



## 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.

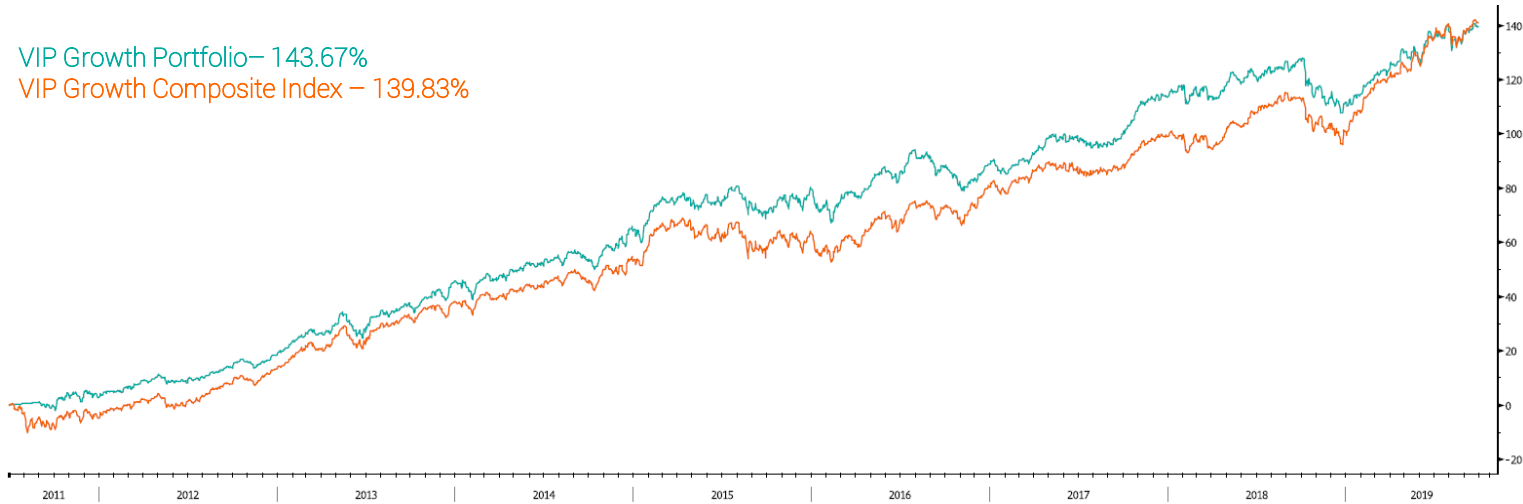
## Investment Strategy

Using the principles of diversification, Value Investment Partners' multi-asset products use a specific blend of inhouse asset class specific portfolios – Australian Share Leaders, International Securities, Property Securities, and Fixed Interest – to develop an 'all weather' fund designed to accrue and protect wealth in any market environment. Using tactical asset allocation, Value Investment Partners constructs the optimal portfolio of a variety of asset classes to control market risk exposure and take advantage of opportunities in a large investable universe. The resultant portfolio contains the same underlying investments as Value Investment Partners' inhouse portfolios while actively managing allocation to broader asset classes to ensure that investors' money is poised to appreciate from identified macroeconomic and market trends by the team of investment specialists.

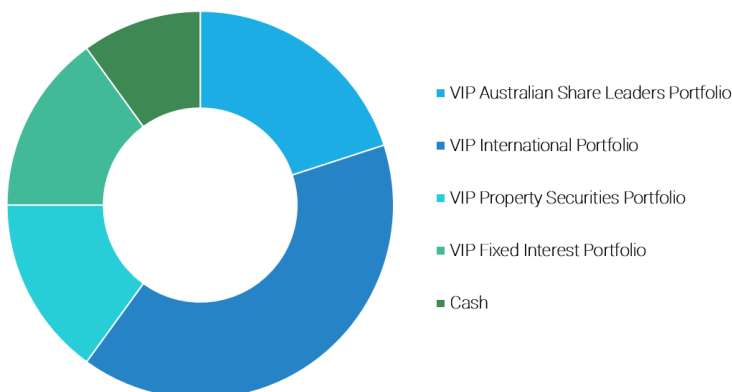
## Fund Performance

	1 Month	3 Month	6 Month	Y.T.D.	1 Year	3 Year (p.a.)	5 Year (p.a.)	7 Year (p.a.)	Since Inception
Gross Returns	1.21%	3.04%	7.58%	13.57%	6.12%	9.91%	11.82%	16.35%	17.41%
Net Returns	1.14%	2.84%	7.18%	13.17%	5.32%	9.11%	11.02%	15.55%	16.61%
Benchmark Returns	1.10%	2.73%	8.84%	19.38%	12.41%	12.93%	13.01%	17.54%	16.95%

VIP Growth Portfolio – 143.67%  
VIP Growth Composite Index – 139.83%



## Asset Allocation



## Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Multi-Asset
Management Style	Active
Current Number of Holdings	29
Index Benchmark	VIP Growth Composite



### Market Commentary

The last quarter for the Australian market was a whipsaw, with earnings season in full swing many companies disappointed with over 50% of those which reported in the August reporting season missing analyst expectations. Global trade woes continue to have an irrational and disproportionate effect on daily market movements, with traders paying more attention to the President of the United States' twitter feed than the fundamentals of the market. Although the quarter finished in positive territory for the market, the portfolio outperformed by 137 basis points, becoming more defensively positioned it has enjoyed the flows of begrudging equity investors pushed out of bond and credit markets in pursuit of yield. In line with this theme consumer staples within the ASX 200 returned 11.78% for the quarter while growth stocks such as information technology returned only 4.31% for the quarter as investors take risk of the table and employ capital in companies that have the businesses and balance sheet to weather the forthcoming recession. Looking ahead, many companies have still to report into Q2 of 2019 and with lagging economic indicators raising concerns for the health of the Australian economy and bond markets sounding alarm bells for the domestic and global market, many analysts will be reacting acutely to the resulting picture of the economy and the business environment painted by earnings growth and consumer confidence/spending reported in the coming weeks.

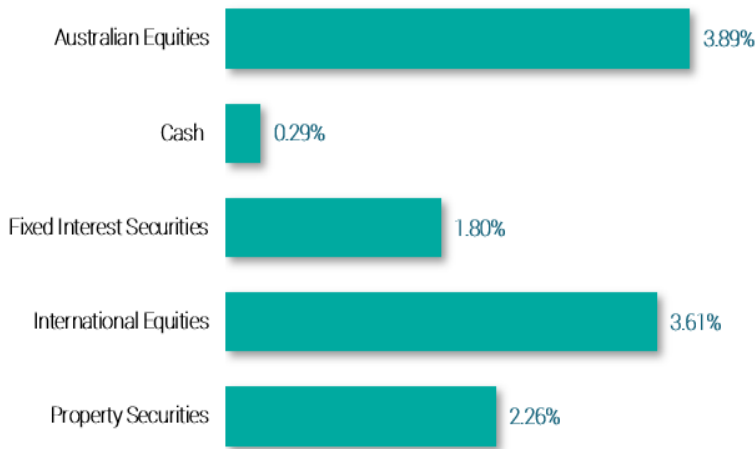
Over the quarter conditions in the Australian property market has stabilized with some indications of turn around after the month to month price growth of CoreLogic's 8-Capital dwelling price rose 1.10% with NAB's October economic report commenting on the housing market stating, "It is likely that lower interest rates, low unemployment and still strong population growth, combined with a pull-back in construction, will support prices going forward, there are clearly a number of state specific factors at play.". The activity side of the market, being housing construction, is expected to continue to weaken with approvals for new dwelling continuing to decline, but there may be some cause for optimism with interest rate cuts containing lagging effects there may be an increased appetite of property developers to increase investments off the back of cheaper money. The portfolio has continued to outperform the index over the last quarter, with no direct exposure to the residential market investors have experienced the growth of the commercial and industrial property sectors which has enjoyed steady and stable valuation increases and high occupancy rates along side the residential markets large declines in the last 18 months. The market has priced in another rate cut of 25 basis points from the RBA, and with the pipeline of new residential and commercial properties becoming exhausted the lack of spare capacity and access to more affordable finance should see the value of property prices continue to recover over the short to medium term.

Around the grounds of international markets for 2019 Q1 in their local currencies; the S&P 500 increased 0.92%, the NASDAQ returned -0.87%, the FTSE 100 declined by 0.04%, the DAX fell 0.75%, and the Shanghai Composite Index falling 3.50%. Overall this quarter has been relatively flat for most developed economy markets with the persistent theme in of the US-China trade negotiations which have not developed at all over a three month period and continue to be the great systemic market risk, while over in Europe and the United Kingdom the encroaching Brexit deadline keeps markets on their toes with the market pricing in a no deal Brexit or a general election to be the likely result coming in the last weeks of October. The quickly escalating situation in Hong Kong has also added to the geo-political tensions globally which continues to generate high levels of uncertainty that has spilled into business confidence through the material decline in capital expenditures globally and decreased levels of private investment. On the sunnier side of the street consumer confidence in China and the US continues to remain strong which should create a buffer for the economy being drawn down by the manufacturing industry which has entered recessionary territory and the overall business sector. The portfolio continued to underperform the benchmark with material allocation to disruptive industries and technology companies in the US which have come under heavy government scrutiny, but as condition begin to clear and investment increases these positions should begin to show excess returns.

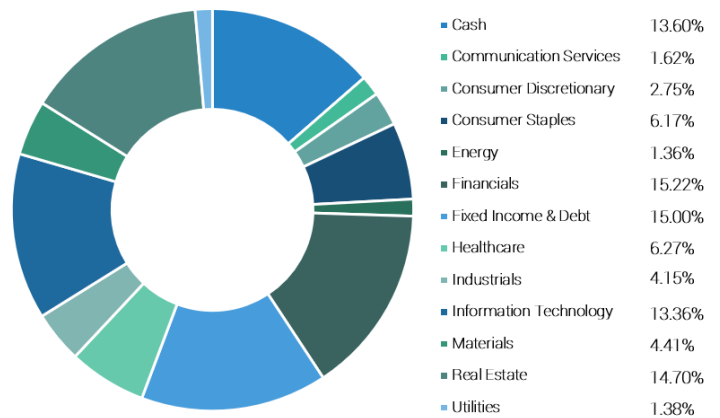
The bond market rally has tapered off in the first quarter of 2019 with august declines erasing nearly two months of previous gains as trade optimism and strong numbers out of US economic releases caused equities to rally for a short period and yields to rise. That optimism quickly faded in the first weeks of September with the Australian dollar falling, and two rate cuts from the RBA and the Federal Reserve in the US, causing yields to fall as well as the USD/AUD exchange rate. The portfolios new position giving investors exposure to global G7 nation sovereign bonds has meant that investors have benefited from both the fall in yields and the fall in the Australian dollar over the quarter, helping to avoid loses in the month of September. With the total stock of global debt which has become negatively yielding reaching \$15 trillion it is a unique time in history in bond and credit markets posing great capital preservation risks as well as opportunities for active managers to take advantage of new forms of returns offered through trading in negatively and positively yielding debt simultaneously. Moving forward markets and analysts will be paying close attention to central bankers and the IMF to look for clues on certainty around the future economic conditions for the domestic and international economies, as well monitoring the outlook for future fiscal stimulus from governments as monetary policy makers lose their capacity to make meaningful stimulus impacts as global official interest rates trend to 0%.



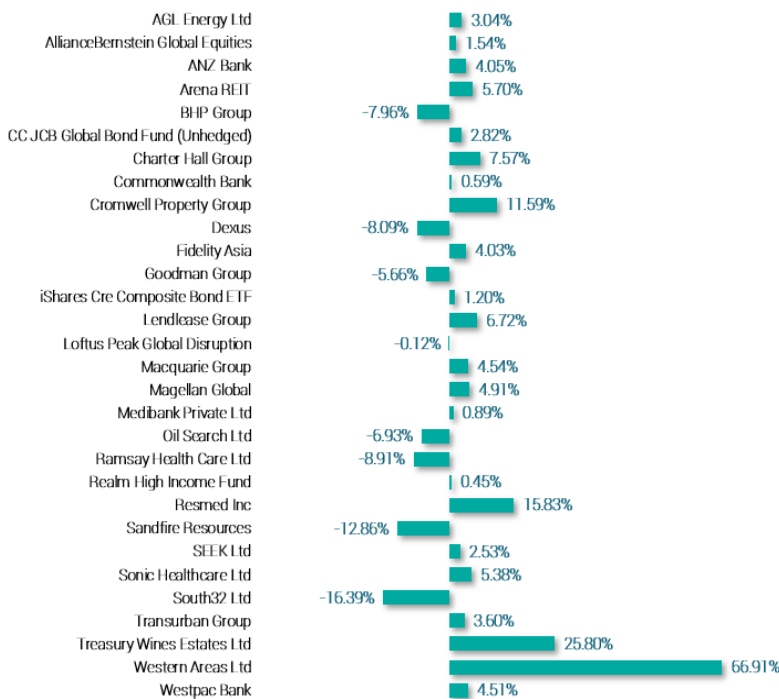
## 3 Month Asset Class Performance



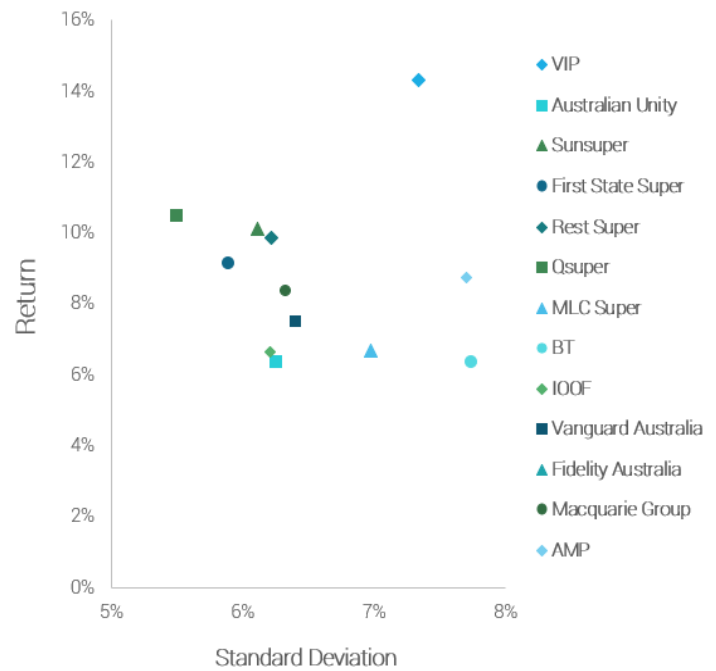
## Current Sector Allocation



## 3 Month Holdings Performance



## 5 Year Risk/Return Profile



Source: Bloomberg

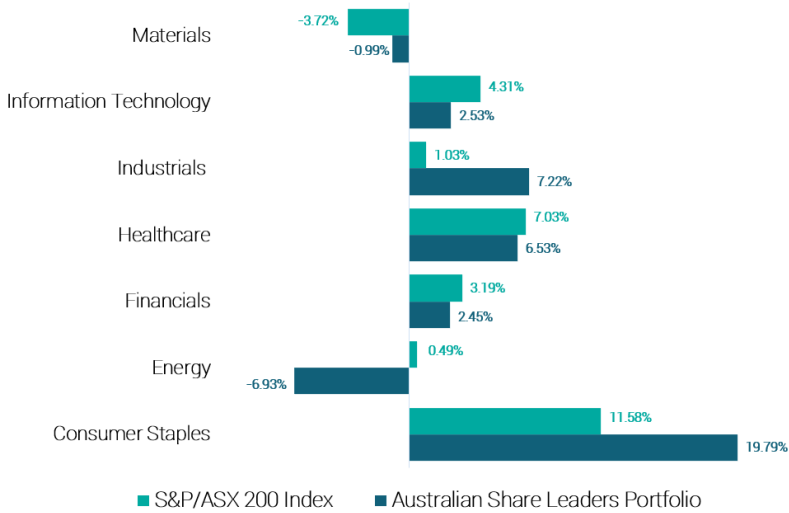
## Upside & Downside Capture Ratio



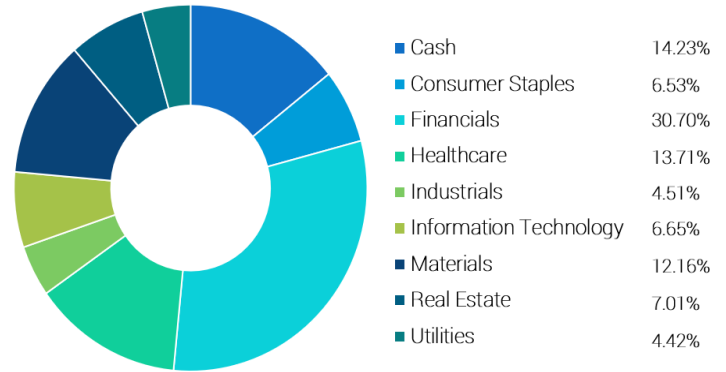


## Australian Share Leaders Portfolio Performance

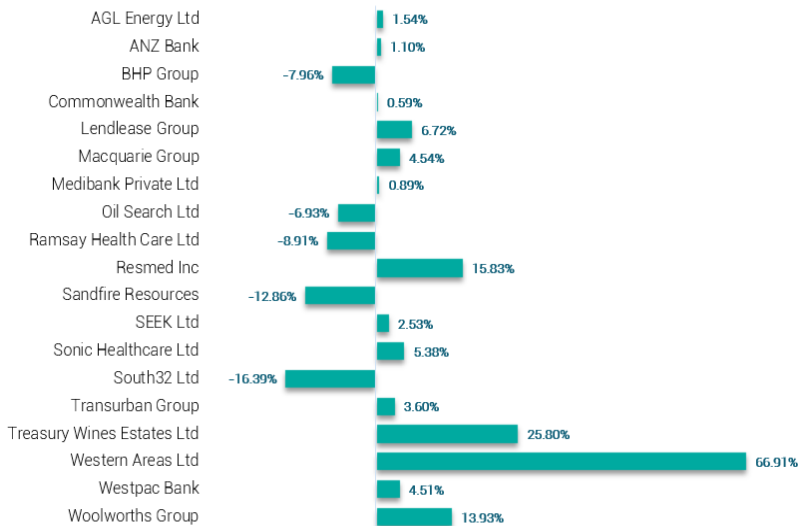
### 3 Month Sector Performance



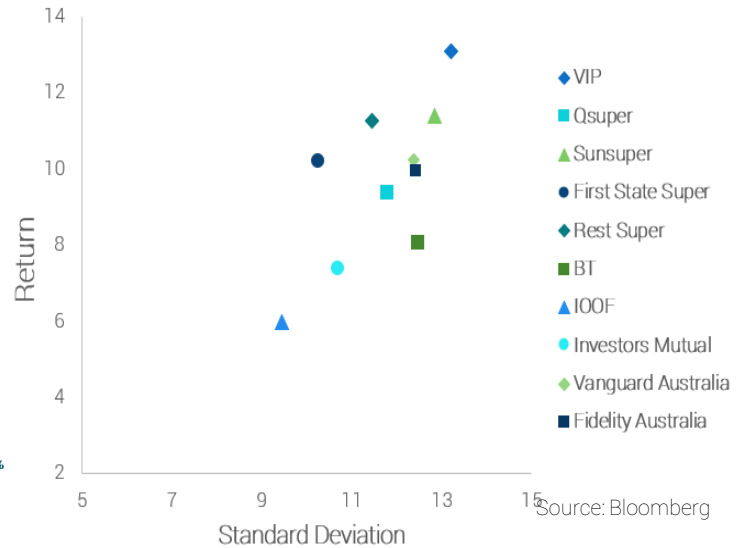
### Current Sector Allocation



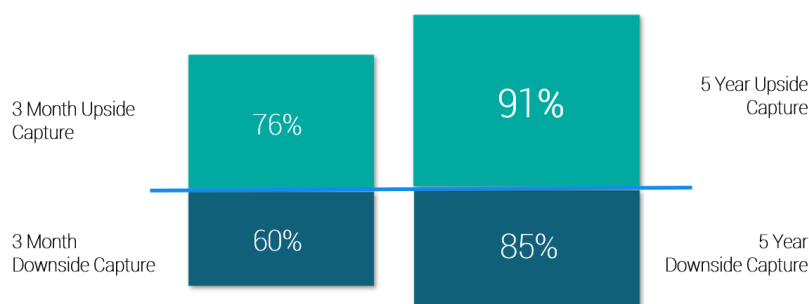
### 3 Month Holdings Performance



### 5 Year Risk/Return Profile



### Upside & Downside Capture Ratio



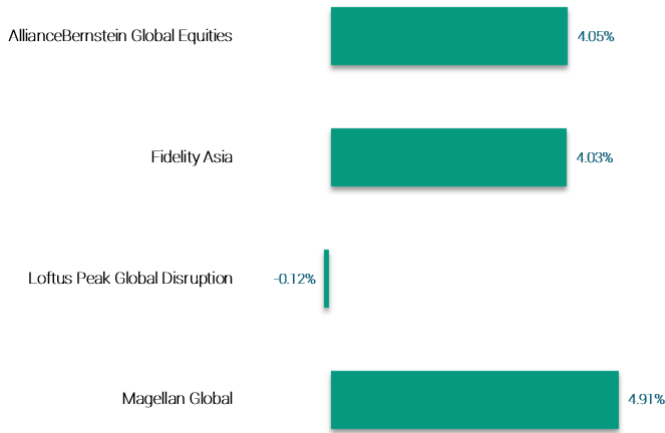
### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Australian Equities
Management Style	Active
Current Number of Holdings	16
Average Market Capitalisation	\$47.31 Billion
Index Benchmark	ASX/S&P 200
Index Average Market Capitalisation	\$9.9 Billion

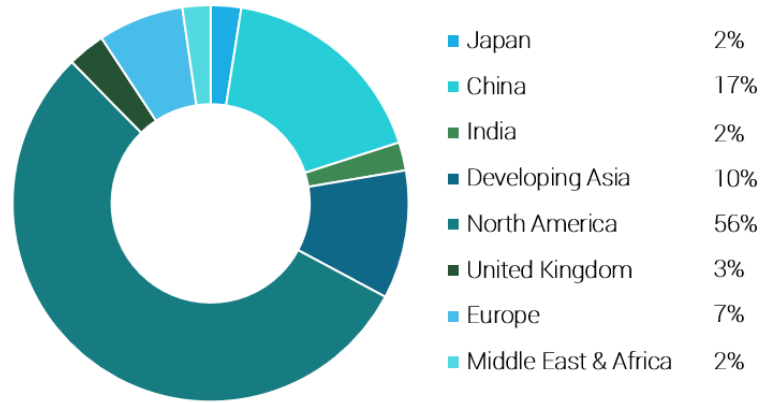


## International Securities Portfolio Performance

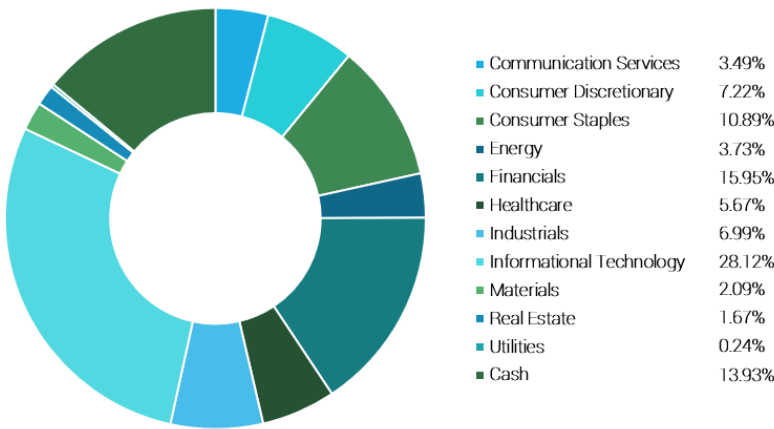
### 3 Month Fund Member Performance



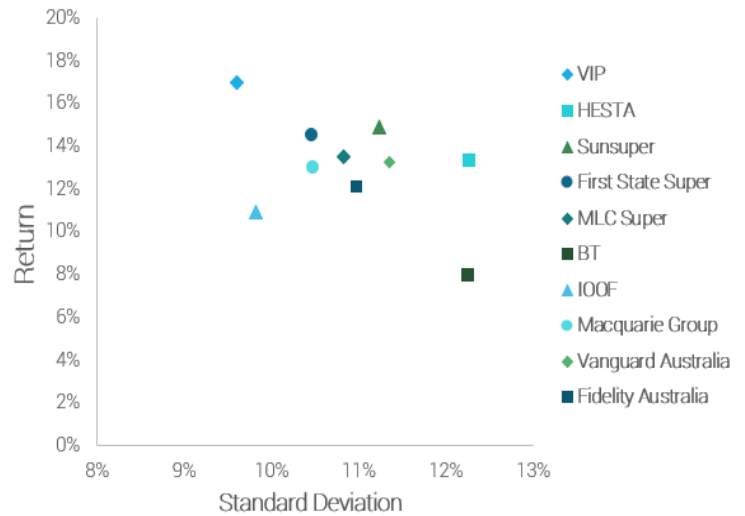
### Current Geographical Allocation



### Current Sector Allocation

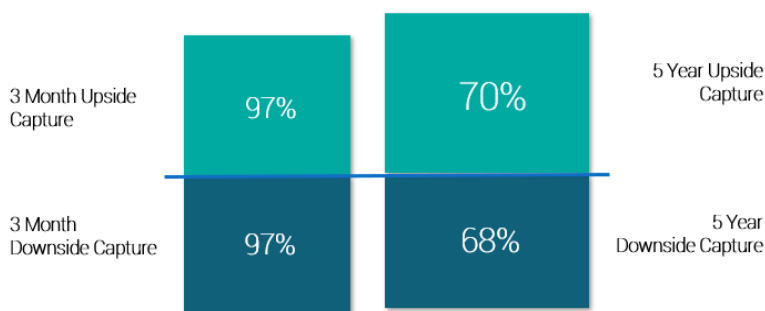


### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio



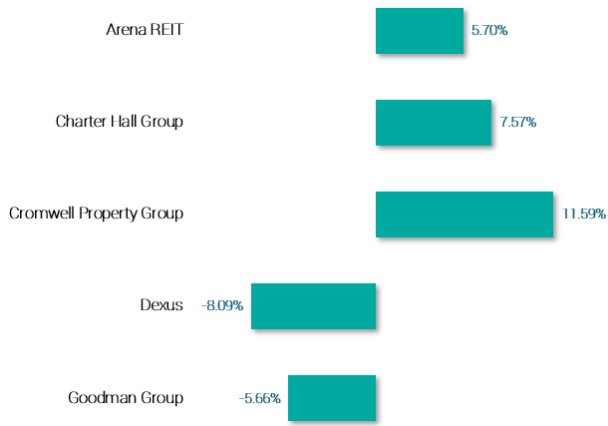
### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	International Equities
Management Style	Active Long Only
Current Number of Holdings	4
Index Benchmark	MSCI World Ex Australia
Index Average Market Capitalisation	\$25.50 Billion (USD)

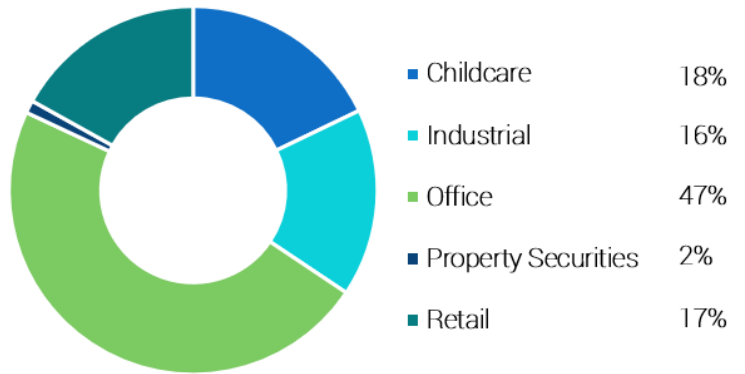


## Property Securities Portfolio Performance

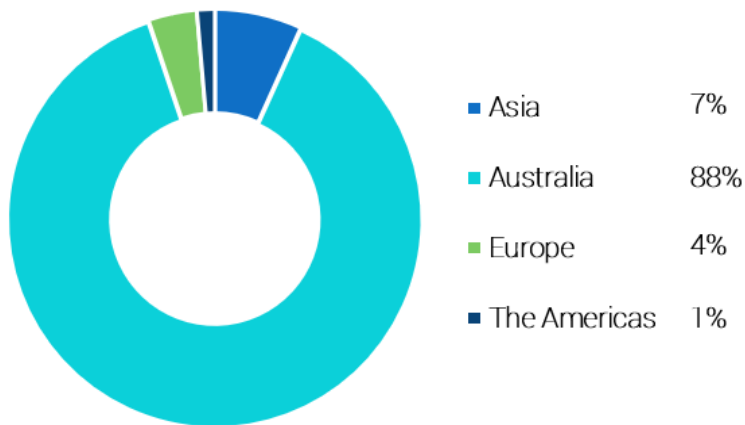
### 3 Month Holding Performance



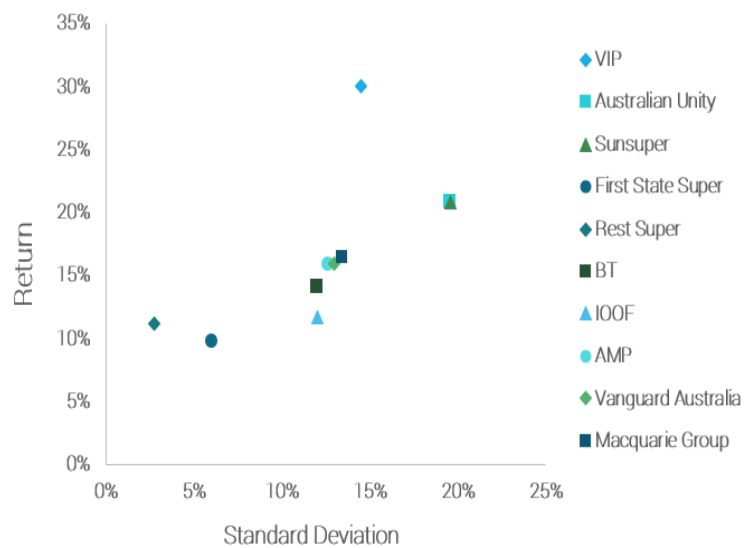
### Current Property Sector Allocation



### Current Geographical Allocation

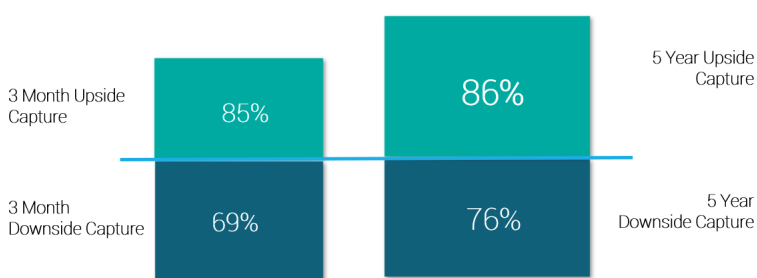


### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio



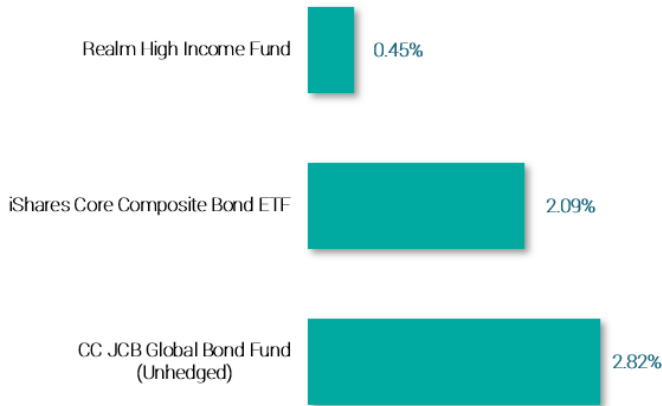
### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	A-REIT
Management Style	Active
Current Number of Holdings	5
Average Market Capitalisation	\$9.98 Billion
Index Benchmark	ASX/S&P 200 A-REIT
Index Average Market Capitalisation	\$7.59 Billion

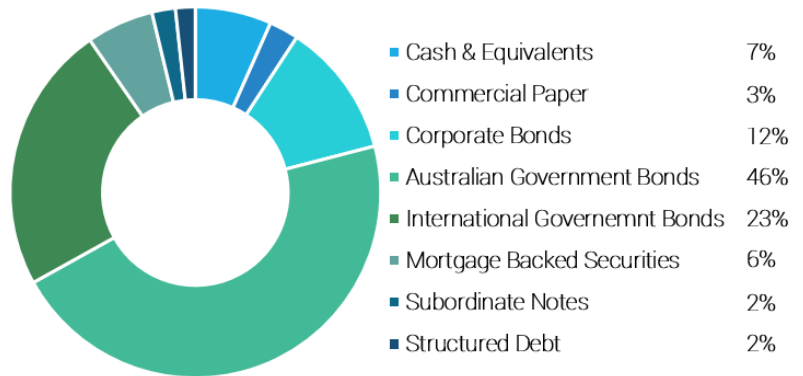


## Fixed Interest Portfolio Performance

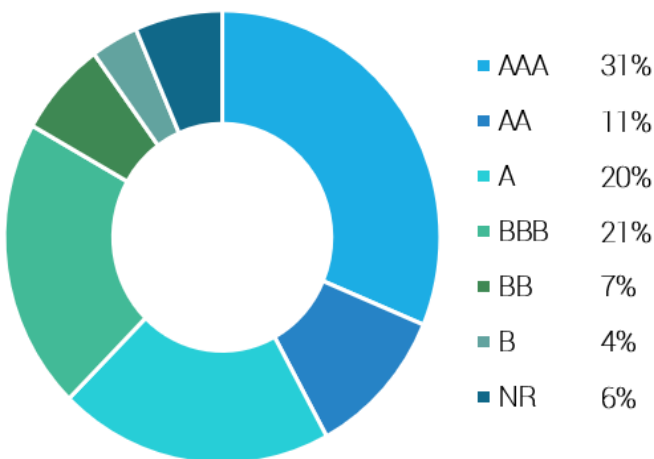
### 3 Month Holdings Performance



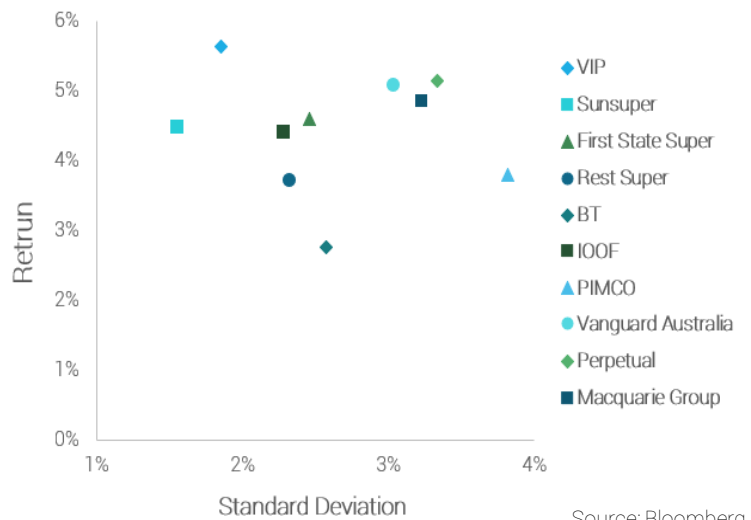
### Current Asset Allocation



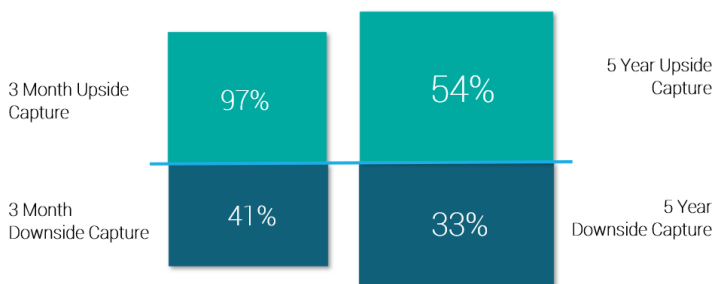
### Current Credit Quality



### 5 Year Risk/Return Profile



### Upside & Downside Capture Ratio



### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Fixed Income
Management Style	Active
Current Number of Holdings	3
Index Benchmark	BACMO

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