whether it is suited to the firms' goals to become a signatory to the UNPRI once we become members of the RIAA.

1.5 Do You Report On Your Progress In Integrating ESG Considerations Publicly Or To Clients?

We are yet to reach one year of our ESG policy going live at which we will be making public a report on its progress. Importantly, as an ongoing measure we report quarterly on the ESG data we have available to us on our dedicated ESG mandates for clients and make it available to the public via our website.



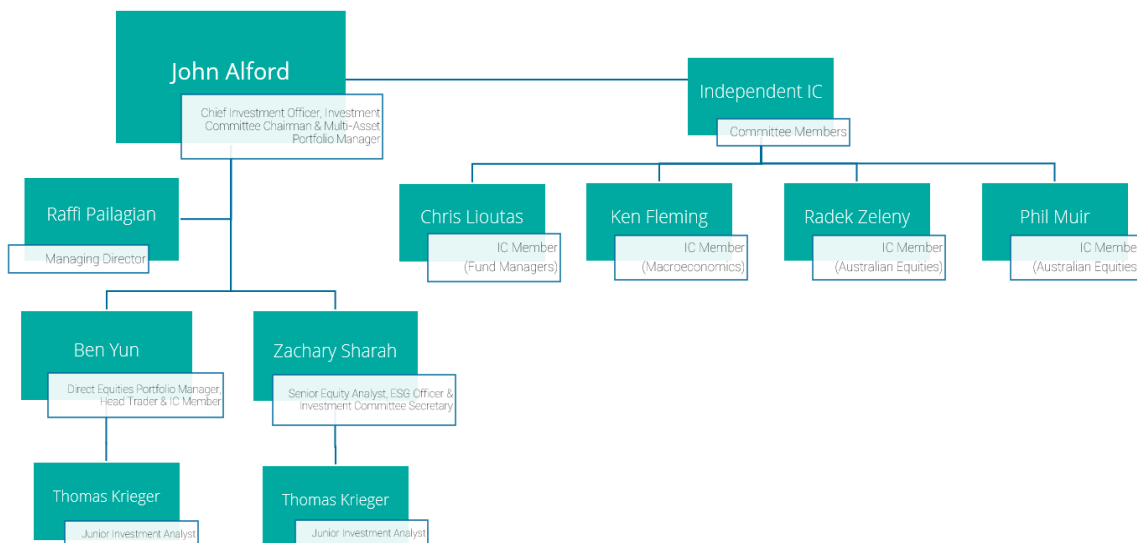
6.2 & 7. 2 & 7.9 Please Describe How The Investment Team Responsible For This Asset Class Is Structured. Please Include A Reference To Back Up Procedures And Ultimate Investment Responsibility.

All portfolios managed by Value Investment Partners have the same investment team responsible and no one individual is directly responsible for one aspect of the multi-asset strategy, but each member of the Investment Committee has specialisations that add a different perspective on each potential investment that enhances the ultimate investment decision. To its structure see the diagram below.

All members on the IC including the portfolio manager have a vote on decisions, while the analysts and

managing director do not although they all contribute to the discussion and in the case of the analysts are responsible for conducting research on companies and investment managers.

The back up procedure involved when members of the IC are unavailable (which is yet to occur because there is always a means of contact by which to get whole committee agreement on an out of meeting investment change) is that the portfolio manager has the final say and will be able to make unanimous decisions about investment strategy. This is avoided the best it can be but if necessary, it must be done this way to ensure that we can continue to facilitate the needs of our clients and work to achieve their objectives.



6.3 & 7.3 Describe The Investment Philosophy That Underlies This Particular Product Including References To Market Inefficiencies You Aim To Exploit. What Evidence Do You Have To Support This Approach To Investing? Please Be Concise And Do Not Use Any Marketing Embellishment.

While adhering to the firm wide investment policy, the specific investment policies that this product is designed around are tactical asset allocations and that during different market environments different asset classes have predictable performance characteristics and volatility. These products have mandated ranges of

asset allocations amongst a variety of asset classes classified within growth and defensive assets, with their proportions set in order to address the four key risk profiles of clients (growth, diversified, balanced, and conservative). The portfolios are constructed on the underlying assumption that the characteristics of each asset class in different market environments with active management can be exploited to reduce volatility, enhance returns, and protect investors capital. Specifically, to the diversified ethical product there is an added layer with key ESG considerations and screening that negatively screens out investment options that do not meet our identified criteria.



The way that we actively manage the asset allocations of the portfolios positions capital to have the greatest potential relative returns available in each market cycle. The emphasis on capital protection is especially relevant in times of market distress that is why we have built into the product the ability to take drastic capital protection measures.

These include that ability to go up materially increase the defensive asset class allocation and to break the asset allocation ranges of our growth/defensive split by using allowed asset class allocation ranges. These abilities are outlined in all our offering documents, so investors are aware of this capacity, but it is a unique capability that places a framework without hamstringing the investment committee from being able to properly achieve the best interest outcome for investors.

Through this tactical asset allocation, the manager will be able to quickly adjust client exposure to asset classes that show excess relative returns but also when particular assets have been aggressively sold off or over-bought in order to take advantage of mispricing in markets.

6.4 & 7. 4 State Briefly The Competitive Advantage That Underlies This Strategy.

The competitive advantage underlying these multi-asset products is tactical asset allocation and wide mandates. Unlike other multi-asset strategies, we have

a strategic asset allocation which acts as a benchmark for portfolio construction but can tactically allocate amongst asset classes in order to take advantage of mispricing.

This is guided by the TAA ranges around the SAA as to not allow for distortion of the risk profile making the portfolio inappropriate for some investors, while also giving the manager and investment committee the breadth to ensure that investors are benefiting from mispricing. Further to that, one of the key objectives of these products is to reduce volatility and protect investor capital in times of market distress, this is why we do have the capacity to materially increase the defensive asset class allocation in our models and push our asset allocation bounds in order to get exposure to assets that will best protect investors when the market suffers significant declines in value.

The portfolios wider asset allocation mandates also place us at an inherent competitive advantage because we are not hamstrung by heavily restrictive mandates that ultimately stop us from being able to do what is in the best interest in the clients, in all types of market environments. Our evidence lies within the investment option documents which outline the allocation ranges as well as the past 10 years of outperformance of almost all competing blended portfolios in the same risk profile from industry and non-industry funds.

6.5 Please Complete The Following Information For Your Flagship Product In This Strategy:

Product name	Benchmark	Inception	Excess Return Objective	FUM & Timeframe	Performance displayed
VIP Growth	Morningstar Australian Multi-Sector Growth TR AUD Index	31/06/2011	1.50% p.a. outperformance	\$75m 7+ Years	Gross and Net
VIP Diversified Ethical	Morningstar Australian Multi-Sector Balanced TR AUD Index	01/04/2021	1.00% p.a. outperformance	\$0m 5+ years	Gross and Net
VIP Balanced	Morningstar Australian Multi-Sector Balanced TR AUD Index	31/08/2011	1.00% p.a. outperformance	\$30m 5+ years	Gross and Net
VIP Conservative	Morningstar Australian Multi-Sector Balanced TR AUD Index	31/08/2011	0.50% p.a. outperformance	\$5m 5+ years	Gross and Net



6.6 & 7. 6 Use A Diagram To Help Explain Your Process Including References To The Market Inefficiencies You Aim To Exploit And Your Buy/ Sell Disciplines.

(sustainalytics screen for the ethical model designed by us), security selection, manager selection, and finally asset class allocation.

The process of managing these multi-asset portfolios is broken into three(four for ESG mandates) key areas:

Security Selection

Quantitative Model

The main models indicators include:

- Growth Expectations
- Price Valuation Ratios
- Cash Flow Analysis
- Margins
- Returns Calculations
- Balance Sheet Health
- Credit Quality

The industry specific indicators include:

- Bank Capital Ratios
- Insurance Product Related Ratios
- Working Capital Analysis
- Enterprise Value Calculations
- Real Estate Occupancy, Rent, and Leverage Analysis

The quantitative model is a scoring model that uses financial ratios which have been selected with the highest level of relevance to each industry.

For each ratio and metric, the average is found amongst the companies within that industry and a score is assigned based on how far above or below the company's results are in comparison to each average. With the highest scores assigned to companies which show the best position defined by the specific ratio or metric being measured.

These ratios and metrics are grouped within the indicators outlined to the left and a score is assigned for each company within the overarching indicator, with each underlying ratio receiving a weighting of most to least important each tailored to the industry.

These indicators scores are compiled to give an overall score for the company with each indicator receiving a weighting tailored to the industry to ensure that the most relevant indicators have the greatest influence on the company's score.

The top five companies within each sector are then statically analysed to understand the statistical risks involved which is covered in more detail below.

Risk Analysis & Diversification

Sector Diversification

Using the benchmark to construct sector ranges that the Investment Committee believe allows them to have the freedom to invest in companies they believe will benefit from future economic conditions while ensuring that there are documented guidelines so investors can be assured that there portfolios will always be constructed in a defined

Risk Forecasting & Statistical Analysis

For each security we forecasts out the risk curve using a GARCH model and then use this to forecasts portfolio level volatility. Maximising diversification benefits and assessing sources of risk from within the portfolio.



Qualitative Analysis & Earnings Projections

Financial Statements	For the companies that are identified in the quant model or by the IC we assess financial statements as well as internal and external research reports from a variety of sources. We are looking for discrepancies within the notes of the financial statements that would affect our investment thesis.
Earnings & Growth	Analysis of revenue and expense sources to identify key areas of growth and what maintains cash flow
Material Risks	By understanding where earnings growth originates from, we can synthesize the risk that pose a material threat to growth prospects
Competitive Advantages & Management Team	Through identification of the long-term competitive advantages of a firm we can define how we believe management should be acting to leverage of those for continued growth and market dominance
Suitability Thesis	Once having an in depth understanding of a company, we construct a suitability thesis within a chosen thematic or portfolio objective to advocate the addition to the portfolio

Manager Selection for International Equity Exposure

Identify Targeted Regional Exposures

Global Political, Market, & Economic Analysis	From insights given by our consulting economist and research gathered from external parties the Investment Committee decides which areas of the globe our international exposure should be positioned. To do this we are looking for countries that offer three things; business friendly and stable political environment, a growing economy with sound national balance sheet, and tailwinds from international trade.
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Manager Screening

Strategy Suitability & Market and Sector Exposure	What part of the world has the team identified as a potentially advantageous investment? How do we want to get exposure, long/short, passive, active manager?
Returns & Statistical Analysis	After first assessing the managers previous track record of generating alpha our analysts use statistical analysis to measure risks.
Meet The Manager	Once we have become confident after assessing the investment from a quantitative and qualitative perspective we meet the manager and at times members of their team in order to gain a unique understanding of how they operate and come to the conclusion on whether or not we have the confidence in the manager to achieve their investment objectives.
External & Internal Reporting	Upon assessing the strategy and running statistical analysis we use the resources provided by external providers and our consultants on top of preparing our own materials internally in order to support the potential investment against internal scrutiny.



Manager Selection for Fixed Interest Exposure

Manager Screening

Strategy Suitability & Market Exposure

In our fixed interest exposure, we ensure that our investors always have allocations to credit and bonds. Without the capacity to manage a fixed interest portfolio we use expert managers and base our allocations between the different debt markets from consultation with managers we have formed relationships with and expectations around interest rates and the economic environment.

Returns & Statistical Analysis

After first assessing the managers previous track record of generating alpha our analysts use statistical analysis to measure risks and run scenario analysis to predict outcome in a variety of previously experienced market environments.

Meet The Manager

Once we have become confident after assessing the investment from a quantitative and qualitative perspective we meet the manager and at times members of their team in order to gain a unique understanding of how they operate and come to the conclusion on whether or not we have the confidence in the manager to achieve their investment objectives.

External & Internal Reporting

Upon assessing the strategy and running statistical analysis we use the resources provided by external providers and our consultants on top of preparing our own materials internally in order to support the potential investment against internal scrutiny.

Tactical Asset Allocation Decisions & Sell Discipline

We have recently created a new model used to turn sentiment and qualitative views on asset classes, sub-asset classes, sectors, and international allocations into a more mathematical and repeatable process. This model uses a rules-based sentiment scoring system for the investment committee to find a consensus view on a variety of questions. These questions translate to overweight/underweight positions for all asset classes and sectors across the multi-asset portfolio.

The positions are made based on predefined ranges above and below a benchmark. That benchmark may be the ASX300 for Australian shares or an internally defines SAA between different fixed interest asset classes for example. This model generates an output for tactical asset allocation for all portfolios affected.

It is important to distinguish that this model is used as a guide and is not prescriptive. It is to inform the

investment committee what their current sentiment means to portfolio construction if they choose not to follow it than a sufficient justification is required and recorded.

Throughout the above process whether its regarding stock selection or manager selection we are always trying to assess whether a stock, sector, and/or asset class has been heavily mispriced. Our positions are often held for around 1 – 2 years and that is front of mind when we assess if an asset has been heavily discounted and is below intrinsic value.

That also applies to our sell discipline, as we are not constrained to a general holding period, if we believe that a position has become over-priced for whatever reason we will often sell, take money off the table, and get back into the stock when its price becomes more attractive.



6.7 & 7. 7 Describe Any Enhancements That Have Been Made To Your Process Over The Last Year.

- Over the last year we upgraded our quantitative model.
- We improved our risk analysis of securities and the portfolio as a whole.
- We created a risk forecasting model to enhance our analysis of future volatility levels of the portfolio.
- We changed the way we report monthly performance and added a quarterly report with more data on the portfolio's performance.
- We updated the website increasing ease of use so clients can access their portals.
- We have improved communication with our administrator.
- We have updated our product offerings above industry standards.
- Improved our PDS and other offer documentation to improve the clients understanding of the portfolio's and how they operate.
- We have integrated our ESG policy into the firm and applied new ESG constraints on the portfolios.
- We have completed the integration of Sustainalytics system into our investment process for our products with dedicated ESG mandates.
- We have created new guidelines for the running of investment committee meetings to improve decision making and ensure that it is an evolving process where we continue to learn from the past.
- We have formalised an internal reporting system for potential companies so that the analysis of individual securities is less 'ad hoc' and more formulaic.
- We have reduced the number of models we manager to focus on activities we add the most value to clients with.

6.8 & 7. 9 Who Is Responsible For Determining The Composition Of The Benchmark?

The benchmark is composed by Morningstar as we use their multi-sector blended portfolio indices based off risk profile.

6.9 What Methodology Is Used To Construct The

Strategic Benchmarks And Define The Asset Allocation Ranges For Your Multi-sector Funds?

The benchmarks were constructed with mainly influences from the financial planning experience of the portfolio manager and managing director as well as how competitors at the time of inception were constructing their portfolios. Over the years the industry has changed and so have the advised levels to exposure to different asset classes within a given risk profile, Value Investment Partners has moved with that regularly reviewing the strategic asset allocation of our multi-asset portfolios to maintain their relevance to the most recent industry expectations.

The firm works directly with advisers and not directly to clients (for the moment) the way we construct the portfolio strategic asset allocation has them very much at the centre. In order to assist in the role of the advisor to correctly select the most appropriate funds for their clients needs we ensure that our portfolio construction best meets the expectations of a financial advisor within the four key risk profiles. (See tactical allocation ranges on page 10)

6.10 & 7. 11 Detail Any In-house Or Third-Party Software Or Models Used In The Strategic Asset Allocation Decision Process (Including Analysis Of Risk) And The Extent To Which They Are Used.

We use Bloomberg Terminal to track our portfolios, the data in our quantitative model, all of our risk analysis, and for some of our research reports on companies. We use Morningstar for both company and funds research. We use Longsec & Zenith for fund manager research. We have recently started using Sustainalytics for our ESG ratings as well as company research ESG risks and management.

6.11 & 7. 15 What Is Your Re-balancing Policy (E.G. What Triggers A Re-balance, How Is It Implemented And How Frequently Is It Implemented)?

We rebalance the portfolios 4 times a year at the end of the quarter. There are though situations where we will delay or bring forward a rebalance considering the turnover of the portfolio for that quarter.



VIP Growth Portfolio

Asset Class	Minimum (%)	Benchmark (%)	Maximum (%)
Cash	2%	10%	40%
Australian Bonds	0%	5%	35%
Overseas Bonds (hedged)	0%	0%	30%
Overseas Bonds (unhedged)	0%	5%	35%
Listed Property	0%	10%	40%
International Listed Property (unhedged)	0%	10%	40%
Australian Shares	0%	30%	60%
Australian Small Companies	0%	0%	30%
Overseas Shares (hedged)	0%	0%	30%
Overseas Shares (unhedged)	0%	30%	60%
Emerging Markets (unhedged)	0%	0%	30%
Alternatives: Commodities	0%	0%	30%
Alternatives: Foreign Currency	0%	0%	30%
Totals			
Non \$A Currency Exposure	n/a	45%	n/a
Total Exposure to Defensive Assets	15%	20%	100%
Total Exposure to Growth Assets	0%	80%	85%

VIP Diversified Ethical Portfolio

Asset Class	Minimum (%)	Benchmark (%)	Maximum (%)
Cash	2%	10%	100%
Australian Bonds	0%	10%	40%
Overseas Bonds (hedged)	0%	0%	30%
Overseas Bonds (unhedged)	0%	10%	40%
Listed Property	0%	10%	40%
International Listed Property (unhedged)	0%	5%	35%
Australian Shares	0%	30%	60%
Australian Small Companies	0%	0%	30%
Overseas Shares (hedged)	0%	0%	30%
Overseas Shares (unhedged)	0%	25%	55%
Emerging Markets (unhedged)	0%	0%	30%
Alternatives: Commodities	0%	0%	30%
Alternatives: Foreign Currency	0%	0%	30%
Totals			
Non \$A Currency Exposure	n/a	40%	n/a
Total Exposure to Defensive Assets	25%	30%	100%
Total Exposure to Growth Assets	0%	70%	75%



VIP Balanced Portfolio

Asset Class	Minimum (%)	Benchmark (%)	Maximum (%)
Cash	2%	15%	45%
Australian Bonds	0%	15%	45%
Overseas Bonds (hedged)	0%	10%	40%
Overseas Bonds (unhedged)	0%	0%	30%
Listed Property	0%	10%	30%
International Listed Property (unhedged)	0%	5%	35%
Australian Shares	0%	25%	55%
Australian Small Companies	0%	0%	30%
Overseas Shares (hedged)	0%	0%	30%
Overseas Shares (unhedged)	0%	20%	50%
Emerging Markets (unhedged)	0%	0%	30%
Alternatives: Commodities	0%	0%	30%
Alternatives: Foreign Currency	0%	0%	30%
Totals			
Non \$A Currency Exposure	n/a	25%	n/a
Total Exposure to Defensive Assets	35%	40%	100%
Total Exposure to Growth Assets	0%	60%	65%

VIP Conservative Portfolio

Asset Class	Minimum (%)	Benchmark (%)	Maximum (%)
Cash	2%	20%	100%
Australian Bonds	0%	30%	60%
Overseas Bonds (hedged)	0%	20%	50%
Overseas Bonds (unhedged)	0%	0%	30%
Listed Property	0%	5%	35%
International Listed Property (unhedged)	0%	0%	30%
Australian Shares	0%	15%	45%
Australian Small Companies	0%	0%	30%
Overseas Shares (hedged)	0%	0%	30%
Overseas Shares (unhedged)	0%	10%	40%
Emerging Markets (unhedged)	0%	0%	30%
Alternatives: Commodities	0%	0%	30%
Alternatives: Foreign Currency	0%	0%	30%
Totals			
Non \$A Currency Exposure	n/a	10%	n/a
Total Exposure to Defensive Assets	75%	70%	100%
Total Exposure to Growth Assets	0%	30%	35%



6.14 & 7.17 What Are Your Sources Of Value Add? Please Use The Table Below To Illustrate Where Out-Performance Is Expected To Come From.

Source of Value Add	%
Tactical Asset Allocation	40
Tax benefits	15
Wide Mandate	25
Agile and Adaptable	15
Concentrated	5
Total	100

6.15 & 7. 13 & 7. 18 What Control Procedures Ensure Adherence To Asset Allocation Guidelines And Decisions?

During every committee meeting when a change is proposed the analysts run calculations on what effect such a change will have on the asset allocations of the portfolio, once conditional approval has been made on the change subsequent to confirmation that now allocation constraints are violated the changes are executed. There is pre-trade clearance model that runs over each change to ensure it is compliant within our model ranges.

As can be provided in meeting minutes the breakdown of these portfolio by asset class are always provided to the investment committee along with the strategic asset allocations and the allowed ranges per the investment options documents Hence, all relevant parties are always aware of the effective change to the asset allocation and risk profile of each product when they are considered in an investment committee meeting.

6.16 & 7. 19 Describe The Procedures Used To Ensure Consistency Of Performance Across Portfolios With Similar Objectives.

All investment decisions and expectations are the same across all three portfolios. As each portfolio holds the same underlying assets with the only main difference being the asset allocations between each portfolio. So, in order to ensure consistent performance across all portfolios we model the

diversified, balanced, and conservative asset class allocations off the growth portfolio proportionally unless it is too small or big a change for one of them that the risk profile is distorted so the benchmark will be used as a way to find how far above or below the SAA weights we should be on that particular asset class. With the underlying assets identical across all three products over the last 10 years this has worked to mitigate any possible performance discrepancies from trading errors.

6.17 What Tax Considerations Are Made And How Are They Implemented In Your Multi-sector Products?

Because it is an MDA product it is inherently more tax effective than other investment structures, but in order to reduce the tax on investments for our clients when given the option we will sell stocks with lower levels of capital gains over those with higher levels of the outperforming companies. When a company's stock is underperforming and a decision needs to be made on whether the fund continues to hold that position the total amount of capital gains that investors may have to pay will be taken into consideration in whether to remove the position to offset capital gains. Finally, as many of our clients are retired dividend yield and the level of franking credits are a major consideration for each new and existing position. If choosing between two stocks with relatively similar future identified prospects and expected return the company with the highest dividend yield and level of franking credits will be selected.



6.18 & 7.19 Please Describe How You Integrate Your Consideration Of ESG Issues In Your Investment Decision Making: Please Include Information On ESG Research And Its Role In The Investment Process.

The integration of ESG considerations into our investment decisions is an ongoing process that has been facilitated using Sustainalytics system of ESG research and risk ratings. We have been identifying the most appropriate ESG policy for our investment products that are not designed to be heavily influenced by ESG considerations, while our new products that have an investment framework fundamentally built off ESG principles and extensive ESG screening and research. For our Diversified Ethical portfolio, it has a dedicated ESG mandate where we use negative screening based on our publicly available view of ESG investing from our responsible investment policy. (Refer to the policy for greater detail on how that investment process works and its ESG components)

For investment products where ESG considerations do not play a formulated role in decision making (such as these three) each company's ESG risks are considered on a case by case basis. This is because a broad ESG screening approach would be inappropriate given the investment framework defined in the documentation for these products. That being said, ESG issues particularly social and governance are seriously considered when making a long term investment for a client because it is well documented that companies with better governance and social responsibility policies provide alpha. Therefore, although ESG considerations do not officially contribute to a material aspect of the investment decision making framework for these portfolios, the principles that underlie the consideration of ESG issues play a major role in our assessment of a company from a qualitative perspective regarding its ability to continue to generate excess returns for our investors.

6.19 & 7.20 Do Responsible Investment Practices Form Any Part Of Investment Managers' Goals/Incentives/Remuneration? If Yes, Please Provide Brief Details.

Responsible investment practices are apart of the goals of the manager and the investment committee because the firm believes that these practices are conducive of excess returns for our clients and retention of clients into the long term to continue to build our firm. As the firm improves in status and in its capacity, we can continue to improve upon our service to clients and continually outperform expectations. Furthermore, with the portfolio manager also owning half of the firm it is in his best interest to continue to generate excess returns for our clients as the profit of the firm are tied directly to the wealth of our clients.

6.20 & 7.21 Do You Have Any Additional Resources Outside The Investment Team With Specific ESG Related Responsibilities Or Incentives? If Yes, Please Provide Brief Details.

Sustainalytics provides us with the ESG research we use but apart from the subscription we pay to the there is no added incentive for that company from our firm.

6.21 & 7.22 Do You Identify And Prioritise ESG Issues And Set Engagement Objectives For A Particular Company And, If So, How?

For the portfolios that do not have an ESG component although there is an ESG screen to avoid basic ESG concerns such as the production of weapons and tobacco, as well as a blanket overall ESG risk score provided that we want all of our companies to be below, ESG issues does not drive investment decisions for our portfolio.

For the Diversified Ethical portfolio there are dedicated ESG objectives outlines in Value Investment Partner's responsible investment policy. In this case ESG issues do frame the investable universe and heavily impact investment decisions. This does include for companies that are on track to be more responsible a view on what they may achieve. That in mind we are not activist investors and will not invest in a company with the view of changing how it operates.



7.8 Do You Offer A Separate AAA Overlay Product Or Is AAA Only Offered As Part Of A Multi-Sector Product?

Tactical asset allocation is only offered in the multi-asset products. While there is active asset allocation in all our underlying products if that refers to stock selection and concentrated portfolios which are index agnostic.

7.10 Explain Your AAA Processes Including References To Decision Making, Typical Bet Sizes, Frequency Of Position Changes, Re-Balancing Policy, Whether Decisions Are Implemented Via Physical And/Or Derivatives.

The process of our asset allocation is outlined in our investment process concerning how we predict performance of asset classes based off predictable return characteristics of different asset in various stages of the economic cycle. The underlying assets and securities are selected via the procedure previously outlined. The typical bet sizes based proportionally off the strategic asset allocation of the benchmarks for each of the products and based proportionally off the risk profile of the identities client base. It is important to note that due to the class of product and the wide asset allocation ranges the bet sizes vary depending on market environments and if there is severe dislocation between asset classes, so there is no standard bet size.

The frequency of changes once again is not a static number, it is quite variable and dependant on market conditions. There have been times where for months there are no changes to the asset allocations or even the underlying securities and managed funds. More recently with the 2020 bear market we were making weekly adjustments to asset allocation. While all changes take into consideration trading costs, the vehicle spreads those costs across all clients and it is off the view of the firm that clients pay a premium for active management and so should not be uncomfortable to see high frequencies of trading in times when it is justified and in the clients, best interest. For re-balances such as outlined before it is

performed quarterly, and we although we do have authority to trade in derivatives it has not been done before, unless it is an ETF that tracks some commodity or currency.

7.12 What Impact Does Your View Within An Asset Class (E.G. Bullish On Interest Rates, Hence Long Duration Within Australian Bonds) Have On The Relative Weighting To That Asset Class Within Your Flagship Balanced Fund?

With the strategic asset allocation of the benchmark guiding the investment committee and the manager for relative bullish and bearish allocations for asset classes, there are no hard limits on weightings like for example plus/minus 5%. Rather the committee has discretion to have the relative over-weight or under-weight allocations for any asset class based off expectations and relative value within asset classes or the underlying securities and funds within those asset classes.

7.14 Explain How The Magnitude Of AAA Positions Varies Between Your Capital Stable, Balanced And Growth Funds.

The asset allocation ranges have been previously described. The magnitude of variations comes largely from the influences of the portfolio manager and managing director who have decades of experience in financial planning. These ranges that were selected based on their in-depth knowledge of the market as well as a personal knowledge of how clients of different risk profiles on aggregate expect the asset allocation of a particular portfolio in each risk category to look. Furthermore, they were formed in collaboration with our investment administrators (Xplore Wealth), giving an unbiased opinion on how the asset allocation should be while also providing valuable insight into the latest regulatory guidelines and expectations of both regulators and professional bodies.



7.16 Is It Permissible For A Portfolio To Go Outside Its Asset Allocation Ranges? If So, Please Provide Full Details.

In the investment options menu all of the portfolios have clear asset allocations and target cash balances, but included is also allocation ranges that give the manager discretion increase the proportion of the portfolio invested in defensive assets including; domestic and international bonds, Australian dollar and foreign nominated cash and cash equivalents, and alternatives such as gold. This capability is built into the products to give the investment manager the authority to materially adjust the capital protection levels of each portfolio when the market environment has become disjointed, functioning incorrectly, and/or contains too much downside risk. This is to say that at no point during 'normal' market environments will the portfolio's risk profile and asset allocation ever fall outside of the prescribed level.

At times when the investment manager and his committee believe that market environments begin to be disjointed, functioning incorrectly, and/or contains too much downside risk, all investors will be notified and given an explanation as to why the risk levels of the portfolios have been changed as to now fall below the risk profile of the client. Although given the structure of the investment vehicle being a managed discretionary account giving the investor access to full information concerning transactions and holdings of the account, this addition process of informing investors when constraints in place during 'normal' market environments are broken is in pursuit of full transparency. Ensuring that at all times investors understand what they are invested in, how the manager expecting future market movements to be, and why the composition of their portfolio is the way it is at any point in time.



2.1 State The Name Of The Investment Person Responsible For The Content Of This Section. Please Provide The Following:

- o Name – Benjamin Yun
- o Contact Details – byun@vipim.com.au
- o Company Website – vipim.com.au

2.2 Please describe how the investment team responsible for this asset class is structured. Please include a reference to back-up procedures and ultimate investment responsibility.

The Australian equities asset class falls under the responsibility of Benjamin Yun, who is the portfolio manager of the VIP Australian Share Leaders Portfolio and the VIP Climate Sustainability Portfolio. The portfolio manager is supported by senior analyst Zachary Sarah and junior analyst Thomas Krieger. The Australian equities team listed above states their recommendations and research to the VIP Investment Committee, who each have an equal vote and have final say on Australian equities based on the research done by the investment team. The VIP Investment Committee consists of John Alford (CIO), Benjamin Yun (PM), Chris Lioutas (IC Member), Ken Fleming (IC Member), Phil Muir (IC Member), and Radek Zeleny (IC Member).

John Alford is the overarching CIO of the firm and will step in place as portfolio manager in Benjamin Yun's absence as part of the firm's back-up procedures. In the unlikely scenario that both John Alford and Benjamin Yun are found absent, Zachary Sarah will act as portfolio manager.

The back-up procedure involved when members of the IC are unavailable (which is yet to occur because there is always a means of contact by which to get whole committee agreement on an out of meeting investment change) is that the portfolio manager has the final say and will be able to make unanimous decisions about investment strategy.

2.3 Describe the investment philosophy that underlies this particular product including references to market

inefficiencies you aim to exploit. What evidence do you have to support this approach to investing? Please be concise and do not use any marketing embellishment.

Value Investment Partners is built on the concept that we are an investment manager responsible for the protection and creation of wealth for our investors. As such, we invest into Australian equity securities that we believe are currently trading at a discount to the underlying company and have significant upside in the short-to-medium term. Essentially, our investment philosophy is to seek value within the ASX, using our investment process to identify fundamentally sound companies that are trading at reasonable prices (relative to our assigned fair value) and which also align with our macroeconomic view of the global economy.

Through macroeconomic analysis, VIP aims to position our portfolio to benefit from economic tailwinds we believe to be forthcoming, therefore exploiting the reality that markets, whilst efficient as ever, will still take time to adjust to medium-term economic movements and are often over-reactionary. VIP believes that price relationships and long-term valuations of a company will mean revert, so the current discount on valuation ratios to long term averages plays an important role informing investment decisions.

Whilst the above refers to our overall approach to Australian equity investing, for the VIP Climate Sustainability Portfolio there is an additional overlay that identifies companies that are contributing to the climate sustainability movement or are direct beneficiaries of it. This is based on the investment philosophy that such companies will benefit from the continual global push towards a more environmentally friendly world. Evidence of this can be seen in many of the major fund managers ensuring that there is an ESG element to their investment process. Whilst the VIP Climate Sustainability Portfolio is predominantly focused on the 'E' facet of ESG investing, there has been clear evidence of increasing flows of funds into companies that are part of the solution to a climate friendly future.



2.4 State briefly the competitive advantage that underlies this strategy.

The competitive advantage underlying the VIP Australian Share Leaders Portfolio and Climate Sustainability Portfolio is the firm's ability to recognise undervalued companies that are nonetheless fundamentally sound and will benefit from future tailwinds identified by the investment committee. We believe that by aligning the results of our quantitative

and fundamental analysis on companies with our macroeconomic view, we can develop a high conviction portfolio to outperform the portfolios' respective benchmarks (the VIP Australian Share Leaders' benchmark is the S&P/ASX 200, and the VIP Climate Sustainability Portfolio's benchmark is the ASX All Ordinaries).

2.5 Please complete the following information for your flagship product(s) in this strategy:

Product name	Benchmark	Inception	Excess Return Objective	FUM & Timeframe	Performance displayed
VIP Australian Share Leaders	S&P/ASX 300	31/06/2011	2.00% p.a. outperformance	\$2m 7+ Years	Gross and Net
VIP Climate Sustainability	S&P/ASX All Ordinaries	01/04/2021	2.00% p.a. outperformance	\$0m 7+ years	Gross and Net

2.6 Describe briefly your investment style (passive/growth/garp/value etc.). Is the nature of your investment approach fundamental or quantitative? Please be concise and do not use any marketing embellishment.

Our investment style can be described as value investing with a macroeconomic overlay. The investment approach begins with a quantitative approach, with our purpose-built financial models designed to filter Australian companies with the goal of discovering the best prospects from a quantitative perspective. The quantitative screen has a heavy weighting to valuation ratios while also including considerations to balance sheet health, earnings growth, and cash flows. These quantitative models are tailored to GICS sectors and industry because some financial ratios and information are more important to the long-term profitability for some industries over others. Whilst the quantitative approach allows VIP to create shortlists of companies that are believed to be undervalued, fundamental analysis is still necessary in order to create an opinion and conviction around a company. This includes a deep dive into a company's annual reports, financial statements, and external

research. As exemplified, VIP is firstly quantitative then fundamental in its investment approach.

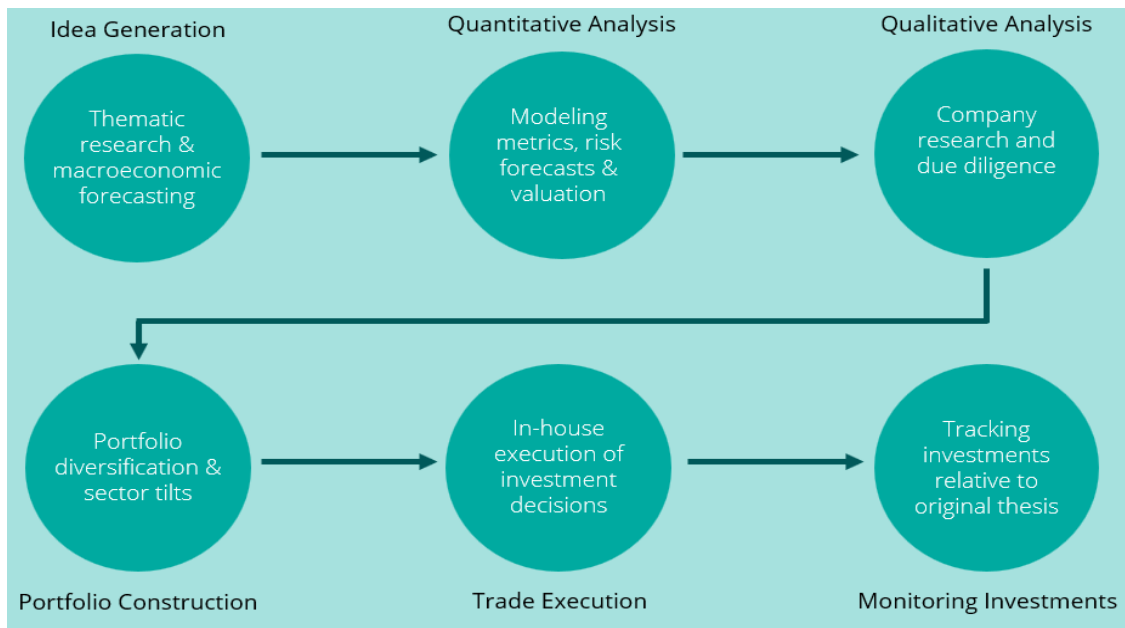
Regarding the VIP Climate Sustainability Portfolio, there is more leniency in the value investment style that has characterised the firm's Australian equities selections historically. Given that sustainable investing is extremely relevant in today's society, some of the stocks chosen for the portfolio will sometimes relate closer to a growth-oriented style of investing, which is a by-product of the investment philosophy of the portfolio. That said, the foundations of the VIP investment approach still stand true.

2.7 Has your investment style changed in the last five years? If it has, describe all changes and the reasons for these changes.

As mentioned previously, there may be concessions in the VIP Climate Sustainability Portfolio given that the nature of sustainable investing may mean occasionally delving into more growth-oriented companies in order to benefit from the current momentum behind sustainable investing. However, the value investment style for VIP at its core has not changed since the firm began investing in Australian equities in 2011.



2.8 Explain your investment process (use a diagram if appropriate).



The investment process as seen in the diagram has been developed to ensure it is a repeatable process for the investment committee and the analyst team to follow on a month-by-month basis. In essence, it is initially a top-down approach through the macroeconomic and quantitative phase of the investment process. In the Idea Generation phase, economic data is provided by the analyst team to the investment committee in order to put the investment committee on even ground in terms of education and understanding on particular points of the Australian economy as well as the US and Eurozone economy. The economic data ranges from broader economic indicators such as GDP growth forecasts and budget deficit forecasts (% of GDP), to economic indicators targeted at particular GICS sectors such as the monthly Construction PMI for the materials and real estate sector.

At this point, the analyst team moves to the quantitative analysis step of the investment process, using the in-house financial models to create shortlists of companies that are financially sound, undervalued, and fit the macroeconomic themes that have been recognised by the investment committee. More specifically, the Quantitative Screen scores and ranks companies against their respective sectors according

to a range of ratios that assess the health and relative value of the company. The Volatility Forecast model uses historical daily stock price movements over the last 10 years to assess the volatility of a company's stock. Finally, the Valuation model employs the residual income method in order to assign a fair value to a company.

Once the analyst team has assessed the quantitative aspect, the most quantitatively-attractive companies that align with VIP's macroeconomic view are carried on to the qualitative analysis step of the investment process. This involves a deep dive into a company's annual reports, financial statements, and external research, all of which culminates in a research report produced by the analyst team. This research report is for internal use only and is never disseminated to investors or advisers.

The quantitative and qualitative analysis enables the investment committee to discuss and cast their final votes on which Australian equities will be added to the holdings, at which point they assess the diversification of the portfolio and sector tilts based on the macroeconomic outlook. For the VIP Australian Share Leaders, this is a tactical GICS sector allocation relative to the GICS sector weights of the S&P/ASX 300.



The agreed upon portfolio changes are made to the portfolio models, at which point trade execution can occur. Trades are placed and booked in-house through IRESS, with the goal being to beat VWAP for the respective companies being bought and sold. Finally, the monitoring of investments made occurs throughout the entire time a company is held within the portfolios. This is achieved by receiving notifications via the Bloomberg Terminal on company-specific news, a review of each company held during monthly investment committee meetings, and a more rigorous review on companies that have been held for 3 months, 6 months, and 12 months.

The investment process for the VIP Climate Sustainability Portfolio is largely similar to the overall investment process described above. However, the process differs in that after the idea generation phase, there is an environmental screen. VIP has subscribed to Sustainalytics, which has enabled the analyst team to create a negative screen tailored to VIP's perspective on what entails a climate sustainable company. After putting the ASX All Ordinaries through this screen, we have our investable universe for the VIP Climate Sustainability Portfolio and the investment process continues on as normal from the quantitative analysis step onwards.

2.9 Describe any enhancements that have been made to your process over the last year.

- Over the last year we upgraded our quantitative model.
- We improved our risk analysis of securities and the portfolio as a whole.
- We changed the way we report monthly performance and added a quarterly report with more data on the portfolio's performance.
- We updated the website increasing ease of use so clients can access their portals.
- We have improved communication with our administrator.
- We have updated our product offerings above industry standards.
- We have integrated our ESG policy into the firm and applied new ESG constraints on the portfolios.

2.10 Define the authorised universe of investable securities for your flagship fund and the sub-universe of securities that are actively researched. What is your investment approach to securities not included in the index?

For the VIP Australian Share Leaders, the investable universe is the S&P/ASX 300, and the sub-universe of securities that are actively researched are the companies that score highly in the quantitative screen and align with the investment committee's macroeconomic view. Likewise for the VIP Climate Sustainability Portfolio, the investable universe are the companies within the ASX All Ordinaries that have passed the environmental screen described previously. For this strategy's sub-universe, the companies that are actively researched are the companies that score highly in the quantitative screen and align with the investment committee's macroeconomic view.

2.11 Describe briefly your stock selection process including your 'research effort' (e.g. reliance on internal versus external research, company visits, type of analysis carried out and key criteria targeted in the research process).

The stock selection process has been mostly described in the investment process section. Specifically, our qualitative process used deep dive into quantitatively-identified companies relies exclusively on external research and annual reports to develop our own internal research report which is only distributed to the investment committee. In terms of key criteria, the quantitative screen scores on the basis of ratios within the categories of return, margins, growth, credit, liquidity, market multiples. Cash flow, and enterprise value. These ratios may differ according to sector. When looking at the key criteria of the qualitative process, the analyst team aims to seek out sustainable earnings in a company's business segments and to determine whether capital expenditure of the company is appropriately funding these revenue sources. The analyst team also establishes whether the key revenue streams of a company will benefit or be disadvantaged by the head-and-tailwinds of the macroeconomic themes developed by the investment committee.



2.12 What are your sources of value add? Please use the table below to illustrate where out-performance is expected to come from.

Source of Value Add	%
Agile and Extremely Active Management	20
Concentrated Portfolio	20
Tactical Sector Allocation	30
Purpose-Built Financial Modelling	20
Diverse and Experienced Investment Committee	10
Total	100

2.14 Does the strategy allow shorting? How are short ideas sourced and managed in the portfolio. What is the typical % of the portfolio in short positions? Describe the distinctive risk management approach used for short positions. Are there any particular analyst incentive practises in place with regards to shorting?

The strategies do not allow shorting.

2.15 How are trades allocated across portfolios? What processes are in place to ensure portfolios are structured consistently and excess cash is not held?

The trades for investors are allocated pro rata based on the size of each investor's portfolio. There is a quarterly rebalance to ensure all VIP portfolios are structured consistently and are in line with our model portfolios. The above procedures also ensures there isn't any excess cash held as all investor portfolios are linked to their respective model portfolio, with cash traditionally residing around the 5-10% weighting.

2.16 Describe what steps you take to monitor and minimise transaction costs. What is the typical rate of annual turnover for the portfolio?

Transaction costs are minimised by lumping all portfolios together when making portfolio changes. This minimizes transaction costs as brokerage expenses are spread out pro rata amongst all portfolios involved in the trade, enabling our investors to share the brokerage expense. This is opposed to each investor having to pay a full brokerage cost. Typically, portfolio turnover is between 75-90%.

2.17 In what way is the after tax return for each stock considered prior to each transaction? Are systems in place to manage individual tax lots in portfolios? Are portfolios managed to an after tax benchmark(s)? Is performance measured and reported on an after tax basis? Are portfolio managers incentivised in relation to pre and/or post tax performance?

In order to reduce the tax on investments for our clients, when given the option we will sell stocks with lower levels of capital gains over those with higher levels of the outperforming companies. When a company's stock is underperforming and a decision needs to be made on whether the fund continues to hold that position, the total amount of capital gains that investors may have to pay will be taken into consideration in whether to remove the position to offset capital gains. The manager and investment committee are also tracking unrealised gains/losses in the portfolio throughout the year, and on an ad hoc basis review the inbuilt capital gains at the end of the financial year to decide on whether or not to bring forward or delay certain trades heading into the new financial year. Finally, as many of our clients are retired, dividend yield and the level of franking credits are a major consideration for each new and existing position. If choosing between two stocks with relatively similar future identified prospects and expected return the company with the highest dividend yield and level of franking credits will be selected. We do report after tax returns through an annual report and tax summary for each client, and portfolio managers are incentivised in relation to post tax performance?



2.18 In the case of pooled vehicles, is acceptance of an off market buy-back at the discretion of the portfolio manager? What has been the typical decision made in relation to accepting buy-backs with regard to pooled vehicles in recent years?

Off market buybacks are at the discretion of the investment committee, not the portfolio manager alone. Decisions made in relation to accepting buybacks differ between companies, therefore there can not be a typical decision as each scenario is assessed on a case-by-case basis.

2.20 Please explain how you use derivatives. Who is responsible for managing and implementing derivative strategies?

VIP does not use derivatives in the Australian equities strategies.

2.21 To what extent do you participate in transactions such as underwriting issues etc. originated by another division of your firm?

To no extent does VIP participate in transactions originated by another of our firm.

2.22 Outline your soft-dollar policy.

VIP's soft-dollar policy is that a portion of the brokerage cost incurred by VIP pays for IRESS, which is supplied by the broker.

2.23 What market condition(s) are typically conducive to the out-performance of this strategy? In what market or economic circumstances would this strategy typically under-perform?

The VIP Share Leaders Portfolio, given its aim to reduce volatility for investors, will typically underperform in a highly growth-oriented bull market. As the portfolio does not invest into growth style stocks, the portfolio cannot be expected to outperform the market. Conversely, the portfolio can be expected to outperform the market in the circumstance that the wide consensus is that the market has become too

'toppy' or that growth companies have become overvalued. In this scenario, we expect a rotation to companies deemed undervalued but are nonetheless fundamentally sound, wherein which the strategy will outperform the market.

Given there is a continually growing industry movement towards sustainable investing, the assumption is that in a bull environment where funds are flowing into the market, the VIP Climate Sustainability Portfolio will outperform the market based on the concept that an ESG element is a part of the investment mandate for most funds. Many of these companies are of smaller market caps and higher up on the risk spectrum, adding to this argument that the portfolio will outperform in a bull market. Going by the same logic, in a bear market the portfolio can be expected to underperform given the sell-off that will occur more aggressively in companies with smaller market caps and higher risk profiles.

2.24 Provide an estimate of your capacity for the strategy. Do you regularly conduct formal capacity studies (include the date of the most recent study)?

Based on experience in managing other portfolios in VIP, the capacity for the VIP Australian Share Leaders Portfolio lies in the range of \$50-70mil. This is based on an internal capacity rather than the market caps of the companies invested in, as the trading is executed in-house by the portfolio manager amongst his other duties. The capacity for the VIP Climate Sustainability Portfolio is \$30-40mil. This considers both the internal capacity of the in-house trading, and the illiquidity of companies' stock the smaller the market cap becomes. We do not regularly conduct formal capacity studies given the small amount of FUM currently in the portfolios.

2.25 What factors do you consider when determining your capacity constraints in the management of this strategy? (e.g. metrics utilised, regularity of formal review, is the strategy's capacity considered in isolation to other strategies managed by your organisation in this asset class or in the aggregate etc?) Please explain your soft and hard closing policy/discipline.



The predominant factor considered is the internal capacity of the VIP personnel when determining the capacity of the VIP Share Leaders Portfolio. Given all trades are placed by the portfolio manager, the capacity is based on his ability to effectively execute trades as well as his other duties as well. Going by the Australian equities' allocation across other portfolios, it has been determined that a FUM of \$50-60mil in VIP Australian Share Leaders could be managed comfortably without compromising trade performance or other day-to-day activities. This capacity takes into consideration the other strategies managed by VIP, which accumulatively includes approximately \$50mil of Australian equities. If the FUM of VIP Australian Leaders Portfolio resided in the \$50-60mil range and there was a material increase to the FUM of other strategies that hold Australian equities, VIP would be in a position hire another trader to expand the capacity of the firm. The capacity of the VIP Australian Share Leaders is based on experience in trading the other strategies accumulatively and understanding the time it takes to do so within the S&P/ASX 200. Given the level of FUM in the portfolio currently, there has not been a soft or hard close policy determined as of yet. If the strategy were to reach the amount of FUM where VIP believes there is a strain on capacity, the firm will choose to hire more personnel rather than enforce a soft or hard close on the portfolio.

The capacity of the VIP Climate Sustainability Portfolio has been determined based off the same factors as the VIP Australian Share Leaders Portfolio. In addition, the capacity also takes into account the illiquidity of small company stocks which the VIP Climate Sustainability Portfolio has scope to invest in.

2.26 Please describe the trading process (e.g., responsibilities of the portfolio manager versus dedicated traders, utilising programme trades, algorithms, and Direct Market Access) and outline your broker selection and allocation process.

The trading process begins with the agreed upon changes being implemented in the model portfolios. The changes are then translated through the investor portfolios attached to their respective model portfolios,

resulting in an overall unit amount to be purchased or sold. Units are allocated pro rata based on size of the respective investor portfolios. Until this point the process will be conducted by the junior analyst. At this point, the portfolio manager will execute the trades through DMA via IRESS. In the case of large amounts of stock to be used, the portfolio manager will communicate with VIP's broker, Canaccord, in order to cross lines at an agree upon price. Trades do not currently employ the use of programme trades or algorithms.

2.27 Describe the procedures used to ensure consistency of performance across portfolios with similar objectives.

All investors under a certain strategy, i.e. VIP Australian Share Leaders or VIP Climate Sustainability, will be linked to their respective model portfolios. This ensures all holdings and percentage weights are identical for every investor portfolio. To enforce this, all portfolios are rebalanced to their model portfolio weights quarterly.

2.28 Please describe how you integrate your consideration of ESG issues in your investment decision making; please include information on ESG research and its role in the investment process.

The integration of ESG considerations into our investment decisions is an ongoing process that has been facilitated by the use of Sustainalytics system of ESG research and risk ratings. We have been identifying the most appropriate ESG policy for our investment products that are not designed to be heavily influenced by ESG considerations, while our new products that have an investment framework fundamentally built off ESG principles and extensive ESG screening and research.

For investment products where ESG considerations do not play a formulated role in decision making (such as the VIP Australian Share Leaders Portfolio), each company's ESG risks are considered on a case by case basis..



This is because a broad ESG screening approach would be inappropriate given the investment framework defined in the documentation for these products. That being said, ESG issues particularly social and governance are seriously considered when making a long-term investment for a client because it is well documented that companies with better governance and social responsibility policies provide alpha.

Conversely, the VIP Climate Sustainability leans heavily on ESG research, particularly the environmental aspect of ESG. Sustainalytics has enabled the analyst team to develop a comprehensive negative screen that removes any company from the investable universe that does not fit the profile of a climate sustainable company as deemed by VIP.

2.29 Do responsible investment practices form any part of investment managers' goals/incentives/remuneration? If yes, please provide brief details.

Responsible investment practices are apart of the goals of the manager and the investment committee because the firm believes that these practices are conducive of excess returns for our clients and retention of clients into the long term to continue to build our firm. As the firm improves in status and in its capacity, we can continue to improve upon our service

to clients and continually outperform expectations. Furthermore, with the portfolio manager also owning half of the firm it is in his best interest to continue to generate excess returns for our clients as the profit of the firm are tied directly to the wealth of our clients.

2.30 Do you have any additional resources outside the investment team with specific ESG related responsibilities or incentives? If yes, please provide a brief answer only.

As discussed previously, VIP subscribes to Sustainalytics.

2.31 Do you identify and prioritise ESG issues and set engagement objectives for a particular company and, if so, how?

For the VIP Climate Sustainability, identifying and prioritising ESG issues is a major component of the investment process. Through Sustainalytics, the analyst team is able to identify which companies do and do not comply with the parameters we have set for companies regarding ESG issues. More specifically, Sustainalytics screens out companies based on their carbon emissions, land use, resource consumption, waste and pollution, and biodiversity. The remaining companies are deemed climate sustainable and become the investable universe for the portfolio.



3.1 State The Name Of The Investment Person Responsible For The Content Of This Section. Please Provide The Following:

- o Name – Benjamin Yun
- o Contact Details – byun@vipim.com.au
- o Company Website – vipim.com.au

3.2 To what extent does the organisation comply with industry standards (e.g FSC and GIPS)?

VIP is yet to receive official compliance with FSC or GIPS.

3.3 Please describe the frequency and extent to which performance data is audited, both internally and externally.

Performance data is audited internally on a monthly basis as it is part of the client reporting process. Currently, VIP performance data is not audited externally.

3.4 Do any of your strategies/products have performance fees? If so, please explain how they are calculated (e.g hurdle rates, high watermarks).

The strategies do not have performance fees.

3.5 Please describe how turnover data is calculated.

Turnover data is calculated by taking the sum of all buys and sells that occurred throughout the calendar year and dividing it by the annual average FUM of the portfolio.



VALUE INVESTMENT PARTNERS PTY LTD

Suite 106 Level 1
39 East Esplanade Manly, NSW 2095

Telephone: 02 9976 3377

ABN 72 149 815 707

www.vipim.com.au