

The Affluence Investment Fund receives a 5-star rating from Morningstar in both the overall and 3-year categories, the highest rating available<sup>1</sup>.

# Affluence Investment Fund

## Fund Report - January 2018



### Contents

02

Fund Commentary  
Fund Performance

03

Return History  
Return on \$100,000  
Worst Months Analysis

04

Asset Allocation Summary  
Portfolio Summary  
Top 10 Investments

05

Key Statistics  
Fund Strategy  
Contact Us

1.) The Morningstar Rating™ is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. © 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

## Fund Commentary

The Australian share market took a breather in January, with the ASX 200 decreasing by 0.4%. In comparison, global markets went on a tear, up 5.0% for the month, although this reduces to 1.4% for local investors when adjusted for the stronger Australian dollar. The Affluence Investment Fund had a quiet month, increasing by 0.1%. Since commencing in December 2014, the Fund has returned 10.3% per annum. This has included 6.8% per annum monthly distributions to investors and a 3.5% 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 8.7% per annum

Key positive contributors during the month included the Totus Capital Alpha Fund (up 3.7%), the Bronte Capital Amalthea Fund (up 4.4%), the Packer & Co Investigator Trust (up 2.0%) and the Ophir High Conviction Fund (up 1.6%). The majority of managers reported results between negative and positive one percent, and we are happy to report a positive result given we are deliberately underweight to global equities

We recently spent two days in Sydney and Melbourne visiting existing and new potential managers for the Fund. These potential investments ranged

from large cap Australian equities, small cap Australian equities, global equities, long/short and market neutral strategies, REITS, and direct property. Over the coming months we will look to add some of these new funds to our portfolio. We are continually pleasantly surprised how many truly outstanding investment managers are available in Australia. Unfortunately for most retail investors, they are hard to find, as it's hard to market against the might of the large wealth managers. Even when retail investors can find these outstanding managers, they can be difficult to access. For example, in our current portfolio 35% is invested in wholesale funds (limited to minimum investments of \$500,000, or subject to minimum income and asset requirements) and a further 17% in Funds that are closed to new investors. After allowing for our cash holdings, there are minimal investments that a retail investor could access on their own.

At month end, 60% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 10% in listed investments and 14% in cash. If you'd like further details of the investment portfolio, including our top holdings and weightings, visit the Affluence Investment Fund page or Members Area on 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 best fund managers, including over 25 unlisted funds as well as more than 20 LIC's and other listed entities, visit the fund page on our website at <https://affluencefunds.com.au/aif/> to find out more. 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 this month's applications is 23rd February. Units will be issued effective 1st March.

## Fund Performance

To 31 January 2018	1 Month	6 Months	1 Year	2 Years	3 Years	Inception	Volatility
<b>Income Distributions</b>	0.4%	2.6%	7.1%	6.5%	7.1%	6.8%	
<b>Capital Growth</b>	(0.3%)	4.2%	4.2%	5.1%	3.0%	3.5%	
<b>Total Return</b>	<b>0.1%</b>	<b>6.8%</b>	<b>11.3%</b>	<b>11.6%</b>	<b>10.1%</b>	<b>10.3%</b>	<b>3.0%</b>
<b>Benchmark - Inflation + 5%</b>	0.6%	3.8%	7.2%	7.0%	6.9%	6.9%	
<b>Outperformance against Benchmark</b>	<b>(0.5%)</b>	<b>3.0%</b>	<b>4.1%</b>	<b>4.6%</b>	<b>3.2%</b>	<b>3.4%</b>	

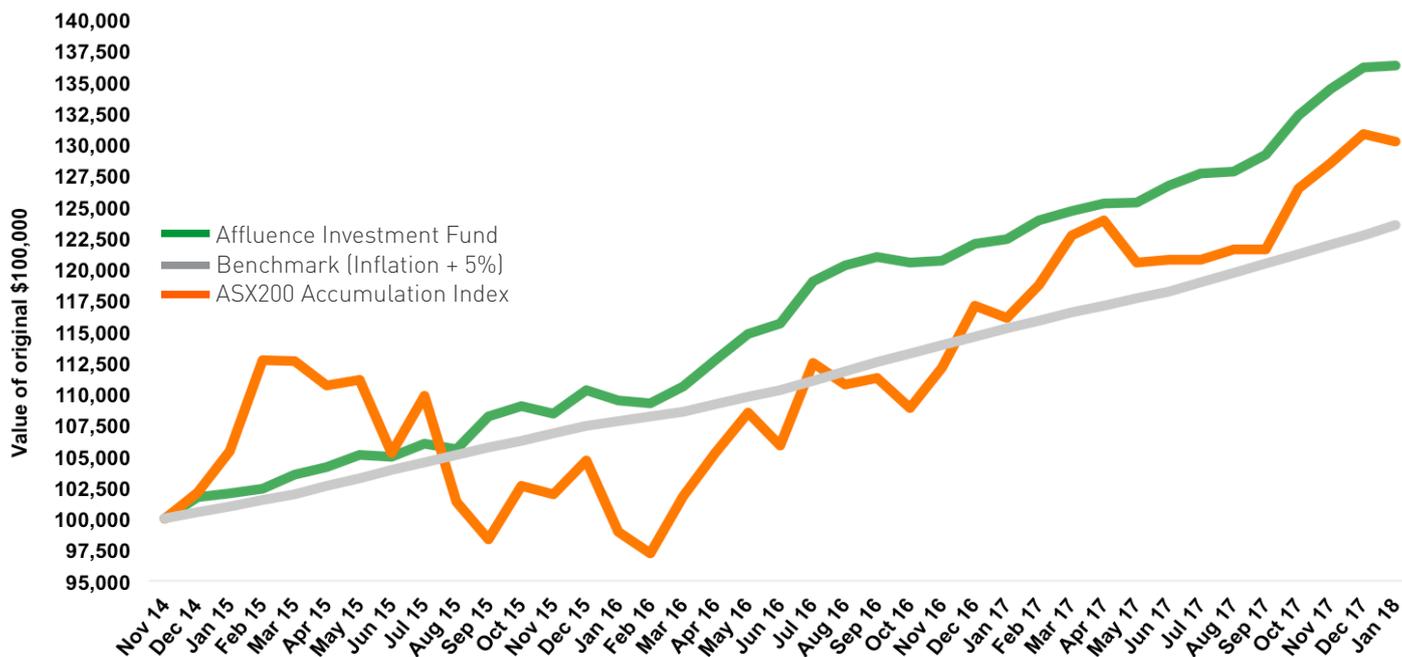
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%												

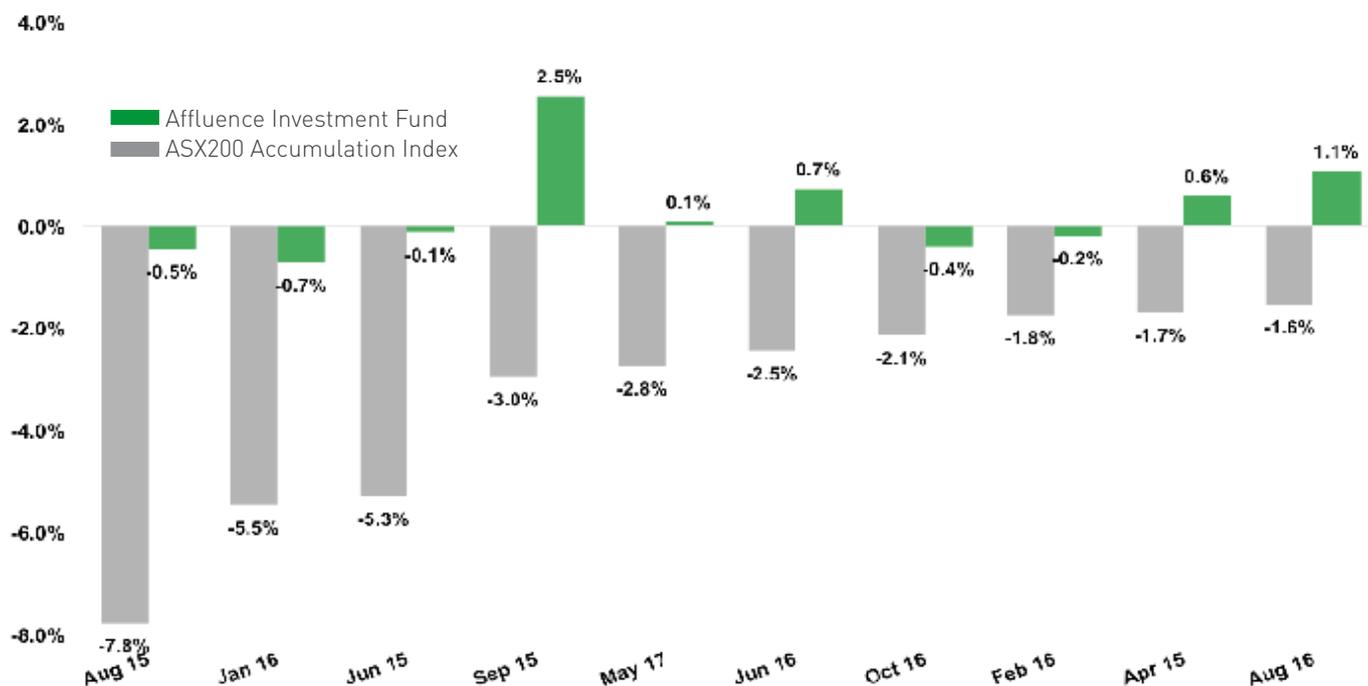
■ Strongest Month  
 ■ Positive Month  
 ■ Stable Month  
 ■ Negative Month  
 ■ Weakest Month

## Return on \$100,000 Investment



## Fund Performance vs ASX 200 - Worst Months

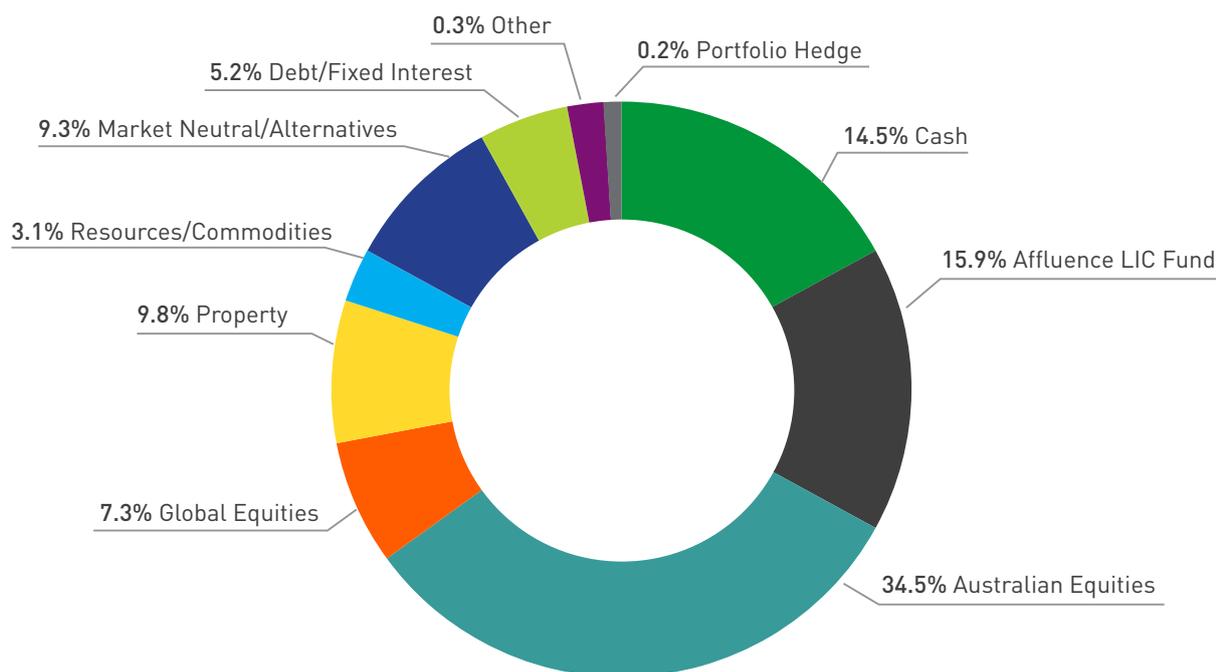
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 5 of them.



## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	29 LICs	15.9%	10-20%
Australian Equities	15	34.5%	20-50%
Global Equities	4	7.3%	5-30%
Property	6	9.8%	5-30%
Resources/Commodities	3	3.1%	0-10%
Market Neutral/Alternatives	6	9.3%	5-20%
Debt/Fixed Interest	4	5.2%	5-20%
Other	N/A	0.3%	0-35%
Portfolio Hedge	N/A	0.2%	
Cash	N/A	14.5%	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	Wentworth Williamson Fund
Phoenix Opportunities Fund	Packer & Co Investigator Trust
Cromwell Direct Property Fund	Antipodes Global Fund
KIS Asia Long Short Fund	IML Concentrated Australian Share Fund
Cooper Investors Brunswick Fund	WAM Leaders 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	\$10.6m
Entry Price	\$1.1167
Exit Price	\$1.1089
Annual Distributions	5.40 cpu
Distribution Yield	4.8% 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:

**Phone:** 1300 AFFLUENCE (1300 233 583)

**Email:** [invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au)

## Meet The Portfolio Managers



### Daryl Wilson

CEO/Portfolio Manager

Years in the Industry: 18

Email: [daryl.wilson@affluencefunds.com.au](mailto:daryl.wilson@affluencefunds.com.au)

Phone: +61 402 046 883



### Greg Lander

Portfolio Manager

Years in the Industry: 12

Email: [greg.lander@affluencefunds.com.au](mailto:greg.lander@affluencefunds.com.au)

Phone: +61 409 645 893

This information has been prepared by Affluence Funds Management Limited ABN 68 604 406 297 AFS licence no. 475940 (Affluence) as general information only in relation to the Affluence Investment Fund (Fund). It does not purport to be complete and it does not take into account your investment objectives, financial situation or needs. Prospective investors should consider those matters and read the Product Disclosure Statement (PDS) offering units in the Fund before making an investment decision. The PDS contains important notices and disclaimers, important information about the offer, as well as investment risks. Any forecast or projected information, including financial, is not guaranteed and there is no guarantee of any distribution, investment return or repayment of capital. This information and the information in the PDS is not a recommendation by Affluence or any of its officers, employees, agents or advisers and potential investors are encouraged to obtain independent expert advice before any investment decision.