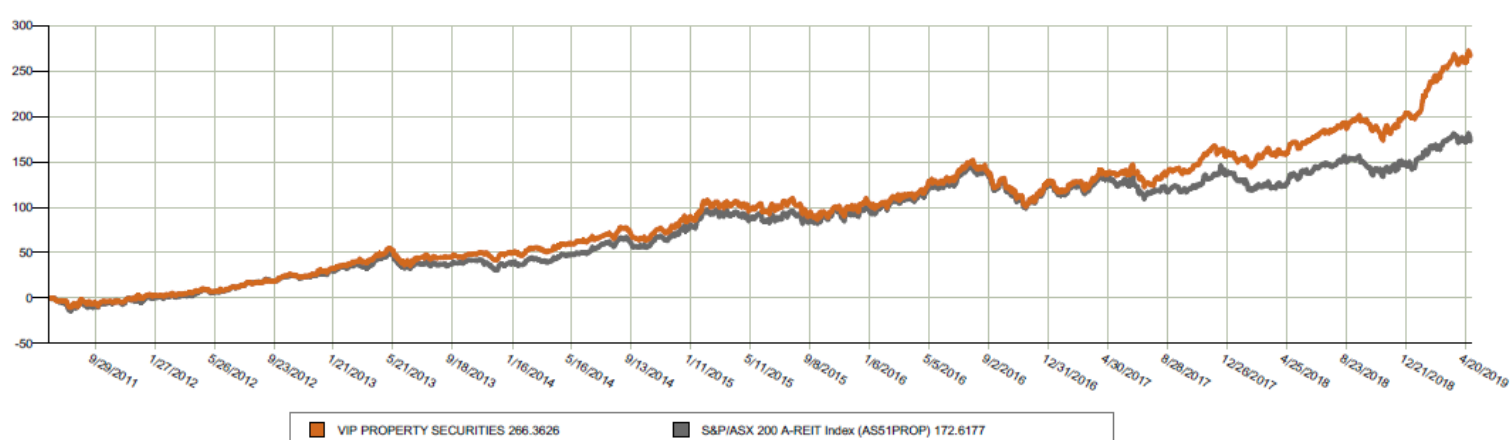


## Investment Objective

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.

## Total Portfolio Performance (%)



## Performance Review & Portfolio Adjustments

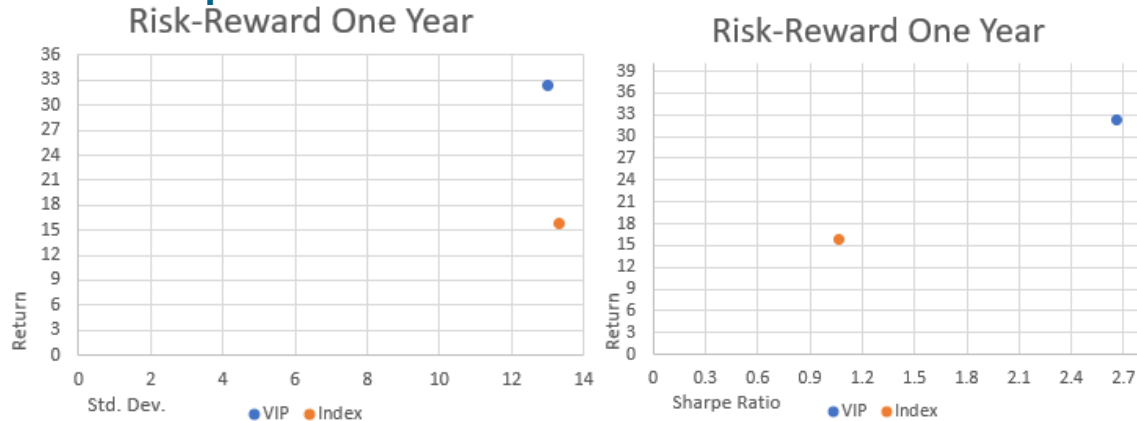
The VIP Property Securities portfolio generated a -0.10% return for the month **pre-fees** and 11.53% over the last 3 months. The portfolio outperformed the S&P/ASX 200 A-REIT index during the month by 2.46% and outperformed over the quarter by 6.21%. Over the last year, the portfolio has generated a 37.95% return and outperformed the index by 20.64%. The **post-fees** returns for the *Investment* and *Superannuation & Pension* portfolios are shown in **blue** in the table below.

The **Top Contributors** were Arena REIT 5.40%, Cromwell Property Group 2.74%, and Goodman Group - 1.42%. The **Top Detractor** was Charter Hall -4.48% In April, the Investment Committee made no changes to the portfolio.

## Trailing Percentage Returns Against the Benchmark

		1 Month	3 Month	6 Month	1 Year	3 Year	5 Year
VIP Property Securities Gross Returns		-0.10	11.53	30.62	37.95	27.71	27.86
VIP Property Securities Super-Pension Net Returns		-0.17	11.33	30.22	37.15	26.91	27.06
VIP Property Securities Investment Net Returns		-0.21	11.19	29.95	36.60	26.36	26.51
S&P/ASX 200 A-REIT TR		-2.56	5.32	13.19	17.31	12.55	20.36
	% 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	-0.10	11.53	30.62	37.95	22.53	18.01
CROMWELL PROPERTY GROUP	19.30	2.74	7.87	13.76	11.85	15.49	9.64
DEXUS	19.35	-1.88	5.66	5.66	5.66	5.66	1.11
ARENA REIT	20.19	5.40	10.23	38.52	38.77	23.04	8.95
GOODMAN GROUP	20.24	-1.42	10.96	10.96	10.96	10.96	15.07
CHARTER HALL GROUP	20.92	-4.48	19.20	45.30	74.13	32.21	16.93

## Risk/Reward & Sharpe Ratios



## Economic & Market Commentary

Domestic and international markets have been steadily positive over the month of April. Despite uncertainty still existent in the wider economy, data out of key countries has spurred on markets for the month. The US economy recorded its 103<sup>rd</sup> month of adding jobs to the economy, with 263,000 jobs in April. As such, the S&P 500 posted a 4.05% rise for the month. Japan's Nikkei 225 recorded a 4.97% result, and the UK's FTSE 100 2.31%. In Australia, the IMF forecasted Australia's real GDP to grow at an average rate of 2.7% per year between 2020 and 2024, the highest growth rate for advanced economies. The S&P/ASX 200 index recording a 2.37% rise, continuing the positive trend from last month.

Reports out of the US have stated that China has taken a backwards step in negotiations with the US regarding the trade war. While discussions have thus far been productive if not slow, US trade representative Robert Lighthizer has this week accused China of trying to change the text of the US-China agreement that was otherwise nearing its final stages. Typically, President Trump reacted erratically, tweeting that the current 10% tariff would rise to 25% and \$325 of untaxed goods could also face the 25%. His actions sent the Shanghai Composite down 5.6%, while the Dow Jones dipped 1.8% early before recovering to close down 0.3%. As a result of the UK extending Brexit until the 31<sup>st</sup> of October, they will participate in the European elections on the 23<sup>rd</sup> of May. Until October, the Brexit discussions so far would suggest we could easily see significant inaction until that date.

Meanwhile, Australia has been working its way through the last fortnight of the Federal Election, with Labor enforcing their focal point of a 'fair go' for Australia and that Morrison government is 'only for big end of town.' In contrast, the Coalition continues to push their message that only a Liberal-led government can be trusted to manage the Australian economy. Although consensus among investor groups has believed Labor will win for some time, the latest Newspoll suggests that the race is beginning to tighten with the results showing a 51% to Labor and a 49% to the Coalition, a 1% change towards the middle since the last poll. While a Labor government will no doubt be detrimental for the world of investment, it isn't believed that the market will see a prolonged period of doom given that a Bill Shorten-led Australia has been priced into the market since the leadership coup in the Coalition party.

While the world continues to post gains amidst uncertainty with the US-China trade war and Brexit, it can be said that there is much more reason for a positive outlook for 2019 if the parties involved are able to reach an agreement.

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