



Investment Objective

The aim of the **VIP Conservative Portfolio** is to provide investors with a reliable income stream with the potential for moderate capital growth over the medium to long term from investment within a diversified portfolio heavily weighted to defensive assets (70% allocation to fixed interest and cash) and holding some growth assets (30% allocation to Australian shares, International shares, and property securities). 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

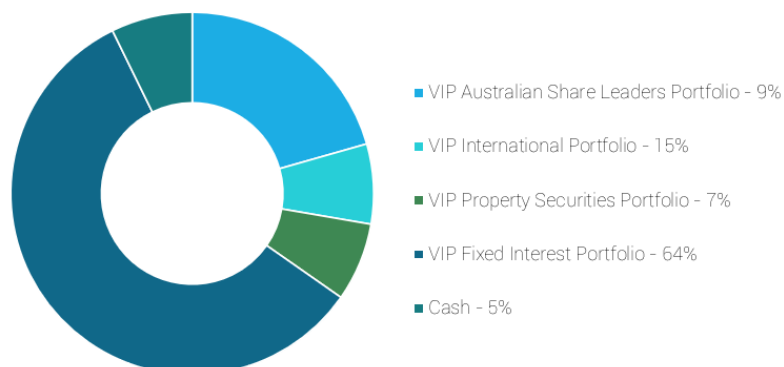
	1 Month	3 Month	6 Month	Y.T.D.	1 Year	3 Year (p.a.)	5 Year (p.a.)	7 Year (p.a.)	Since Inception (p.a.)
Gross Returns	-4.41%	-2.97%	-2.25%	-2.97%	5.28%	7.23%	6.68%	10.41%	12.75%
Net Returns	-4.47%	-3.17%	-2.65%	-3.70%	4.48%	6.43%	5.88%	9.61%	11.95%
Benchmark Returns	-11.98%	-11.97%	-11.51%	-11.97%	-4.74%	3.72%	4.49%	8.78%	11.40%

VIP Balance Portfolio – 105.33%

VIP Balance Composite Index – 98.48%



Asset Allocation



Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	Multi-Asset
Management Style	Active
Current Number of Holdings	31
Index Benchmark	VIP Conservative Composite



Market Commentary

The first quarter of 2020 has been the most extraordinary in recent memory, with a record bushfire season followed by flooding in parts of Australia, and now a global pandemic that has halted the global economy to levels reminiscent of wartime. These unprecedented times saw the Reserve Bank of Australia (RBA) lower the cash rate twice in one month (March) to where it sits now at 0.25%. Whilst the Australian GDP numbers are yet to be seen for the first quarter, it has been projected by the RBA that national output for the first half of 2020 is likely to decrease by approximately 10%, with the worst of the decline occurring between April and June. The ASX felt the full brunt of the Coronavirus' effect on the economy, with massive selloffs leading to the CBOE Volatility Index (VIX) reaching a high of 82.69 mid-March after fluctuating in the teens for the majority of 2019, and an incredible low of -32% year to date before settling at -23% for the first quarter. VIP was able to blunt the blow by selling assets we believed to be particularly vulnerable to the downturn in economic activity and found a safe haven in the consumer staples and healthcare sectors which have benefited our portfolios greatly.

The effects of the coronavirus have continued to seep through to all facets of the economy, and the Australian property market is no different. 2020 began on a positive note with the housing market continuing the rebound in housing values, reaching an annual growth rate of 4.1%. This momentum has been stopped in its tracks by the global pandemic, with a ban on open house inspections, auctions, and the impending realization of a recession leading to national dwelling values falling by 0.6% in the month of March. The pain extends to all sectors of the property market, with commercial properties facing an environment in which the majority of businesses have experienced a dramatic downturn in revenue and as such have asked their leasers for rent relief. In turn, this negatively impacts the earnings of the property owners, an effect that has been reflected in the stock market with the ASX/S&P 200 AREIT index down -34.33% for the March quarter. The VIP Property Securities Portfolio was not immune to the downturn, suffering a -25.75% return for the last three months.

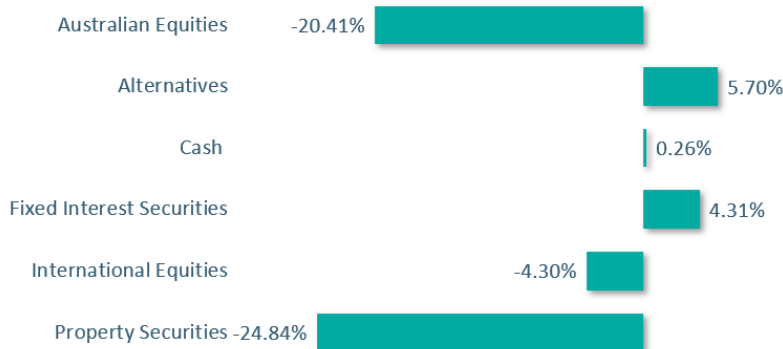
Markets across the globe were decimated as the effects of the coronavirus and the resulting lockdown of non-essential services became fully apparent. The S&P 500 returned -19.43% for the first quarter of 2020 with the majority of the damage being done in March, a -12.35% return that followed the -8.23% posted in February. Likewise, the UK's FTSE 100 had its worst quarter since Black Monday in October 1987, posting a -24.80%. Across the rest of Europe, the French CAC 40 and Germany's DAX returned -26.46% and -25.84% respectively. Despite the virus originating from China, the Shanghai Composite was spared in comparison to the western world with a -9.83%, and finding a middle ground was the Hang Seng Index, which posted a -17.31%. Although many economies have indicated a relaxing of lockdown restrictions in the near future, it is another question as to how quickly demand will ramp up in an economic environment that will still be fundamentally weak on the other side of the pandemic. Over 26 million Americans have filed for jobless claims in the last 5 weeks and this trend looks to continue to longer the lockdown persists. Furthermore, the oil price war between Saudi Arabia and Russia looks to be at a tipping point with storage issues seeing the May futures price turn into negative territory for the first time in history. Looking ahead, VIP has positioned its international allocation to fund managers that have allocated their weightings to sectors we believe to be best placed to emerge from the pandemic strongly.

Classically known as a defensive asset class, fixed interest in 2020 has been exactly that as the world faces unprecedented turmoil and investors flock to fixed income assets as a safe haven. Despite interest rates in developed countries being low already to begin the year, the coronavirus brought upon a flurry of rate cutting amongst most nations as governments looked to combat an economic downturn by easing the ability for their citizens and businesses to borrow. The series of rate cuts have led to a rise in popularity for government bonds as risk averse investors look to find a place to put their money to work that can earn an income higher than the cash rate and still be relatively safe from the large downturns seen in the stock markets. As such, it is no surprise that the JCB Global Bond Unhedged Fund was the amongst the top three best performing holdings for Value Investment Partners with a 17.94% return for a quarter that was largely negative across the board, benefitting from both investments in global government bonds and the devaluation of the Australian dollar against the USD.

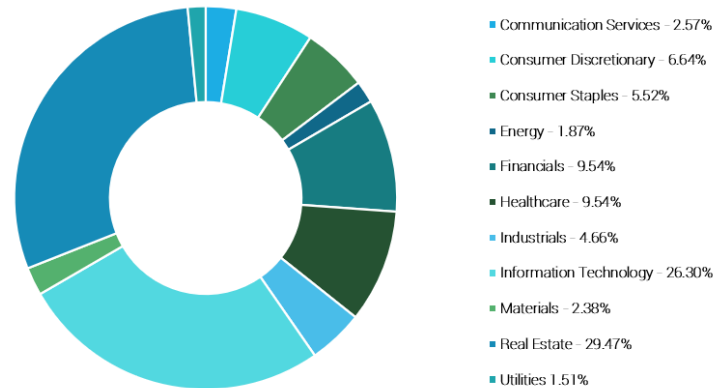
As seen in the comparative returns, VIP's defensive strategy established early in the downturn has largely blunted the blow of the mass selloff of growth assets. We now look to find opportunities in the market in sectors and businesses that we believe will have strong growth prospects as the world emerges from this global event.



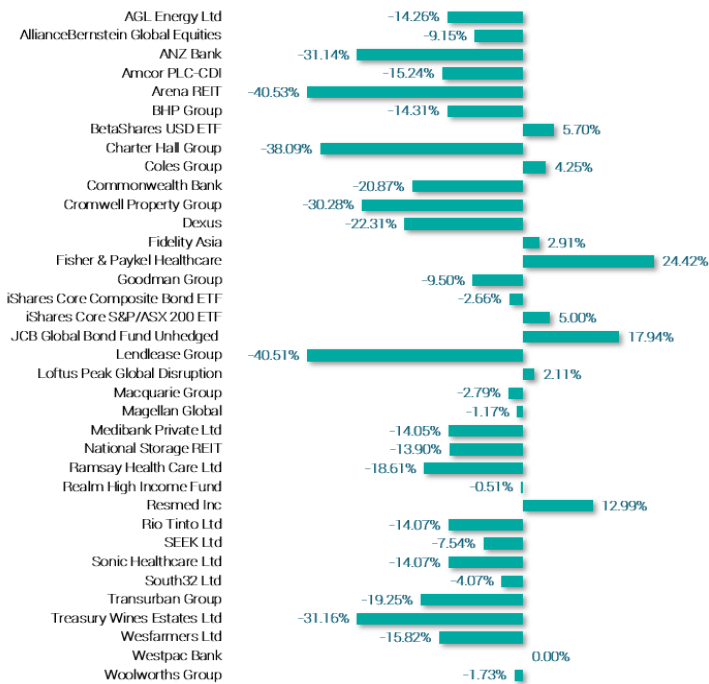
3 Month Asset Class Performance



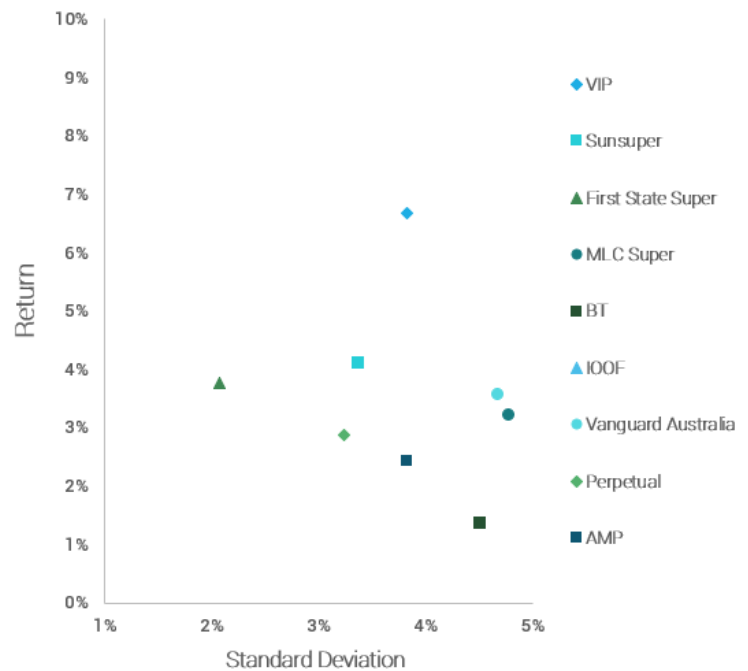
Current Sector Allocation



3 Month Holdings Performance



5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio

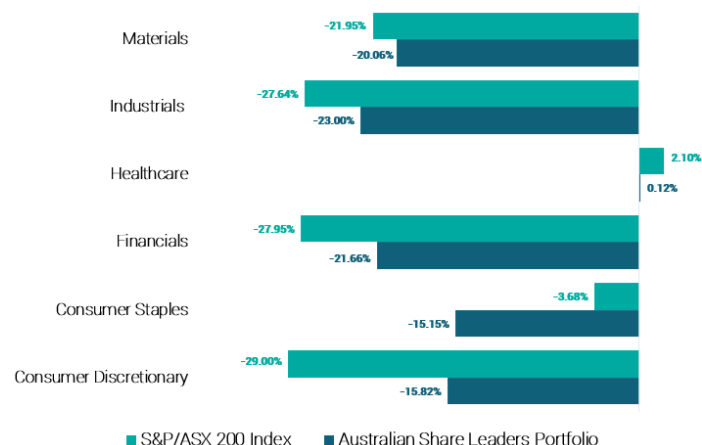


Source: Bloomberg

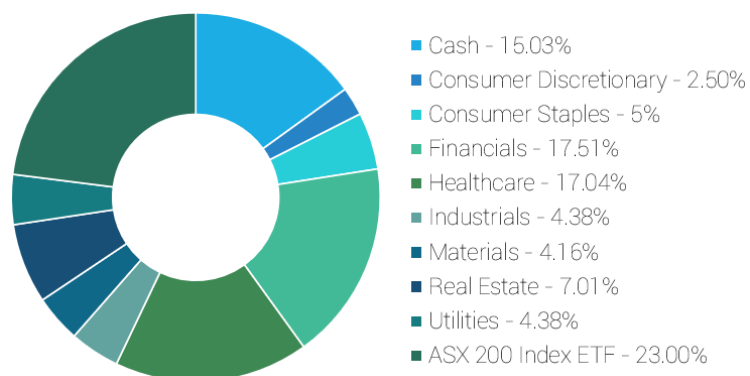


Australian Share Leaders Portfolio Performance

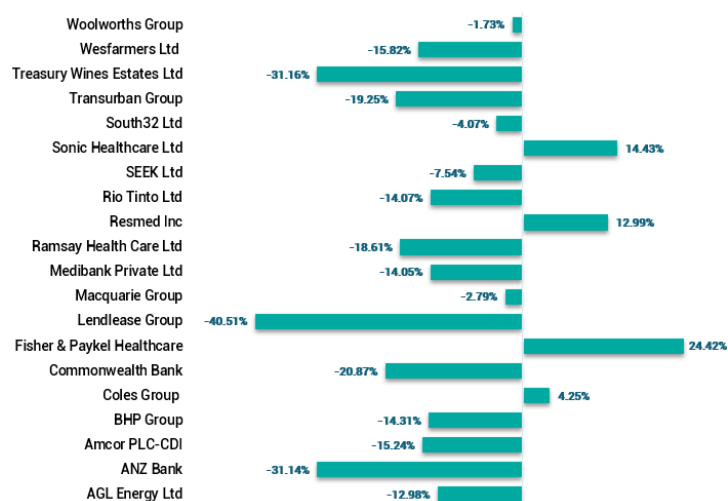
3 Month Sector Performance



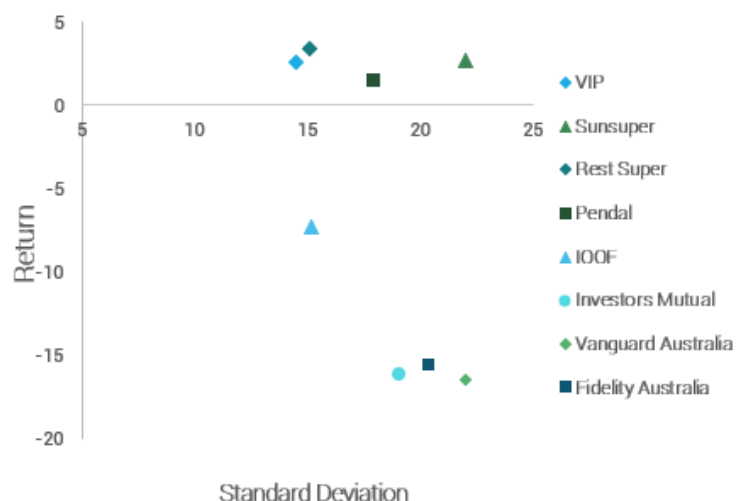
Current Sector Allocation



3 Month Holdings Performance

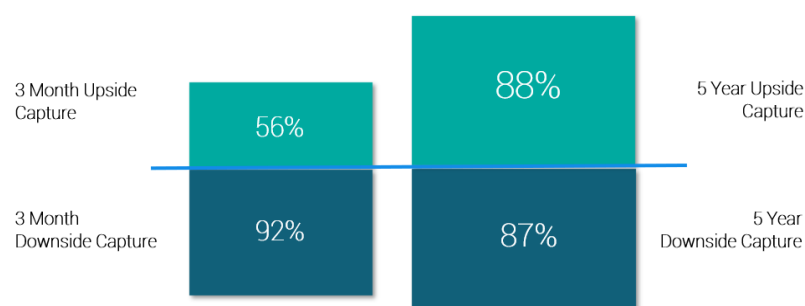


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



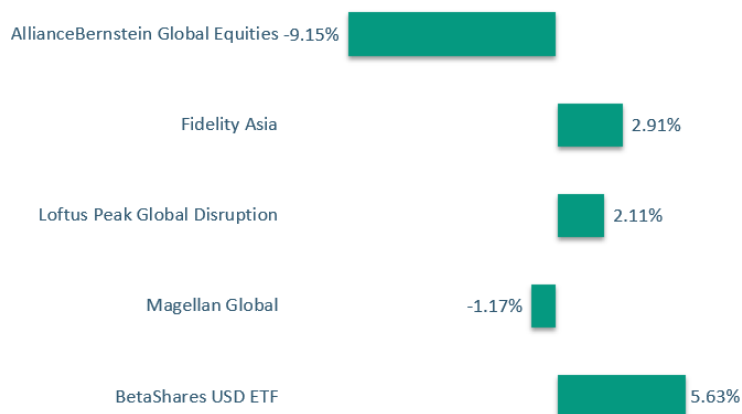
Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	Australian Equities
Management Style	Active
Current Number of Holdings	14
Average Market Capitalisation	\$29.90 Billion
Index Benchmark	ASX/S&P 200
Index Average Market Capitalisation	\$9.01 Billion

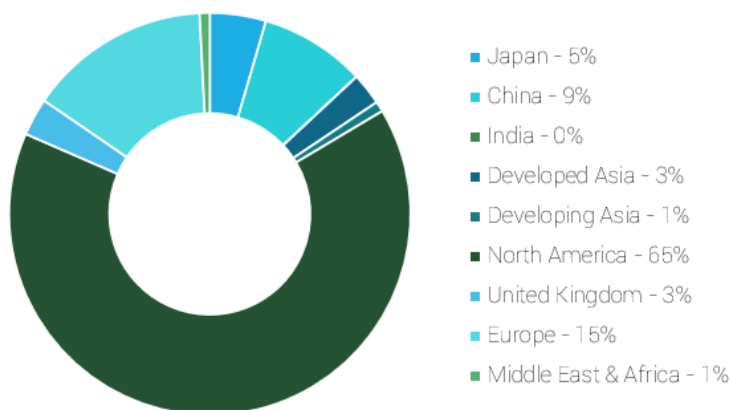


International Securities Portfolio Performance

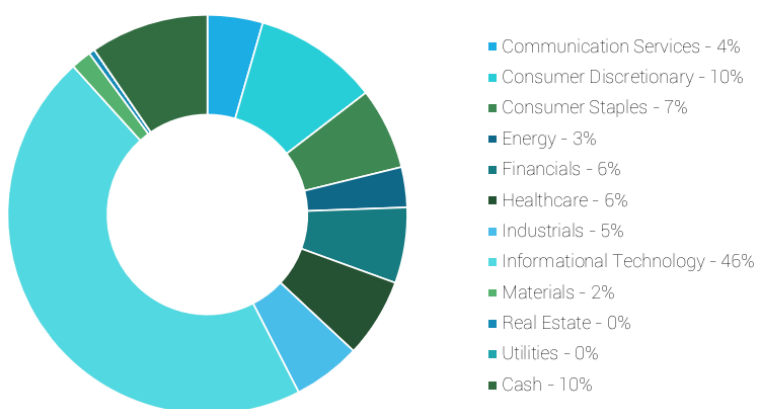
3 Month Fund Member Performance



Current Geographical Allocation



Current Sector Allocation

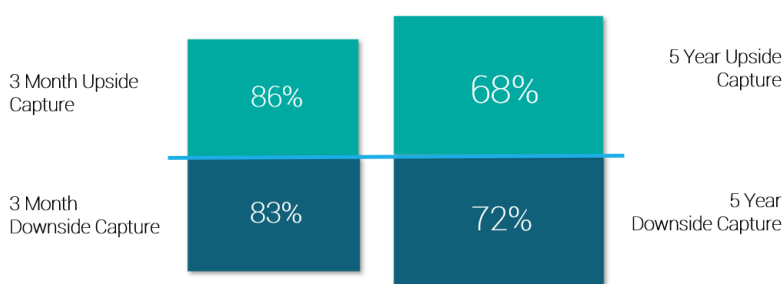


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



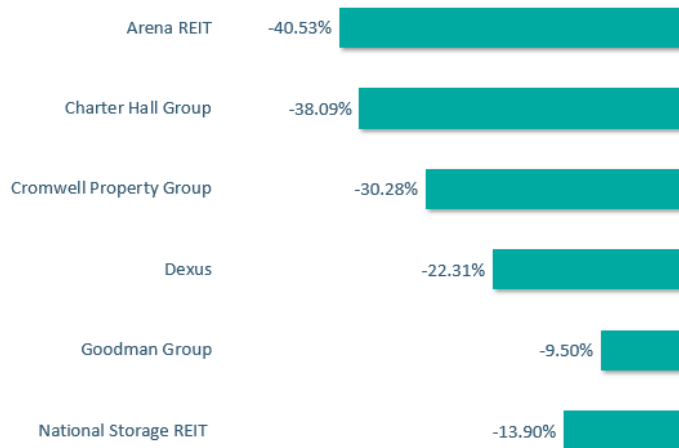
Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	International Equities
Management Style	Active Long Only
Current Number of Holdings	3
Index Benchmark	MSCI World Ex Australia
Index Average Market Capitalisation	\$6.78 Billion (USD)

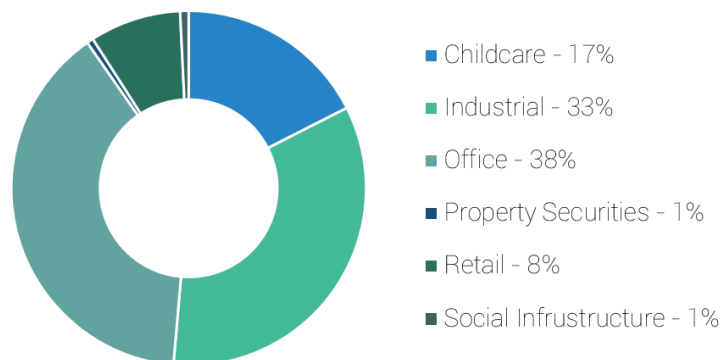


Property Securities Portfolio Performance

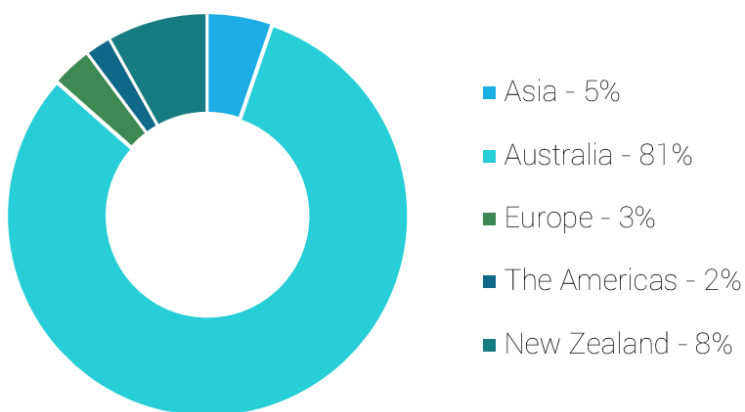
3 Month Holding Performance



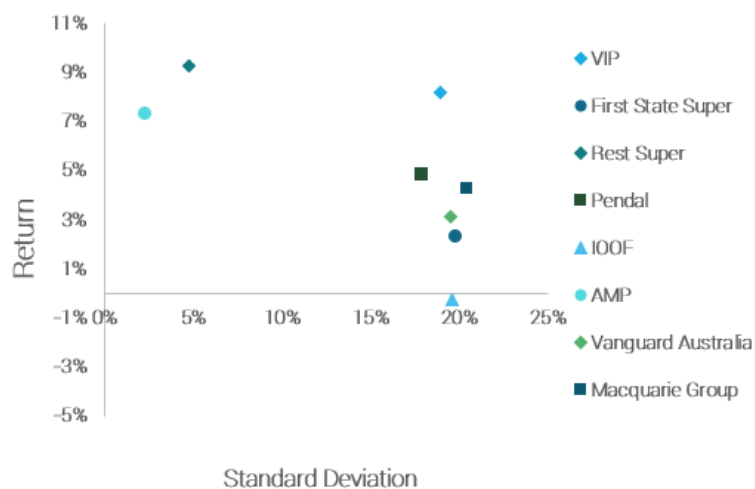
Current Property Sector Allocation



Current Geographical Allocation

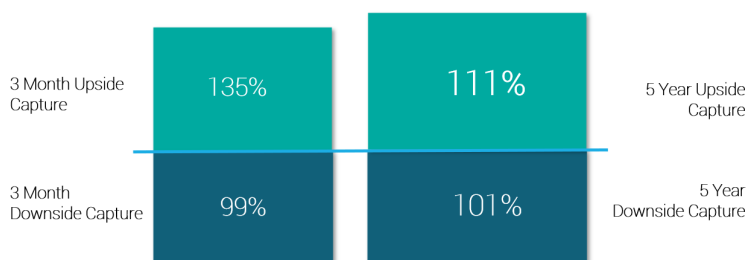


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Source: Bloomberg

Fund Characteristics

Inception Date	30 th June 2011
Investment Horizon	5 – 7 Years
Asset Class	A-REIT
Management Style	Active
Current Number of Holdings	6
Average Market Capitalisation	\$7.22 Billion
Index Benchmark	ASX/S&P 200 A-REIT
Index Average Market Capitalisation	\$5.92 Billion

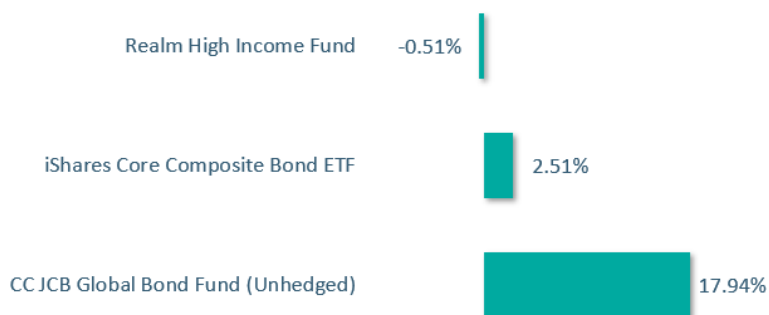
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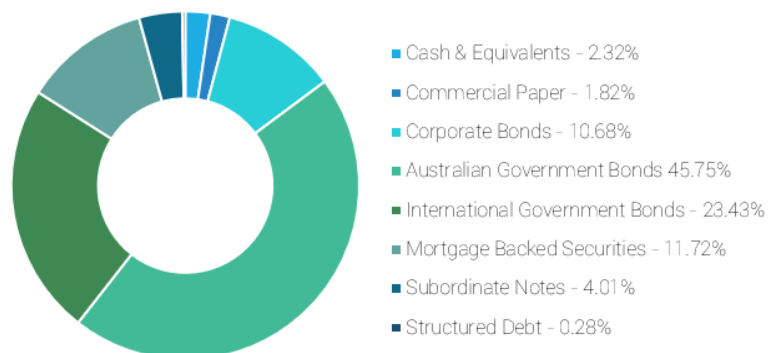


Fixed Interest Portfolio Performance

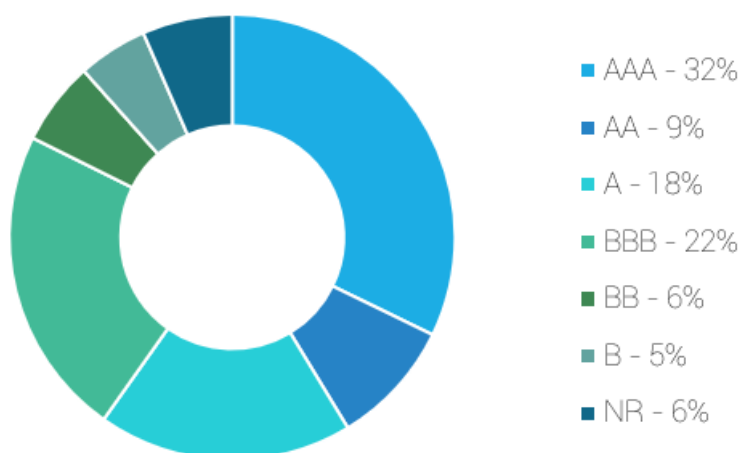
3 Month Holdings Performance



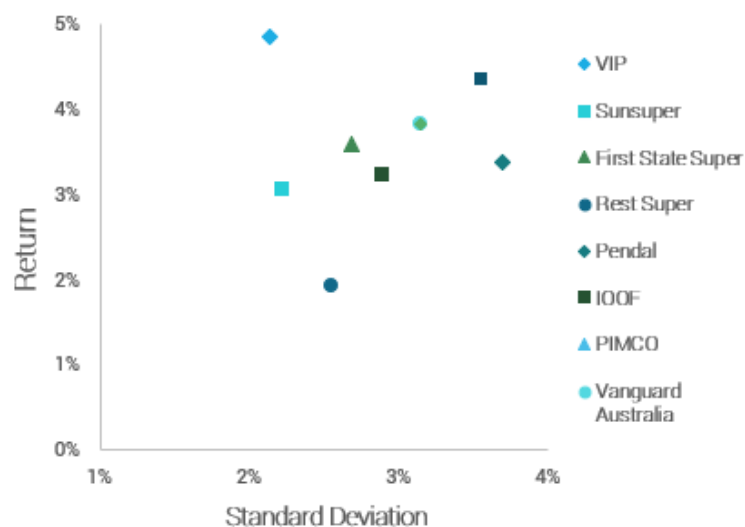
Current Asset Allocation



Current Credit Quality

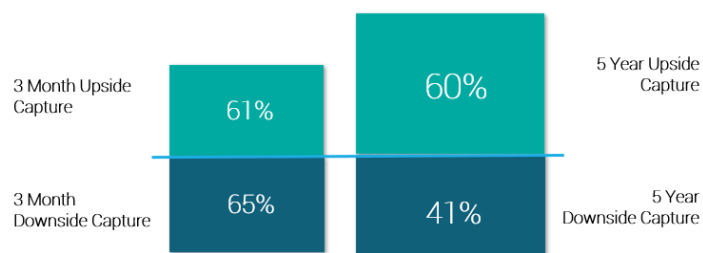


5 Year Risk/Return Profile



Source: Bloomberg

Upside & Downside Capture Ratio



Fund Characteristics

Inception Date	30 th 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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