

ASIC Benchmark - Periodic Reporting

Information Provided Pursuant to ASIC Regulatory Guide 240 Benchmark 2: Periodic Reporting

March 2017

Issued By Affluence Funds Management Limited
ABN 68 604 406 297 | AFSL 475940

Important Notice and Disclaimer

As responsible entity of the Affluence Investment Fund ARSN 617 680 654 ("Fund"), Affluence Funds Management Limited ABN 68 604 406 297, AFSL 475940 ("AFM") is the issuer of this ASIC Benchmark – Periodic Reporting guide ("Guide") which should be read in conjunction with the Product Disclosure Statement for the Fund dated 14 March 2017 ("PDS"). Updates on the Fund are available at www.affluencefunds.com.au/aif. The information in this Guide is general information only and does not take into account your objectives, financial situation or needs. Therefore, before deciding whether to acquire or continue to hold an investment you should consider the PDS and updates to them carefully and assess, with or without your financial or taxation advisor, whether the Fund fits your objectives, financial situation or needs.

Scope of this Guide

The Australian Securities & Investment Commission (ASIC) issued RG 240 in October 2013. RG 240 sets out particular benchmarks and disclosure principles designed to provide improved disclosure to retail investors to help them compare risks and returns for investments like the Affluence Investment Fund.

This guide relates to Benchmark 2: Periodic Reporting, and covers the key information which RG 240 states must be disclosed at least annually.

All statistics and amounts in this Guide are as at 31 January 2017 unless stated otherwise.

Asset Allocation

The following table shows the actual allocation to each asset type listed by RG 240.

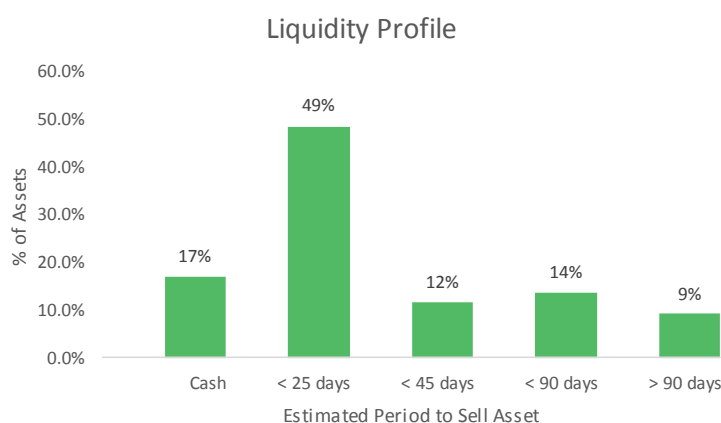
| Asset Class (% of Fund) | 31 Jan 17 |
|-------------------------------|---------------|
| Australian Listed Equities | 57.1% |
| International Listed Equities | 6.3% |
| Australian Corporate Bonds | 6.3% |
| Real Property | 11.9% |
| Exchange Traded Derivatives | 1.4% |
| Cash Equivalent Investments | 17.0% |
| Total | 100.0% |

Liquidity Profile

To appropriately manage liquidity through the investment cycle:

- The Fund holds at least 5% of assets in cash.
- The Fund processes applications and withdrawals monthly.
- Withdrawals are paid approximately 25 days after each cut-off date, to provide time to redeem Fund investments if necessary.
- AFM targets at least 50% of Fund assets to be held in cash or investments that can be realised within 25 days of the next withdrawal cut-off date.
- AFM targets at least 80% of Fund assets to be held in cash or investments that can be realised within 90 days of the next withdrawal cut-off date.

The following graph shows the liquidity profile of the Fund's investments (the estimated time required to sell the assets at the value ascribed to that assets in the Fund's most recently calculated net asset value). The time period is estimated from the 25th of each month, which is the date when the Fund's redemption requests are finalised.



Maturity Profile of Liabilities

This is not applicable as the Fund does not borrow directly or have any significant liabilities.

Leverage Ratio

The Fund does not borrow directly. Some investments the Fund holds will have exposure to leverage, through borrowings, derivatives or short selling. In assessing a potential investment, we take into account the level of any leverage and the potential impact of that leverage on returns, risk and volatility of the investment.

We have estimated the leverage ratio of the Fund, including leverage embedded in the assets of the Fund (excluding listed equities and bonds). In estimating the look through leverage ratio, we have relied upon information provided by the underlying managers with regards to any direct borrowings and their gross exposure levels. As at the date of this Guide the estimated look through leverage ratio excluding cash in the Fund and investments was 117% (17% leverage, or for every \$1 of the Fund's net asset value the gross exposure was \$1.17), and the leverage ratio including cash in the Fund and investments was 91% (net cash of 9%, or for every \$1 of the Fund's net asset value the gross exposure was \$0.91).

Derivatives Counterparties

This is not applicable at the date of this Guide as the Fund does not have any derivative counterparties.

Investment Returns

The following shows the investment returns since inception. We note that we report on our investment returns monthly.

Fund Performance

| To 31 January 2017 | 1 Month | 6 Months | 1 Year | 2 Years | Inception | Volatility |
|---|---------------|---------------|--------------|-------------|-------------|-------------|
| Income Distributions | 0.4% | 2.5% | 5.8% | 7.1% | 6.6% | |
| Capital Growth | (0.1)% | 0.3% | 6.0% | 2.4% | 3.2% | |
| Total Return | 0.3% | 2.8% | 11.8% | 9.5% | 9.8% | 3.3% |
| Benchmark - Inflation + 5% | 0.6% | 3.8% | 6.9% | 6.8% | 6.8% | |
| Outperformance against Benchmark | (0.3%) | (1.0%) | 4.9% | 2.7% | 3.0% | |

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 1 year are annualised. Inception date is 28 November 2014. The Fund aims to pay distributions of approximately 5% pa paid monthly. At times distributions may be paid above or below this. The Fund currently distributes 5.25 cents per annum, which is 4.9% on the current unit price.

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% | | | | | | | | | | | | |

Strongest Month
 Positive Month
 Stable Month
 Negative Month
 Weakest Month

Key Service Providers

The Key Service Providers to the Fund are as follows:

| Role | Provider | Key Functions |
|---|------------------------------------|--|
| Responsible Entity and investment manager | Affluence Funds Management Limited | Responsible entity of the Fund and managing the Fund's investments |
| Custodian | Perpetual Corporate Trust Limited | Holds custody of the Fund's assets |
| Registrar | Boardroom Pty Limited | Fund unit registry |
| Auditor | Pitcher Partners | Auditing annual financial accounts and the Fund's compliance plan |