



### 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 300 Index over the long term from investment in a portfolio of medium to large capitalisation Australian companies. The portfolio invests in 10 to 40 Australian shares within the S&P/ASX 300 index that have been selected via a quantitative, qualitative screening process, and align with macroeconomic themes identified by our analysts and consultants to generate excess returns over the long term.

### Investment Strategy

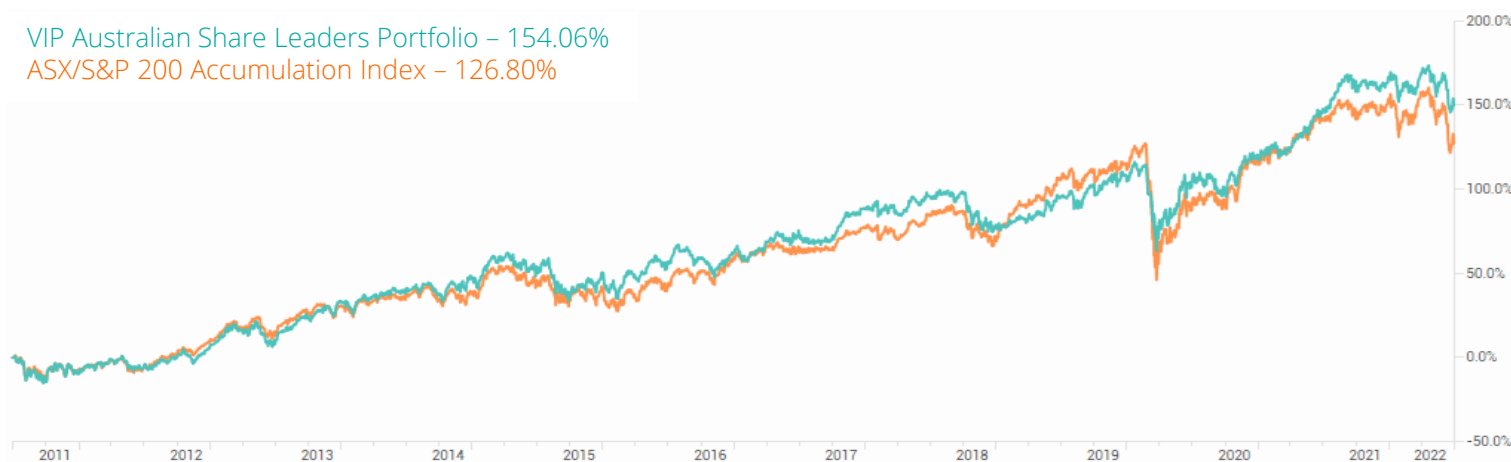
Using our tailored quantitative models our analysts identify companies that meet 57 financial and market measures testing over 7200 data points to identify undervalued securities. Our team analyses company reports, external consultant material, and research papers to identify strong company fundamentals and assessments of potential benefits from macroeconomic trends, forecasts, and developments. Finally, using risk models we test the diversification of potential portfolio constructions to ensure that client risk parameters are met and that an acceptable risk/reward trade off is achieved.

### Portfolio 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	-7.27%	-7.16%	-6.20%	-6.20%	0.55%	9.10%	8.33%	7.07%	8.85%
Net Returns	-7.34%	-7.23%	-6.60%	-6.60%	-0.25%	8.30%	7.53%	6.27%	8.05%
Benchmark Returns	-8.77%	-11.90%	-9.93%	-9.93%	-6.47%	3.34%	6.83%	6.08%	7.73%

VIP Australian Share Leaders Portfolio – 154.06%

ASX/S&P 200 Accumulation Index – 126.80%



### Market Commentary

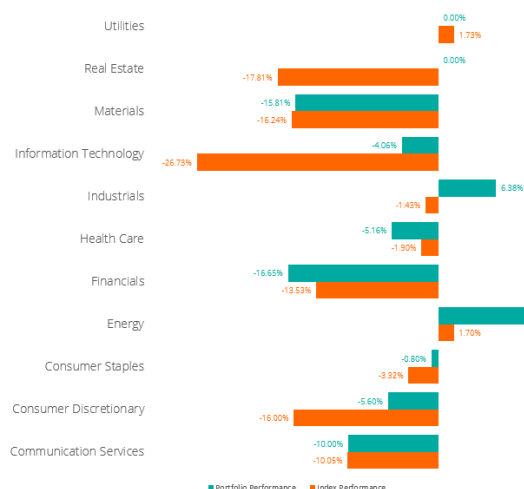
Inflation and fears about recession dominated equity markets over the June quarter with international markets declining significantly. The US Dow Jones was down 11.2%, the German DAX was down 11.3% and Australia's All Ords was down 11.7%. VIP as previously reported, was expecting difficult markets and had prepared your portfolios positioning them very conservatively. As a result, your portfolios performed significantly better than markets and benchmarks for the quarter, but they were still down as reflected by VIP's Australian Leaders portfolio which was down 7.2%.

The key underperformers were Property and Lithium stocks. VIP remains confident in the Property exposures we have as they are predominantly last mile industrial exposures that are in short demand (i.e. we have limited office and retail exposure). Similarly, the Managers are confident in the outlook for Lithium equities (a key mineral in electric vehicle batteries) given the extremely high prices that are being reported for supply of this vital and short supply mineral. As such, and as we are already seeing through the start of July, we expect these exposures to perform well relative to other equities.

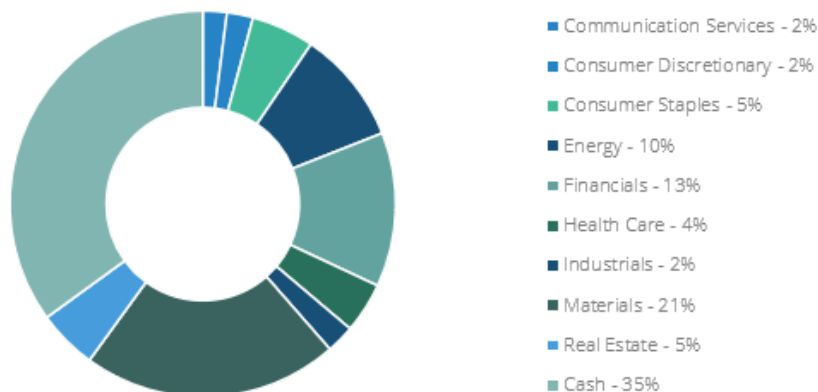
Despite our enthusiasm for these exposures, and Australia in general relative to the rest of the world, we do remain very cautious on the outlook for international financial markets and expect ongoing volatility.



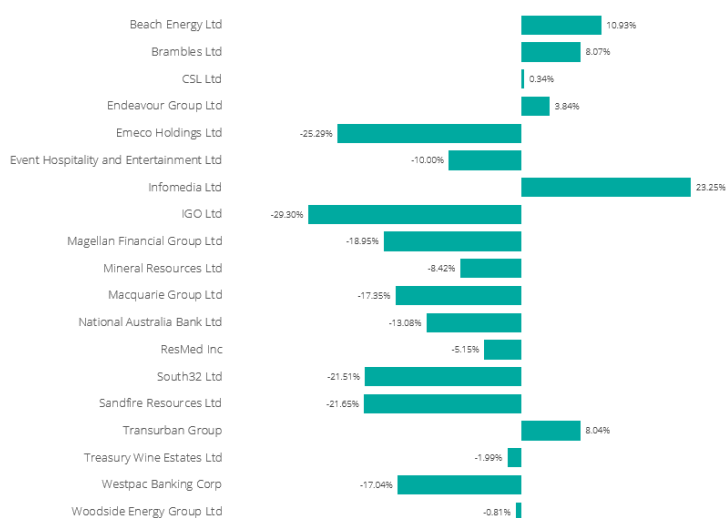
### 3 Month Sector Performance



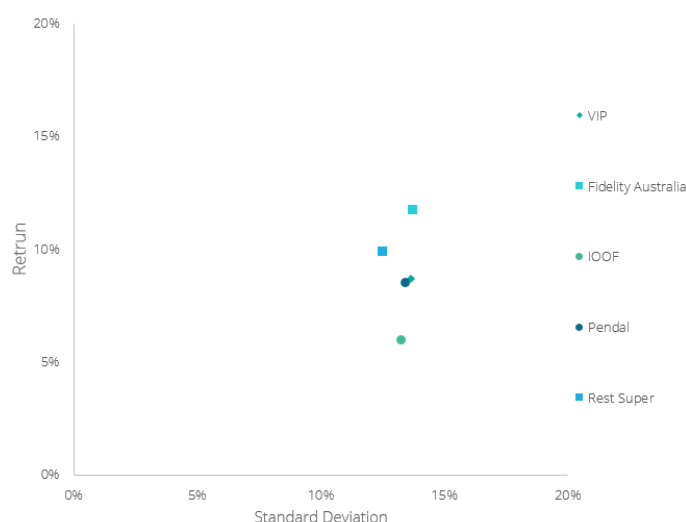
### Current Sector Allocation



### 3 Month Holdings Performance



### 5 Year Risk/Return Profile



### Upside & Downside Capture

	6 Month	5 Year
Upside Capture	57%	96%
Downside Capture	60%	66%

### Portfolio Facts

Inception Date	30 <sup>th</sup> June 2011
Asset Class	Multi-Asset
Platform Availability	Xplore Wealth
Index Benchmark	ASX/S&P 200 Index
Investment Horizon	5 – 7 Years
Minimum Investment	\$75,000 AUD
Management Fee (Exc. GST)	0.80%