

Monthly Fund Report - January 2016

Fund Commentary

The Affluence Investment Fund has continued to perform well despite what has been a particularly difficult investing market over the past 6 months. The graph below on page 2 illustrates this point rather well we think.

While the Australian stock market including dividends lost 5.5% in January, the Affluence Fund fell just 0.7%. Over the past 12 months, the results are even more stark, with the Affluence Fund up 7.3% and the Australian stock market down 6.1% including dividends. That over a 13% difference. It's still early days, but we remain encouraged by the result to date, and the performance of our underlying managers, particularly through this difficult market.

January was a tough month for almost all markets, with the ASX200 down as much as 8.5% mid-month and staging a month-end recovery. Most global stock markets suffered similar fates.

As we write this, February is not faring much better so far, with the ASX200 down around 3%.

The most pleasing aspect of our January performance was that only 1 of our unlisted fund investments performed worse than the market, with everybody else doing better. This continues to give us comfort that our strategy of picking downside winners is appropriate.

With some value now emerging, we expanded our unlisted fund holdings in late January with initial investments in three new funds and additional investments in three more. As at the end of the month, the Affluence Fund held investments in 13 unlisted funds, which represented 68% of the total portfolio. We also held 20 investments in listed investment companies and other listed securities, representing 14% of the portfolio. We retained a balance of 18% cash.

Experts are currently polarised between "buy now" and "panic... it's a fully-fledged bear market". Nothing new there. We don't know the answer, but it's worth bearing in mind we have now seen falls of over 20% since the top in April last year and it feels like we are overdue a little more positive news. Sentiment appears awful and confidence low.

The Australian stock market has dropped by more than 20% on 12 other occasions between 1974 and 2011. On 4 of those instances, falls of greater than 40% occurred. Each of those events was preceded by significantly above average increases in market values, something we have not seen in recent times. On every other occasion, peak to trough losses ranged from 20% to 29%. Given this evidence, we are not convinced we are in the midst of a much larger correction, but should it occur we remain ready to deploy further cash as opportunities arise.

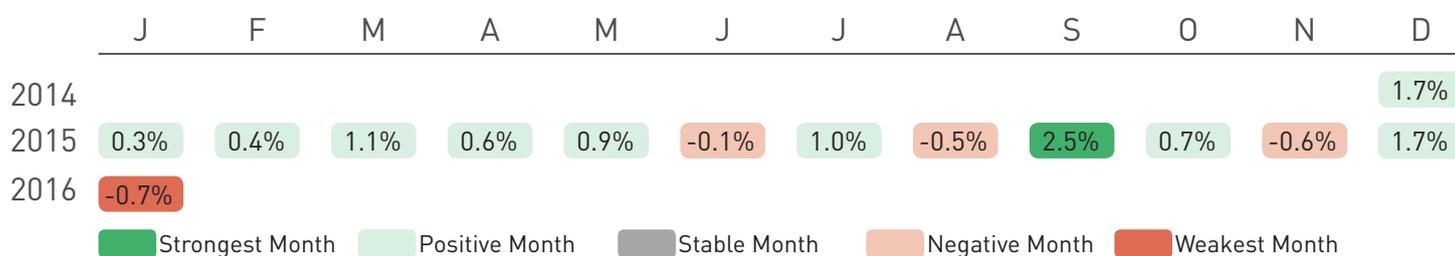
Fund Performance

To 31 January 2016

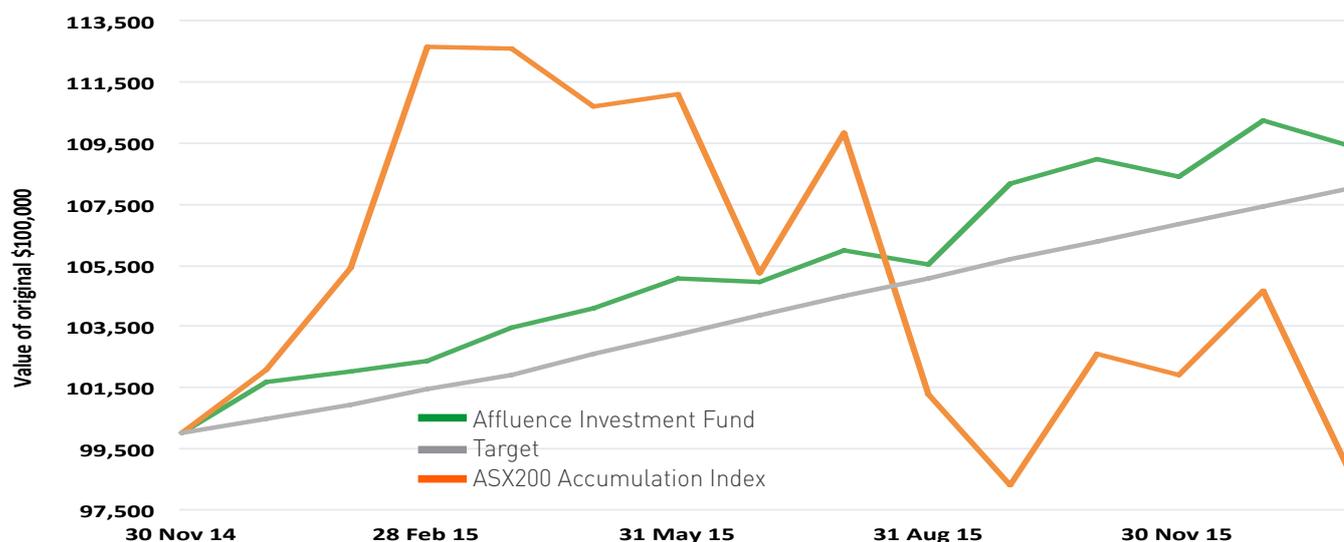
	1 Month	3 Months	6 Months	1 Year	Inception
Affluence Investment Fund	(0.7%)	0.4%	3.2%	7.3%	8.0%
Target - Inflation + 5%	0.5%	1.6%	3.3%	7.0%	6.8%
Outperformance against Target	(1.3%)	(1.2%)	(0.1%)	0.3%	1.2%
ASX200 Accumulation Index (AI)	(5.5%)	(3.6%)	(9.9%)	(6.1%)	(0.9%)
Outperformance against ASX200AI	4.7%	4.0%	13.2%	13.4%	8.9%

Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than one year are annualised. Inception date is 28 November 2014.

Fund Return History

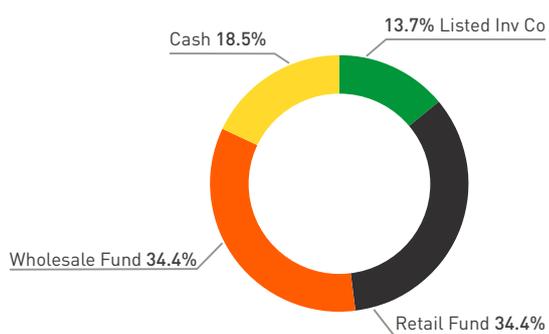


Return on \$100,000 Investment

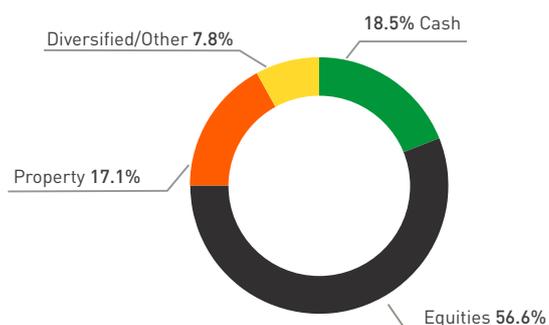


Portfolio Summary

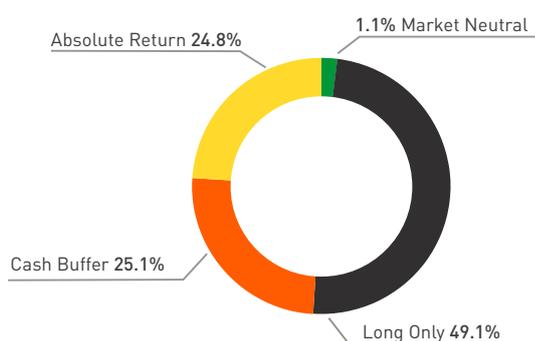
Underlying Investment Types



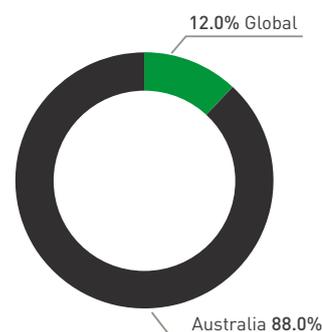
Asset Class



Equities Strategies



Geographic Exposure



Top 10 Largest Investments

Cash	Totus Capital Fund
Cromwell Direct Property Fund	Ophir High Conviction Fund
LHC Capital Australia High Conviction Fund	Sandon Capital Activist Fund
Cromwell Phoenix Opportunities Fund	Microequities Deep Value Microcap Fund
Wentworth Williamson Fund	Insync Global Titans Fund

What Makes This Fund Different

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

Key Statistics

Status	Open to Eligible Investors
Investment Class	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 5 years
Target Returns	Inflation + 5%
Entry Price	\$1.0106
Exit Price	\$1.0036
Annual Distributions	5.10 cpu
Distribution Yield	5.10% 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%

Contact Us

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

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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.

The Investment Team



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