Australian Share Fund - Amended

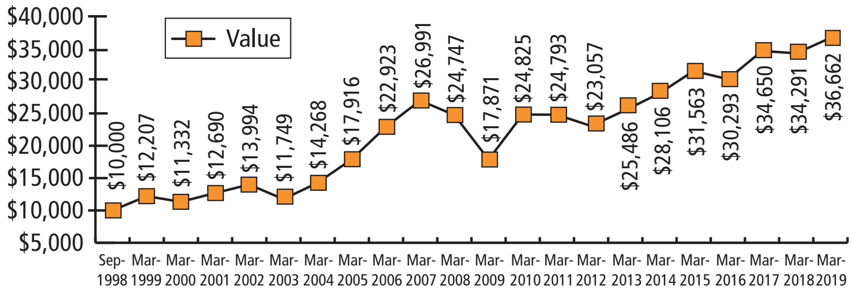
Performance

The Australian Share Fund provided investors with a total return of 9.14% for the quarter ended 31 March 2019.

Rate of return for the period	Performance (Net of Fees)	Benchmark (ASX 300 Acc Index)
3 Months	9.14%	10.56%
6 Months	0.50%	1.66%
1 Year	6.91% p.a.	9.41% p.a.
3 Years	6.57% p.a.	8.02% p.a.
5 Years	5.46% p.a.	5.43% 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.

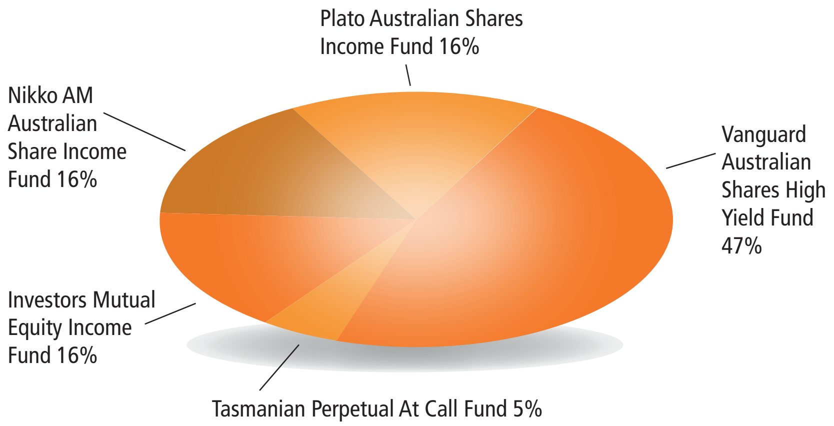
The value of $10,000 invested from inception to 31 March 2019 would have been:



Fund Investment Strategy

The Fund invests in the Vanguard Australian Shares High Yield Fund; Investors Mutual Equity Income Fund; Nikko AM Australian Share Income Fund; the Plato Australian Shares Income Fund and the Tasmanian Perpetual At Call Fund.

As at 31 March 2019 the strategic asset allocation of the Australian Share Fund was:



Market Commentary

The Australian share market (as measured by the S&P/ASX 300 Accumulation Index) rebounded strongly from its sell-off in the December quarter, to be up 10.9% in the March quarter and ahead 11.7% over the past 12-months. Local investors shrugged off concerns over the Sino-US trade war, the Brexit debacle, further evidence of slowing economic growth, moderating earnings and a brief inversion in both the US and Australian yield curves. Instead, they focused on the US Federal Reserve's capitulation (U-turn) on interest rates (now on hold) and their plans to end quantitative tightening. Both developments were interpreted as accommodative (supportive) of growth assets.

All eleven industry sectors posted positive returns in the quarter, with IT (+20.0%), Materials (17.7%), Telecoms (+16.6%), Energy (+15.2%) and A-REITs (+14.4%) the big winners. A mining disaster in Brazil and the return of Chinese demand saw iron ore miners rally. Higher (growth) PE stocks, such as the IT 'market darlings' were boosted by the Fed's shift. Energy stocks were underwritten by reports in January that OPEC will cut production for the first 6-months of 2019 to support oil prices. Consumer Staples (+5.0%), Financials (+5.9%) and Healthcare (+6.7%) though still posting good returns, lagged. The release of the final report of the Hayne Royal Commission, with findings less harsh than expected, gave Banks an initial fillip in February. High yield, momentum and growth factors outperformed in the quarter.

On the corporate front, the interim reporting season saw more earnings per share (EPS) downgrades than the historical average, as the market environment became tougher, due to increasing competition, cost pressures and regulatory burdens. Resources remained resilient with upward EPS revisions. A positive surprise of the reporting season was from better than expected capital management, with a number of special dividends and buy-backs announced.

The shift in the Federal Reserve's monetary policy stance (ending its monetary tightening phase), can largely be attributed to their acknowledgement that growth in the world's largest economy is slowing at the margin. Early data for Q12019 indicates that consumption growth has softened as has business investment. Moreover public demand in Q1 will have been held back by the partial US Federal Government shutdown that occurred through much of January. The European Central Bank also downgraded its growth projections for the region in the quarter (forecasting 1.1% growth this year, down from a December 1.7% forecast).

At home, while the labour market remains in reasonable health, the Reserve Bank has become more focused on downside risks (weakness in domestic household consumption, soft wages growth and the continuing contraction in house prices). Some commentators are suggesting the critical data the central bank will look for guidance will be the Q2 inflation figures, where a weak print would open the door for a rate cut. According to market participants, there is a 52.9% probability of a 25bps rate cut in Australia in July 2019.

Aggregate S&P/ASX300 earnings estimates currently suggest 4.9% growth in calendar year (CY) 2019 and 6.3% growth in CY2020. At the close of the quarter the Australian bourse was trading on a prospective PE of 16.2 times (compared with its long-term average of 14.8 times) and a prospective gross dividend yield of 4.70%. In the context of a low interest rate environment, Australian equity yields relative to local bonds (yielding 1.78%) remain attractive.

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

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Tasmanian Perpetual Trustees

Australian Share Fund - Amended

Fund Commentary

The Australian Share Fund (ASF) reported a 9.61% gross return (9.14% after fees) in the March quarter, while posting an 8.86% gross return (6.91% net return) over 12-months. These outcomes compare with those of the Fund's composite benchmark (BM) of 10.56% for the quarter and 9.41% for the year.

Asset allocation and manager selection was mixed in the March quarter. While three out of four of our Australian equity managers outperformed, we were modestly overweight Cash and the manager that fell short of the BM. The Australian Share Fund paid a quarterly distribution of 1.32 cents per unit (CPU). This compares favourably with the corresponding period last year (1.26 CPU) and again demonstrates our commitment to deliver highly competitive income returns via our team of Australian shares fund managers.

Nikko AM was the best performing 'active' manager over the quarter (11.9% after fees), delivering an excess return of 1.3%. Their portfolio benefited from holdings in RIO Tinto (stronger iron ore prices, special dividend announcement), the rebound in diversified financials (IOOF, QBE) and from company's lifting profit guidance/experiencing broker upgrades (Bluescope Steel, Iluka Resources).

The Plato Australian Share Income Fund also outperformed in the period (11.5% net return). Overweight positions in BHP, Macquarie Group and Woodside Petroleum underwrote returns. Over 12-months the Fund has delivered 9.1% in excess income relative to its BM, which directly benefits unitholders in the Australian Share Fund.

As expected the Vanguard Australian Shares High Yield Fund matched its underlying index, returning 11.0% (after fees).

Investors Mutual was the laggard in the quarter, with a 6.7% (net return). Their relative performance was primarily held back by their caution over the ever-volatile resources sector and the rally in the major banks post the Hayne Royal Commission petering out. Positive portfolio contributors in the period included Amcor, Telstra and Transurban.

Looking ahead, market performance maybe more subdued (compared with recent years) as investors reset to slowing global economic growth and earnings expectations. Geopolitical tensions, the US-China trade dispute, Brexit, a Federal election in Australia and easing house values remain swing factors. Overall, the Australian Share Fund with its diverse mix of quality investment managers is considered to be well positioned to meet the opportunities and challenges that lay ahead.

Are your contact details up to date?

We understand that as an investor, having control of your money is important, which is why at Tasmanian Perpetual Trustees we're enhancing our services.

To help us stay in touch and keep you up to date on the new services when they become available, we need to ensure your contact details are correct. If you are unsure whether we have your most up to date mobile number and email address please contact us.

How can I update my contact details?

- Call us on **1300 138 044**; or
- Complete the form www.tasmanianperpetual.com.au/change and mail it to:
  Tasmanian Perpetual Trustees, GPO Box 227, Hobart TAS 7001; or email info@tptl.com.au
- Visit your nearest Tasmanian Perpetual Trustees office and we can help. To find your nearest office visit www.tasmanianperpetual.com.au

Information about the new services will be made available on our website www.tasmanianperpetual.com.au

If our service to you as an investor does not meet your expectations, we want to know. We have established a complaints handling mechanism which is fully described in our brochure titled "Resolving Your Complaint". A copy of this brochure is available by contacting one of our Customer Service Officers at any of our branch locations.

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