

Quarterly Fund Report TPT Australian Share Fund

As at 31 December 2023



TPT Wealth 

TPT Australian Share Fund

Net Asset Value

SIZE

\$32,455,985

Performance to Benchmark

Past performance is not a reliable indicator of future performance.

RETURN FOR THE PERIOD	NET RETURN	GROSS RETURN	BENCHMARK	GROSS MARGIN TO BENCHMARK
3 Months	7.34%	7.65%	8.38%	(-0.73%)
6 Months	6.50%	7.12%	7.35%	(-0.23%)
1 Year	10.24%	11.47%	11.70%	(-0.23%)
2 Years pa	2.14%	4.61%	3.81%	0.80%
3 Years pa	6.30%	10.00%	8.18%	1.82%
5 Years pa	5.66%	11.84%	8.40%	3.43%

Benchmark is a composite of the S&P/ASX 300 Accumulation Index and the S&P/ASX Small Ords Index. Prior to October 2020 the benchmark was a composite of the FTSE ASFA High Dividend Yield Index and the Bloomberg AusBond Bank Bill Index.

Performance Components

RETURN FOR THE PERIOD	DISTRIBUTION	GROWTH	NET RETURN
3 Months	0.75%	6.59%	7.34%
6 Months	0.85%	5.66%	6.50%
1 Year	2.77%	7.46%	10.24%
2 Years pa	2.41%	(-0.27%)	2.14%
3 Years pa	2.33%	3.96%	6.30%
5 Years pa	2.64%	3.02%	5.66%

Note: Reported Growth and Returns assume reinvestment of income and realised capital gains. Returns of less than 12 months are not annualised. Net Return is after fees and charges. Gross Return is before fees and charges. Past performance is not a reliable indicator of future performance.

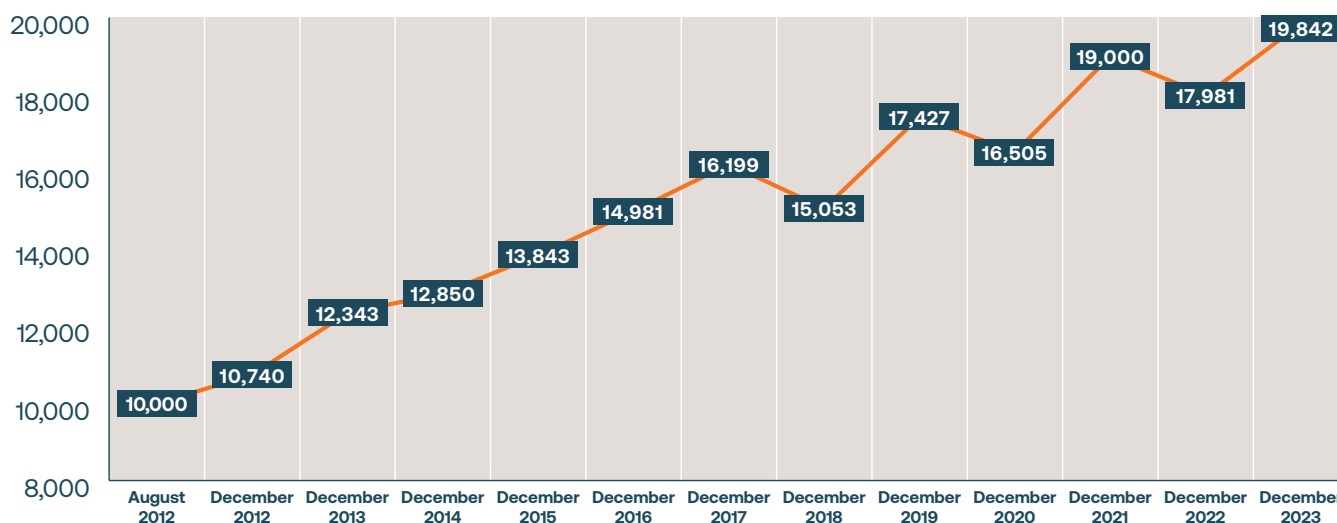
Asset Allocation

ASSET CLASS	RANGE	BENCHMARK WEIGHT (BW)	CURRENT WEIGHT (CW)	(CW) TO (BW)
Cash and Fixed Interest	0 - 15%	5%	4.99%	(-0.01%)
Australian shares	85 - 100%	95%	95.01%	0.01%

ALLOCATION TO MANAGERS	RANGE	BENCHMARK %	\$FUM	CURRENT %
At Call Cash	0 - 15%	5%	\$1,620,789.77	4.99%
Mercer Passive Australian Shares Fund	5 - 50%	40%	\$13,883,030.44	42.77%
Mercer Australian Small Companies Fund	5 - 20%	15%	\$3,076,887.64	9.48%
Mercer Australian Shares Fund	5 - 50%	40%	\$13,875,277.25	42.76%
TOTAL		100%	\$32,455,985	100.00%

LINK Compliance Report dated 31.12.2023

The value of \$10,000 invested from inception to end of this quarter:



Assumes reinvestment of income and capital gains – net after fees.

Commentary and outlook by Mercer Australia

Market Commentary

Australian shares delivered a strong performance over the December quarter, with the S&P/ASX 300 Index returning 8.4%. This performance can be attributed to the market's expectations shifting to reflect lower interest rates in 2024 and a soft landing of the US economy. Additionally, the shift in interest rate expectations for 2024 has led to support for both large and small-cap stocks, with the ASX Small Ordinaries index also gaining 8.5% over the period. The Materials sector outperformed in Q4, driven by stronger commodity prices at the same time general risk sentiment remained favourable. BHP Group, RIO Tinto, Fortescue, and James Hardie were among the names contributing to the sector's performance. Real Estate and Healthcare also continued to perform strongly with CSL being a key contributor in the Healthcare sector, as investors considered whether the market had overestimated the adverse impact from GLP-1 diabetes and weight loss drugs. Meanwhile, Energy and Utilities were the only two sectors with negative returns over the period. This was due to investors rotating away from defensive stocks, and energy stocks lagging as oil prices continued to decline.

Australian Shares Fund Commentary

The Mercer Australian Shares Fund marginally underperformed the S&P/ASX 300 over the quarter. The Fund remains ahead over 1, 3 and 5-year periods. At a sector level, security selection in Financials and Materials were the predominant drivers of underperformance. Offsetting this was positive security selection across Energy, Communication Services and Real Estate. The Funds' overweight allocation to Health Care added value whereas overweight exposure to Consumer Discretionary and IT marginally detracted from performance. At the stock level, an overweight to James Hardie contributed the most to performance. The company outperformed after reporting solid 2Q24 performance along with guidance above consensus expectations. The result showed stronger than expected results across North America, APAC and Europe. The top detractor for the period was an underweight position to Fortescue with the stock performing strongly on the back of rising iron ore prices. Underlying manager performance was mixed over the period. Greencape was

the top performing manager with stock selection in the materials sector, and Firetrail was the biggest laggard for the quarter. Their high conviction strategy underperformed the benchmark as growing expectations of a soft-landing benefited sectors that the strategy is underweight – such as Banks and REITs.

Australian Small Caps Fund Commentary

The Mercer Australian Small Companies Fund returned 7.7% in the December quarter, underperforming the S&P/ASX Small Ordinaries benchmark by 0.8%. The fund ended the full year strongly with excess return of 0.8% over the period. On an aggregate level, underperformance in the fourth quarter was driven by negative stock selection in Healthcare names, with the Fund's underweight to Neuren Pharmaceuticals and overweight to Microba among the largest detractors within the sector. Neuren rallied on strong clinical trial results for its neurodevelopmental disorder treatment, while biotechnology company, Microba, sold off following the announcement of a capital raise, to fund the acquisition of UK microbiome company Invivo Clinical. In regards to underlying managers, Perennial was the largest detractor over the final quarter, with weak stock selection in Healthcare weighing on relative performance over the period. Conversely, Firetrail was the largest contributor on positive stock selection, particularly within the Materials sector. The manager was underweight uranium names, which gave up part of their gains, following a strong rally over the year.

Market Outlook

Within Australian large cap equities, a slowdown in the growth environment should weigh on corporate earnings, although to some extent this is already priced into markets. Meanwhile the potential for a pick-up in mortgage delinquencies may be a headwind for the banks, which occupy a large weight in the index. While it is expected conditions in the Chinese economy to improve, this is likely to be centered on service industries, and hence provide limited upside for the materials sector. Within Australian Small Caps, whilst they underperformed in 2023, which is unusual in a rising interest rate environment, a reversal is potentially not imminent as Small Caps higher beta may weigh on performance in a softening growth environment.

IMPORTANT INFORMATION:

The information contained in this material is of a general nature only and is not personal advice. It does not take into account the investment objectives, financial situation or particular needs of any individual. Investors should read the Fund's PDS, Target Market Determination (TMD) and other disclosure documents which are available at <https://tptwealth.com.au> and consider seeking independent professional advice before deciding whether to acquire or continue to hold the investment.

An investment in the Fund is an investment in a managed investment scheme. It is not a bank deposit and there is a higher risk of losing some or all of your money than is the case with a bank deposit. TPT Wealth, MyState Limited and MyState Bank do not guarantee the repayment of capital or the performance of the Fund or any particular rates of return from the Fund.

Please read the Fund's PDS for information about funds and their risks, withdrawal periods, withdrawal rights and investment periods and terms and conditions that apply. Please note, that while we expect to meet redemption requests within the periods stated in the Fund's PDS, these periods may be longer subject to the nature of the assets of the Fund and the Fund's liquidity.



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