VALUE INVESTMENT PARTNERS

VIP International Portfolio

Monthly Review
June 2018

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

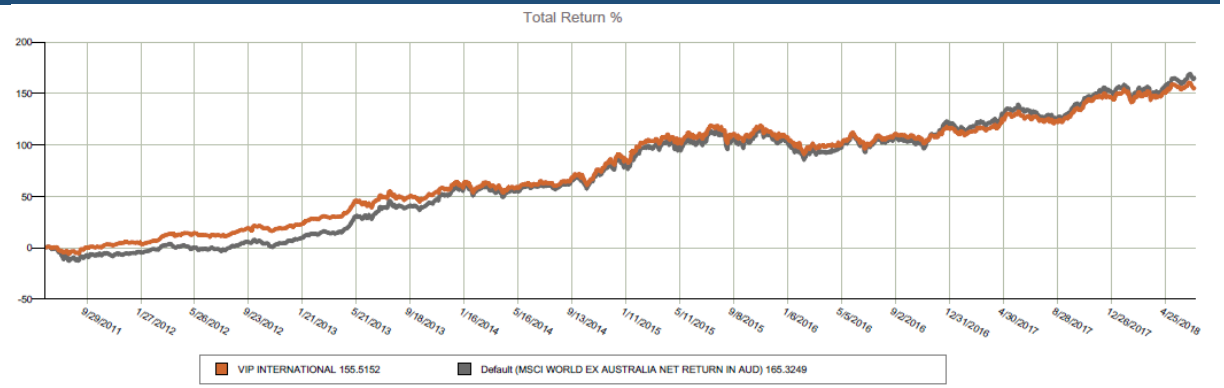
The VIP International share portfolio generated a 0.54% return for the month **pre-fees** and 3.09% over the last 3 months. In doing so the portfolio underperformed the MSCI World Ex Aus (AUD) index by 1.79% and by 2.44%.

Over the last year, the portfolio has generated a 13.57% return and underperformed the index by 1.82%.

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

Contributors & Detractors

The **Top Contributors** were Magellan Global +2.78%. The **Top Detractors** were Platinum International -2.52%, Morphic -0.32%. iShares Europe +0.32%.



Trailing Returns — 30/06/2018

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP International PRE-FEES	0.54	3.09	4.49	13.57	11.24	18.05
Net VIP International Investment	0.47	2.89	4.09	12.77	10.44	17.25
Net VIP International Super-Pension	0.43	2.75	3.82	12.22	9.89	16.70
MSCI World Ex Australia NR AUD	2.33	5.53	6.37	15.39	15.29	22.68

Performance - Main View

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP INTERNATIONAL	100.00	0.54	3.09	4.49	13.57	4.49
BBG AUB Bank Bill	4.95	0.15	0.49	0.92	1.78	0.92
LOFTUS PEAK GLOBAL DISRUPTN	8.59	2.03	8.92	8.92	8.92	8.92
ISHARES EUROPE -CDI	14.59	0.32	2.16	1.81	9.19	1.81
PLATINUM INTERNATIONAL FUND	17.18	-2.52	-1.40	-0.74	13.48	-0.74
MORPHIC GLOBAL OPP FD	17.75	-0.32	1.00	3.71	12.10	3.71
ALLIANCEBERNSTEIN GLB EQ FD	18.10	1.68	4.04	7.12	15.45	7.12
MAGELLAN GLOBAL FD	18.84	2.78	7.42	8.14	16.90	8.14

Month in Review - Economic & Market Commentary

Economic Outlook

While May saw the largely expected correction in the markets, June brought windfall to the ASX, edging it towards a 10-year high. On the back of this, relative newcomers to the VIP portfolios Computershare and Costa Group Holdings performed well over the month with returns of 6.29% and 4.70% respectively. Moreover, Seek returned 7.97% for June, and is priced at all-time highs for the job matching company.

Outside of Australia, the first shots of the US-China Trade War have been shot after months of discussion, with the US imposing a 25% levy on $US 34 billion worth of Chinese good entering the US. In retaliation, China implemented tariffs on US products including soybeans, whiskey, and automobiles. These are merely considered to be opening strikes, with threats from President Trump that this could escalate to a final tariff towards $500 billion, similar to the amount imported by the USA in 2017. With the potential to become the largest trade war in history, it stands that while it is all done under the guise that it brings jobs back to the US, the fact is that such tariffs will push higher prices onto the companies and consumers. Already, iconic American company Harley Davidson has shifted production to Europe to negate the effects of the trade war.

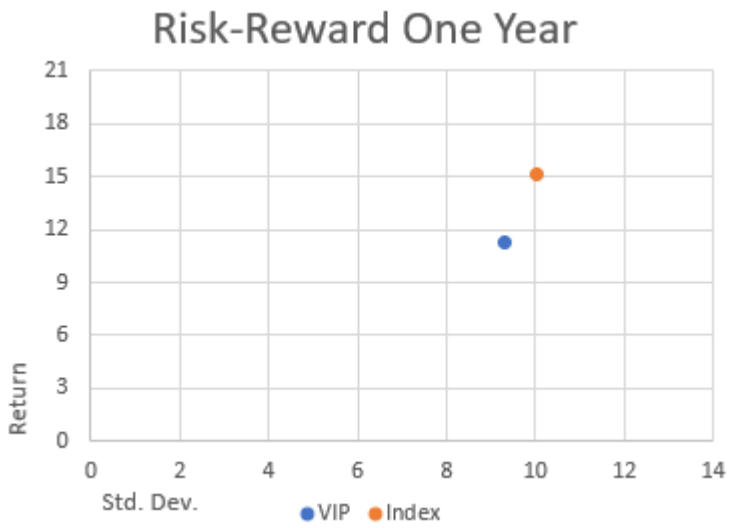
Regarding Europe, Theresa May's cabinet appears to be in disarray, with Brexit Minister David Davis resigning, shortly followed by Foreign Secretary Boris Johnson, who in particular was a prominent campaigner for the Leave vote. Davis leaves after disagreeing with May's vision of a British exit from the European Union, which in her opinion would include plans for close trade and regulatory ties with the EU. Johnson in turn voiced his disappointment with the direction May was taking in negotiations on the terms of Brexit. All in all, a light is shone on the waning trust her own cabinet has in May, and puts a threat on her position as Prime Minister.

With the larger world power creating waves in the global arena, VIP remains acutely aware to any economic movements that may impact our holdings and as such, watch the political pieces move with keen interest.

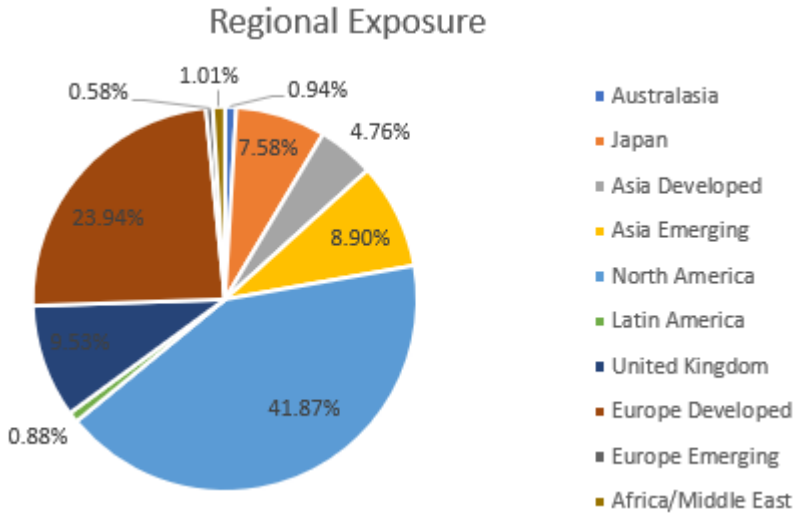
Portfolio Adjustments

The VIP Investment Committee swapped iShares Europe ETF (IEU) for Vanguard Midcap Index Fund (VTS) late in the month in order to turn the portfolio's focus towards the US and away from Europe.

Risk vs Return



International Exposure



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.