

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

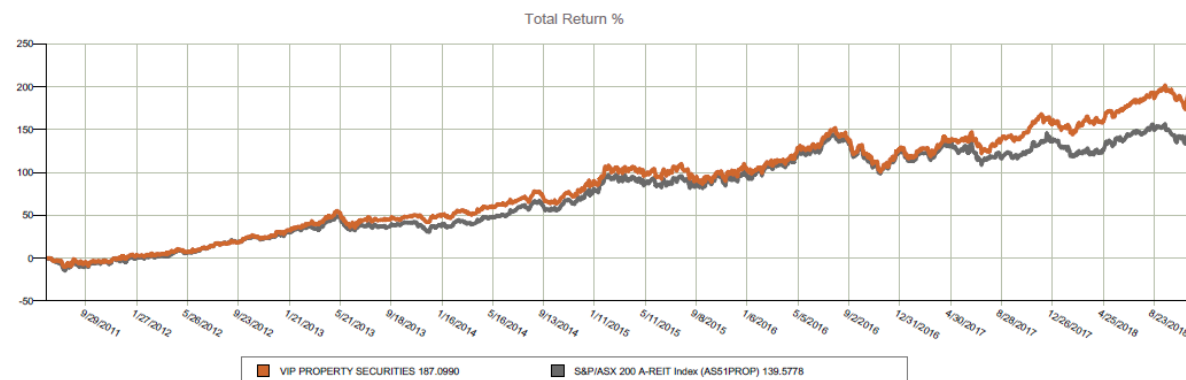
The VIP Property Securities portfolio generated a 2.36% return for the month **pre-fees** and -1.94% over the last 3 months. The portfolio overperformed the S&P/ASX 200 A-REIT index during the month by 2.80%, and outperformed over the quarter by 3.31%.

Over the last year, the portfolio has generated a 11.00% return and outperformed the index by 8.33%.

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 Arena REIT 10.60% and Charter Hall 1.30%. The **Top Detractor** was Cromwell Property Group -3.26%.



Trailing Returns

	30/11/2018					
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Property Securities PRE-FEES	2.36	-1.94	6.04	11.00	20.24	22.01
Net VIP Property Securities Investment	2.29	-2.14	5.64	10.20	19.44	21.21
Net VIP Property Securities Super-Pension	2.25	-2.28	5.37	9.65	18.89	20.66
S&P/ASX 200 A-REIT TR	-0.44	-5.25	0.49	2.67	12.62	18.45

	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)
VIP PROPERTY SECURITIES	100.00	2.36	-1.94	6.04	6.99	11.15
ARENA REIT	31.17	10.60	5.85	12.82	1.68	10.93
CROMWELL PROPERTY GROUP	33.73	-3.26	-8.30	-4.87	3.25	4.19
CHARTER HALL GROUP	35.10	1.30	-1.83	12.45	16.43	18.98

Economic Outlook

After a significant decline in the market in the month of October the worries in the market have not retreated as the market struggled to bounce back throughout November as investors have become more bearish and have begun reassessing the fundamentals of the market and the Australian economy entering the new year. This resulted in a further decline of 2.8% of the ASX S&P 200 Price Index over the month, with similar losses being felt around the world as trade tensions continue to escalate and further increased uncertainty around Brexit has made the market increasingly nervous about the future.

Trade tensions between China and the US have continued to put significant pressure on the markets. The market reacted positively to the outcome of the G20 summit as President Trump and President Xi agreed to a 90-day halt on increasing trade tariffs. Unfortunately, dialogue out of the two countries recast doubt on whether an agreement could be made within those 90 days and the market slid back into a decline. The trade relationship between the US and China has the capacity to spill over into Australia and investors have begun to price that into the market assisting in its decline over November.

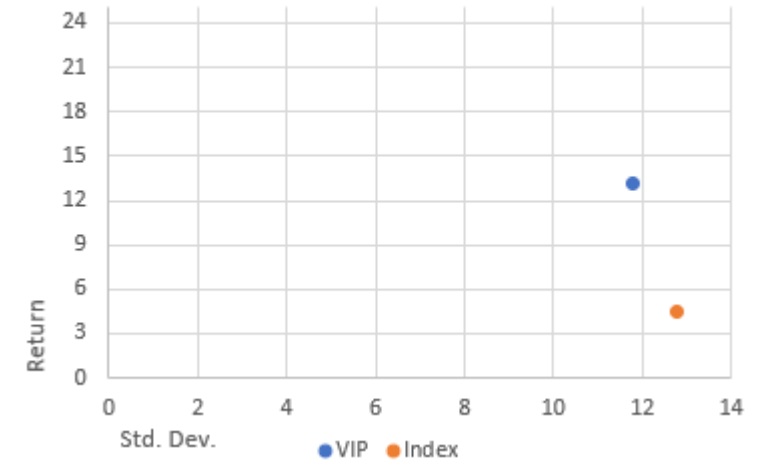
The outcome of Brexit is increasingly uncertain with Prime Minister Theresa May recently calling off the parliamentary vote on the Brexit deal due to a lack of support from parliament, meaning that the deal needs to be reformed. With the March deadline for the exit coming around quickly, business has increased concerns around the investment certainty that was once facilitated by the EU. Australian investors have followed suit as they become increasingly bearish about the outcome of Brexit and have become less optimistic about the outcome on business and trade.

The hearings for the Banking Royal Commission have ended and the final report is due in the first few months of next year, the major banks have been suffering under the scrutiny and there is more bleeding to come. The state of the Italian economy has also been weighing in on investor behaviour with concerns that the European Central Bank will have to intervene to stimulate Italy's economy, the third largest economy in Europe (Excluding the UK). Overall, the market has been extremely volatile over the last month, the market is playing catch up and is pricing in a lot of the current uncertainty. A positive US-China trade agreement and a comprehensive, business friendly Brexit would increase positivity in the market and build momentum to recoup the losses incurred over the last quarter.

Portfolio Adjustments

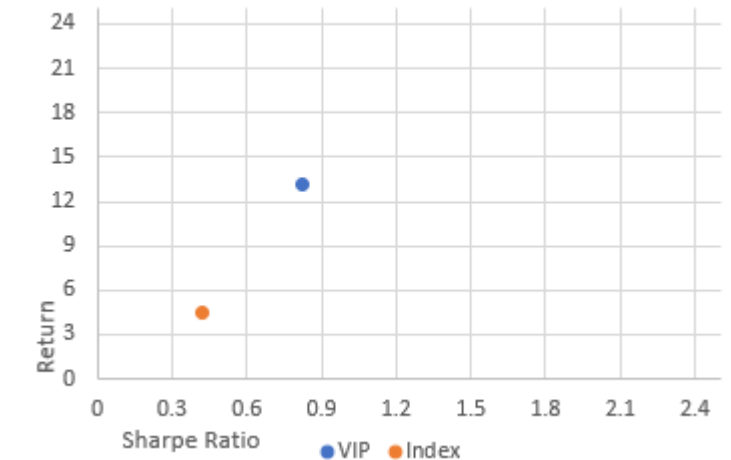
In November, the Investment Committee made no changes to the portfolio.

Risk-Reward One Year



Sharpe Ratio

Risk-Reward One Year



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