

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.

Performance Review

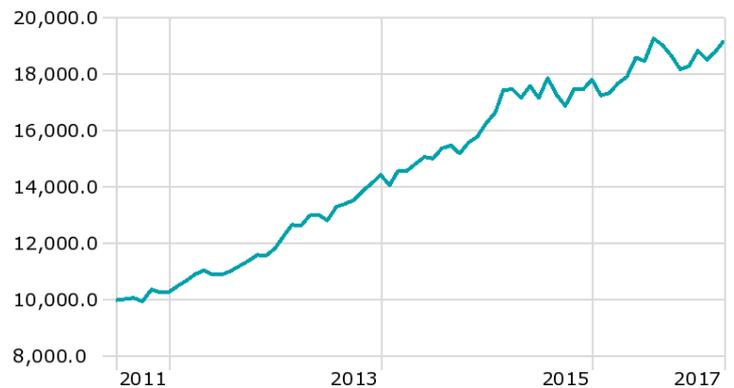
The VIP Growth portfolio generated a 2.14% return **pre-fees** in March, and 1.90% return pre-fees in the quarter.

Over the last year the portfolio has generated an 8.47% return **pre-fees** and over 3 years 9.59%. Over 3 and 4 years and Since Inception the portfolio has achieved performance above our Growth Composite Index.

The **post-fees** returns for the *Investment* and *Superannuation & Pension* portfolios are shown in **blue** in the table below.

Investment Growth

Time Period: 1/07/2011 to 31/03/2017



—VIP Growth

Trailing Returns

As of Date: 31/03/2017

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	Since Inception
VIP Growth PRE-FEES	2.14	1.90	2.82	8.47	4.81	9.59	10.99	11.99
Net VIP Growth Investment	2.02	1.56	2.13	7.01	3.40	8.12	9.50	10.49
Net VIP Growth Super-Pension	2.00	1.52	2.03	6.81	3.20	7.91	9.30	10.28
VIP Growth Composite Index	2.17	2.87	7.14	14.70	4.86	9.12	10.57	11.35

Tactical Asset Allocation

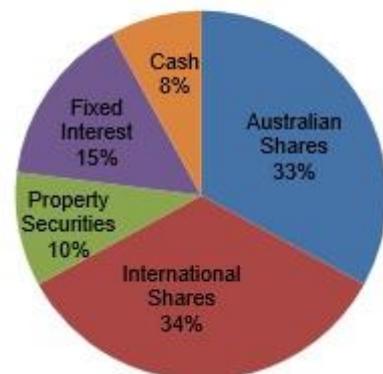
The VIP Growth portfolios asset allocation as at 31/03/2017 was as follows:

- Australian Shares 33%
- International Shares 34%
- Property Securities 10%
- Fixed Interest 15%
- Cash 8%

The Growth asset allocation (Shares and Property Securities) is only slightly reduced from the 80% target level, currently residing at 77%.

Growth Portfolio TAA

As at: 31/03/2017



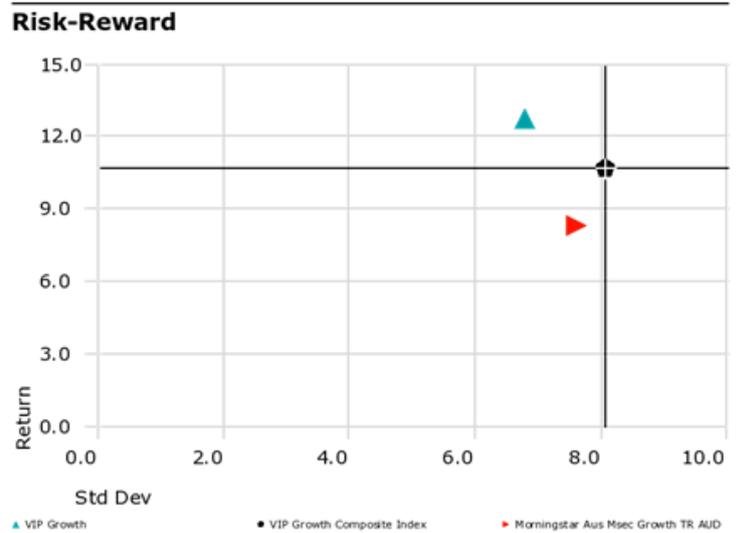
Risk vs Return

The VIP portfolios aim to reduce volatility, or risk, over the long term and achieve excess returns per unit of risk that is taken compared to our Growth Composite Index and the Morningstar Multi-sector Growth Index.

The chart on the right plots return on the vertical axis against risk (in the form of Standard Deviation) on the horizontal index. Basically the higher up the vertical axis (high return) and the more left on the horizontal axis (low risk) is the ideal position that we aim for over the long term.

The chart on the right shows that the VIP Growth portfolio (aqua triangle) has achieved a **higher return** and **lower risk** compared to the Growth Composite Index (black pentagon) and our peers represented by the Morningstar Multi-sector Growth index (red triangle) since inception on 01/07/2011.

This is the outcome we aim to achieve for our investors.



Month in Review - Economic & Market Commentary

Technology of Tomorrow, Today

It has always been said that necessity is the mother of invention – the human pursuit of making day-to-day living easier, more comfortable, and more efficient has forever spurred the continual innovation in areas such as communication, information, and travel. In fact, in this day and age, it is fair to wonder what else we could possibly need, although it is important to note that almost everyone during their existence in history has lived at the height of technological innovation. At present, the face of innovation is largely looking towards artificial intelligence, automation, and better integration as the basis of technologies that may not yet be in the common household, but are progressively pressing towards the forefront of everyday society.

While having existed for decades, artificial intelligence or AI is a phrase that has increasingly been used in the last 2 years, despite many people unbeknownst to its true meaning or effect on our way of life. AI is defined as the ability for devices to perceive its environment and takes actions that maximise its chance of success at a goal. To take it a step further, AI has extended to machine learning i.e. the ability for a machine to learn, and has developed to a stage where intelligent personal assistant devices are readily available such as Amazon's Alexa and Google's AI technology. Together, artificial intelligence and machine learning will change everyday living predominantly through the automation of manual processes.

Automation is the future of the modern world, pushed by AI. One of the most astounding technologies the world has been witnessing over the last few years is the development of the driverless car, which has gone as far as Uber rolling out a fleet of autonomous cars in Pittsburgh and San Francisco last year. Automation in relation to the household seeks to eliminate menial tasks such as constructing shopping lists, watering the garden, and feeding pets. While some of these technologies have existed for a long time, the rise of AI and machine learning will enhance the ability for automation to do amazing things in years to come.

The concept of the 'Internet of Everything' brings automation and AI into an integrated state in which a whole life or household can be connected between its devices. Imagine this. Your FitBit has recognised that you have more than reached your fitness goals for the week, and your iPhone has seen that you plan to host on Friday night. This all has been communicated to your smart fridge, which understands it is missing something and communicates this to your Amazon Alexa, which promptly orders a case of your favourite beer to be delivered by Friday. It may seem farfetched but the technology is a reality, albeit unavailable or unaffordable to the common man at this point.

Somewhat separate although still connected to the above technologies is virtual reality. While once upon a time virtual reality was a novelty, it has been developed to a stage where it not only presents itself as a great gift as it was last Christmas season, but a genuine option for marketing and communication. Perceive this as a step further than a skype call, where one day in the future it will be commonplace to talk to a distant loved one as if you were sitting in their living room, all through technology that is available today and continues to develop.

While it is exciting to see where this technology will take our lives in the future, it is just as intriguing to wonder what opportunity such disruptive innovation will bring to the market. While many stocks in such companies exist as speculative and high risk, history says that one of many will one day rise to be the next greatest thing, much like the technology they produce.

Australian Shares Portfolio

The VIP Australian Share Leaders portfolio generated a 4.67% **pre-fees** return for the month and 4.22% over the last 3 months. The portfolio outperformed the S&P/ASX 100 index in March by 1.33% and underperformed by 0.84% over the quarter.

Over the last year, the portfolio has generated a 14.27% return pre-fees underperforming the ASX 100 index by 6.74%.

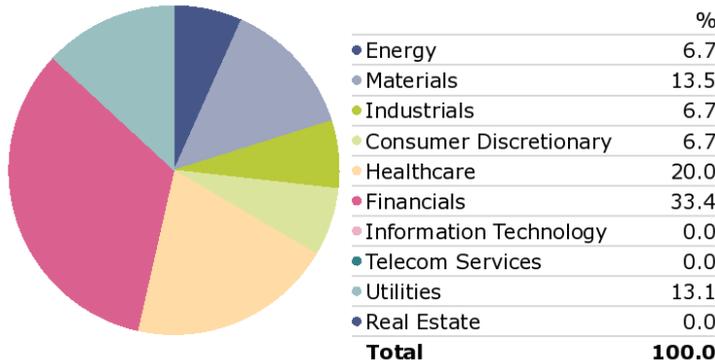
The **Top Contributors** for the month were South32 Ltd +12.76%, Challenger Ltd +9.70%, and Aristocrat Leisure Ltd +8.25% and the **Top Detractors** were ResMed Inc -0.75%, Ramsay Health Care Ltd +1.24%, and Australia and New Zealand Banking Group Ltd +2.68%.

VIP Australian Share Leaders - Holdings

	Ticker	Dividend Yield % TTM
Ramsay Health Care Ltd	RHC	2.52
South32 Ltd	S32	2.15
CSL Ltd	CSL	1.35
James Hardie Industries PLC DR	JHX	2.15
Challenger Ltd	CGF	3.72
Bendigo and Adelaide Bank Ltd	BEN	8.13
National Australia Bank Ltd	NAB	8.55
Aristocrat Leisure Ltd	ALL	1.29
Seek Ltd	SEK	3.62
Oil Search Ltd	OSH	0.55
Westpac Banking Corp	WBC	7.73
APA Group	APA	4.90
Australia and New Zealand Banking Group Ltd	ANZ	7.17
ResMed Inc DR	RMD	
Spark Infrastructure Group	SKI	5.97

VIP Australian Share Leaders - Equity Sectors

Portfolio Date: 31/03/2017



Australian Shares Portfolio Adjustments:

In March, the VIP Investment Committee sold Telstra given the increased competition in the telecommunications space and a decline in reported revenue and profit, as well as a downgrade in forecast over the coming year. To replace this holding, APA Group was bought to increase the portfolios weighting towards resources.

International Shares Portfolio

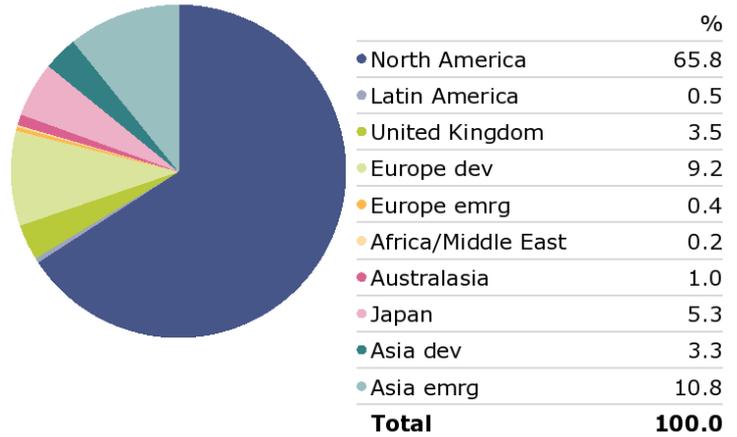
The VIP International share portfolio generated a 1.33% return for the month **pre-fees** and 0.27% over the last 3 months. In doing so the portfolio underperformed the MSCI World Ex Aus (AUD) index in March by 0.49% and underperformed over the last 3 months by 0.58%.

Over the last year, the portfolio has generated a 9.06% return and underperformed the index by 6.49%.

The **Top Contributors** were Platinum International Fund +3.33%, Vanguard US Total Market Shares ETF +2.41%, and Magellan Global 2.21%. The **Top Detractors** were iShares S&P Mid-Cap (AU) +1.31%.

VIP International - Equity Regional Exposure

Portfolio Date: 31/03/2017



VIP International - Holdings

Portfolio Date: 31/03/2017

	Global Category
Platinum International Fund	Global Equity Large Cap
Morphic Global Opportunities	Global Equity Large Cap
Magellan Global	Global Equity Large Cap
Vanguard US Total Market Shares ETF	US Equity Large Cap Blend
iShares S&P Mid-Cap (AU)	US Equity Large Cap Blend
RBA Bank accepted Bills 90 Days	

International Portfolio Adjustments:

In March, the Investment Committee made no changes to the portfolio.

Property Securities Portfolio

The VIP Property Securities portfolio generated a 0.20% return for the month **pre-fees** and 0.30% over the last 3 months. The portfolio underperformed the S&P/ASX 200 A-REIT index during the month by 0.42%, and over the quarter by 0.58%.

Over the last year, the portfolio has generated a 6.19% return and outperformed the index by 0.17%.

Top Contributor was Goodman Group +2.52%. **Top Detractors** were Stockland Corp Ltd -1.69%, Scentre Group -1.61%, and BWP Trust.

Fixed Interest Portfolio

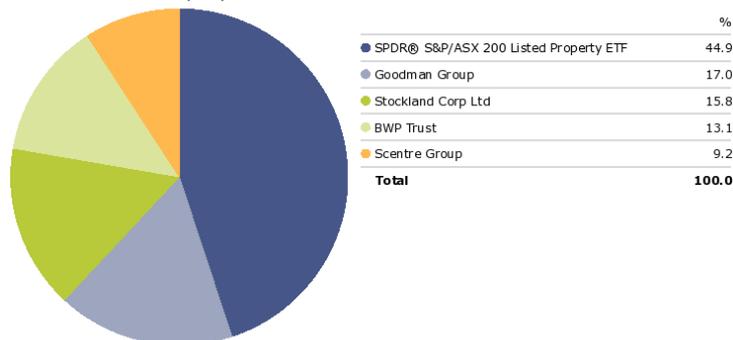
The VIP Fixed Interest portfolio generated a 0.35% return for the month **pre-fees** and 0.73% over the last 3 months. This was against the Bloomberg AusBond Composite index return of 0.44% over the month and 1.23% over the quarter.

The portfolio underperformed the index by 0.09% over the month, and underperformed the index 0.50% over the last 3 months.

Top Contributors were Realm High Income +0.45% and iShares Core Composite Bond (AU) +0.43%. The **Top Detractor** was RBA Bank accepted Bills 90 Days +0.15%.

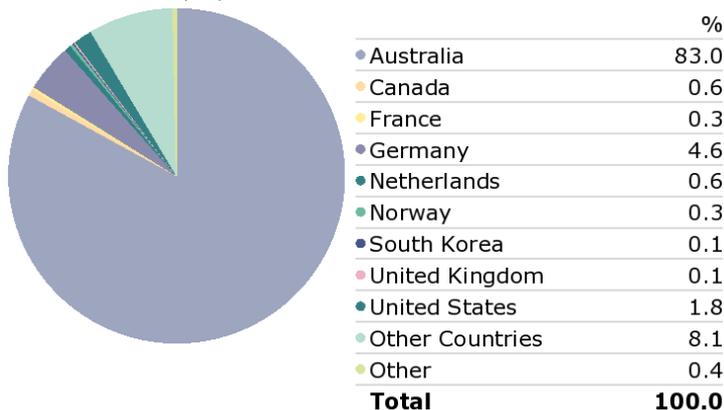
VIP Property Securities - Portfolio Holdings

Portfolio Date: 31/03/2017



VIP Fixed Interest - Country Exposure

Portfolio Date: 31/03/2017



VIP Property Securities - Holdings

Portfolio Date: 31/03/2017

	Ticker	Dividend Yield % TTM
SPDR® S&P/ASX 200 Listed Property ETF	SLF	
Goodman Group	GMG	2.98
Stockland Corp Ltd	SGP	5.04
BWP Trust	BWP	5.80
Scentre Group	SCG	4.98

VIP Fixed Interest Portfolio - Income Yield

Portfolio Date: 31/03/2017

	Income Return 1 Yr (Mo-End)
iShares Core Composite Bond (AU)	3.01
RBA Bank accepted Bills 90 Days	
Realm High Income	2.96

Property Securities Portfolio Adjustments:

In March, the VIP Investment Committee made no adjustments to the portfolio.

Fixed Interest Portfolio Adjustments:

In March the VIP Investment Committee sold its holdings in BT Pure Alpha Fixed Income and invested a larger holding into iShares Core Composite Bond (AU).

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.