Balanced Fund - Amended

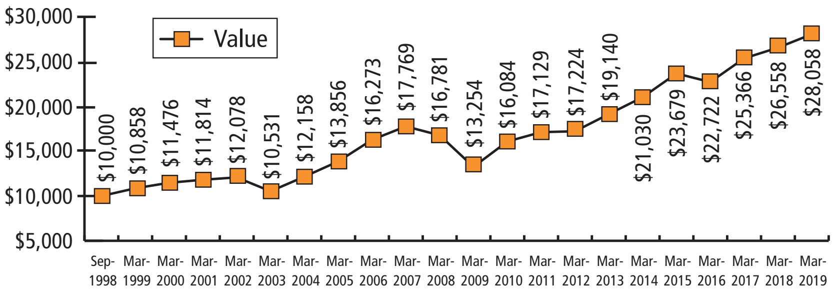
Performance

The Balanced Fund provided investors with a total return of 6.47% for the quarter ended 31 March 2019.

Rate of return for the period	Performance (Net of Fees)	Benchmark (Composite Index)
3 Months	6.47%	7.62%
6 Months	0.82%	2.83%
1 Year	5.65% p.a.	9.85% p.a.
3 Years	7.28% p.a.	10.23% p.a.
5 Years	5.94% p.a.	9.11% 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.

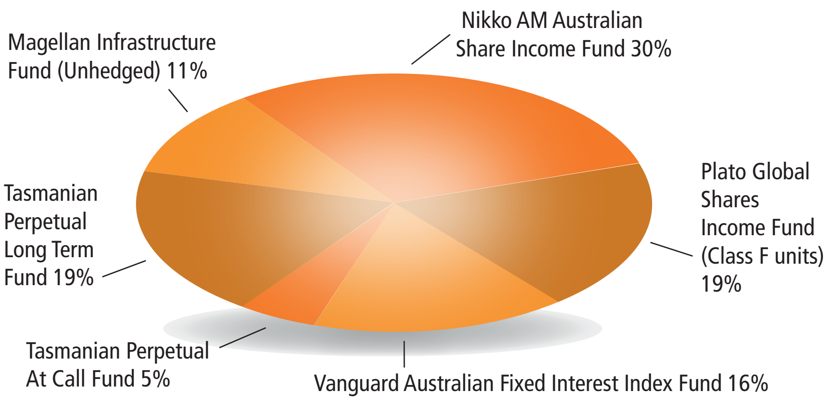
The value of $10,000 invested from inception to 31 March 2019 would have been:



Fund Investment Strategy

The Fund invests in the Nikko AM Australian Share Income Fund; Plato Global Shares Income Fund (Class F units); the Vanguard Australian Fixed Interest Index Fund; the Magellan Infrastructure Fund (Unhedged); the Tasmanian Perpetual Long Term Fund and the Tasmanian Perpetual At Call Fund.

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



Market Commentary

Major asset class performance was solid across the board in the March quarter. The headline event in the period was the Federal Reserve's capitulation (U-turn) on official interest rates (now on hold) and their plans to end quantitative tightening. Both developments were interpreted as particularly accommodative (supportive) of growth assets. The Brexit debacle continued to deliver plenty of headaches for PM Theresa May, with most commentators clueless as to what the final outcome will be. Worries were also evident in the Eurozone as economic data continued to deteriorate. On the Sino-US trade front, markets were more optimistic on concessions. Fresh stimulus from the People's Bank of China (tax cuts and increased liquidity) helped moderate fears of a more significant economic slowdown. At home, more dovish posturing by the Reserve Bank of Australia (RBA) and softening economic data stoked market expectations for a rate cut later this year.

The Australian share market (as measured by the S&P/ASX 200 Accumulation Index) rebounded strongly from its sell-off in the December quarter, to be up 10.9% in the March quarter and ahead 12.1% over the past 12-months. 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. 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 period.

Global equity markets also posted strong gains, with the MSCI World ex Australia (in $A terms) rising 11.5%, the S&P500 +13.7%, the Nasdaq +16.9% and the Shanghai Composite +23.9% in local currency terms. The IT (+19.2%), Real Estate (+15.3%) and Energy (+13.5%) industry sectors outperformed.

Global Listed Infrastructure returns were boosted by the Fed's more cautious/accommodative approach and the subsequent fall in global bond yields. The S&P Global Infrastructure Index advancing +13.0% over the quarter ($A terms). Toll Roads & Rail (+19.2%), Water Utilities (+17.6%) and Oil & Gas Storage & Transport (+17.3%) delivered solid returns. Gas Utilities (+7.7%) and Ports (+6.5%) were more subdued.

With respect to the Australian fixed interest asset class, the local 3-month bank bill swap rate (BBSW) contracted 32 basis points (bps) to 1.77% (signaling the possibility of an official rate cut), the 3-year bond rate dipped 46bps to 1.39% and the 10-year bond rate tumbled 54bps to 1.78%. The Australian yield curve temporarily inverted late in the period (historically a warning sign of recession ahead). Domestic credit spreads tightened in the period, as Australian fourth quarter corporate earnings were generally constructive, central bank messaging was dovish and trade tensions eased. The Australian dollar closed the quarter at $0.7096.

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, 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). According to market participants, there is a 52.9% probability of a 25bps rate cut in Australia in July 2019.

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Tasmanian Perpetual Trustees

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Balanced Fund - Amended

Fund Commentary

The Balanced Fund returned 6.92% in gross terms in the March quarter (6.47% after fees) and 7.47% over the past 12-months (5.65% after fees). These results compare with the Fund's composite benchmark (BM), which returned 7.62% and 9.85% respectively.

Asset allocation was mixed in the period, with the portfolio modestly overweight Cash and Credit. The Fund's Australian Equities manager's outperformance was the primary contributor to returns.

Nikko AM (the largest portfolio weight in the Fund) rebounded strongly in the quarter (+11.9% after fees), delivering an excess return (+1.0%) relative to the S&P/ASX200 Index. Their portfolio benefited from holdings in RIO Tinto (stronger iron ore prices, special dividend announcement), the rally in diversified financials (IOOF, QBE) and from company's lifting profit guidance/experiencing broker upgrades (Bluescope Steel, Iluka Resources).

Plato Global Shares Income Fund (F Class), generated a total return of 8.4% (after fees), but trailed the market resurgence in the quarter, as growth outperformed value-style investing. Cisco Systems, Microsoft, Xerox Corporation and Dick's Sporting Goods, were positive contributors in the period. In accordance with its objectives, the Fund continues to generate strong excess yield relative to the MSCI World Index.

The Vanguard Australian Fixed Interest Fund delivered a gross return of 3.4% (after fees) in the period, benefiting from the rally in bond markets and the flattening in the yield curve. The TPT Long Term Fund also contributed positive returns (+1.05%), as a number of new RMBS warehouse investments aided performance.

The Magellan Infrastructure Fund posted an 11.9% return (after fees) in the quarter and 18.2% over the 12-months (1.4% higher than its underlying BM). Communications infrastructure plays, Crown Castle and American Tower were notable contributors, as were rail exposures, Union Pacific and Canadian Pacific Railway, toll road developer/operator Atlas Arteria and airport operator Aena. Traffic statistics on all these assets are leveraged to economic growth. The Fund's cash position (~7% of the Fund) detracted from returns in the quarter.

In accordance with its investment objectives, the Balanced Fund with its current line-up of investment managers continues to generate excess income relative to its composite BM, whilst investing in quality companies and securities. In the March quarter, the Fund paid a distribution of 0.79 cents per unit (CPU), (compared to 0.75 CPU for Q1 2018). With its diversified asset mix and income-focused investment approach, the Fund is deemed to be well positioned over a 3 to 5 year timeframe, to take advantage of the opportunities and meet the 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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