



### 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.

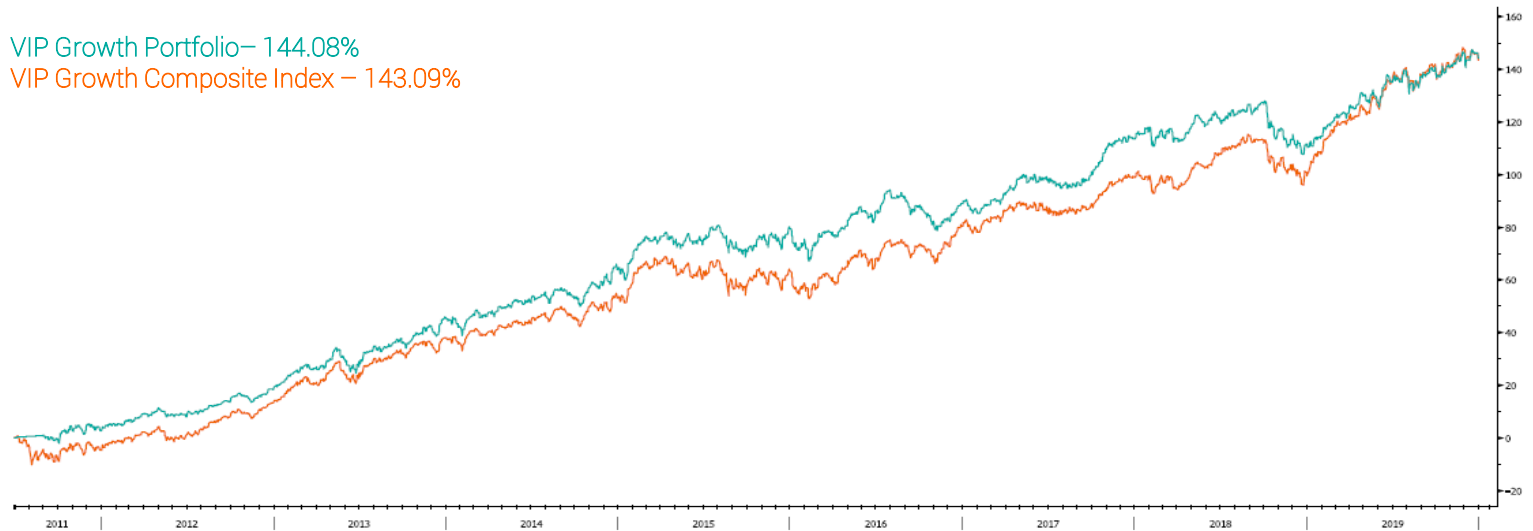
### Investment Strategy

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' portfolio 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.

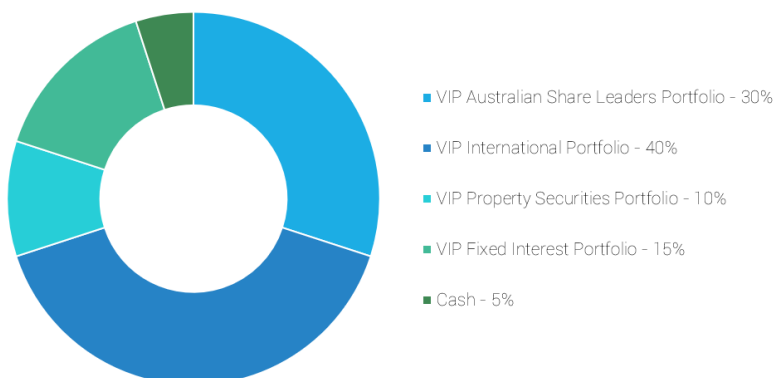
### Fund Performance

	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	-1.14%	1.29%	3.88%	16.34%	16.34%	13.01%	14.24%	20.53%	17.68%
Net Returns	-1.21%	1.09%	3.48%	15.60%	15.54%	12.21%	13.44%	19.73%	16.88%
Benchmark Returns	-1.84%	0.62%	3.27%	20.73%	20.73%	16.22%	15.18%	22.12%	16.77%

VIP Growth Portfolio – 144.08%  
VIP Growth Composite Index – 143.09%



### 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	31
Index Benchmark	VIP Growth Composite



### Market Commentary

The final quarter of 2019 saw the macroeconomic effects of significant international events filter through to the Australian market, with the UK taking further steps towards Brexit in electing Boris Johnson into office, and the United States canceling the December round of tariffs as a result of coming to a phase one deal with China. Despite these international tailwinds, the Australian market gave a negative return for the fourth quarter as a result of the Australian economy continuing its slowing of growth, with GDP growing at a pace of 1.7%. As has been the tale for the last 3 years, the Australian community is still reluctant to increase its spending habits despite tax concessions and has found itself in a state of saving, with the household saving rate rising to 4.8%. Regardless, the VIP allocation to Australian equities worked its way into positive territory for the quarter as a result of ensuring we are well stocked in defensive securities, with the VIP portfolio returning 0.82% against the ASX/S&P 200's -0.13%. Moving forward into 2020, the VIP Investment Team is wary not to expect a bull run as strong as the one experienced in 2019, and as a result understands the need for truly active management of the asset class in the late-cycle environment we are currently in.

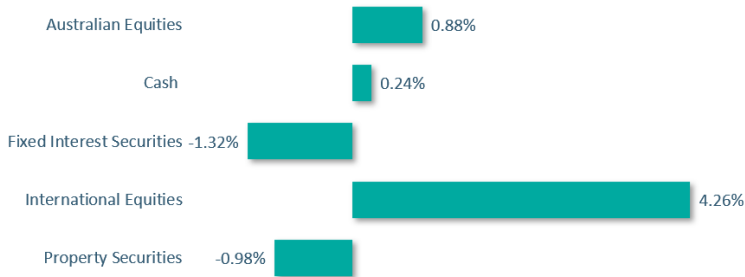
Australia's property market continued its rally through the fourth quarter of 2019, earning its fifth consecutive monthly rise in December and marking the first time that national dwelling values have logged positive annual growth since April 2018. As noted by NAB's December Housing Market Update, 'since finding its trough in June earlier this year, the national dwelling value index has recovered by 4.7%.' This rise has been driven by another rate cut in October by the RBA to 0.75%, accumulating to an overall 0.75% reduction in the cash rate for 2019. Furthermore, the housing market recovery has been assisted by a loosening of loan serviceability policy from APRA as well as certainty on taxation reform after the Liberal government secured the federal election. Given the currently strong selling conditions, it is expected that listings will lift in the first quarter of 2020 and provide market observers with a sample of how deep the buying market really is, as well as relieve some pressure on the urgency that is contributing to higher prices. Going forward, the question for the property market is whether or not this rate of recovery is sustainable given that both wages and household income growth are lackluster, and housing affordability it already stretched.

The international markets finished the year with a flourish in 2019, with the S&P 500 earning 4.65% for the final quarter of the year and the NASDAQ 7.95%. In Europe, the FTSE 100 and DAX returned 5.92% and 5.35% respectively. For China, the Shanghai Composite rounded out the year with 3.40% for the final quarter. Much of this was predominantly driven by the US forgoing an additional round of tariffs that were due to be imposed on China on the 15th of December and instead coming to an agreement for a phase one trade deal. Furthermore, the Brexit debacle has made steps towards resolving with the election of Boris Johnson into government with his Conservative Party winning a 365 majority of the 650 seats in the House of Commons. Since his election in mid-December, Johnson has passed his Brexit deal through the House of Commons with a 330 for to 231 against majority. His deal was essentially the same as Theresa May's barring the fact that a de facto customs border replaces her Northern Irish backstop mechanism, a dealbreaker that caused the UK parliament to be at standstill for the last 3 years. Looking forward, while the trade war has made progress, it is far from being over and given that it was a major source of volatility over the course of 2019, the risk of adversely affecting markets exists as long as the trade war exists.

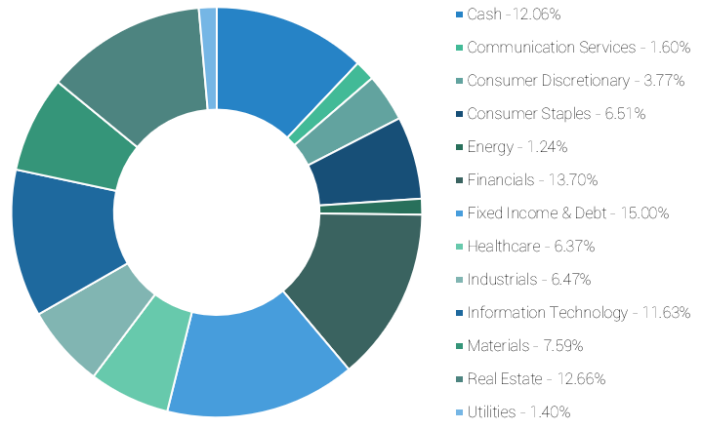
The final quarter's positive news coming out of the US, China, and the UK caused both the equity markets to rise and credit spreads to tighten, which has been the overall trend for 2019. The tight credit spreads indicate either a high level of comfort in taking on the additional risk or simply market complacency. Weakness persisted in the government bond markets with the sell off at the end of 2019 seeing US rates increase by over 0.50% for the fourth quarter. The RBA cut rates again in October marking the third time in 2019 the RBA has loosened its policy, and the RBA's Governor Lowe has indicated a preference towards a Quantitative Easing program going ahead. He has inferred that if a program of Quantitative Easing were to take place, this would be achieved through buying risk-free assets of government bonds in the secondary market. Moving into 2020, our fund managers in the fixed income space have expressed their caution in a market that is yielding significantly less than it did a year ago.



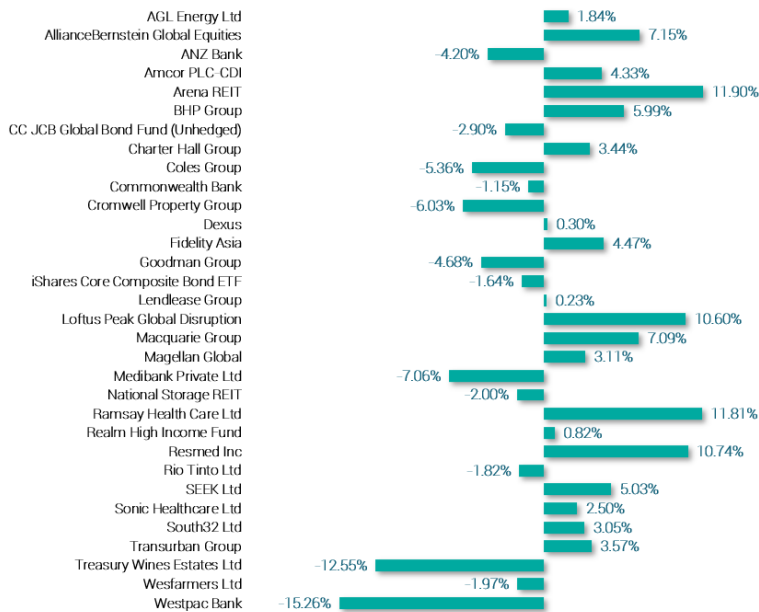
### 3 Month Asset Class Performance



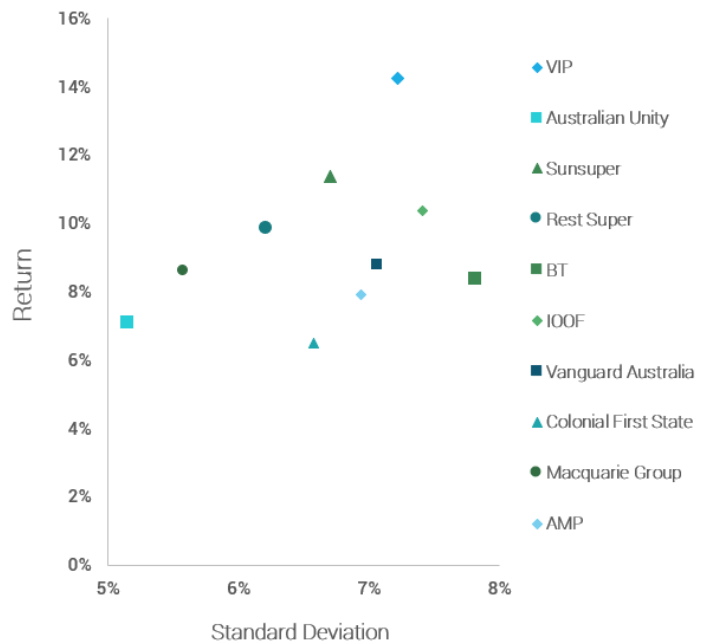
### Current Sector Allocation



### 3 Month Holdings Performance



### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio

3 Month Upside Capture

95%

3 Month Downside Capture

133%

5 Year Upside Capture

76%

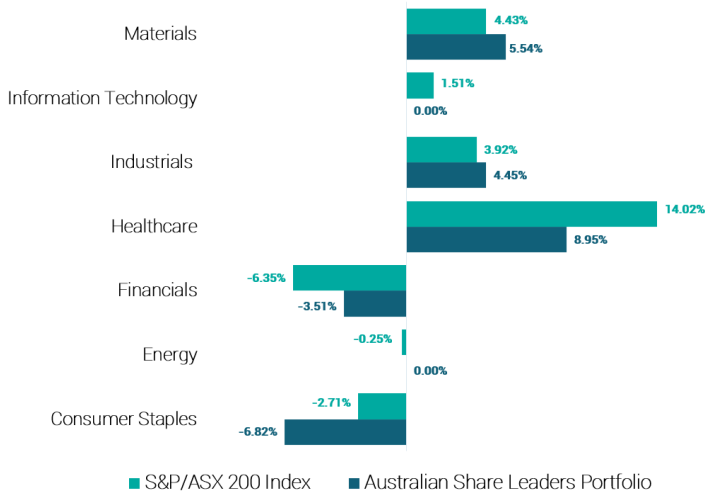
5 Year Downside Capture

65%

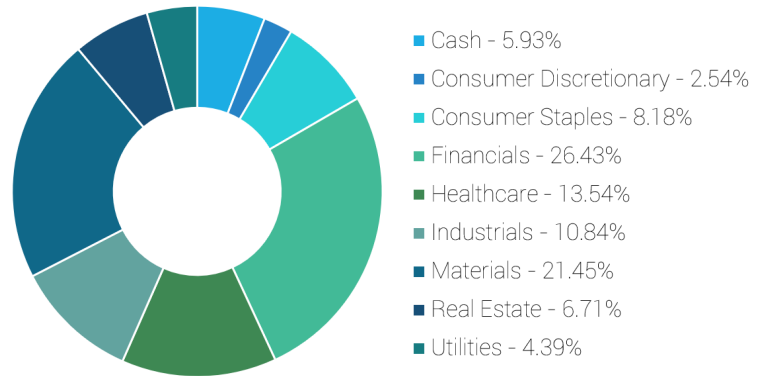


## Australian Share Leaders Portfolio Performance

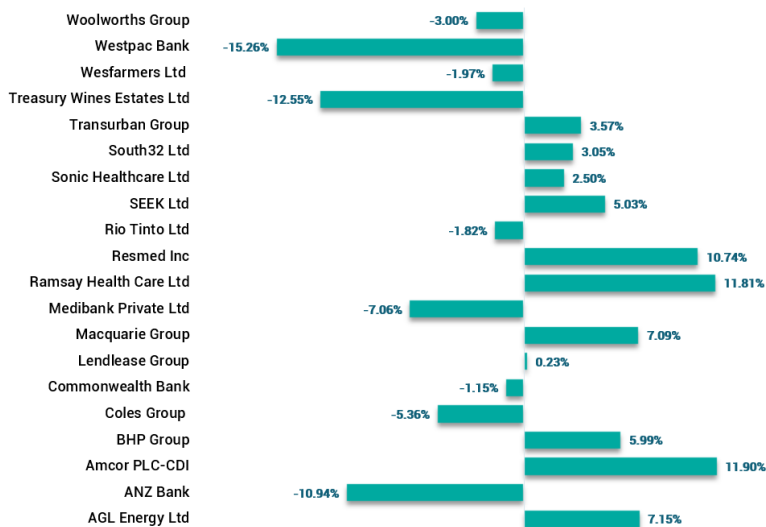
### 3 Month Sector Performance



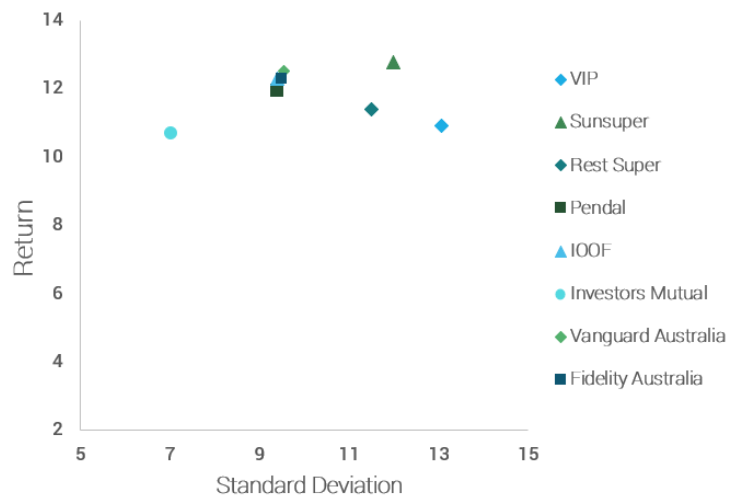
### Current Sector Allocation



### 3 Month Holdings Performance

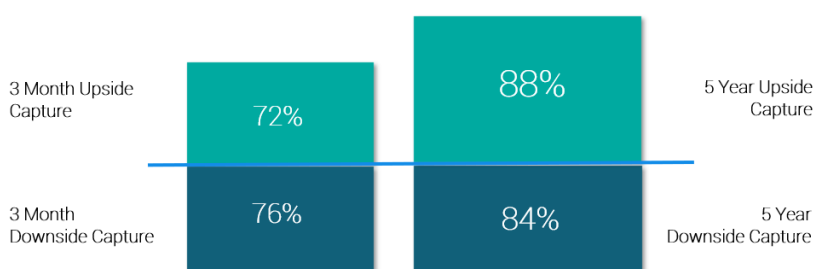


### 5 Year Risk/Return Profile



Source: Bloomberg

### Upside & Downside Capture Ratio



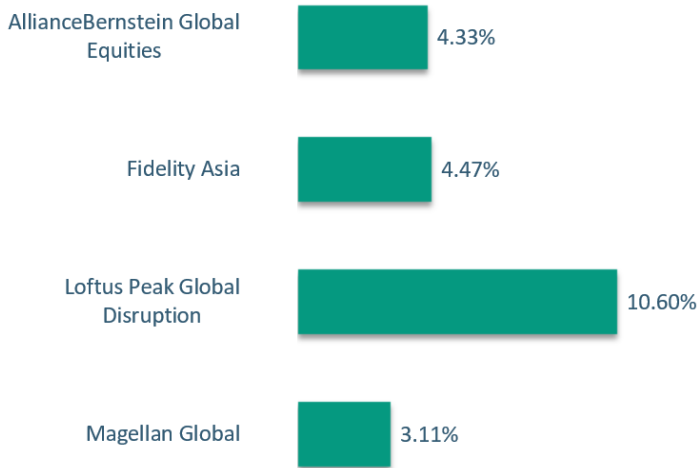
### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	Australian Equities
Management Style	Active
Current Number of Holdings	19
Average Market Capitalisation	\$43.93 Billion
Index Benchmark	ASX/S&P 200
Index Average Market Capitalisation	\$11.02 Billion

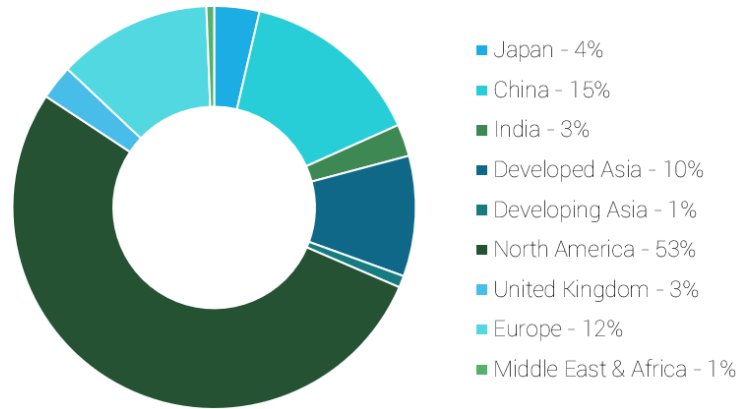


### International Securities Portfolio Performance

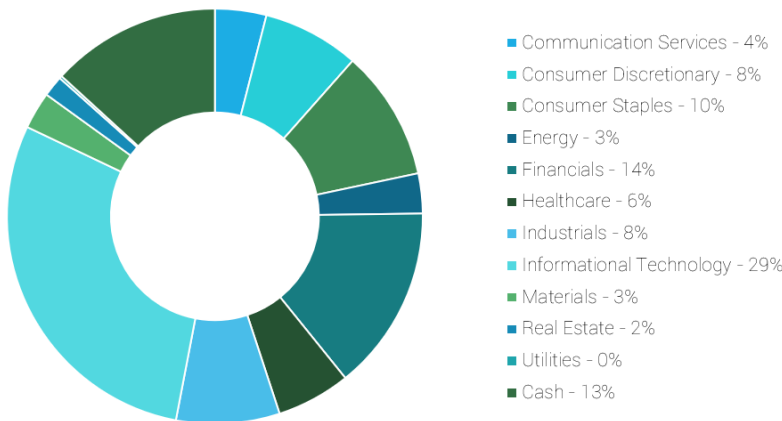
#### 3 Month Fund Member Performance



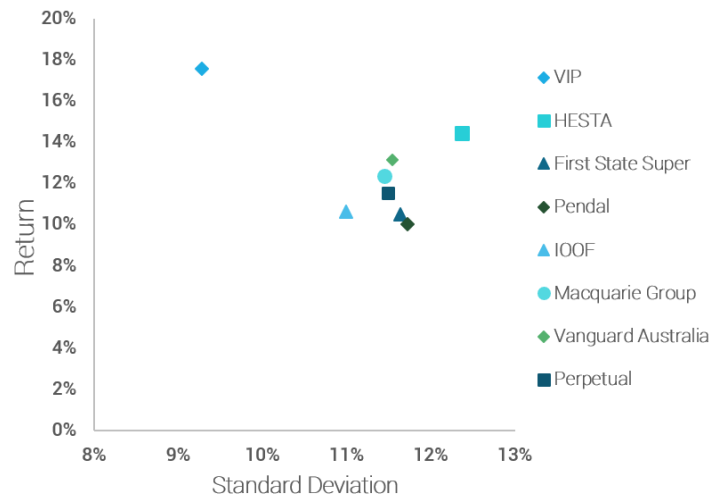
#### Current Geographical Allocation



#### Current Sector Allocation

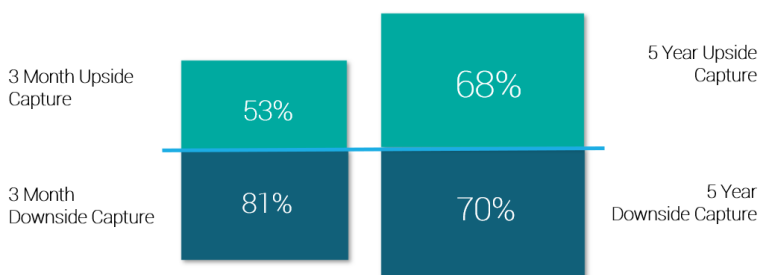


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### Upside & Downside Capture Ratio



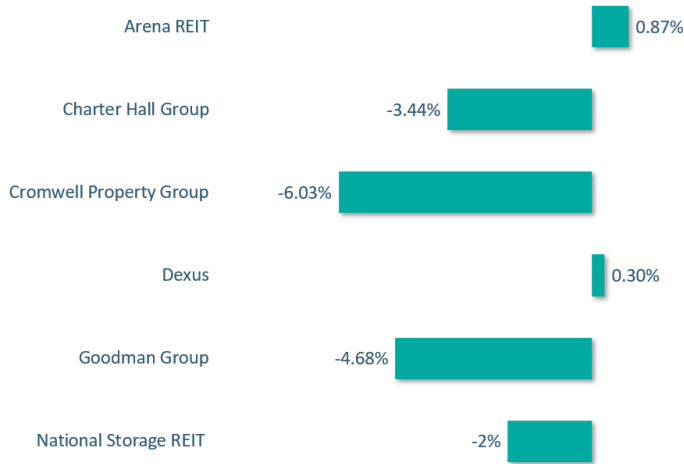
#### Fund Characteristics

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)

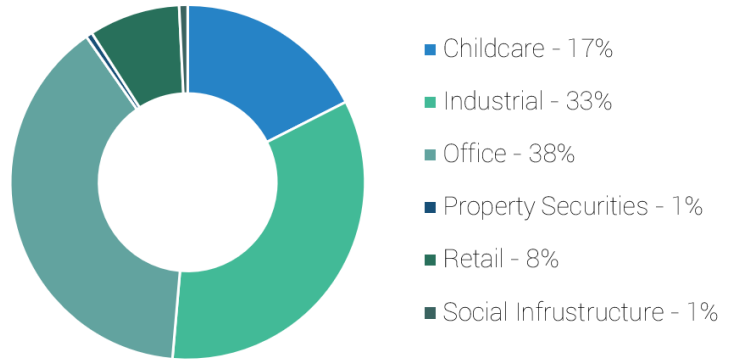


### Property Securities Portfolio Performance

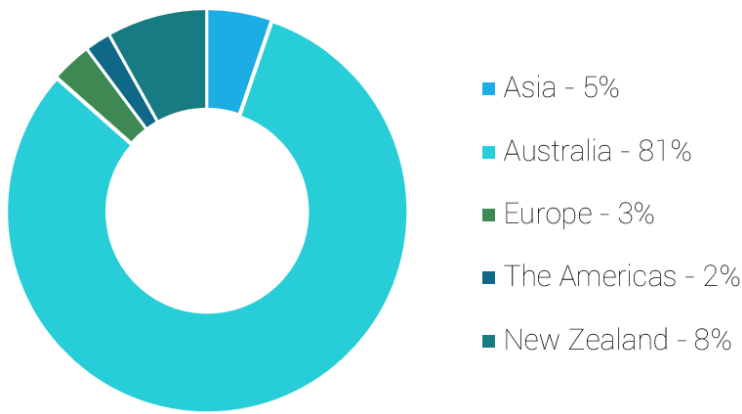
#### 3 Month Holding Performance



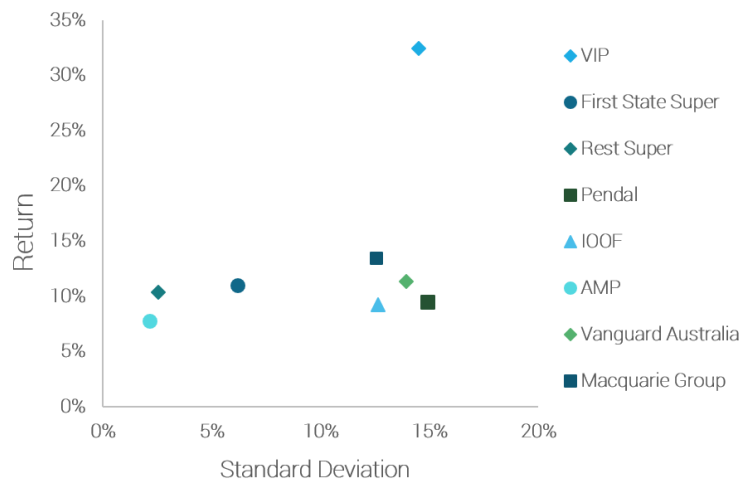
#### Current Property Sector Allocation



#### Current Geographical Allocation

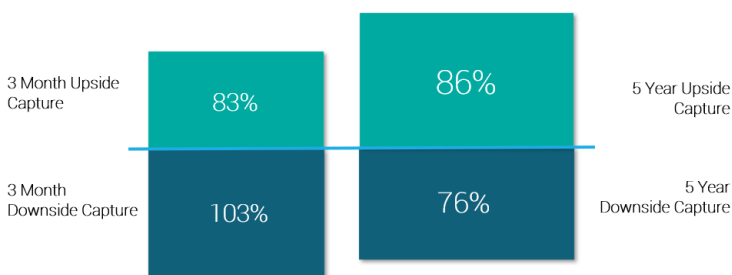


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### Upside & Downside Capture Ratio



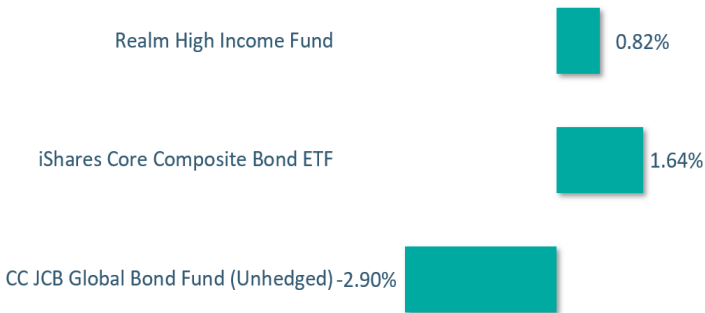
#### Fund Characteristics

Inception Date	30 <sup>th</sup> June 2011
Investment Horizon	5 – 7 Years
Asset Class	A-REIT
Management Style	Active
Current Number of Holdings	6
Average Market Capitalisation	\$8.05 Billion
Index Benchmark	ASX/S&P 200 A-REIT
Index Average Market Capitalisation	\$8.51 Billion

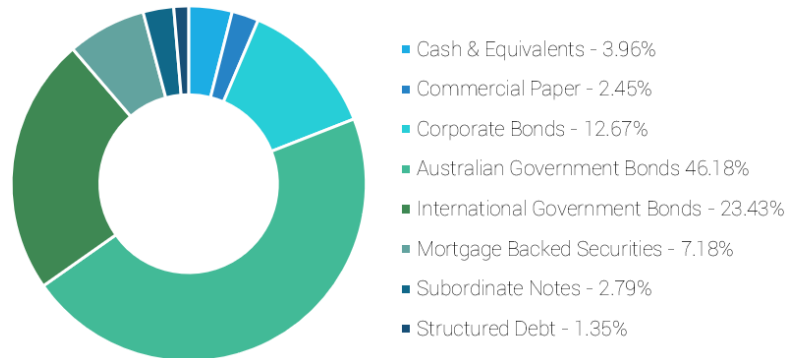


### Fixed Interest Portfolio Performance

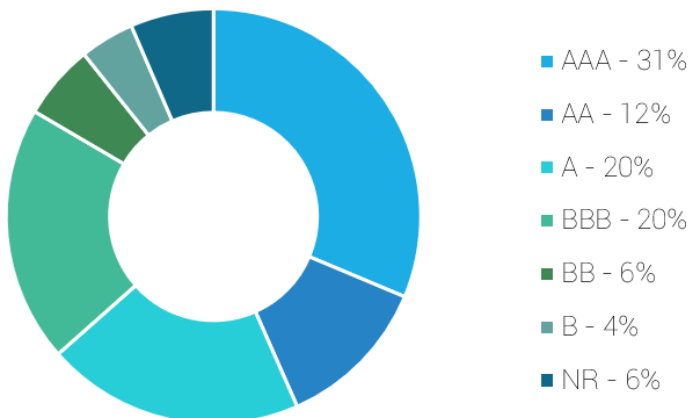
#### 3 Month Holdings Performance



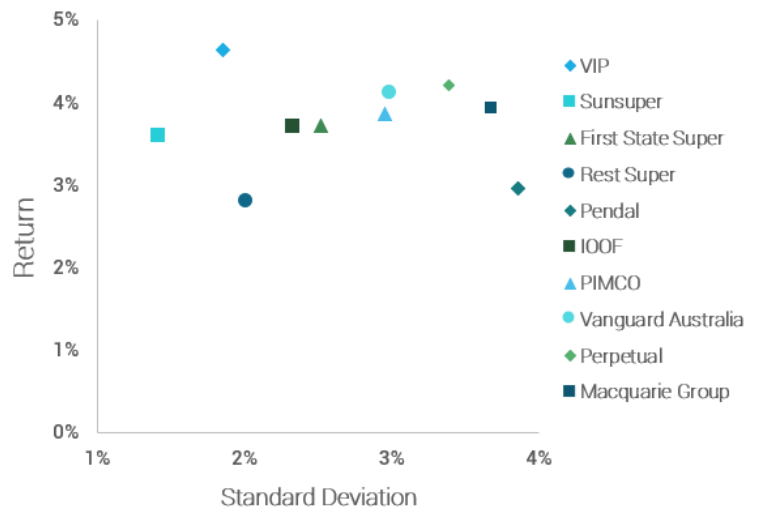
#### Current Asset Allocation



#### Current Credit Quality

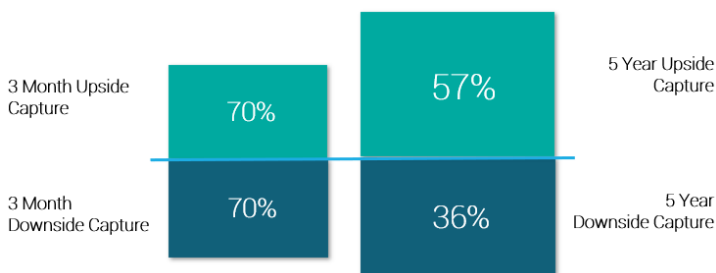


#### 5 Year Risk/Return Profile



Source: Bloomberg

#### Upside & Downside Capture Ratio



#### Fund Characteristics

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

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