

Investment Objective

The **VIP International Portfolio** aims to provide long term capital growth by investing in a diversified portfolio of International assets. The portfolio actively invests in 2 to 5 managed funds, Exchange Traded Funds (ETF's), or Listed Investment Companies (LIC's) that provide diversified exposure to international share markets.

Underlying managers are selected by the VIP Investment Committee by undergoing due diligence into the managers People, Investment Processes, and Investment Performance; and selecting managers that provide investment sector, style, and geographical diversification.

Performance Review

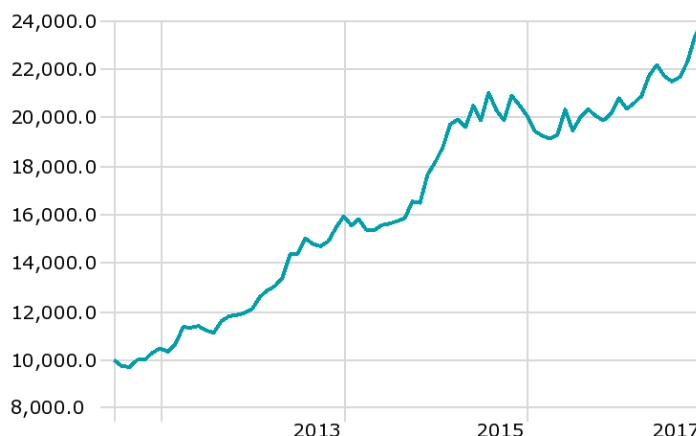
The VIP International share portfolio generated a 2.43% return for the month **pre-fees** and 10.51% over the last 3 months. In doing so the portfolio underperformed the MSCI World Ex Aus (AUD) index in underperformed by 0.80% and underperformed over the last 3 months by 0.85%.

Over the last year, the portfolio has generated a 18.77% return and underperformed the index by 1.74%.

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 30/11/2017



—VIP International

Trailing Returns

As of Date: 30/11/2017

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
VIP International	2.43	10.51	8.01	18.77	8.03	10.71	11.56	14.95	14.58
VIP International Investment	2.32	10.14	7.28	17.18	6.58	9.23	10.07	13.41	12.94
VIP International Super-Pension	2.36	10.29	7.58	17.83	7.17	9.83	10.68	14.03	13.57
MSCI World Ex Australia NR AUD	3.23	11.36	7.47	20.51	10.29	12.62	13.71	19.38	9.76

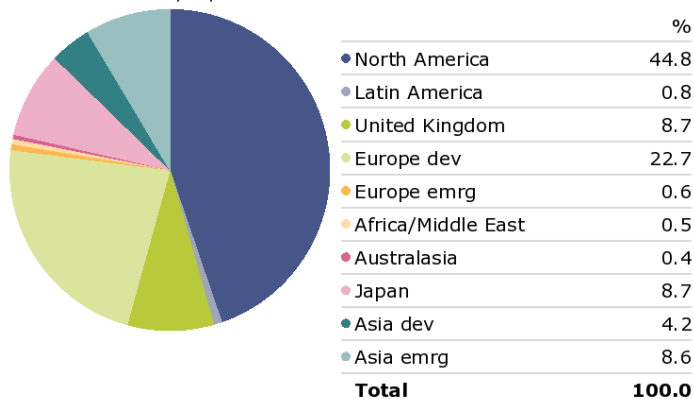
Portfolio Exposure

The portfolios regional exposure is dominated by North American and developed Europe holdings as these are the lower risk sectors of the international markets.

The portfolio also includes an allocation to emerging markets with exposure to developed and emerging Asian countries and South America. However, this exposure has recently been reduced due to the market and economic stress these emerging markets are experiencing at present.

VIP International - Equity Regional Exposure

Portfolio Date: 30/11/2017



Looking Back on 2017

2017, in contrast to its predecessor, has been a year of steady growth and positivity around the world. While 2016 was the year of upsets that made for a turbulent time on the global markets, 2017 can be looked back upon as a stabiliser that kept the world moving once the dust settled from the previous year.

No doubt the largest event of last year was the election of President Trump in November 2016. 2017 was therefore the year in which the world watched on to see how a man of such polarizing character would influence the world and its economies and markets. Amidst an endless supply of headlines and noise, Trump, whether to his credit or not, has seen a prosperous year as president with the S&P500 Index posting a 17.2% return for the past financial year. Much of this return was bolstered by Trump's promises of corporate tax cuts, higher infrastructure spending, and less regulation. Whether or not these promises are delivered is another matter for 2018 but for now, Wall Street is a Trump-friendly place.

While the French and German elections were flagged last year as potential disruptors to the global economy, the two major powers in the EU held steady with Emmanuel Macron winning the French election and Angela Merkel reinstated for her fourth term as German Chancellor. In line with political stability, European share markets also made significant gains, notably a 27.3% return for Germany and 24.8% gain for the French market.

Overall, the global economy improved its performance over the past year on the back of strong corporate earnings, positive business surveys, rising consumer sentiment, strong jobs growth and lower unemployment. China was able to earn a respectable 9% on its market through large infrastructure spending and a robust housing market.

Domestically, Australia's share market has posted a solid year with 14% growth on the ASX100. This was achieved despite a subdued annual economic growth of 2% for the last financial year as well as high unemployment and underemployment rates at 5.5% and 8.8% respectively. Given this sparse capacity in the labour market, wages growth remains subdued and consumer sentiment remains low. As such, Australia's annual inflation has been sedated at 2.1% for the past financial year.

In the wake of a slow but positive local economy, Value Investment Partners has performed well, particularly considering that we entered the year slightly behind the market after safeguarding our investors from any potential downturn that could have resulted in the aftermath of the Trump election. Given our current position, VIP is in good stead to capitalise on the opportunities that 2018 brings.

From the team here at Value Investment Partners, we'd like to thank you for your continued support through a successful year. We wish you a happy and restful holiday season, a safe summer, and a prosperous 2018 for us all.

Source: MLC, Credit Suisse

Portfolio Holdings & Adjustments

VIP International - Holdings

Portfolio Date: 30/11/2017

	Global Category	Total Ret 1 Mo (Mo-End)	Total Ret 3 Mo (Mo-End)	Total Ret 6 Mo (Mo-End)	Total Ret 1 Yr (Mo-End)
Platinum International Fund	Global Equity Large Cap	0.96	10.62	12.55	29.23
Magellan Global	Global Equity Large Cap	3.45	10.49	6.30	20.41
Morphic Global Opportunities	Global Equity Large Cap	2.64	12.00	7.25	21.40
AB Global Equities	Global Equity Large Cap	3.78	11.43	8.99	22.44
iShares Europe ETF (AU)	Europe Equity Large Cap	1.15	8.58	3.75	26.20
RBA Bank accepted Bills 90 Days		0.14	0.42	0.85	1.74

Performance Contributors & Detractors, and Portfolio Adjustments

The **Top Contributors** were AB Global Equities +3.78%, and Magellan Global +3.45%. The **Top Detractor** were Platinum International Fund +0.96%, Morpheic Global Opportunities +2.64%, and iShares Europe ETF (AU) +2.77%.

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

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