

## Investment Objective

The aim of the **VIP Growth Portfolio** is to provide investors high level of capital growth over the medium to long term through exposure to a diversified portfolio of investments, with a strong emphasis on growth assets (80% allocation to Australian shares, International shares, and property securities) and defensive assets (20% allocation to fixed interest and cash).

The portfolio is composed of 30 – 60 securities and consists of ASX listed securities, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs), Managed Funds, Government and Semi Government Bonds, Term Deposits and Cash.

## Performance Review

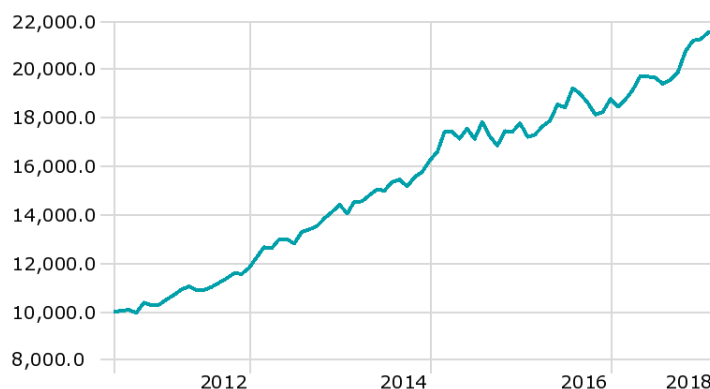
The VIP Growth portfolio generated a -0.07% return **pre-fees** in February, and 1.51% return pre-fees in the quarter.

Over the last year the portfolio has generated a 14.81% return **pre-fees** and over 3 years 7.30%. Over 1, 3 & 4 years and Since Inception the portfolio has achieved performance above our Growth Composite Index.

The **post-fees** returns for the *Investment* and *Superannuation & Pension* portfolios are shown in **blue** in the table below.

## Investment Growth

Time Period: 1/07/2011 to 28/02/2018



—VIP Growth

## Trailing Returns

As of Date: 28/02/2018

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	Since Inception
VIP Growth PRE-FEES	-0.07	1.51	9.92	14.81	11.51	7.30	10.30	12.20
Net VIP Growth Investment	-0.17	1.17	9.19	13.27	10.01	5.87	8.82	10.69
Net VIP Growth Super-Pension	-0.19	1.12	9.08	13.05	9.81	5.66	8.61	10.48
VIP Growth Composite Index	-0.15	0.17	6.05	8.35	11.61	5.31	8.17	10.68

## Tactical Asset Allocation

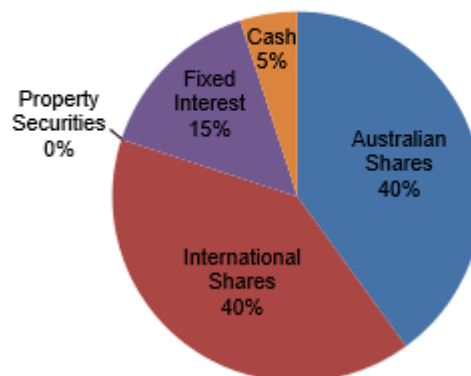
The VIP Growth portfolios asset allocation as at 28/02/2018 was as follows:

- Australian Shares 40%
- International Shares 40%
- Property Securities 0%
- Fixed Interest 15%
- Cash 5%

The Growth asset allocation (Shares and Property Securities) currently resides at the target level of 80%.

## Growth Portfolio TAA

As at: 28/02/2018



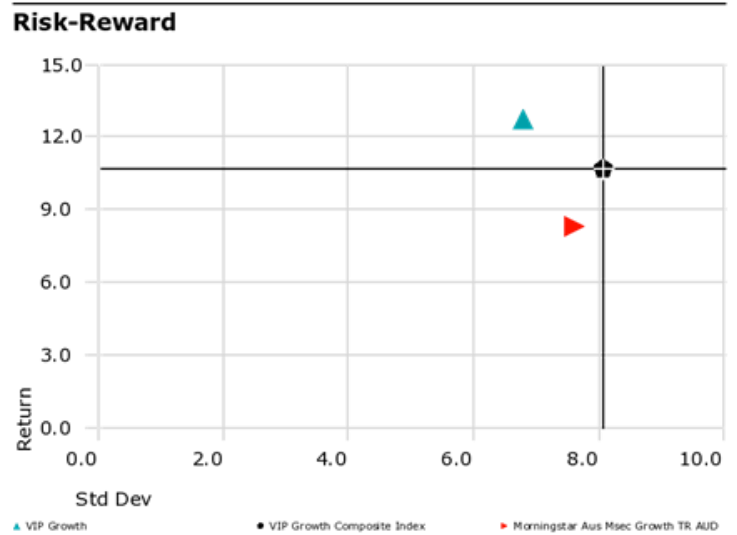
## Risk vs Return

The VIP portfolios aim to reduce volatility, or risk, over the long term and achieve excess returns per unit of risk that is taken compared to our Growth Composite Index and the Morningstar Multi-sector Growth Index.

The chart on the right plots return on the vertical axis against risk (in the form of Standard Deviation) on the horizontal axis. Basically the higher up the vertical axis (high return) and the more left on the horizontal axis (low risk) is the ideal position that we aim for over the long term.

The chart on the right shows that the VIP Growth portfolio (aqua triangle) has achieved a **higher return** and **lower risk** compared to the Growth Composite Index (black pentagon) and our peers represented by the Morningstar Multi-sector Growth index (red triangle) since inception on 01/07/2011.

This is the outcome we aim to achieve for our investors.



## Month in Review - Economic & Market Commentary

### The National Energy Guarantee Put Simply

With Jay Weatherill no longer the South Australian premier, the Turnbull government is now another step closer to bringing the National Energy Guarantee to fruition. After the signing of the Paris Agreement in 2016, in which world leaders pledged to respond to global climate change through reducing carbon emission, the timing is ripe for Australia to have a national energy strategy to adhere to after a decade of political infighting on energy and climate policy. This comes after last year's Finkel Review, an 'Independent Review into the Future Security of the National Electricity Market' by Dr Alan Finkel, in which he proposed a transition to low emission energy guided by the three pillars of a Clean Energy Target, system planning, and stronger governance.

Essentially, the National Energy Guarantee (NEG) is an obligation for energy retailers to meet a certain level of output from low-emissions sources, falling somewhat short of the Clean Energy Target proposed by Dr Finkel. Nonetheless, the NEG will aim to provide a structure for the country to build our future energy network. It is noted that the NEG will cover all states except Western Australia and the Northern Territory, and is launched by the Turnbull government in response to record high prices in recent times, not to mention rolling blackouts.

In regard to energy, the triad of factors to fulfil are security, reliability, and affordability – as in there is enough energy that is able to get to the people at a reasonable price. The way the NEG will work is by setting national levels for the combination of renewable energy and emission-producing sources. Although the policy at this stage is based on broad concepts with specific details pending discussion, the concept is that retailers will be required to establish a portfolio of contracts across both renewable and non-renewable energy sources. Furthermore, the NEG will require energy consumption to meet a set emissions intensity target for the electricity sector. As it stands, the government has indicated that it will set target of 26% reduction on 2005 levels of consumption by the year 2030.

Like anything in Australian politics, the opinions on the NEG are widely mixed. Given the fact that the proposed policy falls short of the Finkel Review's Clean Energy Target, naturally the NEG is opposed by environmental groups as well as the states of Victoria and South Australia. This is also because the NEG maintains the fact that the foundation of the energy network on the east coast remains dependent on coal-generated power, and does not include carbon trading.

On the other hand, the energy sector has voiced its support for the NEG as it enables the industry to plan for the future based on the guidelines provided in the policy. With guidelines set for emissions reductions, this gives the sector and its shareholders investment certainty as it aids businesses in determining the level of investment needed in low-emission technologies.

As the average citizen, what will matter most is usually the price of electricity. The Energy Security Board has projected that wholesale prices are expected to fall by 20-25% per year between 2020 and 2030. With investment into new technologies now absolutely necessary for retailers, whether this price drop will translate to cheaper electricity for the everyday Australian is not yet known. More will be known as the details of the NEG emerge over the next year – the Energy Security Board plans to release a draft NEG paper over the next month, and if supported by the state governments, could reach final approvals by July or August. Ambitious, but the Turnbull government aims for the NEG to be legislated by the end of the year.

Source: SMH, The Guardian, The Conversation, Australian Financial Review

## Australian Shares Portfolio

The VIP Australian Share Leaders portfolio generated a 0.28% **pre-fees** return for the month and 3.09% over the last 3 months. The portfolio underperformed the S&P/ASX 100 index in February by 0.09% and outperformed by 1.38% over the quarter.

Over the last year, the portfolio has generated an 19.38% return pre-fees outperforming the ASX 100 index by 10.16%.

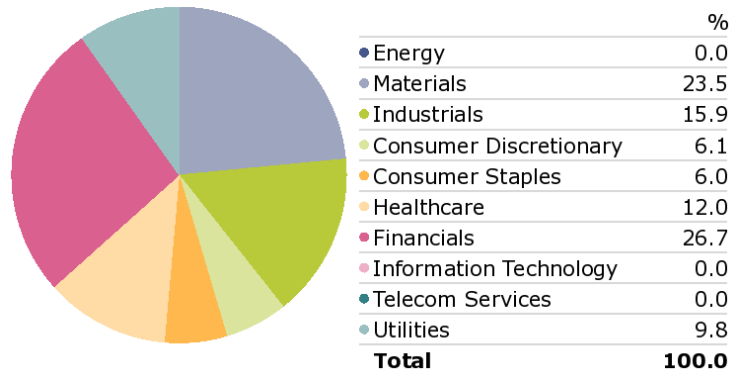
The **Top Contributors** for the month were CSL +11.44%, Rio Tinto +5.61%, and James Hardie Industries +4.77%. The **Top Detractors** for the month were South32 -13.09%, Challenger -5.79%, and Brambles -3.03%.

### VIP Australian Share Leaders - Holdings

	Ticker	Dividend Yield % TTM
Rio Tinto Ltd	RIO	7.09
Aristocrat Leisure Ltd	ALL	1.78
CSL Ltd	CSL	1.07
Treasury Wine Estates Ltd	TWE	2.02
BHP Billiton Ltd	BHP	6.17
ResMed Inc DR	RMD	1.31
Seek Ltd	SEK	3.02
James Hardie Industries PLC DR	JHX	1.31
Macquarie Group Ltd	MQG	5.49
South32 Ltd	S32	7.60
Australia and New Zealand Banking Group Ltd	ANZ	8.04
BT Investment Management Ltd	BTT	4.61
Westpac Banking Corp	WBC	8.93
Brambles Ltd	BXB	3.47
Spark Infrastructure Group	SKI	6.55
Challenger Ltd	CGF	4.02
CIMIC Group Ltd	CIM	3.76
AGL Energy Ltd	AGL	6.42

### VIP Australian Share Leaders - Equity Sectors

Portfolio Date: 28/02/2018



### Australian Shares Portfolio Adjustments:

In February, the Investment Committee made no changes to the portfolio.

## International Shares Portfolio

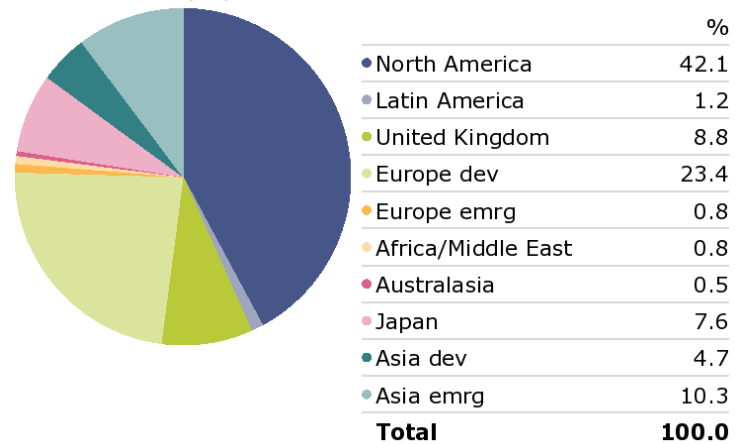
The VIP International share portfolio generated a -0.51% **pre-fees** return for the month and 0.37% over the last 3 months. In doing so the portfolio underperformed the MSCI World Ex Aus (AUD) index by 0.10% and by 0.77%.

Over the last year, the portfolio has generated a 16.77% return and outperformed the index by 0.78%.

The **Top Contributors** were Magellan Global +0.41%, Morpich Global Opportunities +0.03%, and AB Global Equities -0.37%. The **Top Detractors** was iShares Europe ETF (AU) -2.32%, Platinum International Fund -0.83%.

### VIP International - Equity Regional Exposure

Portfolio Date: 28/02/2018



### VIP International - Holdings

Portfolio Date: 28/02/2018

	Global Category
Platinum International Fund	Global Equity Large Cap
Magellan Global	Global Equity Large Cap
AB Global Equities	Global Equity Large Cap
Morpich Global Opportunities	Global Equity Large Cap
iShares Europe ETF (AU)	Europe Equity Large Cap
RBA Bank accepted Bills 90 Days	

### International Portfolio Adjustments:

In February, the Investment Committee made no changes to the portfolio.

## Property Securities Portfolio

The VIP Property Securities portfolio generated a 0.22% return for the month **pre-fees** and -4.31% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 3.51%, and over the quarter by 1.93%.

Over the last year, the portfolio has generated a 12.48% return and outperformed the index by 12.70%.

The **Top Contributors** were Cromwell Property Group 1.01%, Arena REIT 0.44%, and Charter Hall Group -0.85%.

## Fixed Interest Portfolio

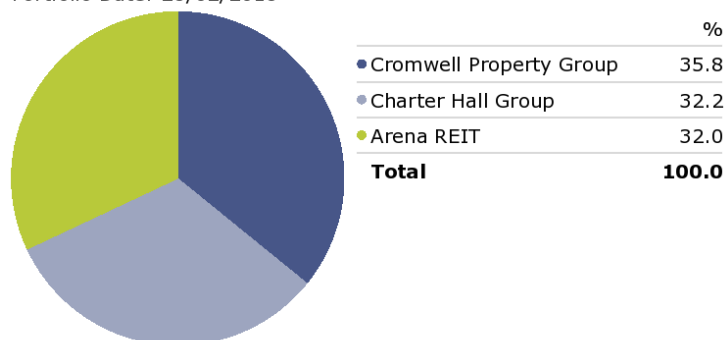
The VIP Fixed Interest portfolio generated a 0.35% return for the month **pre-fees** and -0.28% over the last 3 months. This was against the Bloomberg AusBond Composite index return of 0.29% over the month and -0.50% over the quarter.

The portfolio outperformed the index by 0.06% over the month, and by 0.22% over the last 3 months.

The **Top Contributor** was iShares Core Composite Bond (AU) 0.29%, and the **Top Detractor** was Realm High Income 0.16%.

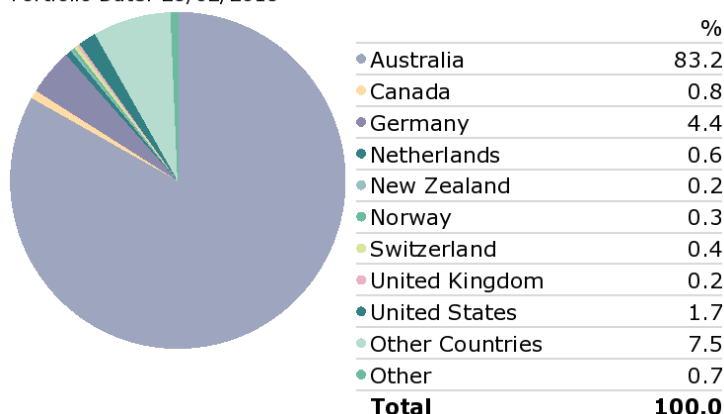
### VIP Property Securities - Portfolio Holdings

Portfolio Date: 28/02/2018



### VIP Fixed Interest - Country Exposure

Portfolio Date: 28/02/2018



### VIP Property Securities - Holdings

Portfolio Date: 28/02/2018

	Ticker	Dividend Yield % TTM
Cromwell Property Group	CMW	8.06
Charter Hall Group	CHC	5.77
Arena REIT	ARF	5.50

### VIP Fixed Interest Portfolio - Income Yield

Portfolio Date: 28/02/2018

	Income Return 1 Yr (Mo-End)
iShares Core Composite Bond ETF	2.33
Realm High Income	2.89

### Property Securities Portfolio Adjustments:

In February, the Investment Committee made no changes to the portfolio.

### Fixed Interest Portfolio Adjustments:

In February, the Investment Committee made no changes to the portfolio.

Value Investment Partners Pty Ltd is a Corporate Authorised Representative (Representative No.: 409849) ABN 72 149 815 707 of Sterling Managed Investments Pty Ltd, Australian Financial Services Licensee (AFSL 340744). This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is General Advice and does not take into account any person's investment objectives, financial situation and particular needs. Before making any investment decision based on this advice, you should consider, with or without the assistance of a securities adviser, whether it is appropriate to your particular investment needs, objectives and financial circumstances. A Product Disclosure Statement and/or Investment Options Document on any financial product mentioned in this document should also be obtained and read prior to proceeding with an investment decision. Futuro Financial Services and its representatives may have an interest or associations with the product providers detailed in this report, and will be entitled to receive remuneration for the provision of personal financial product advice by means of commissions and/or fees and other benefits. If you proceed with personal advice, details of remuneration and associations will be detailed in full within a Financial Services Guide and Statement of Advice. Although every effort has been made to verify the accuracy of the information contained in this document, Futuro Financial Services Pty Ltd, its officers, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained in this document or any loss or damage suffered by any person directly or indirectly through relying on this information.