

Investment Objective

The aim of the *VIP Property Securities Portfolio* is to provide investors with tax advantaged income and long term capital growth from investment in an actively managed, concentrated portfolio of property and property related companies and trusts listed on the ASX.

The portfolio invests in 4 to 10 Australian Real Estate Investment trusts (A-REITs) listed on the S&P/ASX 200 A-REIT Accumulation 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 Property Securities portfolio generated a -0.31% return pre-fees in March, and a 7.67% return pre-fees for the 3 months to 31/03/2013.

Over these periods the S&P/ASX 200 A-REIT index generated -2.68% and 5.20% respectively.

Over the last year the portfolio has generated a 32.50% return pre-fees and has outperformed the S&P/ASX 200 A-REIT index over the last year and since inception.

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

Investment Growth

Time Period: 30/06/2011 to 31/03/2013



-VIP Property Securities

Trailing Returns

As of Date: 03/31/2013

	1 Month	3 Month	6 Month	1 Year	Since Inception
VIP Property Securities	-0.31	7.67	16.01	32.50	19.82
VIP Property Securities Investment	-0.43	7.31	15.23	30.72	18.50
VIP Property Securities Super-Pension	-0.38	7.46	15.55	31.44	19.16
S&P/ASX 200 A-REIT TR	-2.68	5.20	12.42	30.74	10.38

Performance Contributors & Detractors

The **Top Contributors** for the month were Cromwell Property Group +5.12, Bunnings Warehouse Property Trust +0.85%, and Commonwealth Office Property Trust -0.45%. And the **Top Detractors** were SDPT S&P/ASX 200 Listed Property Fund -3.42%, and Stockland -2.93%.

Over the quarter the **Top Contributors** for the month were Cromwell Property Group +17.63%, Bunnings Warehouse Property Trust +10.19%, and Commonwealth Office Property Trust +8.82%. And the **Top Detractors** for the quarter were Stockland +3.40% and SDPT S&P/ASX 200 Listed Property Fund +5.06.

**Month in Review - Economic & Market Commentary**

Growth assets have continued their good performance in March albeit with interruptions from Europe in terms of the Italian election and Cyprus debt fears. Share markets have continued to rise during the month off the back of positive economic news.

The US economy continues to improve with positive jobs data announced in February and a larger fall in the unemployment rate than expected. Retail sales have also been stronger as the US consumer is more confident and therefore happy to spend.

Europe continues to be the thorn in the side of the global economic recovery story with the mis-managed Cyprus debt situation causing short term losses in share markets globally. One of the fears of the Cyprus recovery plan to tax high bank deposits is that it could cause a Europe wide run on banks and stretch the financial stability of many intertwined EU banks. Luckily this has not eventuated.

Chinese economic news has also been mixed with the authority's concerned about speculation in the housing sector. They are introducing measures such as capital gains taxes to slow down the property sector, and the concern is that stronger initiatives to slow the property sector could have an impact on other related industries such as manufacturing. Chinese businesses, however, are not concerned with the latest business sentiment figures pointing to a positive 2013-14.

Similarly, the Australian economy is grappling with the absence of the mining sector to fuel the nation's economy. The S&P/ASX 300 Materials index has fallen over the year to date whereas the Industrials, Financials, Consumer Staples, Consumer Discretionary, and IT sector indices are all in positive territory. It seems, however, that the economy is taking the mining sector weakness in its stride with surprising jobs growth data announced in February and consequently positive consumer sentiment figures off the back of this jobs growth.

Australian businesses do not share this positive sentiment, however, as shown by the February NAB business survey. It seems the high AUD, in-activity of the Reserve Bank to cut interest rates, and the noise our politicians are making in an election year is taking its toll.

Portfolio Holdings & Adjustments**VIP Property Securities - Holdings**

Portfolio Date: 31/03/2013

	Ticker	Total Ret 1 Mo (Mo-End)	Total Ret 3 Mo (Mo-End)	Total Ret 6 Mo (Qtr-End)	Total Ret 1 Yr (Mo-End)
SPDR S&P/ASX 200 Listed Property Fund	SLF	8.13	8.92	12.22	33.41
Cromwell Property Group	CMW	8.25	22.77	28.31	53.58
BWP Trust	BWP	1.68	3.42	23.07	37.77
Stockland Corporation Limited	SGP	6.03	12.17	12.87	32.58
Commonwealth Property Office Fund	CPA	4.50	4.50	10.34	17.69

Property Securities Portfolio Adjustments:

The *VIP Investment Committee* did not make any changes to the Property Securities portfolio in March.

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