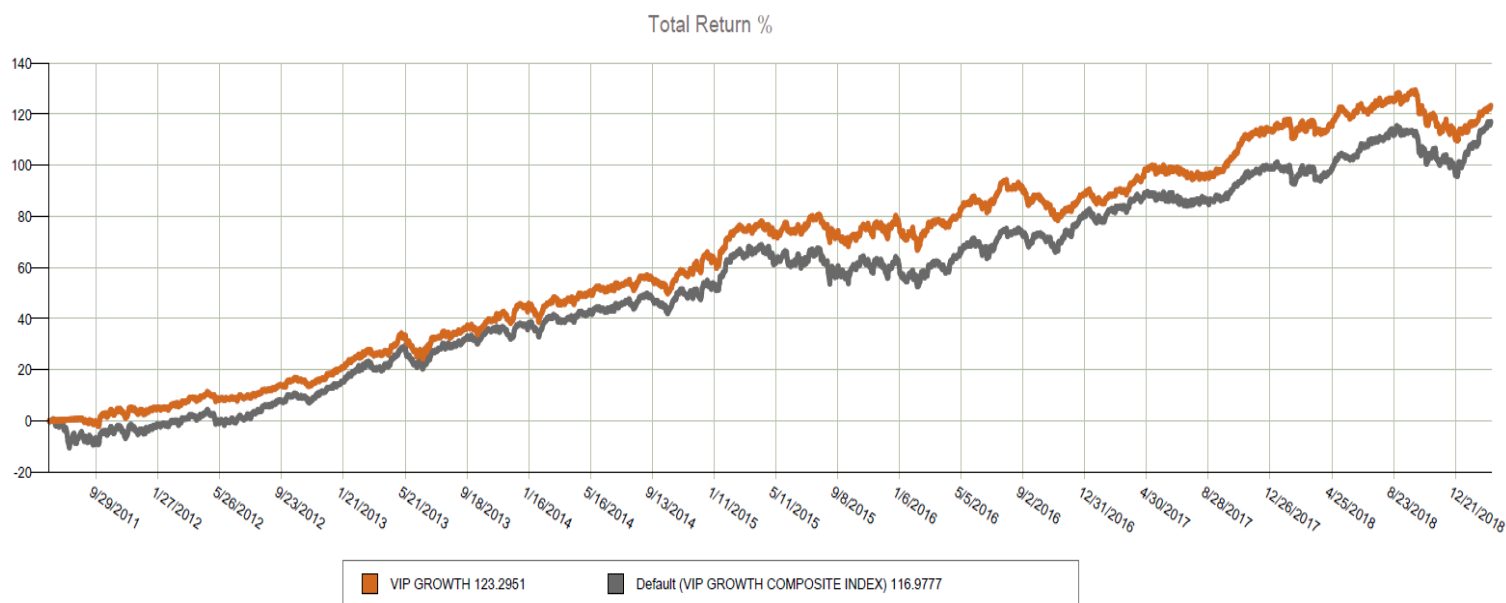


Investment Objective

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.



Portfolio Performance Review

The VIP Growth portfolio generated a 2.97% return **pre-fees** in February, and 3.57% return pre-fees in the quarter. Over the last year the portfolio has generated a 3.30% return pre-fees and underperformed by 6.05% against the benchmark. The **post-fees** return for the *Investment* and *Superannuation & Pension* portfolios are shown in blue in the table below.

Trailing Returns

28/02/2019

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Growth PRE-FEES	2.97	3.57	-2.11	3.30	12.50	12.86
Net VIP Growth Investment	2.90	3.37	-2.51	2.50	11.70	12.06
Net VIP Growth Super-Pension	2.86	3.23	-2.79	1.95	11.15	11.51
VIP Growth Composite Index	4.50	7.63	1.03	9.35	16.72	13.45

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP GROWTH	100.00	2.97	3.56	-2.11	3.30	4.34
AREITs	10.00	3.43	3.43	3.43	3.43	3.43
Australian Equities	22.64	4.57	5.50	-5.36	-1.12	4.36
CASHLiquid	14.36	0.17	0.51	0.99	1.99	0.35
Fixed Income	15.00	0.62	1.12	1.33	2.66	1.42
International Equities	35.00	4.51	5.59	-0.38	8.22	8.42
Not Classified		0.00	0.00	0.00	0.00	0.00
USD	3.00	1.71	2.78	1.03	1.03	-0.87

Economic & Market Commentary

The Australian and many international markets for the month of February continued to be supported by bullish momentum coming out of January as investor confidence shifts. Encouraged by; a change in expectations of the US/China trade war resolution being optimistic and positive; and many large Australian and international companies in this reporting season delivering stronger than expected results. Resulting in a 5.98% gain from the S&P/ASX 200 Index, and international markets such as the US and Japan enjoying similar tailwinds with the S&P 500 returning 2.88% and the Nikkei 225 gaining 2.87%.

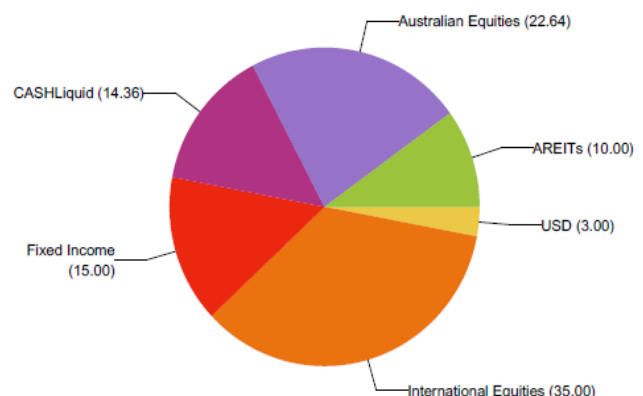
Representatives and negotiators from the US and China met this month in an effort to reach an agreement on trade relations before the March 1st tariff increase deadline set by President Donald Trump. Although there have been mixed reports on the progress of discussions between the two parties and whether or not a solution would be found is up for continued speculation. One positive to emerge from the trade negotiations was President Trump's decision to delay implementing further tariffs, which may indicate that he can see a positive outcome eventuating and does not want to jeopardize the current progress by implementing a tariff on almost \$200 billion USD of Chinese goods. As a result, investors have grown bullish on the outcome of the trade negotiations and have begun to revise company stock values for more positive growth and a more stable trade environment in the future.

The RBA this month in its comments on the Australian economy has sighted significant uncertainties on economic outlook with consumption being a key contributor to that uncertainty. As a consequence, the RBA board commented that they saw scenarios where interest rates could rise or fall. The choice of the RBA not to bring certainty concerning the cash rate in the future adds to the unease felt by investors as they predict and guess on where interest rates will be in 12-months. Further noted was the reality of a notable drop in home loan approvals due to a weaker demand and a tighter credit environment but admitting that the fall of housing prices were large in comparison to historical standards, although not out of cycle and unlikely to have a large economic impact. For many individuals within the economy it would be difficult to say that there has been a material impact on consumer confidence and spending as a direct result of the decline in house prices.

The upcoming federal election has continued to way down on the Australian markets with investors bearish on the economic and investment environment under a Labor government. The proposed changes in negative gearing, franking credit refunds, capital gains tax discounts, and income tax reform has made investors nervous and represents material headwinds for the market if brought into law. The most recent Newspoll places the ALP at 53% and the Coalition at 47% on a two-party preferred basis, as even betting websites have predicted a win for the Labor party by a swing of around 20 seats.

What does this mean for investors? A positive trade outcome will continue to return certainty of the world trading system and boost equities markets, while a more certain RBA will help spur investment and reduce volatility in the Australian market. Giving reasons for optimism and bullishness further into 2019.

Tactical Asset Allocation & Risk/Return



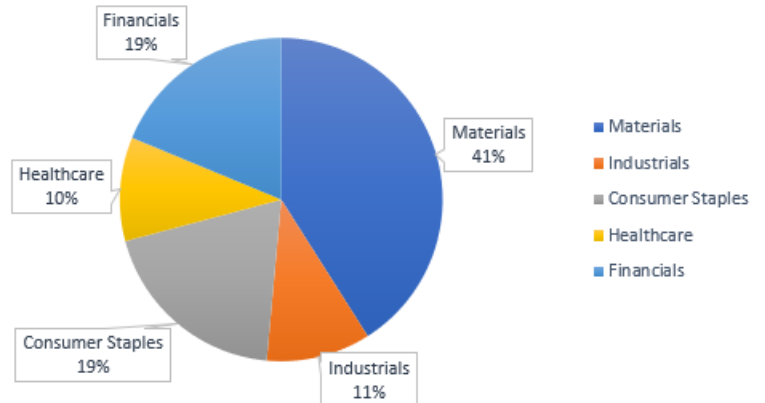
Australian Shares Leaders Blend Portfolio Performance & Portfolio Adjustments

The VIP Australian Share Leaders Blend portfolio generated 4.82% pre-fees return for the month and 5.17% over the last 3 months. The portfolio underperformed against the S&P/ASX 200 index over the month by 3.21% and underperformed by 7.54% over the quarter. Over the last year, the portfolio has generated a -3.56% return pre-fees underperforming the ASX 200 index by 10.60%. The **Top Contributors** were ANZ Group 11.87%, ResMed Inc 11.45%, and South32 Ltd 10.67%. The **Top Detractors** were Bendigo & Adelaide Bank -8.53%, Treasury Wine Estates Ltd -8.21%, and -3.44% Costa Group Holdings Ltd -3.44%.

In February the Investment Committee purchased stock in Treasury Wine Estates Ltd and SEEK Ltd.

VIP Australian Share Leaders Blend Holdings & Sector Exposure

	% End Weight
VIP AUSTRALIAN SHARE LEADERS BLEND	100.00
WESTERN AREAS LTD	4.31
SANDFIRE RESOURCES NL	4.40
WESTPAC BANKING CORP	4.47
AUST AND NZ BANKING GROUP	4.62
BENDIGO AND ADELAIDE BANK	7.85
TREASURY WINE ESTATES LTD	8.15
COSTA GROUP HOLDINGS LTD	9.30
BHP GROUP LTD	9.36
RESMED INC-CDI	9.38
RIO TINTO LTD	9.43
SEEK LTD	9.43
SOUTH32 LTD	9.54
REA GROUP LTD	9.78



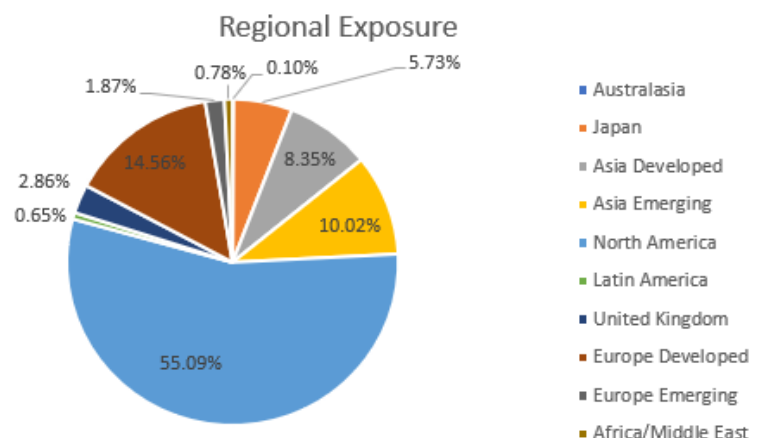
International Shares Portfolio Performance & Portfolio Adjustments

The VIP International Share Portfolio generated a 3.92% return for the month **pre-fees** and 4.08% over the last 3 months. In doing so the portfolio underperformed against the MSCI World Ex Aus (AUD) index by 1.64% for the month and underperformed by 1.10% over the quarter. Over the last year, the portfolio has generated a 7.14% return and underperformed against the index by 2.92%. The **Top Contributors** were Loftus Peak Global Disruption 6.57% and AllianceBernstein Global Equity 5.75%. The **Top Detractors** were Winton Global Alpha 0.57% and BBG AUB Bank Bill 0.17%.

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

VIP International Equity Holdings & Region Exposure

	% End Weight
VIP INTERNATIONAL	100.00
BBG AUB Bank Bill	2.05
LOFTUS PEAK GLOBAL DISRUPTN	13.22
WINTON GLOBAL ALPHA FD	19.81
PLATINUM INTERNATIONAL FUND	20.10
MAGELLAN GLOBAL FD	22.07
ALLIANCEBERNSTEIN GLB EQ FD	22.74



Properties Security Portfolio Performance & Portfolio Adjustments

The VIP Property Securities portfolio generated a 4.26% return for the month **pre-fees** and 19.29% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 2.51% and outperformed over the quarter by 9.44%. Over the last year, the portfolio has generated a 33.56% return and outperformed the index by 15.07%. The **Top Contributors** were Goodman Group 7.93%, Charter Hall Group 6.93%, and Cromwell Property Group 4.25%. The **Top Detractor** was Arena REIT -2.97%.

In February, the Investment Committee purchased stock in Dexus and Goodman Group.

VIP Property Security Holdings & Risk/Return

	% End Weight
VIP PROPERTY SECURITIES	100.00
ARENA REIT	19.01
DEXUS	19.91
CROMWELL PROPERTY GROUP	19.95
CHARTER HALL GROUP	20.07
GOODMAN GROUP	21.06



Fixed Interest Portfolio Performance & Portfolio Adjustments

The VIP Fixed Interest portfolio generated a 0.93% return for the month **pre-fees** and 2.61% over the last 3 months. This was against the Bloomberg AusBond Composite index return of 0.94% over the month and 3.11% over the quarter. The portfolio underperformed the index by 0.01% over the month and underperformed by 0.50% over the last 3 months. The **Top Contributor** was Realm High Income Fund 1.05%. The **Top Detractor** was Realm High Income Fund 0.55%.

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

VIP Fixed Interest Holdings & Returns

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP FIXED INTEREST	100.00	0.93	2.61	2.90	5.10	1.71
REALM HIGH INCOME FUND-WHL	24.67	0.55	1.04	1.25	2.58	1.35
ISHARES CORE COMPOSITE BOND	75.33	1.05	3.14	3.46	5.95	1.83

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