

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

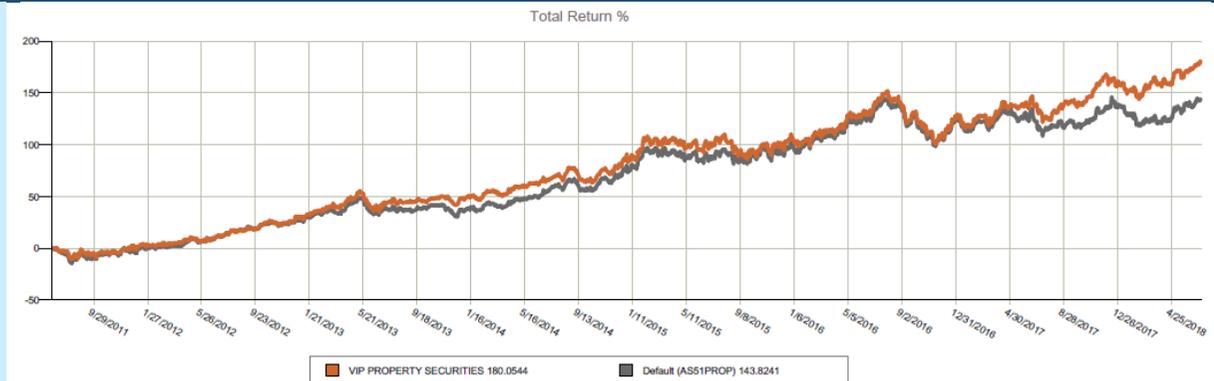
The VIP Property Securities portfolio generated a 3.44% return for the month **pre-fees** and 8.23% over the last 3 months. The portfolio underperformed the S&P/ASX 200 A-REIT index during the month by 1.70%, and outperformed over the quarter by 1.12%.

Over the last year, the portfolio has generated a 19.74% return and outperformed the index by 7.05%.

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

Contributors & Detractors

The **Top Contributors** were Cromwell Property Group +5.14% and Charter Hall Group +4.89%. The **Top Detractor** was Arena REIT -0.37%.



Trailing Returns

	30/06/2018					
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Property Securities PRE-FEES	3.44	8.23	8.42	19.74	19.61	22.70
Net VIP Property Securities Investment	3.37	8.03	8.02	18.94	18.81	21.90
Net VIP Property Securities Super-Pension	3.33	7.89	7.75	18.39	18.26	21.35
S&P/ASX 200 A-REIT TR	2.27	9.70	2.68	12.69	15.39	19.01

Performance - Main View

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP PROPERTY SECURITIES	100.00	3.44	8.23	8.42	19.74	8.42
ARENA REIT	28.22	-0.37	1.02	-2.03	1.16	-2.03
CHARTER HALL GROUP	33.57	4.89	16.60	10.98	24.59	10.98
CROMWELL PROPERTY GROUP	38.22	5.14	7.11	15.16	31.10	15.16

Economic Outlook

While May saw the largely expected correction in the markets, June brought windfall to the ASX, edging it towards a 10-year high. On the back of this, relative newcomers to the VIP portfolios Computershare and Costa Group Holdings performed well over the month with returns of 6.29% and 4.70% respectively. Moreover, Seek returned 7.97% for June, and is priced at all-time highs for the job matching company.

Outside of Australia, the first shots of the US-China Trade War have been shot after months of discussion, with the US imposing a 25% levy on \$US 34 billion worth of Chinese good entering the US. In retaliation, China implemented tariffs on US products including soybeans, whiskey, and automobiles. These are merely considered to be opening strikes, with threats from President Trump that this could escalate to a final tariff towards \$500 billion, similar to the amount imported by the USA in 2017. With the potential to become the largest trade war in history, it stands that while it is all done under the guise that it brings jobs back to the US, the fact is that such tariffs will push higher prices onto the companies and consumers. Already, iconic American company Harley Davidson has shifted production to Europe to negate the effects of the trade war.

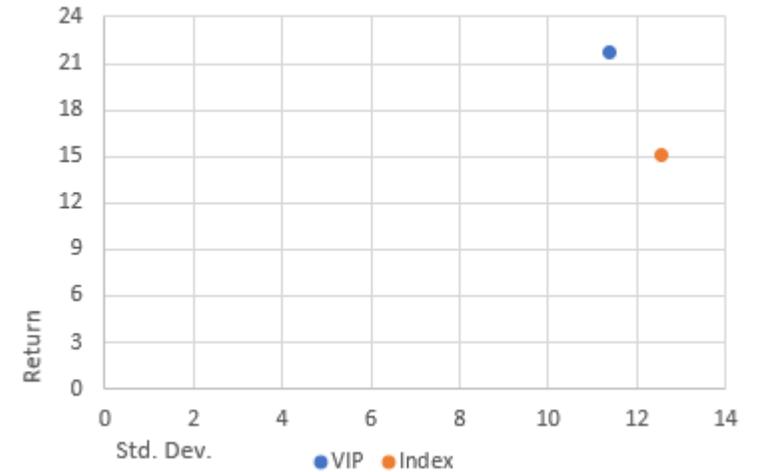
Regarding Europe, Theresa May’s cabinet appears to be in disarray, with Brexit Minister David Davis resigning, shortly followed by Foreign Secretary Boris Johnson, who in particular was a prominent campaigner for the Leave vote. Davis leaves after disagreeing with May’s vision of a British exit from the European Union, which in her opinion would include plans for close trade and regulatory ties with the EU. Johnson in turn voiced his disappointment with the direction May was taking in negotiations on the terms of Brexit. All in all, a light is shone on the waning trust her own cabinet has in May, and puts a threat on her position as Prime Minister.

With the larger world power creating waves in the global arena, VIP remains acutely aware to any economic movements that may impact our holdings and as such, watch the political pieces move with keen interest.

Portfolio Adjustments

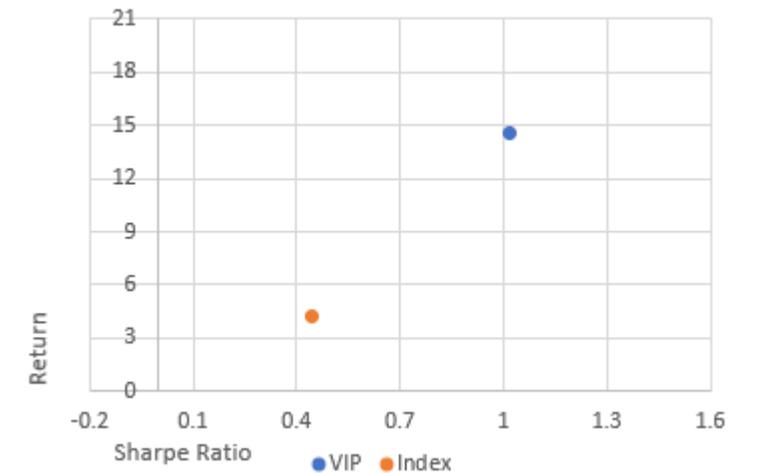
In June, the Investment Committee made no changes to the portfolio.

Risk-Reward One Year



Sharpe Ratio

Risk-Reward One Year



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