

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

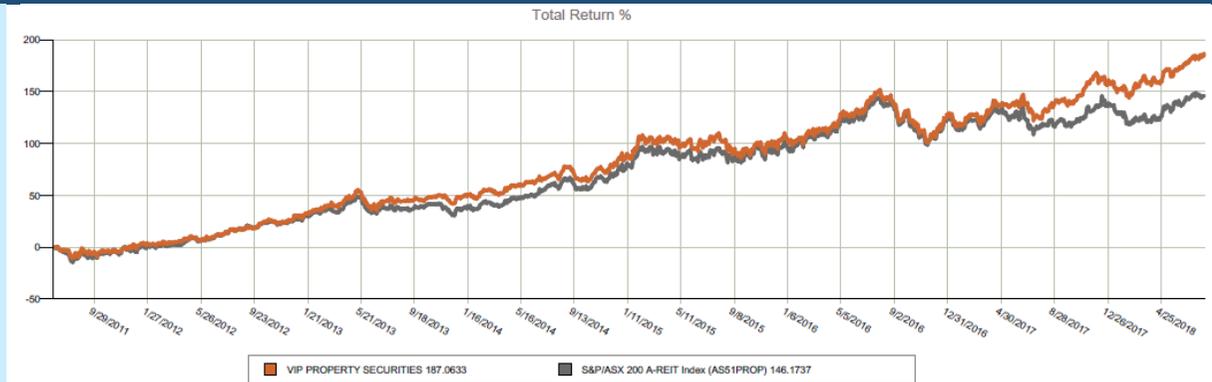
The VIP Property Securities portfolio generated a 2.50% return for the month **pre-fees** and 8.09% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 1.54%, and outperformed over the quarter by 2.07%.

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

31/07/2018

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Property Securities PRE-FEES	2.50	8.09	12.20	28.18	17.72	22.70
Net VIP Property Securities Investment	2.43	7.89	11.80	27.38	16.92	21.90
Net VIP Property Securities Super-Pension	2.39	7.75	11.53	26.83	16.37	21.35
S&P/ASX 200 A-REIT TR	0.96	6.02	7.19	13.86	12.92	19.56

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	2.50	8.09	12.20	28.18	11.13
ARENA REIT	29.45	6.98	4.67	3.43	18.20	4.80
CHARTER HALL GROUP	33.60	2.61	16.19	16.19	35.48	13.88
CROMWELL PROPERTY GROUP	36.95	-0.89	4.20	16.43	29.93	14.13

Economic Outlook

Though moderately volatile, July continued off the back of a very strong June, posting a steady return on the ASX. Notably, CIMIC Group recorded a strong month with +14.26%, as well as Bendigo and Adelaide Bank and Challenger, posting returns of +8.03% and +5.16% respectively.

In the US, Trump’s long-time personal lawyer Michael Cohen has pleaded guilty to eight charges, including breaking campaign finance rules. Given that these charges are directly linked to expenses paid to hush the extra-marital affair saga the President has since denied, this could have significant effects on Trump’s term as President. However, if anything, the last two years have proven that the POTUS is essentially untouchable despite all the misgivings on his character, dealings and alleged collusions with the Russian government. His former campaign chief Paul Manafort has also been convicted of eight charges including tax and bank fraud, although Trump was quick to distance himself from this case.

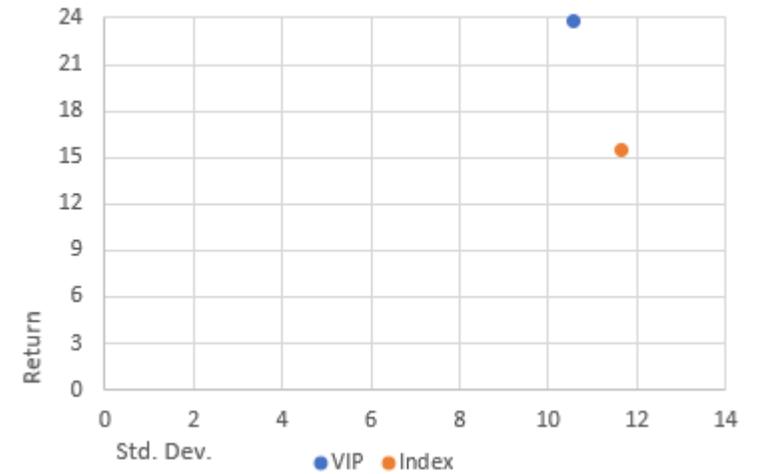
Domestically, Australia has yet again found itself in a power struggle at the top of politics. After an unsuccessful attempt to take the highest position from Malcolm Turnbull, Peter Dutton has resigned from the cabinet and receded to the backbench. However, the support shown for Dutton among the Liberal Party has all but revealed that Turnbull’s days as Prime Minister are numbered, given the Liberals voted 48-35 in favour of Turnbull, meaning 35 were in support of a Dutton leadership spill. Already, 10 ministers have offered their resignation to Turnbull in support of Dutton, and Dutton has confirmed he is working on a second challenge. On the other side of the bench, the Labor Party simply needs to keep quiet and watch the Liberals implode.

As the policies of the political party in charge of this country no doubt has a significant effect on the direction of policies of investment, the movements in parliament are now more than ever in the forefront of VIP’s sights.

Portfolio Adjustments

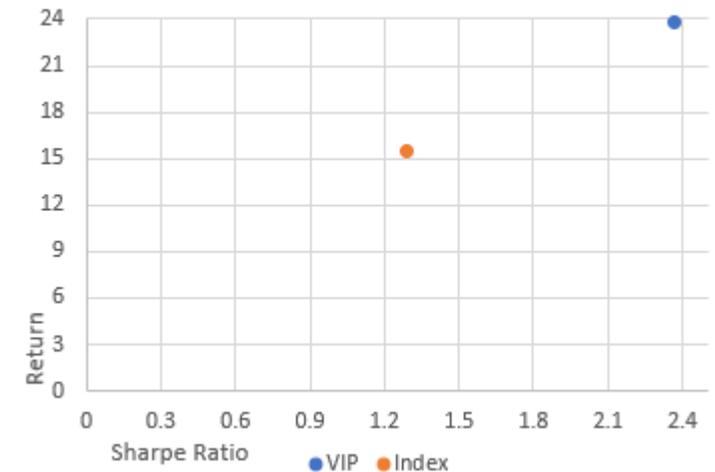
In July, the Investment Committee made no changes to the portfolio.

Risk-Reward One Year



Sharpe Ratio

Risk-Reward One Year



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