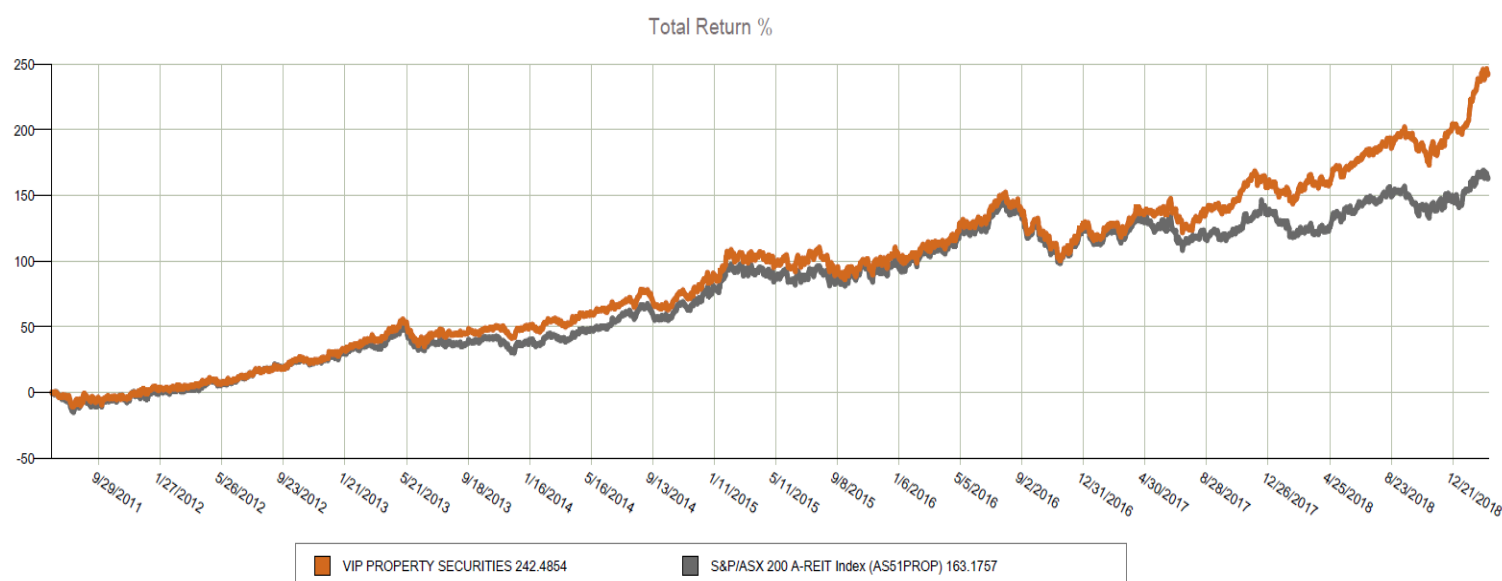


Investment Objective

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 & Portfolio Adjustments

The VIP Property Securities portfolio generated a 4.26% return for the month **pre-fees** and 19.29% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 2.51% and outperformed over the quarter by 9.44%. Over the last year, the portfolio has generated a 33.56% return and outperformed the index by 15.07%. The **post-fee** returns for the *Investment* and *Superannuation & Pension* portfolios are **shown in blue** in the table below. The **Top Contributors** were Goodman Group 7.93%, Charter Hall Group 6.93%, and Cromwell Property Group 4.25%. The **Top Detractor** was Arena REIT -2.97%.

In February, the Investment Committee purchased stock in Dexu and Goodman Group.

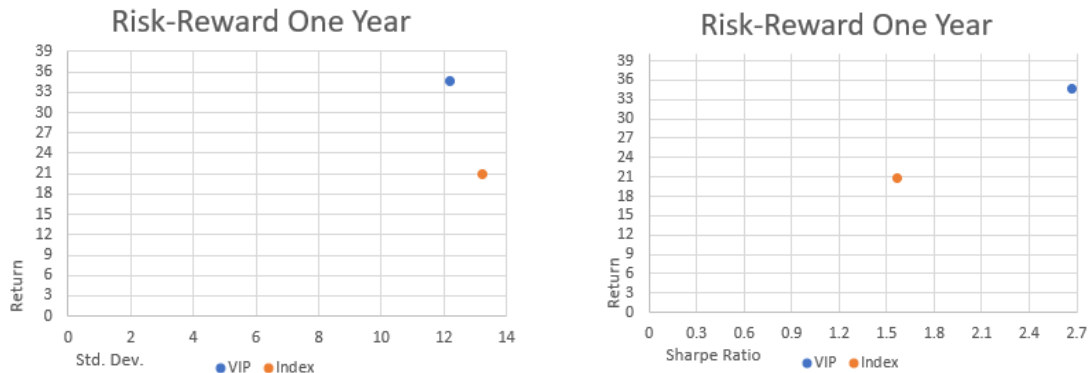
	% End Weight	Tot Rtn 1M	Tot Rtn 3M	Tot Rtn 6M	Tot Rtn 1Y	Total Return YTD (%)	Tot Rtn 5Y (A)
VIP PROPERTY SECURITIES	100.00	4.26	19.29	16.97	33.56	14.54	17.22
ARENA REIT	19.01	-2.97	10.24	16.69	20.16	8.30	6.21
DEXUS	19.91	1.61	1.61	1.61	1.61	1.61	0.32
CROMWELL PROPERTY GROUP	19.95	4.25	13.64	4.21	19.58	11.62	9.34
CHARTER HALL GROUP	20.07	6.93	28.66	26.31	57.54	18.60	15.43
GOODMAN GROUP	21.06	7.93	7.93	7.93	7.93	7.93	15.28

Trailing Returns

28/02/2019

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Property Securities PRE-FEES	4.26	19.29	16.97	33.56	27.26	26.67
Net VIP Property Securities Investment	4.19	19.09	16.57	32.76	26.46	25.87
Net VIP Property Securities Super-Pension	4.15	18.95	16.30	32.21	25.91	25.32
S&P/ASX 200 A-REIT TR	1.75	9.85	4.09	18.49	13.44	20.51

Risk/Reward & Sharpe Ratios



Economic & Market Commentary

The Australian and many international markets for the month of February continued to be supported by bullish momentum coming out of January as investor confidence shifts. Encouraged by; a change in expectations of the US/China trade war resolution being optimistic and positive; and many large Australian and international companies in this reporting season delivering stronger than expected results. Resulting in a 5.98% gain from the S&P/ASX 200 Index, and international markets such as the US and Japan enjoying similar tailwinds with the S&P 500 returning 2.88% and the Nikkei 225 gaining 2.87%.

Representatives and negotiators from the US and China met this month in an effort to reach an agreement on trade relations before the March 1st tariff increase deadline set by President Donald Trump. Although there have been mixed reports on the progress of discussions between the two parties and whether or not a solution would be found is up for continued speculation. One positive to emerge from the trade negotiations was President Trump's decision to delay implementing further tariffs, which may indicate that he can see a positive outcome eventuating and does not want to jeopardize the current progress by implementing a tariff on almost \$200 billion USD of Chinese goods. As a result, investors have grown bullish on the outcome of the trade negotiations and have begun to revise company stock values for more positive growth and a more stable trade environment in the future.

The RBA this month in its comments on the Australian economy has sighted significant uncertainties on economic outlook with consumption being a key contributor to that uncertainty. As a consequence, the RBA board commented that they saw scenarios where interest rates could rise or fall. The choice of the RBA not to bring certainty concerning the cash rate in the future adds to the unease felt by investors as they predict and guess on where interest rates will be in 12-months. Further noted was the reality of a notable drop in home loan approvals due to a weaker demand and a tighter credit environment but admitting that the fall of housing prices were large in comparison to historical standards, although not out of cycle and unlikely to have a large economic impact. For many individuals within the economy it would be difficult to say that there has been a material impact on consumer confidence and spending as a direct result of the decline in house prices.

The upcoming federal election has continued to way down on the Australian markets with investors bearish on the economic and investment environment under a Labor government. The proposed changes in negative gearing, franking credit refunds, capital gains tax discounts, and income tax reform has made investors nervous and represents material headwinds for the market if brought into law. The most recent Newspoll places the ALP at 53% and the Coalition at 47% on a two-party preferred basis, as even betting websites have predicted a win for the Labor party by a swing of around 20 seats.

What does this mean for investors? A positive trade outcome will continue to return certainty of the world trading system and boost equities markets, while a more certain RBA will help spur investment and reduce volatility in the Australian market. Giving reasons for optimism and bullishness further into 2019.