

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 0.20% return for the month **pre-fees** and 0.30% over the last 3 months. The portfolio underperformed the S&P/ASX 200 A-REIT index during the month by 0.42%, and over the quarter by 0.58%.

Over the last year, the portfolio has generated a 6.19% return and outperformed the index by 0.17%.

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

Investment Growth

Time Period: 1/07/2011 to 31/03/2017



—VIP Property Securities

Trailing Returns

As of Date: 31/03/2017

	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
VIP Property Securities PRE-FEES	0.20	0.30	-0.97	6.19	6.33	14.40	13.12	16.48	14.93
Net VIP Property Securities Investment	0.09	-0.03	-1.63	4.77	4.90	12.87	11.60	14.92	13.38
Net VIP Property Securities Super-Pension	0.13	0.11	-1.36	5.34	5.48	13.49	12.22	15.55	14.00
S&P/ASX 200 A-REIT TR	0.62	-0.28	-1.03	6.02	8.60	16.69	13.65	16.89	6.05

Portfolio Holdings

VIP Property Securities - Holdings

Portfolio Date: 31/03/2017

	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	44.95	0.57	-0.19	-1.02	5.81	
Goodman Group	16.97	2.52	8.56	8.06	19.76	3.03
Stockland Corp Ltd	15.81	-1.69	1.31	0.13	14.50	5.14
BWP Trust	13.10	0.00	-4.68	-8.54	-11.67	5.92
Scentre Group	9.17	-1.61	-4.98	-6.20	1.70	5.16

Month in Review - Economic & Market Commentary

Technology of Tomorrow, Today

It has always been said that necessity is the mother of invention – the human pursuit of making day-to-day living easier, more comfortable, and more efficient has forever spurred the continual innovation in areas such as communication, information, and travel. In fact, in this day and age, it is fair to wonder what else we could possibly need, although it is important to note that almost everyone during their existence in history has lived at the height of technological innovation. At present, the face of innovation is largely looking towards artificial intelligence, automation, and better integration as the basis of technologies that may not yet be in the common household, but are progressively pressing towards the forefront of everyday society.

While having existed for decades, artificial intelligence or AI is a phrase that has increasingly been used in the last 2 years, despite many people unbeknownst to its true meaning or effect on our way of life. AI is defined as the ability for devices to perceive its environment and takes actions that maximise its chance of success at a goal. To take it a step further, AI has extended to machine learning i.e. the ability for a machine to learn, and has developed to a stage where intelligent personal assistant devices are readily available such as Amazon's Alexa and Google's AI technology. Together, artificial intelligence and machine learning will change everyday living predominantly through the automation of manual processes.

Automation is the future of the modern world, pushed by AI. One of the most astounding technologies the world has been witnessing over the last few years is the development of the driverless car, which has gone as far as Uber rolling out a fleet of autonomous cars in Pittsburgh and San Francisco last year. Automation in relation to the household seeks to eliminate menial tasks such as constructing shopping lists, watering the garden, and feeding pets. While some of these technologies have existed for a long time, the rise of AI and machine learning will enhance the ability for automation to do amazing things in years to come.

The concept of the 'Internet of Everything' brings automation and AI into an integrated state in which a whole life or household can be connected between its devices. Imagine this. Your FitBit has recognised that you have more than reached your fitness goals for the week, and your iPhone has seen that you plan to host on Friday night. This all has been communicated to your smart fridge, which understands it is missing something and communicates this to your Amazon Alexa, which promptly orders a case of your favourite beer to be delivered by Friday. It may seem farfetched but the technology is a reality, albeit unavailable or unaffordable to the common man at this point.

Somewhat separate although still connected to the above technologies is virtual reality. While once upon a time virtual reality was a novelty, it has been developed to a stage where it not only presents itself as a great gift as it was last Christmas season, but a genuine option for marketing and communication. Perceive this as a step further than a skype call, where one day in the future it will be commonplace to talk to a distant loved one as if you were sitting in their living room, all through technology that is available today and continues to develop.

While it is exciting to see where this technology will take our lives in the future, it is just as intriguing to wonder what opportunity such disruptive innovation will bring to the market. While many stocks in such companies exist as speculative and high risk, history says that one of many will one day rise to be the next greatest thing, much like the technology they produce.

Portfolio Holdings & Adjustments

Performance Contributors & Detractors:

Top Contributor was Goodman Group +2.52%. **Top Detractors** were Stockland Corp Ltd -1.69%, Scentre Group -1.61%, and BWP Trust.

Property Securities Portfolio Adjustments:

In March, the VIP Investment Committee made no adjustments to the portfolio.

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.