

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 100 Index over the over the long term from investment in a portfolio of large capitalisation (cap) Australian shares.

The portfolio invests in 15 to 30 Australian shares within the S&P/ASX 100 index that have been selected via a Quantitative and Qualitative screening process. This process aims to short list companies that are transparent and easy to understand, run by good management, priced below their valuation, &, display attractive growth prospects.

Performance Review

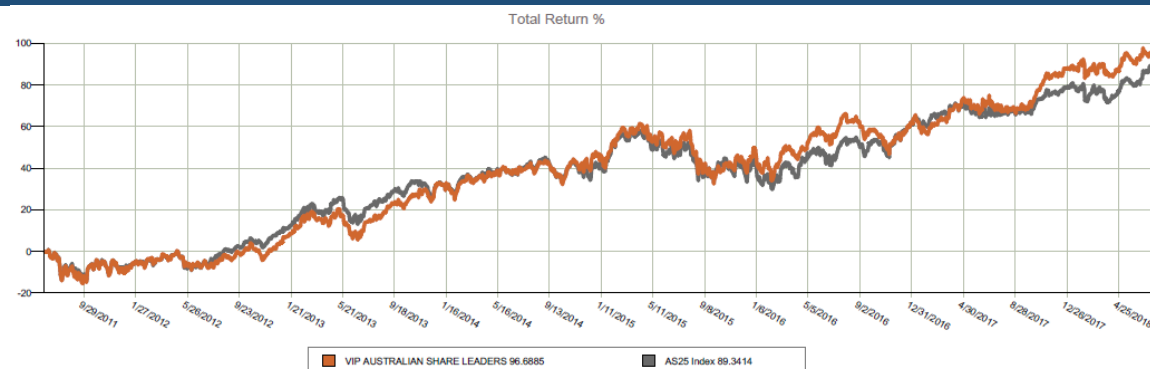
The VIP Australian Share Leaders portfolio generated a 0.92% **pre-fees** return for the month and 3.98% over the last 3 months. The portfolio underperformed the S&P/ASX 100 index over the month by 0.67% and underperformed by 2.03% over the quarter.

Over the last year, the portfolio has generated an 17.29% return pre-fees outperforming the ASX 100 index by 3.43%.

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 CIMIC Group +14.26%, Bendigo and Adelaide Bank +8.03%, and Challenger +5.16%. The **Top Detractors** were James Hardie -5.20%, Costa Group Holdings -4.61%, and ARB Corp -4.45%.



Trailing Returns

31/07/2018

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Australian Share Leaders PRE-FEES	0.92	3.98	3.93	17.29	12.55	17.58
Net VIP Australian Share Leaders Investment	0.85	3.78	3.53	16.49	11.75	16.78
Net VIP Australian Share Leaders Super-Pension	0.81	3.64	3.26	15.94	11.20	16.23
S&P/ASX 100 TR	1.59	6.01	6.28	13.86	12.09	14.27

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	100.00	0.92	3.98	3.93	17.29	4.66
Consumer Discretionary	11.08	1.18	17.30	31.63	56.72	32.74
Consumer Staples	5.70	-4.61	-12.22	-2.77	14.56	4.30
Financials	17.01	5.05	11.94	3.48	10.34	2.76
Health Care	10.77	1.00	13.48	23.99	45.46	34.61
Indexes	5.00	0.19	0.52	0.95	1.83	1.11
Industrials	16.40	4.24	1.83	1.48	17.20	-0.92
Information Technology	5.62	-1.30	7.00	6.37	6.37	6.37
Materials	22.72	-1.53	-1.68	-2.86	21.93	-0.54
Utilities	5.70	-0.50	-0.28	-0.29	-1.95	-6.14

Economic Outlook

Though moderately volatile, July continued off the back of a very strong June, posting a steady return on the ASX. Notably, CIMIC Group recorded a strong month with +14.26%, as well as Bendigo and Adelaide Bank and Challenger, posting returns of +8.03% and +5.16% respectively.

In the US, Trump's long-time personal lawyer Michael Cohen has pleaded guilty to eight charges, including breaking campaign finance rules. Given that these charges are directly linked to expenses paid to hush the extra-marital affair saga the President has since denied, this could have significant effects on Trump's term as President. However, if anything, the last two years have proven that the POTUS is essentially untouchable despite all the misgivings on his character, dealings and alleged collusions with the Russian government. His former campaign chief Paul Manafort has also been convicted of eight charges including tax and bank fraud, although Trump was quick to distance himself from this case.

Domestically, Australia has yet again found itself in a power struggle at the top of politics. After an unsuccessful attempt to take the highest position from Malcolm Turnbull, Peter Dutton has resigned from the cabinet and receded to the backbench. However, the support shown for Dutton among the Liberal Party has all but revealed that Turnbull's days as Prime Minister are numbered, given the Liberals voted 48-35 in favour of Turnbull, meaning 35 were in support of a Dutton leadership spill. Already, 10 ministers have offered their resignation to Turnbull in support of Dutton, and Dutton has confirmed he is working on a second challenge. On the other side of the bench, the Labor Party simply needs to keep quiet and watch the Liberals implode.

As the policies of the political party in charge of this country no doubt has a significant effect on the direction of investment, the movements in parliament are now more than ever in the forefront of VIP's sights.

Month in Review - Economic & Market Commentary

Performance - Main View

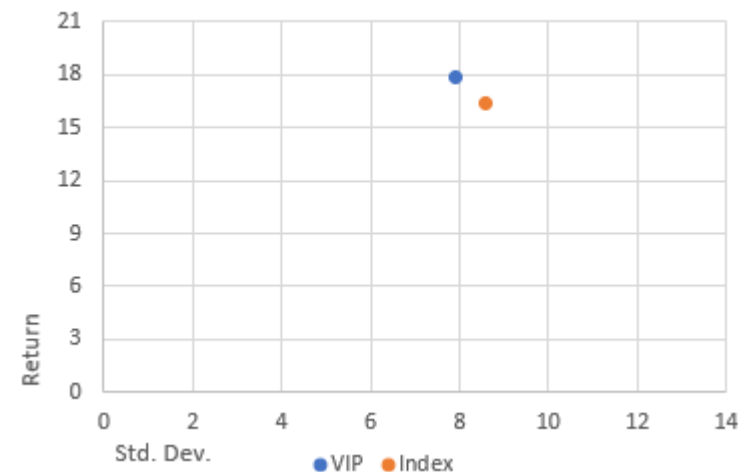
	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	100.00	0.92	3.98	3.93	17.29	4.66
WESTPAC BANKING CORP	2.77	0.55	6.19	-1.77	-1.66	-2.99
AUST AND NZ BANKING GROUP	2.81	3.75	12.33	5.49	4.51	4.90
BBG AUB Bank Bill	5.00	0.19	0.52	0.95	1.83	1.11
RESMED INC-CDI	5.33	-0.07	11.52	13.83	48.27	29.16
ARB CORP LTD	5.37	-4.45	-4.45	-4.45	-4.45	-4.45
SEVEN GROUP HOLDINGS LTD	5.38	0.79	-3.91	-3.91	-3.91	-3.91
JAMES HARDIE INDUSTRIES-CDI	5.38	-5.20	-7.36	0.28	14.85	-3.31
SEEK LTD	5.39	-2.02	9.98	10.67	28.11	13.81
CSL LTD	5.44	2.07	15.41	35.10	58.05	39.99
CHALLENGER LTD	5.58	5.16	15.19	-7.51	-0.44	-10.08
COMPUTERSHARE LTD	5.62	-1.30	7.00	6.37	6.37	6.37
CIMIC GROUP LTD	5.63	14.26	8.45	4.42	19.77	-4.32
SOUTH32 LTD	5.67	-1.11	-4.03	-12.88	17.23	-4.64
SPARK INFRASTRUCTURE GROUP	5.70	0.88	-2.13	2.93	-2.07	-5.27
RIO TINTO LTD	5.70	-2.68	1.68	4.55	24.71	5.99
COSTA GROUP HOLDINGS LTD	5.70	-4.61	-0.13	-0.13	-0.13	-0.13
ARISTOCRAT LEISURE LTD	5.71	4.21	20.81	35.57	61.41	36.72
BENDIGO AND ADELAIDE BANK	5.85	8.03	10.26	12.49	12.49	12.49
BHP BILLITON LIMITED	5.96	2.80	12.63	14.55	32.44	16.99

Portfolio Adjustments

In July, the VIP Investment Committee sold AGL, which did not present a significant upside for the Investment Committee, and replaced it with ARB, who commands a niche export market globally for four-wheel drive accessories.

Risk Reward

Risk-Reward One Year



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