

## 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 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

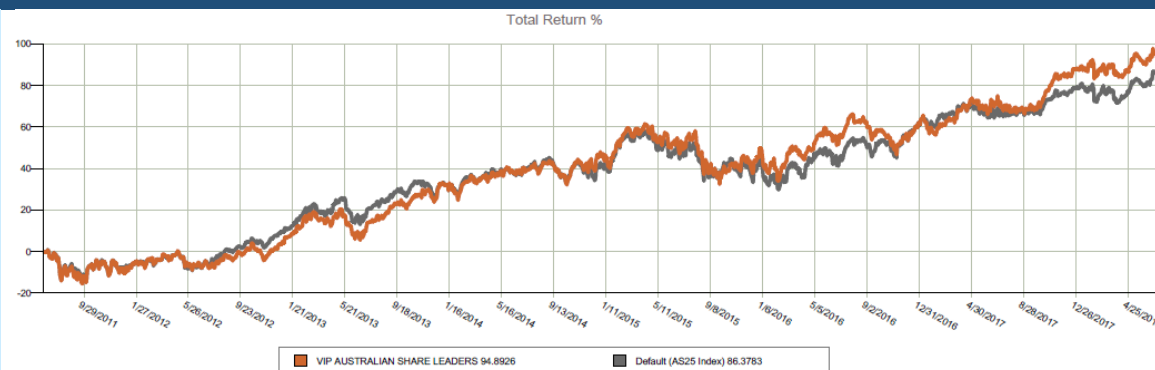
The VIP Australian Share Leaders portfolio generated a 2.12% **pre-fees** return for the month and 5.07% over the last 3 months. The portfolio underperformed the S&P/ASX 100 index over the month by 1.34% and underperformed by 3.35% over the quarter.

Over the last year, the portfolio has generated an 13.64% return pre-fees outperforming the ASX 100 index by 1.59%.

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

## Contributors & Detractors

The **Top Contributors** were Seek +7.97%, Computershare 6.29%, and Costa Group Holdings +4.70%. The **Top Detractors** were Challenger - 8.22%, Seven Group Holdings -4.66%, and South32 -2.96%.



## Trailing Returns

30/06/2018

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Australian Share Leaders PRE-FEES	2.12	5.07	3.70	13.64	14.82	19.16
Net VIP Australian Share Leaders Investment	2.05	4.87	3.30	12.84	14.02	18.36
Net VIP Australian Share Leaders Super-Pension	2.01	4.73	3.03	12.29	13.47	17.81
S&P/ASX 100 TR	3.46	8.42	4.23	12.05	13.63	15.33

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	100.00	2.12	5.07	3.70	13.64	3.70
Consumer Discretionary	5.53	2.86	29.24	31.20	39.04	31.20
Consumer Staples	5.74	5.83	0.15	9.34	20.10	9.34
Energy		0.00	0.00	0.00	-0.29	0.00
Financials	16.60	-1.03	6.09	-2.18	5.45	-2.18
Health Care	11.24	3.97	19.16	33.28	36.05	33.28
Indexes	4.88	0.15	0.49	0.92	1.78	0.92
Industrials	16.90	2.36	-0.59	-4.96	13.70	-4.96
Information Technology	5.82	6.29	7.78	7.78	7.78	7.78
Materials	21.74	0.97	1.68	1.01	22.85	1.01
Utilities	11.54	2.60	-0.50	-5.67	-6.67	-5.67

### Economic Outlook

While May saw the largely expected correction in the markets, June brought windfall to the ASX, edging it towards a 10-year high. On the back of this, relative newcomers to the VIP portfolios Computershare and Costa Group Holdings performed well over the month with returns of 6.29% and 4.70% respectively. Moreover, Seek returned 7.97% for June, and is priced at all-time highs for the job matching company.

Outside of Australia, the first shots of the US-China Trade War have been shot after months of discussion, with the US imposing a 25% levy on \$US 34 billion worth of Chinese goods entering the US. In retaliation, China implemented tariffs on US products including soybeans, whiskey, and automobiles. These are merely considered to be opening strikes, with threats from President Trump that this could escalate to a final tariff towards \$500 billion, similar to the amount imported by the USA in 2017. With the potential to become the largest trade war in history, it stands that while it is all done under the guise that it brings jobs back to the US, the fact is that such tariffs will push higher prices onto the companies and consumers. Already, iconic American company Harley Davidson has shifted production to Europe to negate the effects of the trade war.

Regarding Europe, Theresa May's cabinet appears to be in disarray, with Brexit Minister David Davis resigning, shortly followed by Foreign Secretary Boris Johnson, who in particular was a prominent campaigner for the Leave vote. Davis leaves after disagreeing with May's vision of a British exit from the European Union, which in her opinion would include plans for close trade and regulatory ties with the EU. Johnson in turn voiced his disappointment with the direction May was taking in negotiations on the terms of Brexit. All in all, a light is shone on the waning trust her own cabinet has in May, and puts a threat on her position as Prime Minister.

With the larger world power creating waves in the global arena, VIP remains acutely aware to any economic movements that may impact our holdings and as such, watch the political pieces move with keen interest.

Month in Review - Economic & Market Commentary

Performance - Main View

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	100.00	2.12	5.07	3.70	13.64	3.70
WESTPAC BANKING CORP	2.89	5.21	5.68	-3.52	2.01	-3.52
AUST AND NZ BANKING GROUP	2.89	3.79	8.18	1.11	3.92	1.11
BBG AUB Bank Bill	4.88	0.15	0.49	0.92	1.78	0.92
SOUTH32 LTD	5.10	-2.96	-0.28	-3.57	28.72	-3.57
CHALLENGER LTD	5.15	-8.22	2.51	-14.49	-8.80	-14.49
SEVEN GROUP HOLDINGS LTD	5.23	-4.66	-4.66	-4.66	-4.66	-4.66
RIO TINTO LTD	5.50	0.57	6.85	8.91	32.57	8.91
ARISTOCRAT LEISURE LTD	5.53	2.86	29.24	31.20	39.04	31.20
JAMES HARDIE INDUSTRIES-CDI	5.54	4.07	0.88	2.00	13.23	2.00
BHP BILLITON LIMITED	5.60	3.42	13.30	13.80	28.83	13.80
CSL LTD	5.60	3.64	23.90	37.15	41.35	37.15
RESMED INC-CDI	5.65	4.29	14.49	29.25	42.76	29.25
BENDIGO AND ADELAIDE BANK	5.67	0.74	4.13	4.13	4.69	4.13
SPARK INFRASTRUCTURE GROUP	5.68	3.64	-4.60	-6.10	-7.37	-6.10
COSTA GROUP HOLDINGS LTD	5.74	4.70	4.70	4.70	4.70	4.70
CIMIC GROUP LTD	5.74	4.52	-3.12	-16.26	4.82	-16.26
COMPUTERSHARE LTD	5.82	6.29	7.78	7.78	7.78	7.78
AGL ENERGY LTD	5.86	1.72	3.69	-5.40	-8.62	-5.40
SEEK LTD	5.93	7.97	17.26	16.16	32.22	16.16

Portfolio Adjustments

In June, the VIP Investment Committee made no changes to the portfolio.

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Risk Reward

