

Investment Objective

The **VIP Fixed Interest Portfolio** aims to provide a high level of income over the medium to long term through investment in a diversified portfolio of Australian fixed income securities including Government and Semi Government Bonds, Managed Funds, Term Deposits and Cash.

The portfolio invests in 4 to 10 fixed income securities including Government and Semi Government Bonds, Managed Funds, Term Deposits and Cash that are managed with a bottom up approach while taking top down economic considerations into consideration.

Performance Review

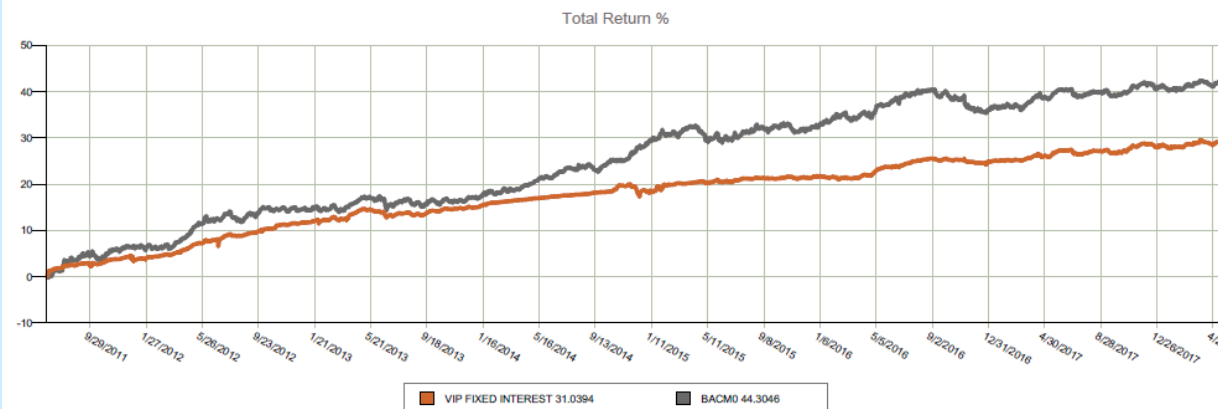
The VIP Fixed Interest portfolio generated a -0.19% return for the month **pre-fees** and 0.69% over the last 3 months. This was against the Bloomberg AusBond Composite index return of -0.42% over the month and 0.54% over the quarter.

The portfolio outperformed the index by 0.23% over the month and outperformed by 0.15% over the last 3 months.

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 Realm High Income +0.31% and iShares Core Composite Bond -0.36%.



Trailing Returns

	30/09/2018					
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Fixed Interest PRE-FEES	-0.19	0.69	1.26	3.31	3.76	3.92
Net VIP Fixed Interest Investment	-0.26	0.49	0.86	2.51	2.96	3.12
Net VIP Fixed Interest Super-Pension	-0.30	0.35	0.59	1.96	2.41	2.57
Bloomberg AusBond Composite 0+Y TR AUD	-0.42	0.54	1.36	3.72	4.09	6.17

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP FIXED INTEREST	100.00	-0.19	0.69	1.26	3.31	2.17
REALM HIGH INCOME FUND-WHL	25.20	0.31	1.12	1.63	2.97	2.15
ISHARES CORE COMPOSITE BOND	74.80	-0.36	0.54	1.13	3.42	2.18

Month in Review - Economic & Market Commentary

Economic Outlook

While August posted record highs on the stock market, it showed signs of softening at the back end of the month and this trend spurred into September, with the month starting with a correction before steadily working upwards again. As a result of this, companies such as South32 posted solid returns of +15.27% off a full year profit rise, benefitting from a commodities upswing. Likewise, Seven Group Holdings performed well with +9.65% and Rio Tinto with +8.28% to close out September.

Internationally, the most relevant story is still the ongoing trade war between the world's superpowers of China and the US. With President Trump hitting China with a tariff on \$200 billion in goods on top of the original \$50 billion taxed in June, the trade war does not show signs of slowing anytime soon, given that the US is on the offensive and China, with the world watching, is determined to save face.

The US economy continues to stay strong as it has done all year, with the lowest unemployment rate since 2000. However, the recent round of tariffs could severely impact their economy as everyday goods may become more expensive given that it is debatable as to whether or not the US has the capacity to produce and replace the goods that were originally from China. Further down the chain, if goods aren't able to be efficiently sourced, this impacts a business' profit margins and growth, which in turn affects employment.

With the US economy powering forward amidst continually murky territory, the Federal Reserve raised rates in order to prevent the American Machine from overheating.

In Australia, the east coast has shown weakness in the property market (as has been predicted for three years now), with confidence in the housing market sinking due to falling house prices and tightening credit. While the RBA maintained a cash rate of 1.5%, the big four banks (excluding NAB) raised rates, essentially doing the RBA's job.

Portfolio Adjustments

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

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.