TPT Diversified Property Fund

Performance

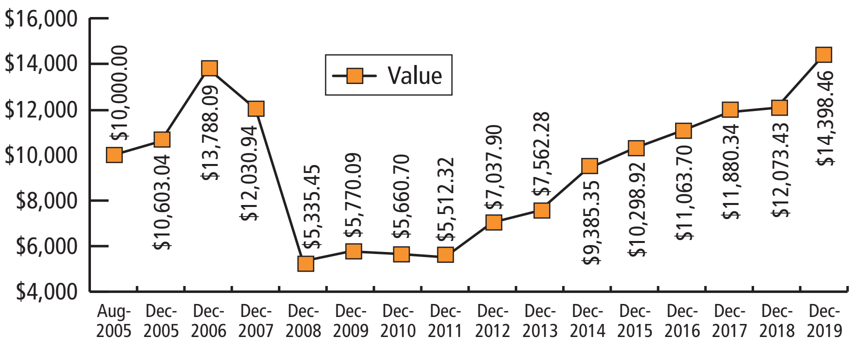
The TPT Diversified Property Fund provided investors with a total return of -1.10% for the quarter ended 31 December 2019.

Rate of return for the period	Performance (Net of Fees)	Benchmark (Composite Index)[1]
3 Months	-1.10%	-0.69%
6 Months	2.50%	3.06%
1 Year	19.26%	20.51%
3 Years	9.18% p.a.	10.19% p.a.
5 Years	8.94% p.a.	10.24% 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.

[1]The UBS Developed Infrastructure and Utilities Net Total Return Index (hedged to AUD) ceased to be published, therefore from 31 March 2015 it was replaced with the S&P Global Infrastructure Index A$ Hedged Net Total Return.

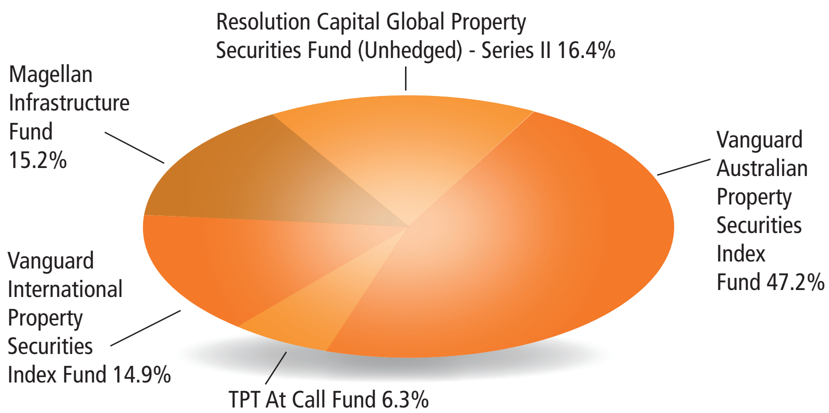
The value of $10,000 invested from inception to 31 December 2019 would have been:



Fund Investment Strategy

The Fund invests in the Vanguard Australian Property Securities Index Fund; the Vanguard International Property Securities Index Fund (Unhedged); the Resolution Capital Global Property Securities Fund (Unhedged) - Series II; the Magellan Infrastructure Fund and the TPT At Call Fund.

As at 31 December 2019 the asset allocation of the TPT Diversified Property Fund was:



Market Commentary

Real assets, were off modestly in the December quarter as the 'risk-on' mood that permeated global markets saw more defensive sectors trail the broader equity market. The yield curve also steepened in the period, with Australian bond yields rising 35 basis points (closing at 1.37%) and the RBA cutting the cash rate to 0.75%. Despite this real asset performance over calendar 2019 remained solid, thanks to dovish central bank policy settings and historically low bond yields aiding asset valuations.

Australian REITS) eased 0.7% in the quarter (+19.6% year-on-year). At a sector level, Specialised REITs (+3.3%) and Retail REITs (+2.2%) were the best performing, while Office (-2.3%) and Diversified REITs (1-.6%) lagged the broader market. Over calendar 2019, the Residential (+58%) and Diversified (+31%) REIT sectors were the standouts, assisted by the LNP victory in May (negative gearing left intact), APRA loosened lending conditions and mortgage rates fell. On the corporate front, Charter Hall Group upgraded its FY20 earnings growth guidance to circa 30%, on the back of increasing FUM and performance fees. Both Mirvac and Stockland Group also provided positive September quarter operational updates, on the back of rising house prices and a better outlook for the residential market. Note Moody's forecast A-REIT net operating income to increase by an average 3% over the next 12 to 18 months.

Global REITs contracted 2.4% in $A terms (+22.1% YoY). Specialty (+2.1%), Office (+1.5%) and Industrial (+1.0%) REITs outperformed. Self-Storage (-11.3%), Healthcare (-8.7%) and Data Centres (-6.6%) disappointed. Over calendar 2019, more growth-orientated/economically-sensitive REIT sectors recorded the biggest gains, namely Industrials (+46%), Data Centres (+45%), Office (+29%) and Residential (+26%). Third quarter global REIT earnings, as defined by funds from operations (FFO) growth, was 1.2% higher relative to Q2219 at US$16.6B. Pleasingly, two-thirds of REITs posted results above year ago levels (the highest proportion since Q42016). Occupancy rates remained close to their record highs and leverage near historical lows. Net acquisitions rebounded in the first 9 months of 2019 and should help boost net operating income growth over coming quarters (to be around a more inflation-like pace).

Global Listed Infrastructure (hedged $A terms) rose 2.9% (+25.3% YoY), aided in part by a rising AUD/USD cross rate. Airports (+10.4%), Water Utilities (+7.9%), Oil & Gas Storage (+5.3%) and Ports infrastructure (+4.7%) assets outpaced the major index. More defensive, less economically sensitive Electricity Utilities and Multi- Utilities lagged.

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.

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 housing prices and recent strong employment and retail sale data reads.

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At period close the G-REIT price to fund from operations (P/FFO) prospective multiple (for all Equity REITs) was 19.3 times, which compares with its long-term average at 17.3 times. Similarly Global Listed Infrastructure was trading at a premium, priced at 11.4 times EV/EBITDA (vs LT average 10.0 times). Allowing for low interest rates and bond yields 'real assets' remain reasonable value and continue to provide competitive income returns. A-REITs are currently trading on a prospective dividend yield of 4.68%, Global REITs on 3.81% and Global Listed Infrastructure on 4.19%.

Fund Commentary

The TPT Diversified Property Fund contracted **-0.68%** in gross terms (-1.10% after fees) in the December quarter, while advancing **21.30%** (19.26% after fees) over the past 12-months. This compares with the Fund's composite benchmark (BM) which declined -0.69% over the quarter and rose 20.51% over the year.

The Fund paid a **0.50** cent per unit (CPU) quarterly distribution to investors. This took the rolling annual distribution to **0.85** CPU.

Over the quarter, asset allocation for the quarter was neutral-slightly positive (modestly overweight Cash). Satellite manager performance was mixed over the quarter. Resolution Capital continued to outperform. Both absolute and relative returns remain solid over the full year and beyond.

The **Resolution Capital Global Property Securities Unhedged $A Series II Fund** recorded a net return of -1.9% for the quarter and 24.5% for the year (equivalent to +0.5% and +2.5% in excess returns, respectively). Returns came from a number of sources: UK-listed real estate holdings (Assura, Big Yellow, Shurgard Self Storage, Segro) rallied post the Conservative Party's UK election victory; an overweight exposure to Data Centres and Cell Tower real estate platforms (in particular, Interxion Holdings); an underweight exposure to US Self Storage and Japanese REITs. Other notable contributors included, Ventas Inc., Tereno Realty Corporation and Alexandria Real Estate.

The **Magellan Infrastructure Fund** posted a net return of 1.6% for the quarter and a very strong 25.5% over the 12-months. Main contributors for the quarter were Enbridge of Canada (Q3 earnings beat forecasts), ADP of France (airport traffic numbers higher, chance of ownership changes looking less likely) and Sydney Airport (stronger domestic traffic).

Despite it being a long market cycle, operating fundamentals for 'real assets' remain sound. They continue to provide a dividend yield premium to bonds (189-279 basis points), their balance sheets look historically conservative (total debt/enterprise value 28%-40%) and demand and supply are in rough balance. We believe these factors ought to partially cushion the sector's sensitivity to shocks in the next few years. Furthermore in the short term real assets are likely to benefit from investors ongoing search for yield.

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.