

Affluence Investment Fund



Fund Report & Overview - March 2022

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Fund Features

- ✓ Top Quartile Investment Performance
- ✓ Monthly Distributions
- ✓ Performance Fee only.
- ✓ Exceptionally Diversified Portfolio



Morningstar
Rating
5 Year



Key Statistics

Investment Class	Multi-Asset
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Target Returns	Inflation + 5%
Fund Size	\$38.6m
Annual Distributions	5.85 cpu
Distribution Yield	5.1% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Entry/Exit Price	\$1.1526 / \$1.1468
Buy/Sell Spread	0.25%/0.25%

Investment Objective

The Fund targets a minimum annualised return of inflation plus 5% over rolling three year periods.

Investment Strategy

The Fund holds a diversified portfolio and can invest across all asset classes. The portfolio includes over 20 different underlying managers and other investments selected by Affluence. The strategy seeks a balance between maximising returns, delivering regular income and lowering volatility.

Why Use The Fund?

Portfolio Use

The Fund is designed to be used as a **Core** or **Satellite** Component of an investment portfolio for those investors seeking **Capital Growth and Income Distributions** with a **Medium** or longer investment timeframe, at least a **Medium** risk/return profile and needing access to capital **Monthly** or less often.

Access to Differentiated Strategies

The Fund provides access to a wide range of different investment strategies, through boutique investment managers.

Access to Closed and Wholesale Funds

A significant number of funds in the portfolio are only available to wholesale investors, or closed to new investors.

Performance Since Inception (December 2014)

Total Returns

8.5%
per annum

Distributions

6.6%
per annum

Platform Availability:

HUB24

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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Fund Performance

To 31 March 2022	1 Month	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	0.5%	6.1%	6.5%	6.6%	6.9%	6.6%
Change in Unit Price (Capital Growth)	(0.1%)	3.0%	3.2%	1.3%	1.5%	1.9%
Affluence Investment Fund Total Return	0.4%	9.1%	9.7%	7.9%	8.4%	8.5%
Benchmark - Inflation + 5%	0.6%	8.8%	7.5%	7.2%	7.1%	7.1%
Performance against Benchmark	(0.2%)	0.3%	2.2%	0.7%	1.3%	1.4%

Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to pay distributions of approximately 5% pa paid monthly. Distributions are not guaranteed and may be paid above or below this amount.

Fund Commentary

The Affluence Investment Fund increased by 0.4% in March, underperforming the ASX 200 Index, which bounced 6.9%.

Since commencing over seven years ago in December 2014, the Fund has returned 8.5% per annum, including 6.6% per annum monthly distributions to investors. This is above our target of inflation plus 5% (7.1%) per annum.

The first quarter of 2022 has been a roller coaster for investors. January saw markets hastily retreat as inflation became entrenched and interest rate increases more certain. February saw a partial market recovery even in the face of the crisis in Ukraine. Finally, March saw a strong rebound in Australian equity markets, despite increasing risks. There has been a significant divergence this quarter between Australian and global equities. For the 3 months, the ASX 200 Index increased 2.2%, while global markets decreased by 8.4% (in AUD). The US Federal Reserve raised interest rates as expected in March, and subsequent commentary suggests that they will continue to increase rates aggressively throughout this year. Yet, markets have recovered most of their early 2022 losses even as risks continue to grow. This

appears counter-intuitive, especially as most markets remain very expensive based on historical averages.

For the quarter, the Affluence Investment Fund decreased by 2.2%, outperforming in January when the index fell, but then underperforming as markets bounced back. Our largest positive contributors in March included the Phoenix Opportunities Fund, the QVG Opportunities Fund and the Terra Capital Natural Resources Fund. Our largest negative contributors included our global equity investments and our index hedges.

We added a new investment this month, the Ausbil Global Resources Fund. The team run a long/short strategy to global natural resource equity markets to try and generate positive returns in both rising and falling commodity markets. Since commencing almost four years ago, the portfolio managers have generated excellent returns and we were happy to add a third natural resource manager to the portfolio.

At month end, 58% of the portfolio was invested in unlisted funds, 14% in the Affluence LIC Fund, 14% in listed investments, 1% in portfolio hedges

and 13% in cash. If you would like to know more about the investment portfolio, including our top holdings and weightings, visit the Affluence Investment Fund page at <https://affluencefunds.com.au/aif/> or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

If you would like to invest with us and get access to a diverse range of Australia's fund managers, including over 20 unlisted funds as well as more than 20 LIC's and other listed entities, visit the fund page on our website. There, you can get information on the Fund, apply online or download the application pack. If you'd like to add to your existing investment in the Fund, you can either complete the one-page form available on our website or use the online facility.

The cut-off for applications this month is 22nd April. Units will be issued effective 1st May.

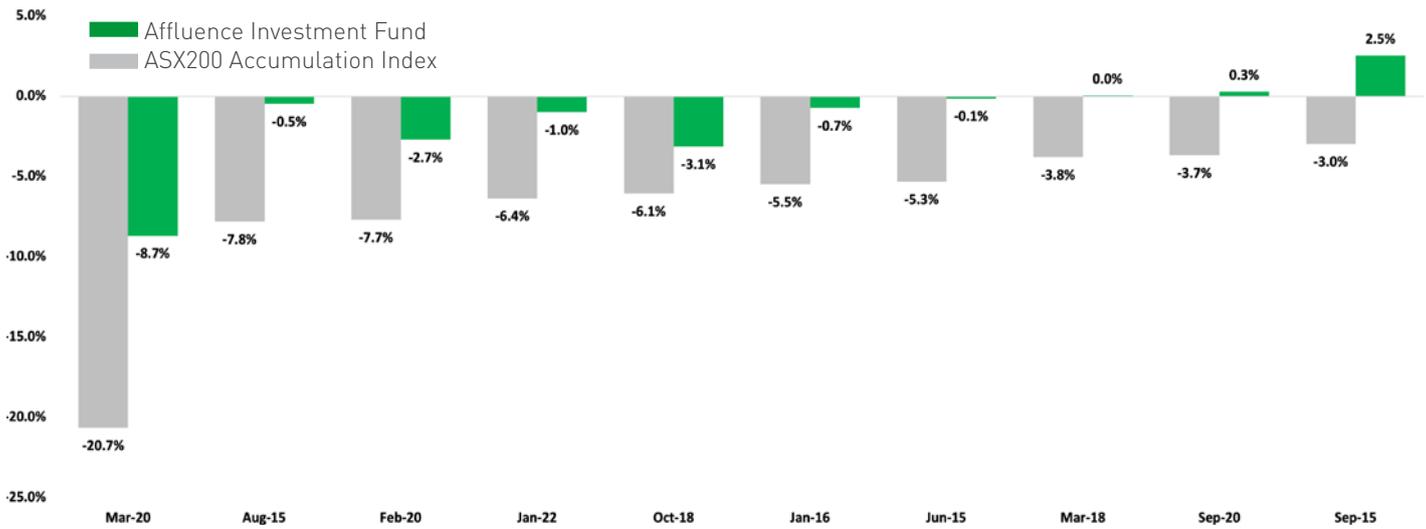
Fund Monthly Return History

	J	F	M	A	M	J	J	A	S	O	N	D	Year
2014												1.7%	N/A
2015	0.3%	0.4%	1.1%	0.6%	0.9%	-0.1%	1.0%	-0.5%	2.5%	0.7%	-0.6%	1.7%	8.4%
2016	-0.7%	-0.2%	1.2%	1.9%	1.9%	0.7%	3.0%	1.1%	0.6%	-0.4%	0.2%	1.1%	10.7%
2017	0.3%	1.2%	0.6%	0.5%	0.1%	1.1%	0.7%	0.1%	1.1%	2.5%	1.6%	1.3%	11.6%
2018	0.1%	-0.6%	0.0%	0.5%	0.8%	0.5%	0.9%	0.8%	0.1%	-3.1%	-1.0%	-1.0%	-2.0%
2019	1.4%	1.6%	0.4%	1.5%	-0.6%	0.8%	2.4%	-0.3%	1.4%	0.5%	1.4%	1.1%	12.3%
2020	-0.2%	-2.7%	-8.7%	4.4%	4.1%	-0.4%	2.2%	2.3%	0.3%	1.2%	5.9%	1.8%	9.8%
2021	0.0%	0.6%	0.9%	2.2%	1.9%	2.7%	0.2%	1.2%	1.2%	0.8%	0.0%	1.0%	13.2%
2022	-1.0%	-1.6%	0.4%										

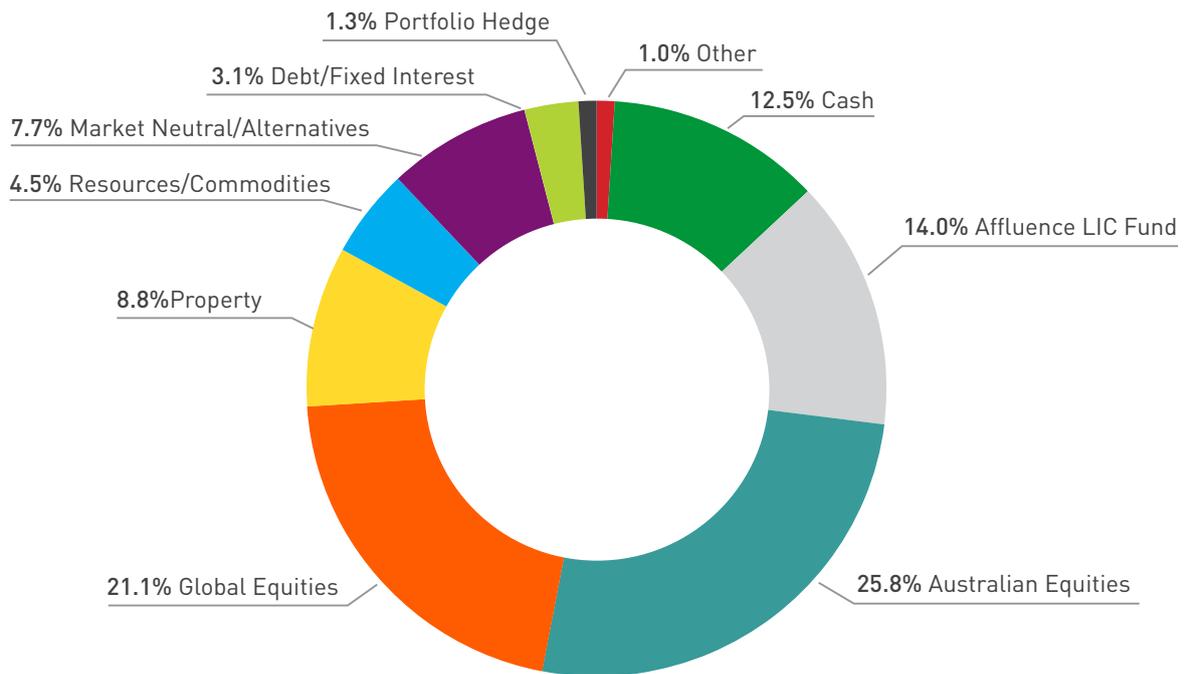
■ Strongest Month
■ Positive Month
■ Stable Month
■ Negative Month
■ Weakest Month

Fund Performance in Falling Markets

The graph below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Fund for that same month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 3 of them.



Portfolio Summary



Investments are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings). Australian Equities and Global Equities comprise both long only and long/short strategies.

Ten Largest Investments

Affluence LIC Fund	Totus Capital Alpha Fund
Cromwell Phoenix Opportunities Fund	Merricks Partners Fund
Arnott Opportunities Trust	CI Brunswick Fund
Ellerston Global Equity Managers Fund	Packer & Co Investigator Trust
Bronte Capital Amalthea Fund	EGP Concentrated Value Fund

Portfolio Managers



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Is the Fund right for you?

We created the Affluence Investment Fund as a vehicle in which we could invest the majority of our wealth for a very long time. The Fund is diversified by asset class, investment strategy, manager and geography.

It is managed with the mindset of a family office or endowment fund. It seeks to achieve above average medium and long-term returns while paying monthly distributions and taking below average levels of risk.

We believe that to achieve better than average returns, you need to invest differently. We believe that value investing works best in the long run. We believe that being aware of long-term cycles can significantly improve performance. And we believe that success requires a long term focus, which in turn requires patience and discipline.

If you share those beliefs, the Fund may be suitable for you.

Does it suit your portfolio?

The Fund is designed to be used as a **Core** or **Satellite** Component of an investment portfolio for those investors seeking **Capital Growth and Income Distributions** with a **Medium** or longer investment timeframe, at least a **Medium** risk/return profile and needing access to capital **Monthly** or less often.

The Fund has achieved its returns with lower volatility than the Australian share market, and has historically outperformed when markets fall significantly.

As with all investments, the Fund is subject to risks. The value of an investment will go up and down over time, the Fund's returns will vary, future returns may differ from past returns, and returns are not guaranteed. This means that there is always the chance that you could lose money on an investment in the Fund.

Why invest with Affluence?

We pride ourselves on the quality of our products and alignment with investors.

We were the first investors in each of our funds. A significant proportion of our own and extended families wealth is invested in Affluence funds.

We charge no fixed management fee for any of our funds. Instead, we charge a performance fee of 12.5% of positive returns. This encourages us to focus on generating strong returns, while managing risk and limiting losses. If our investors do well, we will do well.

We believe managing less money than average provides us with significant advantages. So we don't aim to be the biggest manager. We do aim to be one of the best. We are proud of our performance record to date.

The Affluence Investment Fund is available to all Australian and New Zealand resident investors. If you have any questions about Affluence, the Fund or our investment team, please get in touch.

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