

Managed Investment Schemes

DECEMBER 2019



Unit Pricing Discretions Practice

The following Funds have their unit price set at \$1.00. The earnings from investments in the Funds are accrued daily and paid to investors upon full redemption of their investment or at the time of the Funds' income distributions. The discretion applied by TPT Wealth Limited (TPT Wealth) to set the unit price at \$1.00 for these cash and income Funds is reasonable in all circumstances such that new, existing or former investors are not materially or significantly advantaged or disadvantaged. There are no other discretion(s) to be applied by TPT Wealth.

- TPT At Call Fund
- TPT Fixed Term Fund
- TPT Long Term Fund
- TPT Select Mortgage Fund

Unitised Funds

Unit prices for the following Funds are calculated daily by TPT Wealth.

- TPT Balanced Fund
- TPT Equity Fund
- TPT Australian Share Fund
- TPT International Share Fund
- TPT Diversified Property Fund

The unit price for each Fund is determined by a calculation using the net asset value of each Fund.

For each Fund, the net asset value is divided by the number of units on issue (for the Fund) to determine the unit price for each unit.

How is the net asset value determined?

The net asset value is determined by reference to the underlying value of the investments of the Fund less any liabilities.

When a Fund invests with external fund managers (as disclosed in the relevant Product Disclosure Statement) the unit prices disclosed by those fund managers are used in determining the net asset values and for the calculations of unit buy and unit sell prices.

TPT Wealth does not exercise any discretion in ascertaining these prices.

Does TPT Wealth exercise any discretion in its unit pricing practices?

TPT Wealth uses the unit prices determined by external fund managers for determining the value of underlying investments in each of the Funds. There is no reasonable alternative method and as such TPT Wealth does not exercise any discretion in determining the value of the underlying investments in the Funds.

Where cash is held, it is valued at cost plus accrued interest. TPT Wealth does not exercise any discretion in determining the value of cash held in each of the Funds.

Expenses of each of the Funds are based on prescribed percentages as disclosed in the Product Disclosure Statement (PDS). The discretion exercised by TPT Wealth in the expense recoveries is reasonable in all circumstances, such that new, existing or former investors are not materially or significantly advantaged or disadvantaged.

TPT Wealth reviews the expense recoveries on a regular basis to ensure that appropriate expense recoveries are being made in line with expenses being charged to the Funds and comparison is made to the budgeted expenses.

How many units will be issued in any particular investment?

The number of units issued to an investor will be dependent upon the amount invested and the unit buy price (refer our website) on the day of investment. The number issued is determined by the value of the investment, divided by the unit buy price. TPT Wealth exercises no discretion in this determination.

The number of units allocated to you will only change with additional investments to the Fund or withdrawals from the Fund.

What is the difference between buy and sell prices?

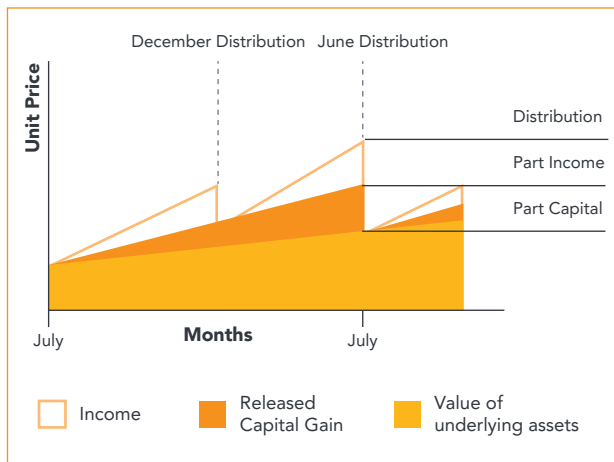
There is a difference between the unit buy price (refer our web site) and unit sell price (refer our website) for each unitised Fund. This difference in price relates to the transaction costs when buying investments for the Fund and the costs of selling investments for the Fund. TPT Wealth does not exercise any discretion in this.

Rounding off

All unit price calculations use four decimal places and are then rounded up or down to two decimal places. The discretion applied by TPT Wealth in this calculation is reasonable in all circumstances, such that new, existing or former investors are not materially or significantly advantaged or disadvantaged.

How is a Unit Price calculated?

The following chart is for illustration purposes only.



Unit Price calculation

The unit price is calculated in the following way:

$$\frac{\text{Total Value of the Fund} + \text{Income} + \text{Realised Capital Gains} - \text{Fees \& Costs}}{\text{Number of units in the Fund}}$$

Number of units in the Fund

What are the components of a distribution?

Income Component

The income component is income received by the Fund including dividends, interest or other income from income producing assets. This income component usually forms part of an investor's taxable income.

Capital Component

The capital component is made up of realised capital gains as a result of an investment manager's investment activities.

Example: Buy	XYZ 1,000 shares at \$31.00	\$31,000
Sell	XYZ 1,000 shares at \$32.00	\$32,000
Total capital gain		\$1,000

Capital gains are only distributed by managed funds at the end of each financial year. Managers generally do not distribute capital gains within the year because if they distribute gains and subsequently incur losses in the second half of the year they cannot net the position for tax purposes as capital losses are not distributable to investors but can be carried forward by the Fund.

The chart on the left represents the unit price across a financial year assuming a rising market. It illustrates the three components of the unit price, the value of the underlying assets, the realised capital gain and income.

As illustrated in the chart, an investor who invests in May is purchasing distributable capital gains (assuming there are realised capital gains within the product which have not been distributed), income and the underlying value of the asset. It also illustrates why the unit price drops significantly in June and not at other distributions throughout the year due to the distribution of capital gains. Other distributions throughout the year are generally made up of income only.

Investors should be aware that if there is a capital component (realised capital gain) in any Fund it will be distributed regardless of when the investor enters the Fund. Investors need to consider this when investing towards the end of the financial year.

TPT Wealth is not able to provide an estimate of what these gains are (if any) during the course of the year as external investment managers do not make this information available.