

### Investment Objective

The aim of the **VIP Australian Shares Leaders Portfolio** is to provide investors with investment income and capital growth in excess of the S&P/ASX 100 Index over the long term from investment in a portfolio of large capitalisation (cap) Australian shares.

The portfolio invests in 15 to 30 Australian shares within the S&P/ASX 100 index that have been selected via a Quantitative and Qualitative screening process. This process aims to short list companies that are transparent and easy to understand, run by good management, priced below their valuation, &, display attractive growth prospects.

### Performance Review

The VIP Australian Share Leaders portfolio generated a -2.67% **pre-fees** return for the month and -1.73% over the last 3 months. The portfolio outperformed the S&P/ASX 100 index in March by 1.23% and outperformed by 2.17% over the quarter.

Over the last year, the portfolio has generated an 11.01% return pre-fees outperforming the ASX 100 index by 9.44%.

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 31/03/2018



—VIP Australian Share Leaders

### Trailing Returns

As of Date: 31/03/2018

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
VIP Australian Share Leaders PRE-FEES	-2.67	-1.73	9.04	11.01	12.58	6.30	9.21	11.00	10.86
Net VIP Australian Share Leaders Investment	-2.78	-2.06	8.31	9.52	11.08	4.88	7.74	9.51	9.38
Net VIP Australian Share Leaders Super-Pension	-2.73	-1.93	8.61	10.13	11.69	5.46	8.34	10.11	9.98
S&P/ASX 100 TR	-3.90	-3.90	2.90	1.57	10.87	3.27	6.07	7.66	9.65

### Performance Contributors & Detractors

The strongest performing sector was the Utilities sector -0.79% followed by the Information Technology and Consumer Staples sectors with -1.60% and -1.68% gains respectively. On the other hand, the Telecommunications sector -6.11% followed by sectors Financials -6.11%, and Materials -4.27% achieved the lowest returns over the month.

Over the last 3 months the higher allocation of the portfolio to the Technology, Healthcare, & Basic Materials along with a lower allocation to the Consumer Cyclical, Energy, Communication Services and Financial sectors **contributed** to performance; whereas a higher allocation to the Utilities & Industrials sectors as well as a lower allocation to the Consumer Defensive sector **detracted** from performance.

The **Top Contributors** for the month were Brambles +5.66%, Spark Infrastructure Group +2.33%, and South32 +0.92%. The **Top Detractors** for the month were Challenger -8.41%, ANZ -7.54%, and Westpac Banking -6.99%.

### Performance Review

Australian Equities have felt the brunt of the year's volatility thus far. Whilst still outperforming the S&P/ASX100 index, the VIP Australian Shares have experienced uncertainty as the market attempts to find its place after an incredible performance in the last quarter of 2017. With Financials making up approximately 40% of the ASX, it is to no surprise that the market experiences such volatility in the midst of the Banking Royal Commission in which some truly appalling practices have been revealed in the big 4 banks. While VIP obviously holds a decent weighting towards financials, this is still only about half of the index and thankfully the effect of the Commission is therefore softened.

Portfolio Holdings & Adjustments

VIP Australian Share Leaders - Holdings

	Ticker	Sector	Total Ret 1 Mo (Mo-End)	Total Ret 3 Mo (Mo-End)	Total Ret 1 Yr (Qtr-End)	Dividend Yield % TTM
Brambles Ltd	BXB	Industrials	5.66	0.73	10.24	3.39
Spark Infrastructure Group	SKI	Utilities	2.33	-1.74	7.28	6.72
James Hardie Industries PLC DR	JHX	Materials	0.09	1.11	12.62	1.27
Boral Ltd	BLD	Materials	-4.74	-2.54	32.49	4.01
AGL Energy Ltd	AGL	Utilities	-0.82	-8.03	-12.49	6.66
ResMed Inc DR	RMD	Health Care	0.49	12.87	34.83	1.28
Treasury Wine Estates Ltd	TWE	Consumer Staples	-2.52	6.88	40.77	2.02
Macquarie Group Ltd	MQG	Financials	-0.72	3.28	20.49	5.53
Westpac Banking Corp	WBC	Financials	-6.99	-8.71	-10.71	9.28
BHP Billiton Ltd	BHP	Materials	-4.20	-1.19	24.69	5.89
Challenger Ltd	CGF	Financials	-8.41	-15.97	-4.06	4.44
Aristocrat Leisure Ltd	ALL	Consumer Discretionary	-2.39	1.52	36.34	1.81
Australia and New Zealand Banking Group Ltd	ANZ	Financials	-7.54	-6.54	-8.40	8.55
South32 Ltd	S32	Materials	0.92	-4.00	25.53	5.37
CIMIC Group Ltd	CIM	Industrials	-4.98	-13.57	28.62	3.98
Rio Tinto Ltd	RIO	Materials	-6.40	0.20	28.90	6.71
CSL Ltd	CSL	Health Care	-4.11	10.73	25.57	1.19
Seek Ltd	SEK	Industrials	-6.27	-0.35	20.87	3.39
S&P/ASX 100 TR			-3.90	-3.90	1.57	

Portfolio Adjustments

In March, the VIP Investment Committee sold BTT and bought BLD in order to boost the portfolios holdings in infrastructure.

## Portfolio Risk & Sector Exposure

### Risk v 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 benchmark index, the S&P/ASX 100 Index.

The chart on the right plots return on the vertical axis against risk (in the form of Standard Deviation) on the horizontal index. 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 Australian Share Leaders portfolio (aqua triangle) has achieved an **equal return** and **lower risk** compared to the S&P/ASX 100 Index (black pentagon) since inception on 01/07/2011.

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

### Sector Exposure

The portfolios largest sector exposure is to the Healthcare sector closely followed by the Financial Services and Materials sectors.

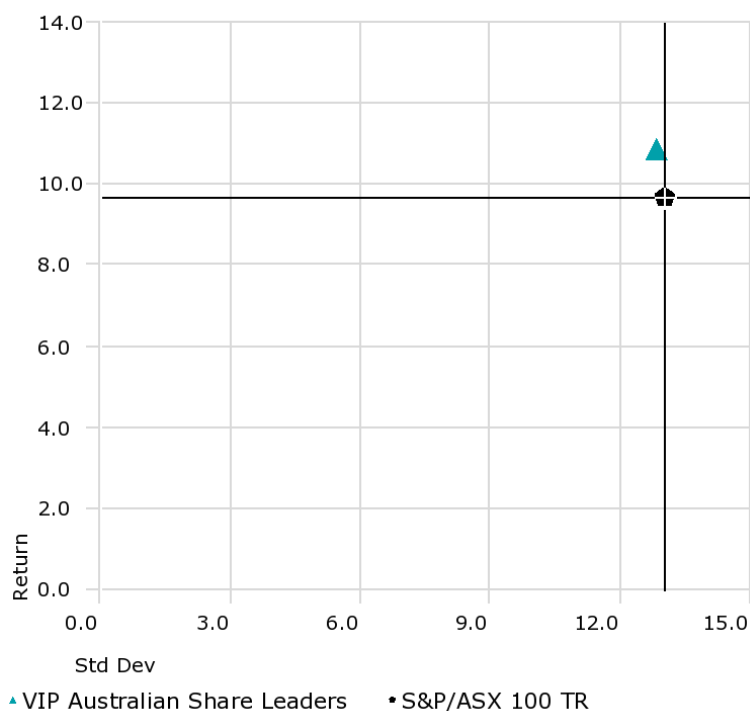
The *VIP Investment Committee* has positioned the portfolio to generate strong income yields in this current allocation while taking positions in more defensive sectors such as Healthcare and Financial Services within the current environment.

A complete Equity Sector chart is included on the right.

### Risk-Reward

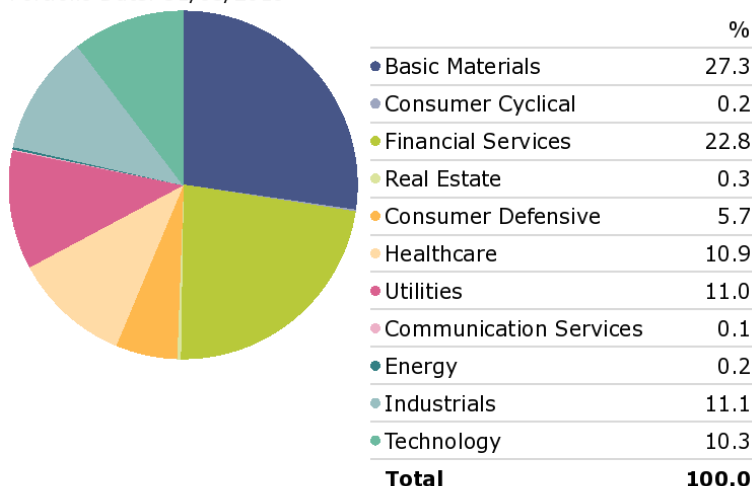
Time Period: Since Inception to 31/03/2018

Calculation Benchmark: S&P/ASX 100 TR



### VIP Australian Share Leaders - Equity Sectors

Portfolio Date: 31/03/2018



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