

Tasmanian Perpetual Trustees Mortgage Fund

Ongoing Benchmark Disclosures as at 30 June 2018

The Australian Securities and Investments Commission (ASIC) has developed a range of benchmarks and disclosure principles for unlisted mortgage schemes to enable investors to understand the risks and assess the suitability of the investments. The following table summarises how Tasmanian Perpetual Trustees manages each benchmark and provides additional information where required. Further information can also be found within the Fund's Product Disclosure Statement. Please also refer to our website (tasmanianperpetual.com.au) for updated disclosure information as benchmark information can change.

Benchmark	Statement	Explanation 'If not, why not'	Reference
<p>Benchmark 1: Liquidity</p> <p>For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:</p> <ul style="list-style-type: none"> (a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months; (b) are updated at least every three months and reflect any material changes; and (c) are approved by the directors of the responsible entity at least every three months. 	The benchmark is met.	Not applicable.	For additional disclosure on this benchmark, refer to page 10 of the Tasmanian Perpetual Mortgage Fund Product Disclosure Statement.
<p>Benchmark 2: Scheme Borrowing</p> <p>The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.</p>	The benchmark is met	Not applicable.	For additional disclosure on this benchmark, refer to page 10 of the Tasmanian Perpetual Mortgage Fund Product Disclosure Statement.
<p>Benchmark 3: Loan Portfolio and Diversification</p> <p>For a pooled mortgage scheme:</p> <ul style="list-style-type: none"> (a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region; (b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets; (c) the scheme has no single borrower who exceeds 5% of the scheme assets; and (d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title). 	Parts A, B, C and D are met. Part E is not met.	<p>Parts A and C are met.</p> <p>Via its investments in the Tasmanian Perpetual At Call Fund and Tasmanian Perpetual Select Mortgage Fund, the Fund invests in a diversified portfolio of assets. In addition, no single loan of the Fund or any underlying managed investment scheme may exceed 5% of Fund assets.</p> <p>Part B is not met.</p> <p>The Fund's exposures to the Tasmanian Perpetual At Call Fund and Tasmanian Perpetual Select Mortgage Fund both exceed 5%. It should be noted both Funds have diversified underlying portfolios. In addition, the Tasmanian Perpetual Select Mortgage Fund may at anytime have 20% of its assets invested in a managed investment scheme operated by another responsible entity or manager.</p> <p>Part D is not met.</p> <p>The Tasmanian Perpetual Select Mortgage Fund, in which the Fund invests, may invest up to 5% of its assets directly in loans that are secured by charges other than a registered mortgage. TPT will hold security against such loans, for example charges over vehicles, water rights, or personal guarantees.</p> <p>It should be noted the Fund gains its exposure to mortgage loans via its investment in the Select Mortgage Fund</p>	For additional disclosure on this benchmark, refer to pages 12-14 of the Tasmanian Perpetual Mortgage Fund Product Disclosure Statement.

Benchmark	Statement	Explanation 'If not, why not'	Reference
<p>Benchmark 4: Related party transactions</p> <p>The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.</p>	The benchmark is met.	The responsible entity does not lend to related parties. The responsible entity does however make investments in related managed investment schemes. Those underlying schemes make investments in instruments issued by related parties, including MyState Limited and MyState Bank. These investments are made on an arms length basis, at standard market based terms, and are subject to rigorous analysis.	For additional disclosure on this benchmark, refer to the Additional Information section of this document.
<p>Benchmark 5: Valuation Policy</p> <p>In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:</p> <p>(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;</p> <p>(b) a valuer to be independent;</p> <p>(c) procedures to be followed for dealing with any conflict of interest;</p> <p>(d) the rotation and diversity of valuers;</p> <p>(e) in relation to security property for a loan, an independent valuation to be obtained:</p> <p>(i) before the issue of a loan and on renewal:</p> <p>(A) for development property, on both an 'as is' and 'as if complete' basis; and</p> <p>(B) for all other property, on an 'as is' basis; and</p> <p>(ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</p>	Parts A, B, C and D are met. Part E is not met.	<p>Considering the nature of the security and usage, the Responsible Entity may use source documents (e.g. sales contracts and Government valuations) as an acceptable form of valuation for both new loans and loan renewals. The Responsible Entity assesses the appropriateness of these alternate valuation methods on a case by case basis, having regard for considerations such as the loan to value ratio, the strength of the clients servicing capacity and/or market evidence. Generally, these alternate valuation methods are accepted only for loans with low loan to value (LVR) ratios.</p> <p>Again considering the nature of the security and usage, the Responsible Entity may also decide not to update valuations on loan renewal where there exists market evidence supporting the view that there has not been a material adverse decline in market prices since the last valuation.</p> <p>In addition, in the event we become aware of a material decline in a property's value; our procedures do not currently have a specific requirement to obtain a valuation within two months</p>	For additional disclosure on this benchmark, refer to page 10 of the Tasmanian Perpetual Mortgage Fund Product Disclosure Statement.
<p>Benchmark 6: Lending Principles – Loan-to-Valuation Ratios</p> <p>If the scheme directly holds mortgage assets:</p> <p>(a) where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;</p> <p>(b) where the loan relates to property development—the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and</p> <p>(c) in all other cases—the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</p>	Parts A and B are met. Part C is not met.	<p>The scheme does not directly hold mortgage assets; rather it gains its exposure via its investment in the Tasmanian Perpetual Select Mortgage Fund. The Tasmanian Perpetual Select Mortgage Fund meets parts A and parts B but does not meet Part C.</p> <p>Part C is not met as the Tasmanian Perpetual Select Mortgage Fund may invest in loans, at the time of origination, with an LVR greater than 80% where that loan is covered by a lenders mortgage insurance policy.</p> <p>It is noted these limits apply at the time of origination. At loan review, limits may be exceeded if the value of the underlying security has declined and where acceptance of the position for a period of time is considered the most prudent course of action.</p>	For additional disclosure on this benchmark, refer to page 10 for the Mortgage Lending Policy and page 13 for information on Development loans of the Tasmanian Perpetual Mortgage Fund Product Disclosure Statement.
<p>Benchmark 7: Distribution Practices</p> <p>The responsible entity will not pay current distributions from scheme borrowings.</p>	The benchmark is met.	Not applicable.	For additional disclosure on this benchmark, refer to page 10 of the Tasmanian Perpetual Mortgage Fund Product Disclosure Statement.

Benchmark	Statement	Explanation 'If not, why not'	Reference
Benchmark 8: Withdrawal Arrangements For liquid schemes: <ul style="list-style-type: none"> (a) the maximum period allowed for in the constitution for the payment of withdrawal requests is 90 days or less; (b) the responsible entity will pay withdrawal requests within the period allowed for in the constitution; and (c) the responsible entity only permits members to withdraw at any time on request if at least 80% (by value) of the scheme property is: <ul style="list-style-type: none"> (i) money in an account or on deposit with a bank and is available for withdrawal immediately, or otherwise on expiry of a fixed term not exceeding 90 days, during the normal business hours of the bank; or (ii) assets that the responsible entity can reasonably expect to realise for market value within 10 business days. 	The benchmark is not met.	The scheme's constitution provides 90 days for the Responsible Entity to meet withdrawal requests, but may be extended up to 365 days. Notwithstanding the 90 day time frame, Tasmanian Perpetual Trustees expects to pay withdrawal requests within seven business days of receipt.	For additional disclosure on this benchmark, refer to page 10 under Liquidity management and page 22 under How to Redeem.

Additional Information on ASIC Benchmark and Disclosure Principles

Benchmark 3: Loan Portfolio and Diversification

Further information regarding the Fund's loan portfolio and other investments can be found in the Fund's quarterly report which can be accessed via Tasmanian Perpetual Trustees website: <http://tasmanianperpetual.com.au/managed-investments/income-funds>

Benchmark 4: Related party transactions

Tasmanian Perpetual Trustees, as responsible entity of the fund, does not lend to related parties. The Fund does however invest in related Tasmanian Perpetual managed investment schemes in accordance with its stated Investment Policy. In addition, these underlying investment schemes make investments in instruments issued by related parties, namely Deposit Products and Residential Mortgage Backed Securities issued by related parties.

These investments are made on an arms length basis, at standard market based terms, and are subject to rigorous analysis and regular review. In terms of Fund investments in other Tasmanian Perpetual operated Managed Investment Schemes; Tasmanian Perpetual Trustees rebates in full its management fee charged on the second fund, such that investors only pay a single management fee.

The following table outlines the related party investments of the Tasmanian Perpetual Mortgage Fund as at 30 June 2018:

Related Party Name	Investment Type	Investment Amount
Tasmanian Perpetual Trustees At Call Fund	Managed Investment Scheme	\$864,066
Tasmanian Perpetual Trustees Select Mortgage Fund	Managed Investment Scheme	\$7,019,204

Refer to the quarterly fund report and the ASIC benchmark disclosures for these funds for more information about these products and their underlying investment exposures. These documents are both available via the TPT website.

Tasmanian Perpetual Mortgage Fund Product Disclosure Statement

The Tasmanian Perpetual Mortgage Fund Product Disclosure Statement (PDS) is available online at <https://mystate.com.au/wealth-management/important-information/disclosure-documentation> and in any of our branches. The PDS can also be mailed on request. Contact us on 1300 138 044.

The Tasmanian Perpetual Cash & Income Funds Product Disclosure Statement (PDS) is available online at tasmanianperpetual.com.au and in any of our branches. The PDS can also be mailed on request. Contact us on **1300 138 044**.

For further product information and ongoing disclosures visit our website tasmanianperpetual.com.au or contact us on 1300 138 044.

Tasmanian Perpetual Mortgage Fund Quarterly Report

Regular information regarding the Fund and its underlying investments is provided via a quarterly report made available at tasmanianperpetual.com.au.

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

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**Tasmanian
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Trustees**