



# Affluence Investment Fund

## Fund Report - December 2018



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## Fund Commentary

The Affluence Investment Fund decreased by 1.0% in December. In comparison, the ASX 200 returned -0.1% and the ASX Small Ordinaries -4.2%. Australian equities performed relatively well, with the US S&P 500 down 9.0% for the month (and at one stage near -15%). Since commencing in December 2014, the Fund has returned 7.3% per annum through what has been a relatively difficult investment period. This has included 6.6% per annum monthly distributions to investors and an 0.7% per annum increase in the unit price of the Fund. Over that same period, the Fund has outperformed both our benchmark of 6.9% per annum (inflation plus 5%) and the ASX 200 (including dividends) of 6.1% per annum.

During December the fixed income investments, property investments and global equities investments recorded small increases, with the alternative investments showing a minimal loss. Our Australian equities investments decreased with the market. Our biggest positive contributors were the Baker Steel Gold Fund (up 15.4%), the Bronte Capital Amalthea Fund (up 6.5%) and the India Avenue Equity Fund (up 4.1%). The Affluence LIC Fund and our Australian equities investments were responsible for the Fund decrease this month. During the month the Ophir High Conviction Fund converted from an unlisted fund to a Listed Investment Trust. This

fund has been closed to additional investment since early 2018 after the manager reached their capacity limit. Performance since inception has been exceptional, and we expect to continue to hold the fund unless it trades at a substantial premium.

Since the market highs in August 2018 the ASX200 Index has now fallen by 9.4%. The Fund has fared reasonably well over that period, falling by 5.1%, and outperforming the Australian stock market by 4.3%. In our eNews this month and on our website we have included a more detailed review of the Fund's 2018 performance and current portfolio positioning which we encourage you to read.

At month end, 67% of the portfolio was invested in unlisted funds, 13% in the Affluence LIC Fund, 9% in listed investments and 11% in cash. If you'd like further details of 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're considering taking advantage of the recent market falls to invest, you can get information on the Fund and apply online or download the application pack from our website. If you would 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 this month's applications is 25th January. Units will be issued effective 1st February.

## Fund Performance

To 31 December 2018	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
<b>Income Distributions</b>	0.5%	6.1%	6.6%	6.4%	6.7%	6.6%	
<b>Capital Growth</b>	(1.5%)	(8.1%)	(2.0%)	0.2%	0.3%	0.7%	
<b>Total Return</b>	<b>(1.0%)</b>	<b>(2.0%)</b>	<b>4.6%</b>	<b>6.6%</b>	<b>7.0%</b>	<b>7.3%</b>	<b>3.6%</b>
<b>Benchmark - Inflation + 5%</b>	0.6%	6.9%	7.0%	6.9%	6.9%	6.9%	
<b>Outperformance against Benchmark</b>	<b>(1.6%)</b>	<b>(8.9%)</b>	<b>(2.4%)</b>	<b>(0.3%)</b>	<b>0.1%</b>	<b>0.4%</b>	

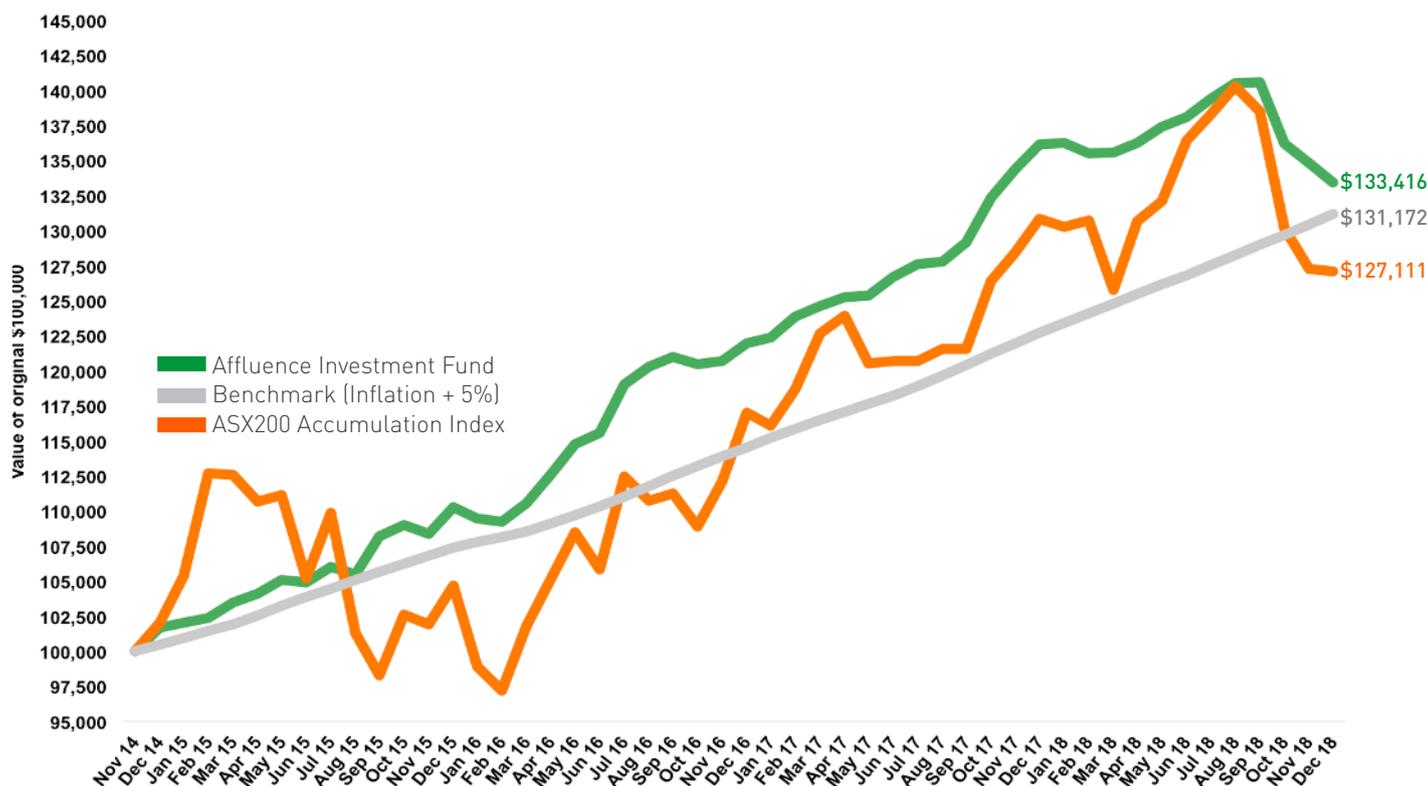
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to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

## Fund 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%

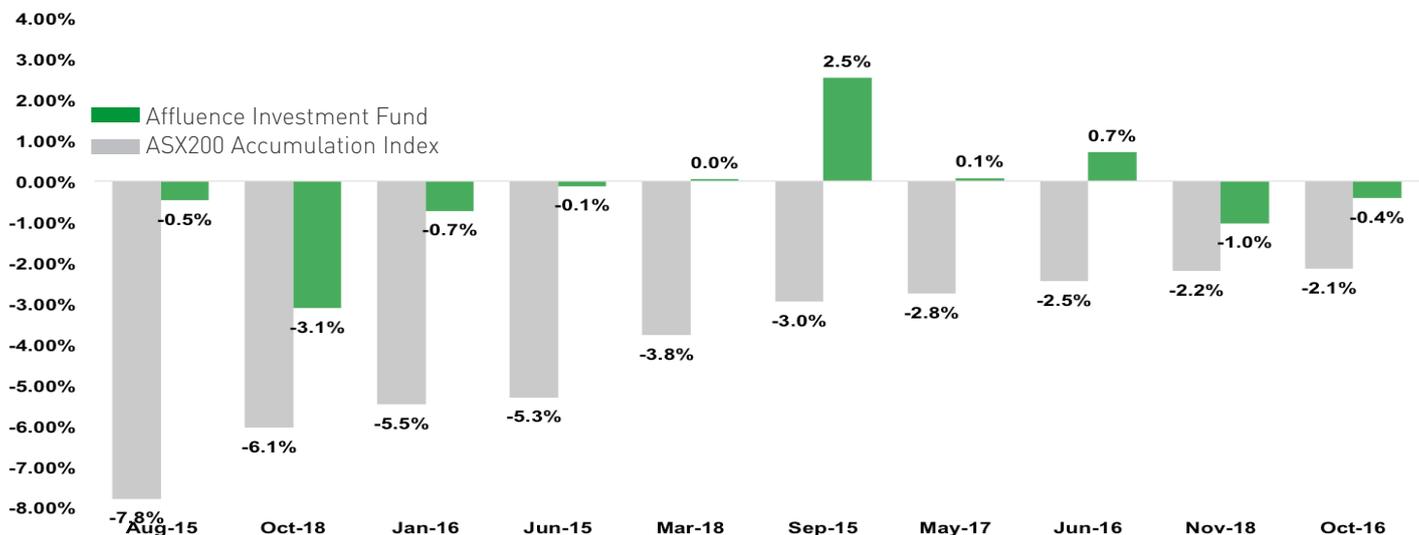
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

## Return on \$100,000 Investment



## Fund Performance vs ASX 200 - Worst Months

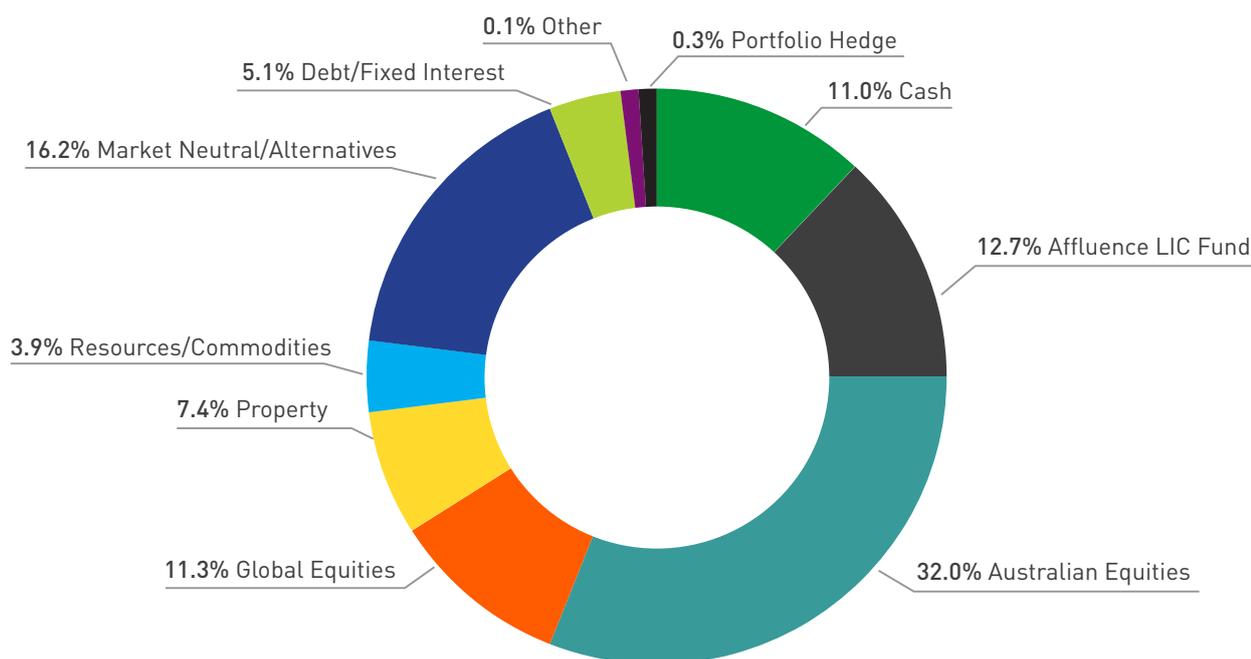
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	29 LICs	12.7%	10-20%
Australian Equities	17	32.0%	20-50%
Global Equities	6	11.3%	5-30%
Property	5	7.4%	5-30%
Resources/Commodities	3	3.9%	0-10%
Market Neutral/Alternatives	9	16.2%	5-20%
Debt/Fixed Interest	3	5.1%	5-20%
Other	N/A	0.1%	0-35%
Portfolio Hedge	N/A	0.3%	
Cash	N/A	11.0%	5-20%
<b>Total</b>		<b>100.0%</b>	

## Portfolio Summary



1. The Funds are categorised by Affluence based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings).
2. Australian Equities and Global Equities comprise both long only and long/short strategies.
3. The Normal Range refers to the expected lower and upper range for each asset class during normal market conditions. Affluence may vary these ranges at any time.
4. More detailed information on the Affluence LIC Fund, including asset allocation, can be found in the fund report available on the Affluence website.

## Top 10 Largest Investments

Affluence LIC Fund	Cromwell Direct Property Fund
Phoenix Opportunities Fund	Packer & Co Investigator Trust
Wentworth Williamson Fund	GMO Systematic Global Macro Trust
KIS Asia Long Short Fund	EGP Concentrated Value Fund
Perpetual Pure Credit Alpha Fund	Auscap Long Short Australian Equities Fund

## What Makes This Fund Different

Traditional Fund Managers	vs.	Affluence - Invest Differently
<b>Follow The Herd:</b> Traditional managers are too scared to fail, so they don't succeed. Most don't outperform the index.		<b>Actively Pursue Out-performance:</b> From our fee structure alignment to our investment methodology, our strategy targets positive returns and low volatility.
<b>Restricted Product Selection:</b> Commonly places clients into their own managed funds or choose from a restricted list of 'approved' funds.		<b>Best Of Breed:</b> We will seek the best fund managers, and combine them in a way which cushions against market corrections.
<b>Traditional Asset Classes:</b> Manage large amounts in traditional asset classes (e.g. ASX200 equities), which minimises chances of excess performance.		<b>Unique Strategies:</b> We prefer managers who operate in specialised markets with less funds under management and a competitive advantage.
<b>High, Fixed Fees:</b> Take fees regardless of performance.		<b>No Fixed Fees:</b> Our fees are 100% performance based.

## Key Statistics

Investment Class	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Benchmark Returns	Inflation + 5%
Fund Value	\$14.7m
Entry Price	\$1.0294
Exit Price	\$1.0222
Annual Distributions	5.52 cpu
Distribution Yield	5.4% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	0.35%/0.35%

## Investment Strategy

We believe that exposure to quality investments across multiple asset classes, managers, geographies and strategies should be an essential part of any well diversified portfolio.

The Fund provides access to a diversified investment portfolio of the best fund managers as selected by Affluence. We aim to provide a distribution yield of approximately 5% pa paid monthly and a total annualised return of at least inflation plus 5% over rolling 3 year periods. We aim to deliver these returns with less volatility than the stock market.

## Contact Us

If you have any questions, please do not hesitate to contact us:

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## Meet The Portfolio Managers



### Daryl Wilson

CEO/Portfolio Manager

Years in the Industry: 19

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### Greg Lander

Portfolio Manager

Years in the Industry: 12

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## Platform Availability:

HUB24 (IDPS) Netwealth (IDPS) Mason Stevens One Answer (NZ Advisers)

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