

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

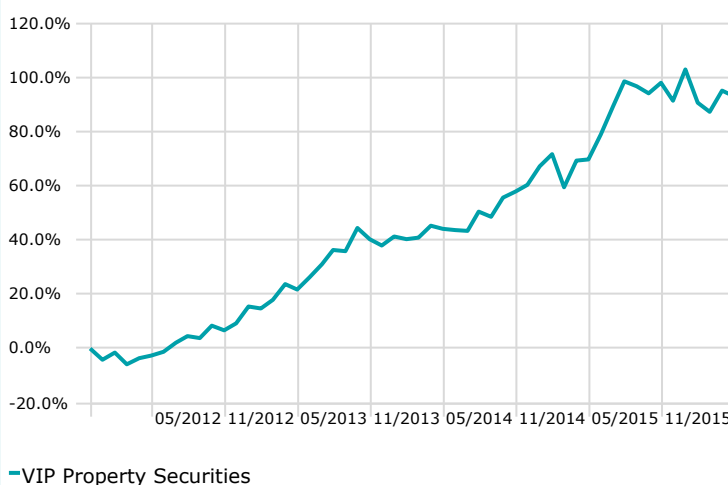
The VIP Property Securities portfolio generated a -1.08% return for the month and 1.24% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 1.85%, and underperformed over the quarter by 0.36%.

Over the last year the portfolio has generated a 13.74% return and underperformed the index by 1.14%.

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

Investment Growth

Time Period: 1/07/2011 to 30/11/2015



Trailing Returns

As of Date: 30/11/2015

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	Since Inception
VIP Property Securities	-1.08	1.24	-2.52	13.74	15.75	16.64	18.68	16.08
VIP Property Securities Investment	-1.19	0.90	-3.18	12.21	14.20	15.08	17.09	14.50
VIP Property Securities Super-Pension	-1.15	1.04	-2.91	12.83	14.83	15.71	17.74	15.13
S&P/ASX 200 A-REIT TR	-2.93	1.61	-1.26	14.88	17.40	15.46	17.97	10.65

Portfolio Holdings

VIP Property Securities - Holdings

Portfolio Date: 9/12/2015

	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	19.52	-2.94	1.57	-1.44	14.63	
Goodman Group	15.20	0.82	0.33	-4.87	16.37	3.56
BWP Trust	14.86	-1.24	0.63	-1.46	31.41	4.99
Cromwell Property Group	14.61	1.49	1.45	-2.32	9.37	7.57
Stockland Corp Ltd	14.46	-1.23	2.30	-5.07	2.91	5.74
Scentre Group	10.97	-3.38	4.99	3.91	21.58	5.32
Investa Office Fund	10.39	-4.46	0.26	-0.33	14.80	4.76

China Cracks the IMF

After much consideration by the International Monetary Fund (IMF) and even more lobbying by the Chinese Government, the Chinese renminbi has been recognised as one of the world's significant currencies with its inclusion to the Special Drawing Rights basket, a move that accentuates the country's continual rise as an economic and financial heavyweight. To be anointed by the IMF as a World Reserve means to be acknowledged as a currency that is 'safe, reliable and freely usable' and thus opens the door for a wider use of the renminbi or 'yuan' in trade and finance. Effective as of the end of September 2016, the yuan will officially join the US dollar, the pound, the euro, and the yen as one of the mainstays of the global economy. The significance of the inclusion from a global standpoint is that the Special Drawing Rights (SDR), the IMF's accounting unit, is used as a benchmark for the majority of central banks in measuring their reserves, which are held to protect their respective countries in times of volatility.

Over the past few years, the People's Bank of China (PBOC) has been working towards designing a currency that meets the mould favoured by the IMF in order to be given the IMF designation. As it is widely known, unlike most other currencies the yuan at the start of each day was valued not by market factors, but by the PBOC, which left suspicions over the real value of the currency. In an effort to make it more 'user-friendly,' the currency was devalued and is now instead valued at the previous day's close, providing consistency to the exchange rate and allowing market forces to play a larger role. The IMF's approval of the yuan is also symbolic of the diminishing significance of the Euro, with yuan basically taking over the euro's role in the Special Drawing Rights.

Of course, the acceptance of the renminbi as a global currency will bring about macroeconomic effects throughout the globe. In terms of China, the "Inclusion in the SDR will only deepen the expectations that China will let market forces decide the yuan's exchange rate (The Economist)." At the mercy of the market, this could well lead to a devaluation with the US federal reserve looking to raise interest rates at the same time China loosens its monetary policy, forcing downward pressure on the yuan. Conversely, Large scale purchases of renminbi by overseas central banks would also make it more difficult for China to prevent the currency from appreciating, which in turn would make exports less competitive. Both sides of the coin can be argued but whatever the result, the PBOC will have an increasingly diminishing ability to control it. The inclusion also increases trade settlement in yuan, as well as the Global Central Bank's exposure to the currency.

An interesting point to note is that IMF's decision on the yuan poses geopolitical consequences. As the global economy becomes more and more intertwined with the yuan, the West to an extent loses its ability to impose financial sanctions on countries accused of human rights abuses among other violations, such as Sudan and North Korea. Given the increasing usability of the renminbi, it enables these countries greater freedom in deciding where they do their banking, and how to potentially circumvent sanctions. Noting that both Sudan and North Korea are close financial and business partners with China, this presents certain concerns particularly for countries such as the USA and Europe.

While the inclusion will no doubt have macroeconomic effects around the globe, these will not be felt immediately. What will be immediate, however, will be the recognition of the symbolic significance in having the IMF designation. In achieving this, China secures its position as a global economic power, and while we wait to see the true effects of the decision, it is common knowledge that a reputation can be just as effective.

Source: The Economist, Tim Worstall, Keith Bradsher

Portfolio Holdings & Adjustments

Performance Contributors & Detractors:

The **Top Contributors** were Cromwell Property Group +1.49%, Goodman Group +0.82%, and Charter Hall Group -0.45%; the **Top Detractors** were Investa Office Fund -4.46%, and SPDR S&P/ASX 200 Listed Property ETF -2.94%.

Property Securities Portfolio Adjustments:

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

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Source: Morningstar Direct