

## 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 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

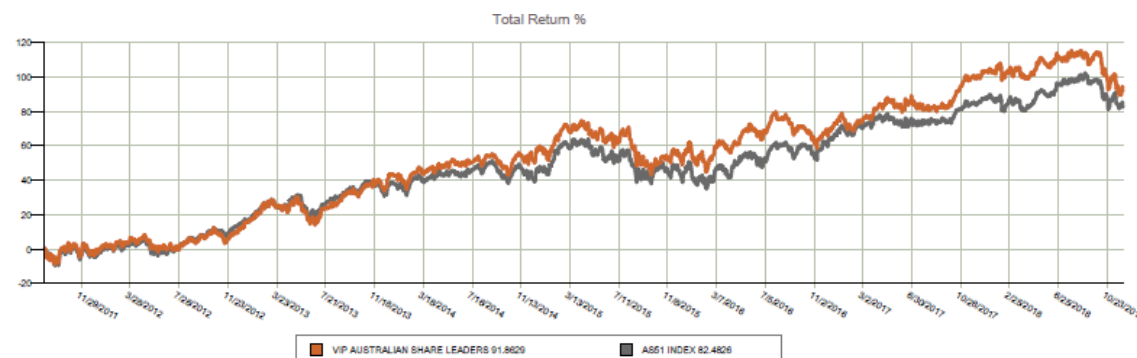
The VIP Australian Share Leaders portfolio generated a -2.67% **pre-fees** return for the month and -10.05% over the last 3 months. The portfolio underperformed the S&P/ASX 200 index over the month by 0.43% and underperformed by 0.74% over the quarter.

Over the last year, the portfolio has generated a -3.66% return pre-fees underperforming the ASX 200 index by 2.70%.

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 Costa Group Holdings 24.75%, ANZ 6.50%, and REA Group 6.21%. The **Top Detractors** were James Hardie Industries - 14.85%, South32 -14.36%, and Cimic Group -14.15%.



## Trailing Returns

30/11/2018

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Australian Share Leaders PRE-FEES	-2.67	-10.05	-7.03	-3.66	11.65	10.52
Net VIP Australian Share Leaders Investment	-2.74	-10.25	-7.43	-4.46	10.85	9.72
Net VIP Australian Share Leaders Super-Pension	-2.78	-10.39	-7.71	-5.01	10.30	9.17
S&P/ASX 200 TR	-2.24	-9.31	-3.38	-0.96	11.99	9.50

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	100.00	-2.67	-10.05	-7.03	-3.66	-5.59
Communication Services	6.09	6.21	2.46	2.46	2.46	2.46
Consumer Discretionary	10.33	-6.49	-19.55	-19.39	11.79	2.82
Consumer Staples	7.19	24.75	6.61	-1.12	3.64	2.15
Financials	12.34	3.86	-3.14	-3.85	-3.46	-4.96
Health Care	11.58	-2.00	-12.56	3.72	30.60	32.96
Indexes	5.29	0.15	0.48	0.99	1.91	1.77
Industrials	15.66	-7.20	-18.19	-8.24	-14.17	-14.80
Information Technology	5.33	-8.19	-5.57	5.82	7.30	7.30
Materials	26.19	-8.24	-9.61	-13.84	-7.72	-13.81
Utilities		0.00	-4.73	1.49	-9.82	-6.69

### Economic Outlook

After a significant decline in the market in the month of October the worries in the market have not retreated as the market struggled to bounce back throughout November as investors have become more bearish and have begun reassessing the fundamentals of the market and the Australian economy entering the new year. This resulted in a further decline of 2.8% of the ASX S&P 200 Price Index over the month, with similar losses being felt around the world as trade tensions continue to escalate and further increased uncertainty around Brexit has made the market increasingly nervous about the future.

Trade tensions between China and the US have continued to put significant pressure on the markets. The market reacted positively to the outcome of the G20 summit as President Trump and President Xi agreed to a 90-day halt on increasing trade tariffs. Unfortunately, dialogue out of the two countries recast doubt on whether an agreement could be made within those 90 days and the market slid back into a decline. The trade relationship between the US and China has the capacity to spill over into Australia and investors have begun to price that into the market assisting in its decline over November.

The outcome of Brexit is increasingly uncertain with Prime Minister Theresa May recently calling off the parliamentary vote on the Brexit deal due to a lack of support from parliament, meaning that the deal needs to be reformed. With the March deadline for the exit coming around quickly, business has increased concerns around the investment certainty that was once facilitated by the EU. Australian investors have followed suit as they become increasingly bearish about the outcome of Brexit and have become less optimistic about the outcome on business and trade.

The hearings for the Banking Royal Commission have ended and the final report is due in the first few months of next year, the major banks have been suffering under the scrutiny and there is more bleeding to come. The state of the Italian economy has also been weighing in on investor behaviour with concerns that the European Central Bank will have to intervene to stimulate Italy's economy, the third largest economy in Europe (Excluding the UK). Overall, the market has been extremely volatile over the last month, the market is playing catch up and is pricing in a lot of the current uncertainty. A positive US-China trade agreement and a comprehensive, business friendly Brexit would increase positivity in the market and build momentum to recoup the losses incurred over the last quarter.

## Month in Review - Economic & Market Commentary

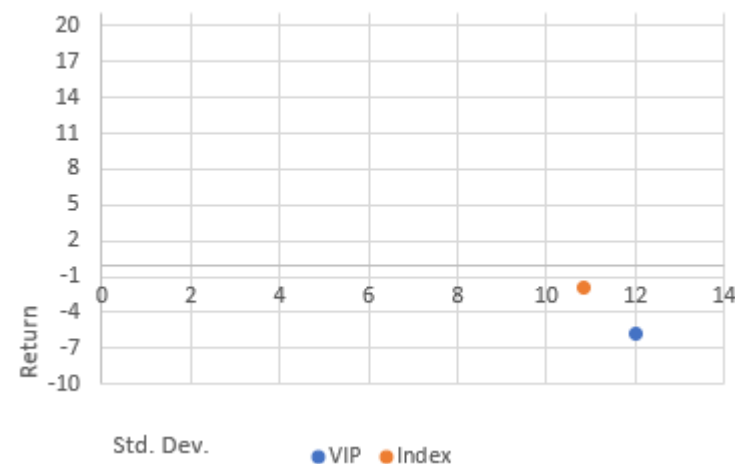
	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP AUSTRALIAN SHARE LEADERS	100.00	-2.67	-10.05	-7.03	-3.66	-5.59
WESTERN AREAS LTD	2.74	-3.11	-21.01	-21.01	-21.01	-21.01
SANDFIRE RESOURCES NL	2.80	-3.76	-13.75	-13.75	-13.75	-13.75
WESTPAC BANKING CORP	2.99	0.19	-5.75	-3.41	-11.76	-11.42
AUST AND NZ BANKING GROUP	3.17	6.50	-6.39	1.49	-0.16	-1.13
ARISTOCRAT LEISURE LTD	4.77	-10.72	-25.10	-21.24	9.22	0.46
SEVEN GROUP HOLDINGS LTD	4.78	-10.31	-22.87	-19.43	-19.43	-19.43
SOUTH32 LTD	4.78	-14.36	-8.84	-14.72	-9.28	-15.26
JAMES HARDIE INDUSTRIES-CDI	4.85	-14.85	-24.42	-26.58	-23.83	-28.04
CIMIC GROUP LTD	5.19	-14.15	-16.47	1.71	-17.84	-18.52
BBG AUB Bank Bill	5.29	0.15	0.48	0.99	1.91	1.77
COMPUTERSHARE LTD	5.33	-8.19	-5.57	5.82	7.30	7.30
BHP BILLITON LIMITED	5.49	-4.72	-5.01	-3.79	14.67	5.86
RIO TINTO LTD	5.52	-4.08	0.74	-8.84	5.48	-1.28
ARB CORP LTD	5.57	-2.54	-14.08	-22.55	-22.55	-22.55
CSL LTD	5.58	-5.64	-21.47	-3.95	25.29	27.10
SEEK LTD	5.69	3.47	-16.65	-7.57	2.29	-0.56
RESMED INC-CDI	6.00	1.64	-2.82	11.64	35.40	38.36
REA GROUP LTD	6.09	6.21	2.46	2.46	2.46	2.46
BENDIGO AND ADELAIDE BANK	6.18	4.40	-4.99	2.34	5.78	5.78
COSTA GROUP HOLDINGS LTD	7.19	24.75	6.61	-2.18	-2.18	-2.18

## Portfolio Adjustments

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

## Risk Reward

### Risk-Reward One Year



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