

# TPT Equity Fund

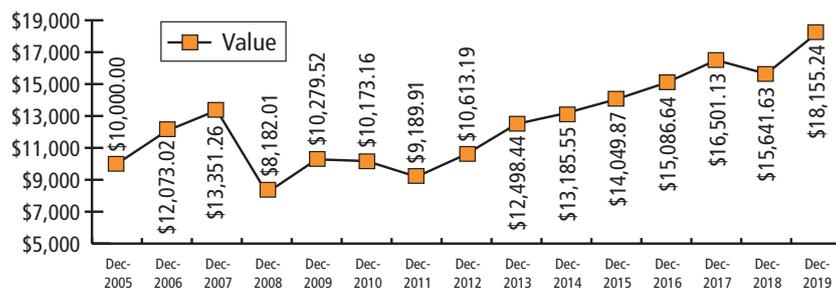
## Performance

The TPT Equity Fund provided investors with a total return of 1.61% for the six months ended 31 December 2019.

Rate of return for the period	Performance (Net of Fees)	Benchmark (Composite Index)
3 Months	0.20%	1.54%
6 Months	1.61%	4.54%
1 Year	16.07%	23.67%
3 Years	6.36% p.a.	10.78% p.a.
5 Years	6.61% p.a.	9.53% p.a.

**Note:** Returns of less than 12 months are not annualised. Returns assume reinvestment of income and realised capital gains. Performance is after fees and charges. Past performance is not a reliable indicator of future performance.

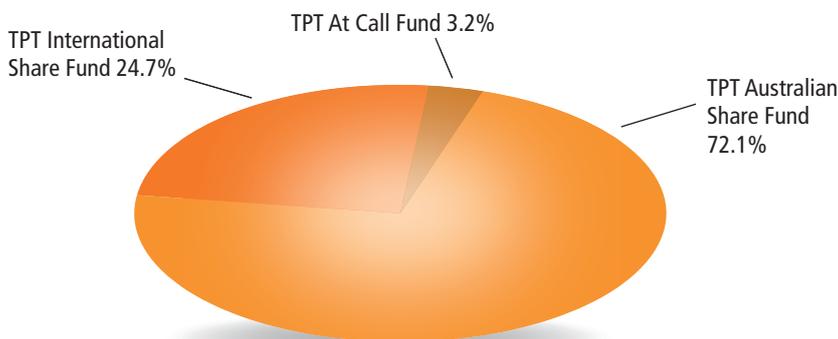
The value of \$10,000 invested from inception to 31 December 2019 would have been:



## Fund Investment Strategy

The Fund invests in the TPT Australian Share Fund, TPT International Share Funds and TPT At Call Fund managed by TPT Wealth.

As at 31 December 2019 the asset allocation of the TPT Equity Fund was;



## Market Commentary

Australian shares (as measured by the S&P/ASX200) posted a total return of 3.1% over the 6-months to 31 December 2019 and an impressive 23.4% for calendar year 2019 (their best performance since 2009). Nine of eleven industry sectors rose over the 2H, with Healthcare (+21.8%), Consumer Discretionary (+11.6%) and IT (+9.0%) the best performers. Market heavyweight CSL helped propel the Healthcare sector, re-affirming its FY20 profit guidance at 10-14%. Disappointing full-year earnings results, interest margin contraction and the AUSTRAC money laundering scandal hit the Financials sector (-3.2%). Over the full year, quality and growth stocks outperformed.

Global shares (as measured by the MSCI World Index excluding Australia, unhedged) posted a total return of 9.1% in the 2H and an impressive 26.8% for the calendar year. In AUD currency terms, the Nasdaq (+13.7%) led returns over the half, with the Nikkei 225 Index (+10.3%) and S&P500 Index (+9.7%) in hot pursuit. In contrast, the Hang Seng Index (+0.5%) was restrained by widespread protests in Hong Kong and the UK Footsie (+5.8%) by the ongoing Brexit saga. Ten out of eleven industry sectors recorded positive returns in the half with Information Technology (+16.0%), and Healthcare (+11.6%) outperforming the broader market. The Energy sector (-2.8%) lagged due to global oil demand concerns. The dispersion between pro-cyclical factors (Growth, Size, and Value) and defensive factors (Low Volatility, Quality, High Yield) narrowed considerably in the period.

The de-escalation of two global macro uncertainties and evidence global monetary easing is getting some traction, supported equity returns in the half. Central Bank actions and guidance that low interest rates will hold sway for an extended period of time underwrote annual returns. All in all share investors were less concerned about the potential impact to earnings from slowing economic growth.

Late in the period, the US and China agreed in principle to an initial 'Phase 1' trade deal, which removed the risk of additional tariffs slated for December 15 and reduced the third tariff round from 15% to 7.5%. China also agreed to buy 'substantial' additional US products. A hard 'Brexit' was also avoided with the emphatic Tory win in the UK election (mid-December), providing PM Johnson the mandate to leave the EU by January 31 and then enter into negotiations for a free trade deal, which needs to be completed within 11 months. Both outcomes were rightly perceived as positive and likely to take some pressure off the global economy.

Central banks were fairly active in the December half. In order to sustain the record long US expansion and take-out some insurance against the negative impacts from the US-China trade war, the FOMC lowered its benchmark funds three times (total 75 basis points) to a range of 1.50%-1.75%. At its October meeting, it indicated however that moves to ease policy were nearing a pause. The ECB announced further rate cuts and a new open-ended €20B a month quantitative easing program. In Asia, there was more Chinese policy stimulus and the Hong Kong government withdrew its extradition bill, which had ignited mass protests and adversely impacted this financial hub. Our own RBA cut official interest rates twice, to an historic low of 0.75%.

At the close of the half, Australian bourse were trading on a prospective PE of 18.1 times (LT average of 14.9 times) and a prospective gross dividend yield of 4.0%. By comparison global shares, were trading on a prospective PE of 17.2 times (LT-average 15.0 times) and a dividend yield of 2.35%. According to current equity risk premium and bond earnings yield measures, Australian and global shares continue to remain within their assessed 'fair value' ranges relative to bonds.

Contact us today on 1300 138 044 or visit our website [www.tptwealth.com.au](http://www.tptwealth.com.au)

TPT Wealth Limited ABN 97 009 475 629 AFSL 234630 Australian Credit Licence Number 234630.

A wholly owned subsidiary of MyState Limited ABN 26 133 623 962. Registered Office: Level 2, 137 Harrington Street, Hobart 7000 Tasmania Australia.

# TPT Equity Fund

## Fund Commentary

The TPT Equity Fund delivered a gross return of **2.64%** (1.61% after fees) in the second half of CY2019 and **18.41%** (16.07% after fees) over the 12-months. A distribution of 1.32 cents per unit (CPU) was declared for the half. This takes the annual distribution to 2.87 CPU.

Over the half, the TPT Australian Share Fund component returned 0.89% (before fees) while the TPT International Share Fund component delivered 8.46%. The main contributors to performance of the two underlying funds over the half were the **Nikko AM Australian Share Income Fund** and the **AB Global Equities Fund**.

*If our service to you as an investor does not meet your expectations, we want to know. You can call our Client Relations team on 1300 138 044 (9.00am to 5.00pm Monday to Friday) or email us at [investments@tptwealth.com.au](mailto:investments@tptwealth.com.au). If you are dissatisfied with the response, you may raise the matter directly with the Australian Financial Complaints Authority (AFCA), GPO Box 3, Melbourne VIC 3001 (Tel 1800 931 678). ASIC also has a free call info line on 1300 300 630.*

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