

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

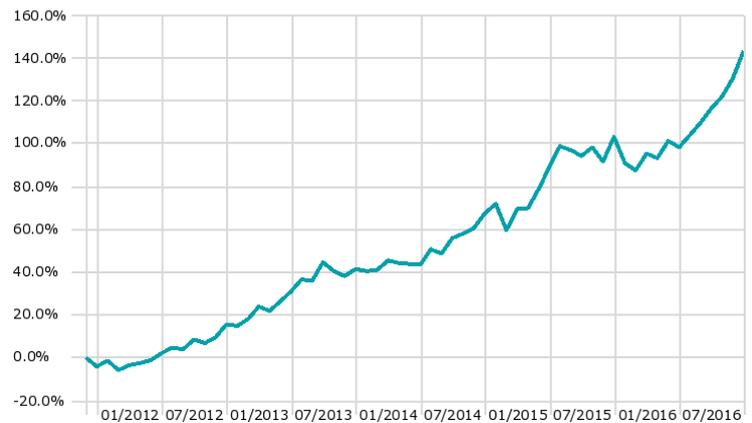
The VIP Property Securities portfolio generated a 5.64% return for the month and 12.50% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 0.22%, and over the quarter by 0.47%.

Over the last year the portfolio has generated a 19.81% return and underperformed the index by 4.41%.

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 31/07/2016



—VIP Property Securities

Trailing Returns

As of Date: 31/07/2016

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	Since Inception
VIP Property Securities	5.64	12.50	22.73	19.81	20.58	19.84	20.48	19.11
VIP Property Securities Investment	5.52	12.11	21.91	18.20	18.96	18.23	18.86	17.50
VIP Property Securities Super-Pension	5.57	12.27	22.24	18.85	19.62	18.88	19.52	18.15
S&P/ASX 200 A-REIT TR	5.42	12.03	21.29	24.22	22.62	20.91	19.84	11.18

Portfolio Holdings

VIP Property Securities - Holdings

Portfolio Date: 31/07/2016

	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	44.32	5.31	11.82	20.90	23.67	
BWP Trust	15.65	5.22	11.86	27.52	18.63	4.60
Stockland Corp Ltd	15.28	7.01	18.15	26.23	24.35	5.01
Goodman Group	14.86	6.05	11.19	26.00	18.96	3.24
Scentre Group	9.88	7.72	13.01	24.24	39.12	4.06

Race to the White House

While it may seem like the US Election has been dragged out for longer than anyone can remember, it can be said that the race is at last heading into its (relatively) final stages, with a 3-month sprint to the oval office ending on the 8th of November. The candidates of the respective parties are very much polar opposites, both in their stance and beliefs as well as their expectance to be candidates in the first place. For the Democrats, former Secretary of State and First Lady Hillary Clinton leads the party as the potential first female president, as was largely expected by political analysts. On the other hand, what was first perceived as a publicity stunt unfolded as a more than serious matter as Donald Trump, business tycoon and former reality show host, claimed the Republican nomination in his bid to 'Make America Great Again.'

Such a matchup makes for a very interesting race, one which will divide and force America's hand in nominating a president who, at the end of the day, will upset a large percentage of the population. Clinton has been deemed untrustworthy and largely unpopular even among Democrat circles, citing the use of a private email account during her time as Secretary of State. Conversely, Trump looms as a dangerous man with dangerous ideals. Furthermore, he has zero political experience and has ridden the wave of citizens angry at the establishment. On this note, gaining the support of certain demographics becomes the main game in the election, with certain groups up for grabs, and others well and truly wrapped around their respective nominees' finger.

It has been recognised by Clinton's party that this race may be won or lost in the white women sector, in particularly the white, suburban, married woman. While some of this sector believe Clinton to be untrustworthy, Clinton will be hoping for a percentage of their vote due to an indifference towards her opposed to a repulsion of Trump. Part of Clinton's "winning white women" strategy must include reaching out to Republican women who are disenchanted with their Republican nominee. As it stands, she has a 2% lead in white females according to Gallup.

On the contrary, the white male population is largely in Trump's corner, with a 24% lead on Clinton. She, according to Gallup's poll, is disliked by 25% of white males, whereas 49% of white males are favourable of Trump. It is known that this is the group most likely to hurt Clinton in her bid to the White House, particularly the group that includes white males without a college degree. It is common knowledge that Trump appeals to average working class man who feels he has been hard done by, with a Washington Post analysis concluding that Trump's support skewed male, white, and poor.

Mentioning college degrees, it is important to note that this also becomes a predominant factor in determining votes. Trump's support by white non-college graduates exceeds Clinton's by 21%, a number that is highly correlated to the white male lead previously mentioned. This can be attributed to the 'battler' Trump appeals to, and it is obvious as to why. Trump's campaign promises to bring jobs back to the American people, a significant promise given that The Hamilton Project has found that the full-time, full-year employment rate of men without a bachelor's degree fell from 76% in 1990 to 68% in 2013. Moreover, while real wages have grown for men and women with a four-year degree or better in the last 25 years, they have fallen for non-college men. Clinton leads Trump by 9% in college graduates.

For obvious reasons, groups classified as minorities (i.e. African American, Hispanic, Asian, Muslim, Jewish) are all very much in favour of Clinton, simply because Trump has said enough to lose their vote, and generally appears to be racially insensitive, according to Republican campaign veterans. Furthermore, Clinton has the support of the LGBT community with a 36% lead on Trump in this area.

From an investment perspective, each nominee would make for a turbulent time on the share markets. With Clinton wanting to raise the company tax rate, Wall St and those alike may be forced into voting for Trump. In contrast, the difference between what Trump says and what he will actually do is the unknown, and that in itself is a scary thought. Either way, the next 3 months will no doubt hold more than a few surprises on the road to the White House.

Source NY Times, Washington Post, The Guardian, Washington Times

Portfolio Holdings & Adjustments

Performance Contributors & Detractors:

The **Top Contributors** were Scentre Group +7.72%, Stockland Corp Ltd +7.01%, and Goodman Group +6.05%. The **Top Detractors** were BWP Trust +5.22%, and SPDR S&P/ASX 200 Listed Property ETF 5.31%.

Property Securities Portfolio Adjustments:

In June the VIP Investment Committee made no adjustments to the portfolio.

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