

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

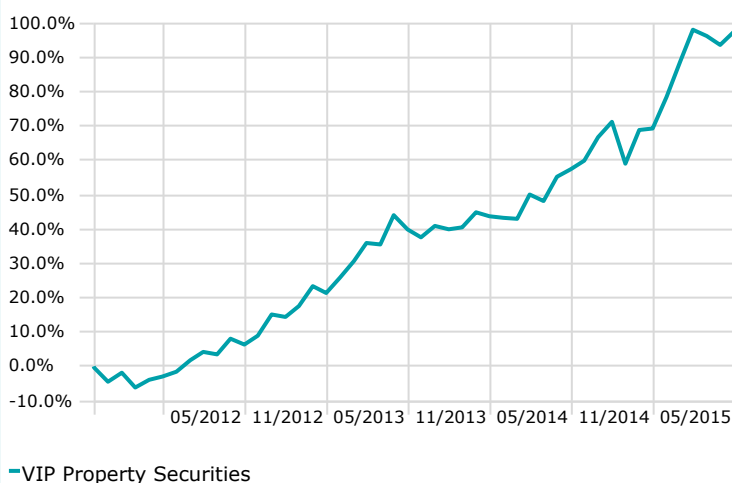
The VIP Property Securities portfolio generated a 2.01% return for the month and -0.27% over the last 3 months. The portfolio underperformed the S&P/ASX 200 A-REIT index during the month by 0.91%, and outperformed the index over the quarter by 0.05%.

Over the last year the portfolio has generated a 25.46% return and underperformed the index by 4.20%.

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 31/05/2015



Trailing Returns

As of Date: 31/05/2015

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	Since Inception
VIP Property Securities	2.01	-0.27	16.68	25.46	18.84	22.94	18.96
VIP Property Securities Investment	1.89	-0.61	15.90	23.78	17.25	21.29	17.49
VIP Property Securities Super-Pension	1.94	-0.47	16.21	24.46	17.90	21.96	18.14
S&P/ASX 200 A-REIT TR	2.92	-0.32	16.35	29.66	17.56	21.83	10.85

Portfolio Holdings

VIP Property Securities - Holdings

Portfolio Date: 31/05/2015

	Portfolio Weighting %	Total Ret 1 Mo (Mo-End)	Total Ret 3 Mo (Mo-End)	Total Ret 6 Mo (Mo-End)	Total Ret 1 Yr (Mo-End)	Dividend Yield % TTM
SPDR® S&P/ASX 200 Listed Property ETF	19.74	3.10	-0.23	16.30	29.17	
BWP Trust	16.89	8.88	11.07	33.31	34.29	5.15
Goodman Group	16.11	4.80	4.97	22.22	32.90	3.54
Stockland Corp Ltd	13.13	-2.25	-7.46	8.25	17.44	5.90
Cromwell Property Group	13.13	-1.81	-5.56	11.87	16.89	7.75
Charter Hall Group	10.74	-6.63	-4.20	7.23	16.57	5.48
Investa Office Fund	10.26	6.72	-1.24	15.17	24.12	5.04

Greece & the Fed.... A cocktail for volatility

With the recent volatility caused firstly by rumours of a Fed Interest rate increase and now by Greek Debt Crisis negotiations this article below from Bloomberg, written by Craig Torres, explains how the Greek event can affect the Fed's decision on interest rates later this year, which we believe will be the next correction:

A Greek exit from the euro zone could give Federal Reserve policy makers reason to put off an interest-rate increase. Some investors are already betting on a delay. Federal funds futures traders reduced the probability of a September increase to 35 percent on Monday in New York from 45 percent Friday. The yield on the 10-year Treasury note dropped by the most since October.

Whether those bets are correct will depend on how turmoil in the euro zone plays into Fed officials' forecasts for growth, employment and interest-rate increases this year.

Chair Janet Yellen made it clear in her June 17 press conference that she needed to see "more decisive evidence" of sustainable economic momentum that supports labor markets and gradually firming prices.

While economic data have improved since then, New York Fed President William C. Dudley called Greece a "huge wildcard" for the U.S. outlook in an interview with the Financial Times published Sunday.

Here's what Fed officials will be watching in the weeks ahead:

Contagion: One immediate risk is a slump in business and consumer confidence in the euro zone that undermines the region's economic recovery and increases risk-aversion elsewhere. "The Fed is concerned because they see these problems in Europe and in the world economy as basically a drag," said Joseph Gagnon, a former Fed economist and now a senior fellow at the Peterson Institute for International Economics in Washington. "The current turmoil in Greece may make people around the world even more reluctant to spend."

Dollar Drag - The exchange rate: One of the biggest surprises for economists in and outside the central bank was how swiftly the 18 percent rise in the dollar against major currencies for the year ending March sapped U.S. gross domestic product. A stronger dollar cuts into exports by making U.S. goods more expensive abroad, while making imports cheaper. A ballooning trade deficit cut 1.9 percentage points from GDP in the first quarter of this year and about 1 percent in the fourth quarter of 2014, the biggest back-to-back drag since the first half of 1998.

Greece's impact "will depend on the market reaction, especially the dollar," said Mark Spindel, chief investment officer at Potomac River Capital, a hedge fund in Washington with \$750 million under management. "We know how sensitive the Fed committee is to dollar strength." Spindel added that the Fed's September meeting is months away, and the Greece situation "could change in heartbeat."

Borrowing Costs - Financial conditions: Fed stimulus works through financial markets by lowering financing costs on everything from cars to homes.

The question is whether mortgage and corporate financing become more expensive relative to Treasury yields as lenders grow more risk averse. Fed officials "need to see where mortgage-backed security spreads and corporate spreads are to Treasuries" and what happens to stocks, which influence consumer confidence and spending, said Michael Gapen, chief U.S. economist at Barclays Capital Inc. "Those are your primary starting points" as a policy maker, Gapen added.

Source: Bloomberg

Portfolio Holdings & Adjustments

Performance Contributors & Detractors:

The **Top Contributors** were BWP Trust +8.88%, Investa Office Fund +6.72%, and Goodman Group +4.80%; and the **Top Detractors** were Charter Hall Group -6.63%, Stockland Corporation -2.25%, and Cromwell Group -1.81%.

Property Securities Portfolio Adjustments:

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

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.

Source: Morningstar Direct