TPT Balanced Fund

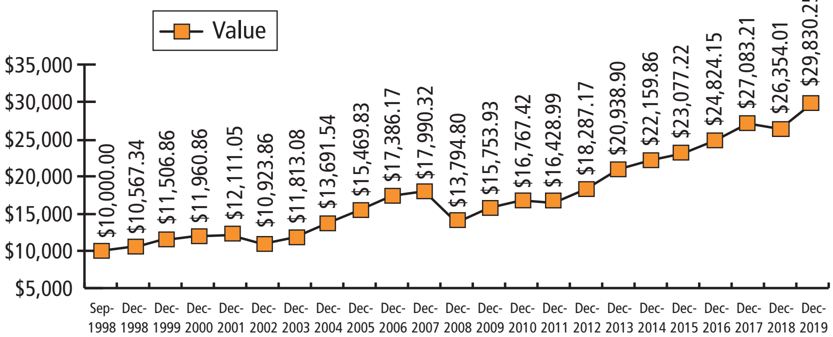
Performance

The TPT Balanced Fund provided investors with a total return of 0.86% for the quarter ended 31 December 2019.

Rate of return for the period	Performance (Net of Fees)	Benchmark (Composite Index)
3 Months	0.86%	0.92%
6 Months	3.35%	3.52%
1 Year	13.19%	17.08%
3 Years	6.32% p.a.	9.21% p.a.
5 Years	6.13% p.a.	8.53% 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.

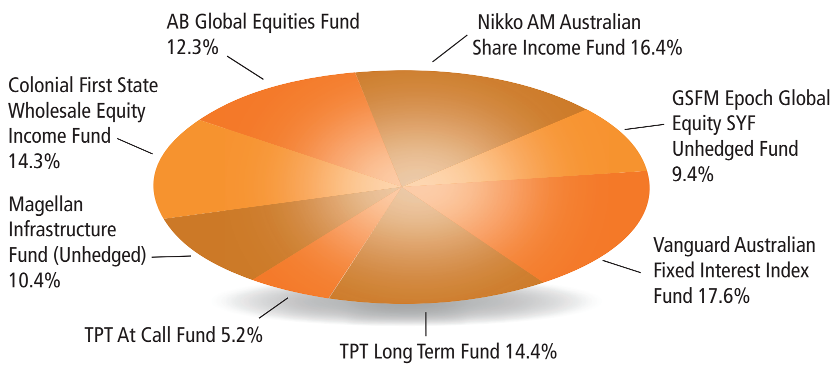
The value of $10,000 invested from inception to 31 December 2019 would have been:



Fund Investment Strategy

The Fund invests in the Nikko AM Australian Share Income Fund; Colonial First State Wholesale Equity Income Fund; AB Global Equities Fund; Epoch Global Equity Shareholder Yield Fund; the Vanguard Australian Fixed Interest Index Fund; the Magellan Infrastructure Fund (Unhedged); the TPT Long Term Fund and the TPT At Call Fund.

As at 31 December 2019 the strategic asset allocation of the TPT Balanced Fund was:



Market Commentary

Growth asset classes posted positive gains in the December quarter, while income asset returns were mixed. A 'risk-on' mood pervaded investment markets, following the de-escalation of two global macro uncertainties (the US-China trade war and Brexit) and as evidence emerged that monetary easing was getting some traction, with global purchasing managers indices (PMIs) turning up. The US September quarter corporate profits season was also better than expected (flat vs forecasts of a 3% decline). Yield curves steepened in the period, as the FOMC and RBA cut official (short-term) rates in October, while bond yields rose, as fears over global growth (in particular a US recession) dissipated.

Australian shares posted a modest return of 0.7% in the December quarter, but an impressive 23.4% for calendar year 2019 (their best performance since 2009). Six of eleven industry sectors rose over Q4, with Healthcare (+13.6%), Energy (+6.1%) and Materials (+4.5%) the best performers. Market heavyweight CSL helped propel the Healthcare sector, re-affirming its FY20 profit guidance at 10-14%. Disappointing full-year results and new AUSTRAC money laundering allegations hit the Financials (-6.3%), while earnings downgrades also hampered the Consumer Staples (-2.5%). Over the full year, Healthcare (+22%), Consumer Discretionary (+12%) and IT (+9%) led the charge. On a factors basis, Quality and Growth stocks outperformed.

Global shares outperformed their Australian peers, with a total return of 4.3% over the 3-months to 31 December 2019 and a very solid 26.8% for the calendar year. In AUD currency terms, the Nasdaq (+7.6%) led returns, with the Footsie 100 Index (+5.6%) in hot pursuit. All eleven industry sectors recorded positive returns in the quarter with Information Technology (+13.7%), Healthcare (+13.4%), Materials (+8.4%) and Financials (+8.3%) outperforming the broader market. Real Estate (+0.6%) and Utilities (1.5%) returns were constrained by the rise in bond yields. The dispersion between pro-cyclical factors (Growth, Size, and Value) and defensive factors (Low Volatility, Quality, High Yield) narrowed considerably in the period.

Global Listed Infrastructure rose 0.9% in $A terms, but trailed broader equity markets. Airports, Water Utilities, Oil & Gas Storage and Ports infrastructure assets outpaced the major index. More defensive, less economically sensitive Electricity Utilities and Multi- Utilities lagged. For CY2019 the sector posted a very healthy gain (+27.2%), underwritten by low interest rates and investors ongoing search for yield.

With respect to the Australian fixed interest asset class, money market yields were up slightly, indicating market participants think we may have already seen most of the likely interest rate cuts and that additional moves could be further away. The Australian 3-month BBSW rate finished the quarter at 0.920% (-2.5 bps). Bond yields rose more sharply over the period, causing yield curves to steepen, as concerns over global growth dissipated. The Australian government 10-year bond closed at 1.37% (+35 bps), well above its mid-August nadir of 0.876%, when fears of an imminent US recession were at an extreme. Domestic credit spreads tightened in the quarter.

Two major geopolitical issues de-escalated 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.

Contact us today on 1300 138 044 or visit our website www.tptwealth.com.au

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TPT WEALTH

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TPT Balanced Fund

The generally dovish tone of Central banks moderated in the December quarter. The FOMC lowered its benchmark funds rate by 25 bps to a range of 1.50%-1.75% in October, but indicated moves to ease policy were nearing a pause. Recent US economic data releases have indicated the economy there is holding up better than predicted. Our own RBA, cut official interest rates (by 25 bps) for the third time in 2019 to an historic low of 0.75%. Another cut in February is looking less certain, following the upswing in house prices and recent strong employment and retail sale data reads.

Fund Commentary

The TPT Balanced Fund returned **1.31%** in gross terms in the December quarter (0.86% after fees) and **15.16%** over the past 12-months (13.19% after fees). These results compare with the Fund's composite benchmark, which returned 0.92% and 17.08% respectively.

Manager selection was a positive contributor in the December quarter. Pleasingly the alterations we made to the Fund's investment manager suite in July 2019, has continued to have a positive impact on performance. Asset allocation was also a positive contributor, as the Fund held overweight positions in the 'growth' asset classes and was underweight Fixed Interest.

The Fund paid a quarterly distribution of **0.50** cents per unit (CPU), which takes the rolling 12-month distribution to 31st December 2019 to **3.39** CPU.

New managers, the **Colonial First State Wholesale Equity Income Fund** and **AB Global Equities** provided excess returns over the quarter. The **Nikko AM Australian Share Income Fund** and **Magellan Infrastructure Fund (Unhedged)** posted solid absolute returns over calendar 2019.

The Colonial First State Wholesale Equity Income Fund was the standout 'active' manager in the quarter, achieving a return of 2.7%, easily accounting for its benchmark and performing in line with its objective of providing greater risk-adjusted returns over the long term. Good stock selection played a key role in the fund's positive performance. Overweight positions in The a2 Milk Company (upgraded FY20 sales and EBITDA margin expectations) and CSL (which reaffirmed its FY20 guidance) underwrote the returns.

AB Global Equities delivered a return of 4.4% for the December quarter. The largest contributors to its return were Anthem Inc (healthcare company), Las Vegas Sands Corp (casino properties picked-up as US-China trade tensions subsided), KDDI Corporation (Japanese telco) and Julius Baer (the Swiss Bank announced its first share buyback in 8 years).

With its diversified asset mix, good blend of well-rated underlying asset managers and income-focused investment approach, we believe the TPT Balanced Fund is well positioned to take advantage of the opportunities and meet the challenges that lay ahead over a 3 to 5 year timeframe.

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. 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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