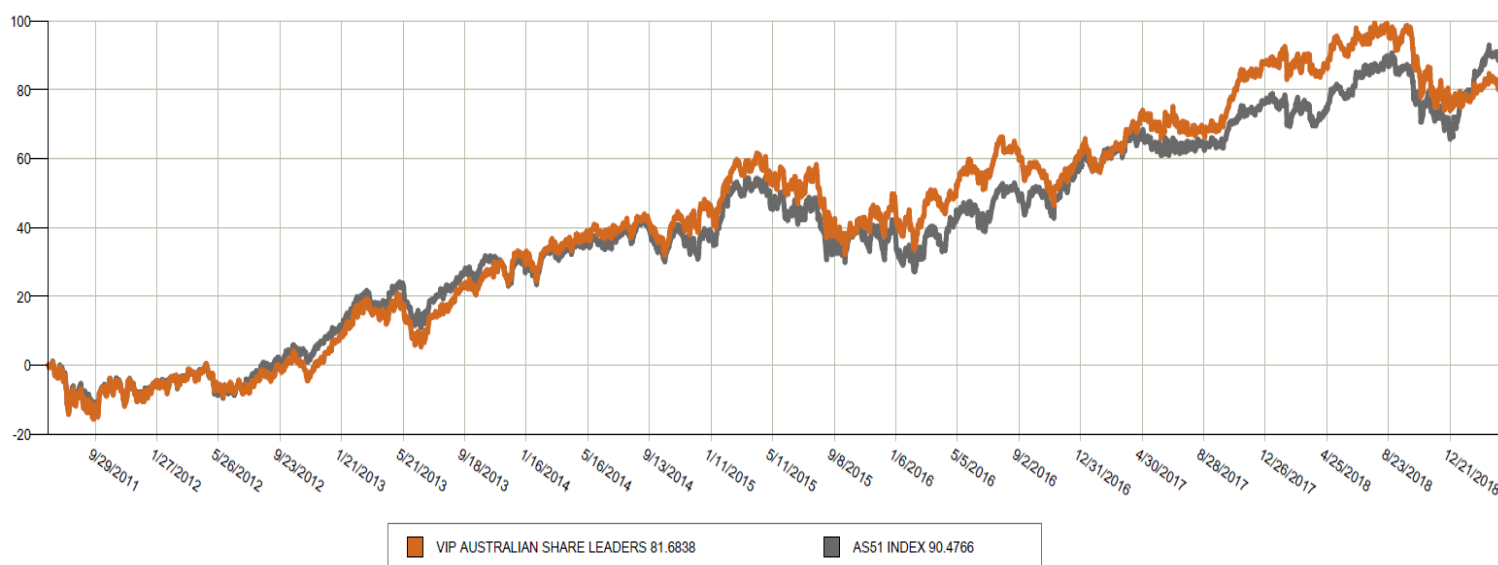


Investment Objective

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.

Total Portfolio Performance (%)



Performance Review & Portfolio Adjustments

The VIP Australian Share Leaders portfolio generated -0.66% pre-fees return for the month and 1.79% over the last 3 months. The portfolio underperformed against the S&P/ASX 200 index over the month by 1.45% and underperformed by 9.16% over the quarter. Over the last year, the portfolio has generated a -2.05% return pre-fees underperforming the ASX 200 index by 14.14%. The **post-fees** returns for the *Investment* and *Superannuation & Pension* portfolios are shown in **blue** in the table below.

The **Top Contributors** were BHP Group 5.55%, Macquarie Group 2.62%, and Treasury Wines Estates 0.81%. The **Top Detractors** were REA Group -7.77%, ANZ Group -7.04%, and Alumina -5.84%.

In March the Investment Committee purchased stock in Macquarie Group, Commonwealth Bank, Ramsay Health Care, and Sonic Healthcare. The Investment Committee sold stock in RIO Tinto, Costa Group Holdings, and Bendigo Bank.

Trailing Percentage Returns Against The Benchmark

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Australian Share Leaders Gross Returns	-0.66	1.79	-8.49	-2.05	10.92	9.95
VIP Australian Share Leaders Super-Pension Net Returns	-0.73	1.59	-8.89	-2.85	10.12	9.15
VIP Australian Share Leaders Investment Net Returns	-0.77	1.45	-9.17	-3.40	9.57	8.60
S&P/ASX 200 Index	0.79	10.95	1.78	12.09	17.43	11.82

Individual Securities Performance Review

	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	-0.66	1.79	-8.49	-2.05	1.79
ALUMINA LTD	-5.84	-5.84	-5.84	-5.84	-5.84
RAMSAY HEALTH CARE LTD	-0.09	-0.09	-0.09	-0.09	-0.09
SONIC HEALTHCARE LTD	0.24	0.24	0.24	0.24	0.24
SANDFIRE RESOURCES NL	-4.66	4.48	-5.94	-5.94	4.48
WESTERN AREAS LTD	-2.17	12.50	-18.48	-18.48	12.50
TREASURY WINE ESTATES LTD	0.81	-7.47	-7.47	-11.49	-7.47
SEEK LTD	-3.49	2.52	-7.36	4.47	2.52
RESMED INC-CDI	-0.41	-8.88	-8.27	18.60	-8.88
REA GROUP LTD	-7.77	1.65	1.30	1.30	1.65
SOUTH32 LTD	-2.19	14.16	-2.44	8.12	14.16
COMMONWEALTH BANK OF AUSTRAL	-0.20	-0.20	-0.20	-0.20	-0.20
WESTPAC BANKING CORP	-3.86	3.51	-3.87	-3.16	3.51
AUST AND NZ BANKING GROUP	-7.04	6.42	-4.82	2.75	6.42
MACQUARIE GROUP LTD	2.62	2.62	2.62	5.13	2.62
BHP GROUP LTD	5.55	19.72	18.34	40.74	19.72
BBG AUB Bank Bill	0.17	0.52	1.00	2.02	0.52

Economic & Market Commentary

Domestic and international markets have been highly volatile over the month of March. With mixed economic results coming out of key international markets and Australia and the day-to-day shifting between pessimism and optimism regarding the global business and trade environment, the bulls and bears have come out strong to deliver a relatively flat month for markets. With the S&P/ASX 200 index recording a 0.79% rise with slightly higher results coming from major international indices such as a 2.97% return from the S&P 500 index in the USA, a 0.55% increase from the Nikkei 225 index out of Japan, and a 3.43% rise from the FTSE 100 from the UK.

Much of the economic and political activity over the month of March was very much 'business as usual' with continued uncertainty around the US-China trade talks and Brexit. Although there has been a considerable amount of noise out of these spaces little ground has been made to coming to solutions for these two massive diplomatic and political challenges that the wave of populism in major economies has fostered. In regards specifically to Brexit the British Parliaments complete incapability to see eye to eye on almost all key measures concerning the divorce from the European Union has in some cases caused the progress of the negotiations to reverse. All things considered many investors are now impatiently waiting for some form of definitive decision making regarding these two key global events, as regardless to the short-term headwinds felt by markets on any form of final decision, in the medium-long term markets will highly likely adjust and continue to grow once business and trade certainty is given.

In Australia the release of the budget was a win for the coalition although it is unlikely to be enough to significantly influence their chances of retaining government after the next election scheduled to be sometime in May. Although the coalition has used its strong budget to attempt to buy votes with big spending and one-off cash payments to low-medium income families to reduce the cost of living pressures the opposition party has come out with its own spending policies with the extra money provided by the stronger budget position. The latest Newspoll has the Coalition at 48% and Labor at 52% on a two-party preferred vote, with the Coalition overtaking Labor on the primary vote now at 38% and 37% respectively. Although many investors are concerned with a Labor government much of the headwinds of a Shorten Prime Minister has been priced into the markets and it is unlikely that an overly strong negative reaction in the markets will result after election night.

What does this mean for investors? A positive US-China trade outcome and a Brexit withdrawal agreement will continue to return certainty of the world trading system and boost equities markets. Positive or neutral economic data from key economies will dull down worries of a recession in the near term and continue to give support in financial markets. Giving reasons for continued optimism and bullishness further into 2019.

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.