



Affluence Funds

May 2019

Invest Differently

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Affluence Introduction

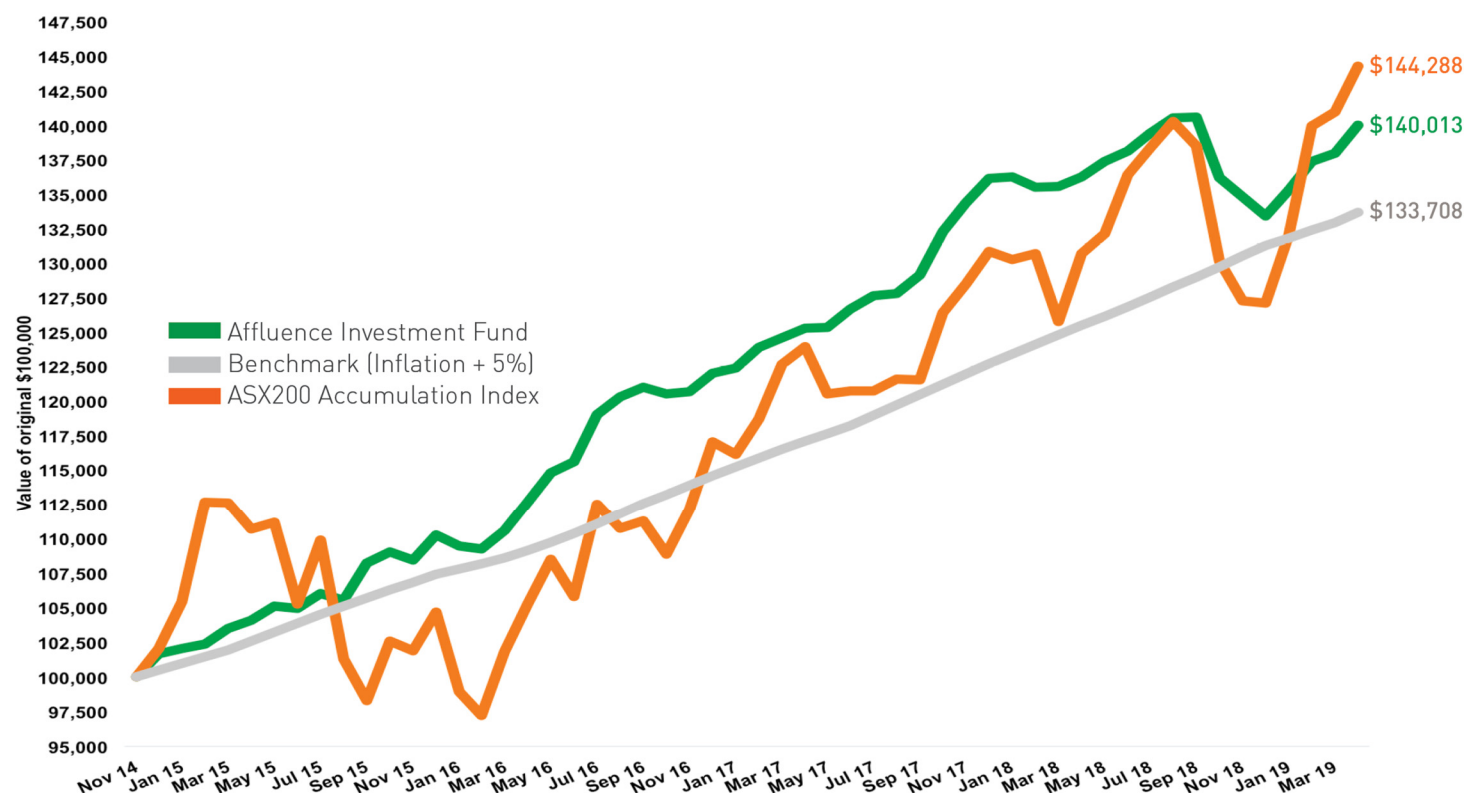
We founded Affluence to provide everyone access to the investment style used by family offices and endowment funds.

This means investing long term, seeking above average returns, considering all types of investments and limiting the impact of downturns.

What We Do

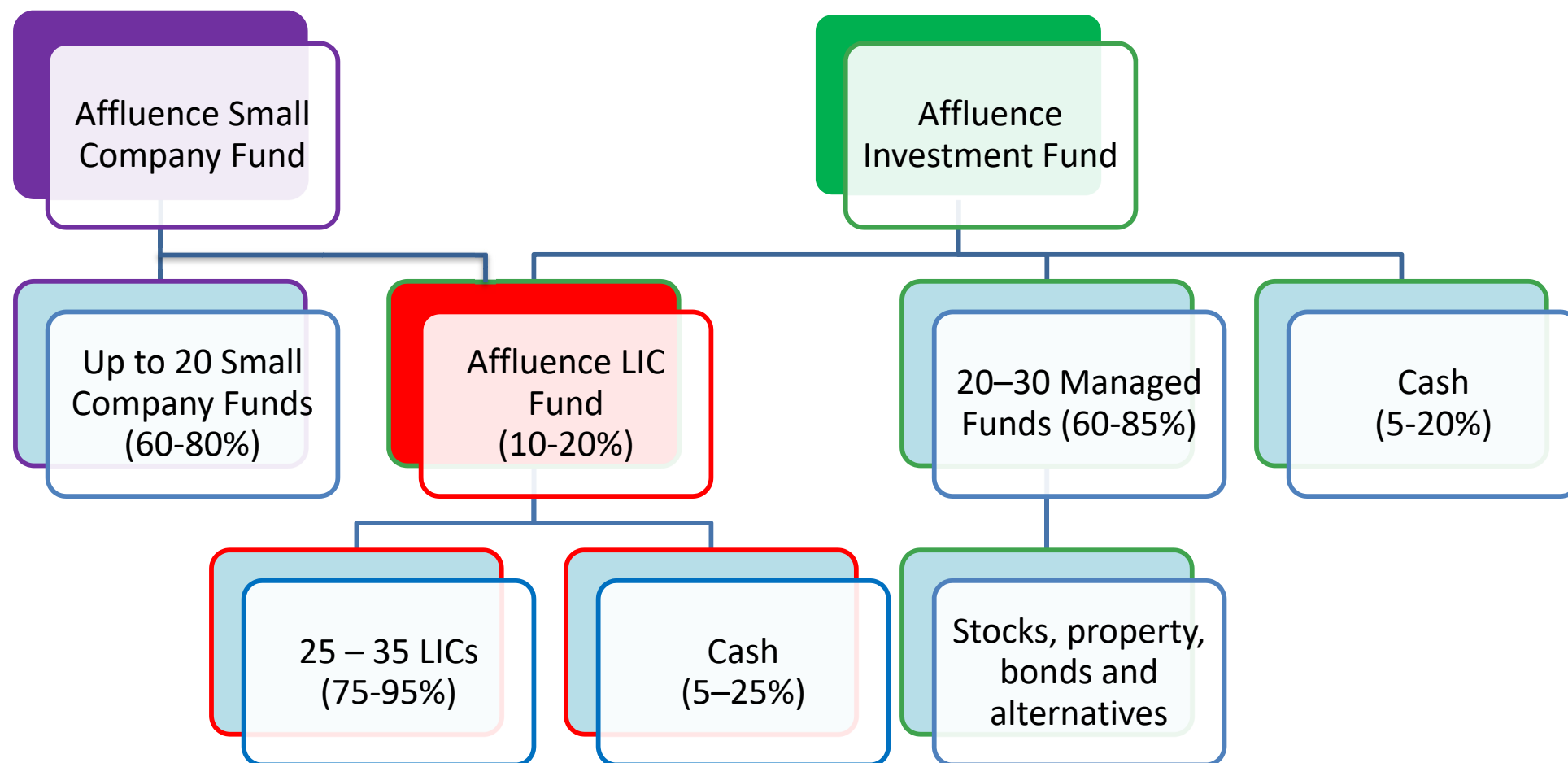
- We offer investment funds that aim to deliver what patient, long-term investors want:
 - Better than average returns over three years and longer.
 - Regular income - targeting at least 5% per annum, paid monthly or quarterly.
 - Smoother returns - to help limit the impact of market downturns.

Return on \$100,000 Investment



How We Do It

- Our Funds are designed around strategies that can increase the chance of outperforming.
- Each Fund invests with a range of the best investment managers available in Australia.
- We use diversification and other tools to help minimise losses in market downturns.



Who We Are

- **Affluence Funds Management Limited**

- 100% owned by directors and staff.
- The investment team have worked together for 15 years.

- **Daryl Wilson - CEO/Portfolio Manager**

- Experienced across all aspects of funds management (investment, operations, capital).
- Spent 15 years with ASX listed Cromwell as Director, CFO and Head of Funds Mgmt.
- Qualified Accountant, Bachelor of Commerce, Diploma of Financial Planning.

- **Greg Lander– Portfolio Manager**

- Focused on portfolios, investment evaluation, asset allocation and fund reporting.
- Spent 10 years with Cromwell as Investment/Property Strategist and Analyst.
- Registered Valuer, Bachelor of Applied Science (Property Economics).

- **Our interests are aligned with yours:**

- The first money in each Affluence fund is our own. We always invest alongside you.
- We charge only a performance fee and cap other costs of running Affluence Funds.



Our Investment Philosophy

We cannot predict short term market movements. But we can estimate with some accuracy what an investment should be worth on average over the long term.



Invest Differently

If you want better than average returns, you need to invest differently and more strategically than the crowd.



Invest For Value

Value investing works best in the long term, particularly when combined with positive momentum.



Competitive Advantage

Investing in markets where there is less competition makes it easier to achieve above average results.



Market Awareness

Being aware of long-term cycles and seeking to time investments can significantly improve performance.



Be Patient

Long term success requires a long term focus, which in turn requires patience and discipline.



Lowering Volatility

A focus on lowering volatility of returns through diversification provides comfort for investors.



What “Invest Differently” Means

Traditional Fund Managers	vs.	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.

There are over 10,000 investment funds in Australia. Finding the best isn't easy.

Over 90% fail to beat the market they invest in.

We study the ones that do. Many of them have a lot of things in common.



Best Fund Managers: What We Look For

Performance,
Consistency



Subjective
Factors

○ Risk and Return

- Have outperformed a reasonable benchmark over time.
 - Have less volatility and have outperformed in difficult markets OR
 - Perform at different times (uncorrelated) to equities markets.
-

○ People

- Team stability, investment team history, alignment of interests.
- Display good personal traits (realistic, analytical, competitive).

○ Process

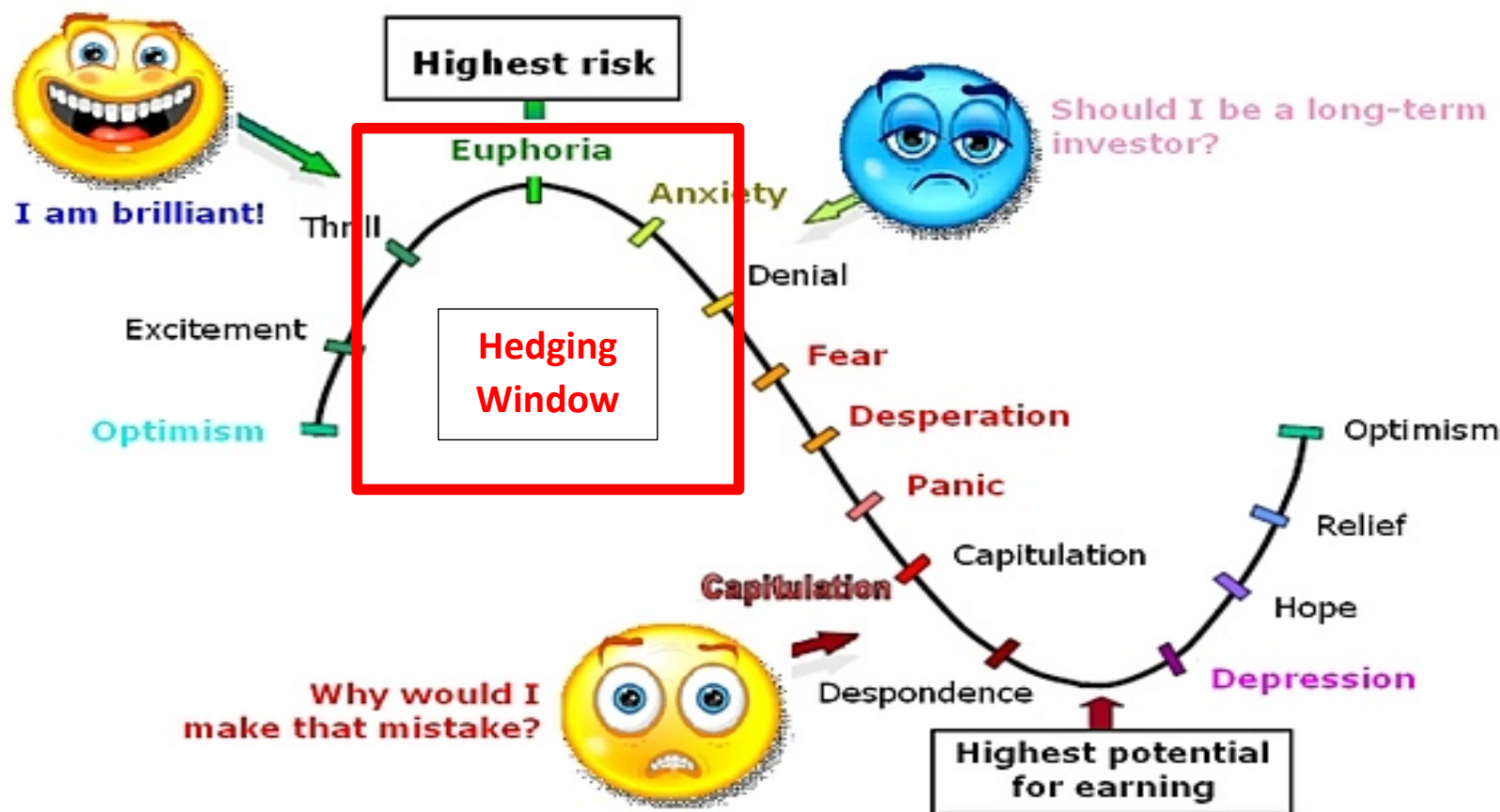
- Repeatable process and demonstrable competitive advantage.
- Demonstrated risk management focus.
- Usually capacity constrained.

○ Operational

- Appropriate key service providers.
- Fund domiciled in Australia.
- Fees are fair in relation to strategy and capacity.



How We Adjust Portfolios for Investment Cycles



- We adjust the portfolio mix as the investment cycle progresses.
- We base this on current valuations, compared to long-term averages.
- If we get that more right than wrong, we will add value.

How We Try To Limit The Impact of Market Downturns

- **We prefer low volatility managers**

- We expect 80%+ of our investments to be less volatile than the market they invest in.

- **Not all investments go up and down at the same time as markets**

- Some funds (e.g. market neutral, long/short) can deliver good results in poor markets.

- **Flexible cash positioning can help smooth returns**

- Cash typically varies between 5% - 25% in our funds through a cycle.

- **Unlisted assets (e.g. property, infrastructure) can provide better long term returns**

- We invest in some unlisted assets which can outperform listed over a market cycle.

- **We can use portfolio protection – but only sparingly**

- We give ourselves scope to buy put options when we feel the risk/reward is worth it.

These tools can help to smooth returns over time, and to make the impact of market corrections less severe. But you can't completely eliminate downside risk.



Affluence Investment Fund (AIF)



Our flagship fund provides access to multiple different asset classes.

We achieve this by investing with a range of exceptional fund managers using a variety of strategies. Many of these managers are hard to find, closed to new investors, only available to wholesale investors or have high minimum investment amounts.

Affluence Investment Fund Summary

Fund	Affluence Investment Fund (ARSN 617 680 654 APIR AFX0001AU)
Strategy	Multi-asset, multi-manager, real return.
Fund Type	Registered Managed Investment Scheme (Australia, New Zealand).
Responsible Entity and Manager	Affluence Funds Management.
Custodian	Perpetual Corporate Trust Limited.
Registry	Boardroom Pty Limited.
Auditor	Pitcher Partners.
Applications and Redemptions	Monthly. Minimum application \$20,000.
Distributions	Monthly, targeting 5% per annum. Distributions are not guaranteed.
Fixed Management Fee	Nil.
Performance Fee	12.5% of positive performance. High water mark.
Administration Costs	Capped at 0.25%pa of net assets.
Buy/Sell Spread	+/- 0.25%.



How is AIF Different to Other Diversified Funds?

- **AIF invests mostly with boutique managers:**

- Boutique managers manage less money and have a greater chance of outperforming.
- Investment staff usually invest in the management company and the funds they manage, creating a strong alignment of interests with investors.

- **AIF accesses some alternative investment strategies:**

- AIF invests partly in long/short, market neutral and other alternative strategies.
- AIF also invests in a few funds that hold unlisted or less liquid assets.
- These strategies can increase risk adjusted returns and improve consistency of returns.

- **AIF pays monthly distributions to investors:**

- We understand that regular income is very important to many investors.
- We pay monthly distributions and target 5% per annum.

- **Affluence do not charge any fixed management fees:**

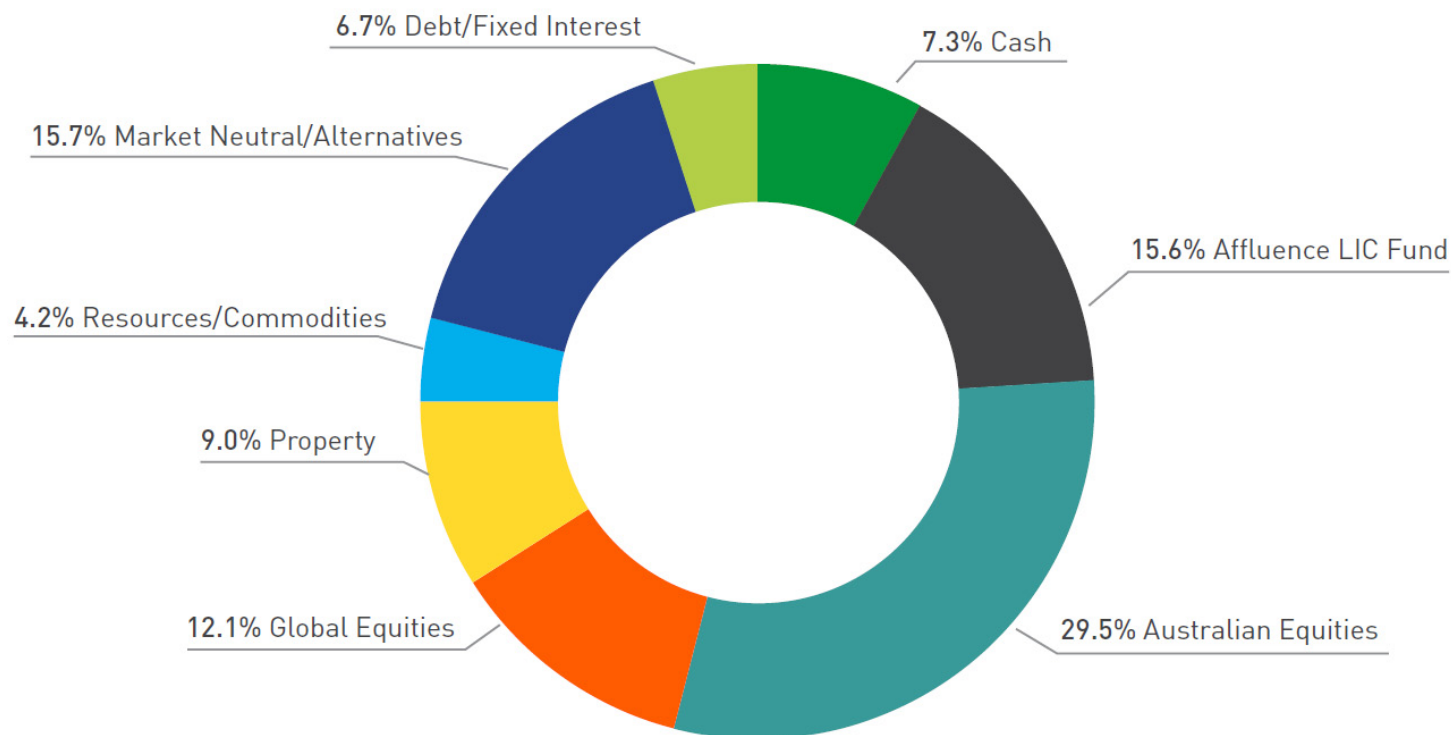
- We only charge a performance fee of 12.5% of positive performance.
- We agree to bear any normal fund expenses above 0.25% per annum.



AIF Current Asset Allocation

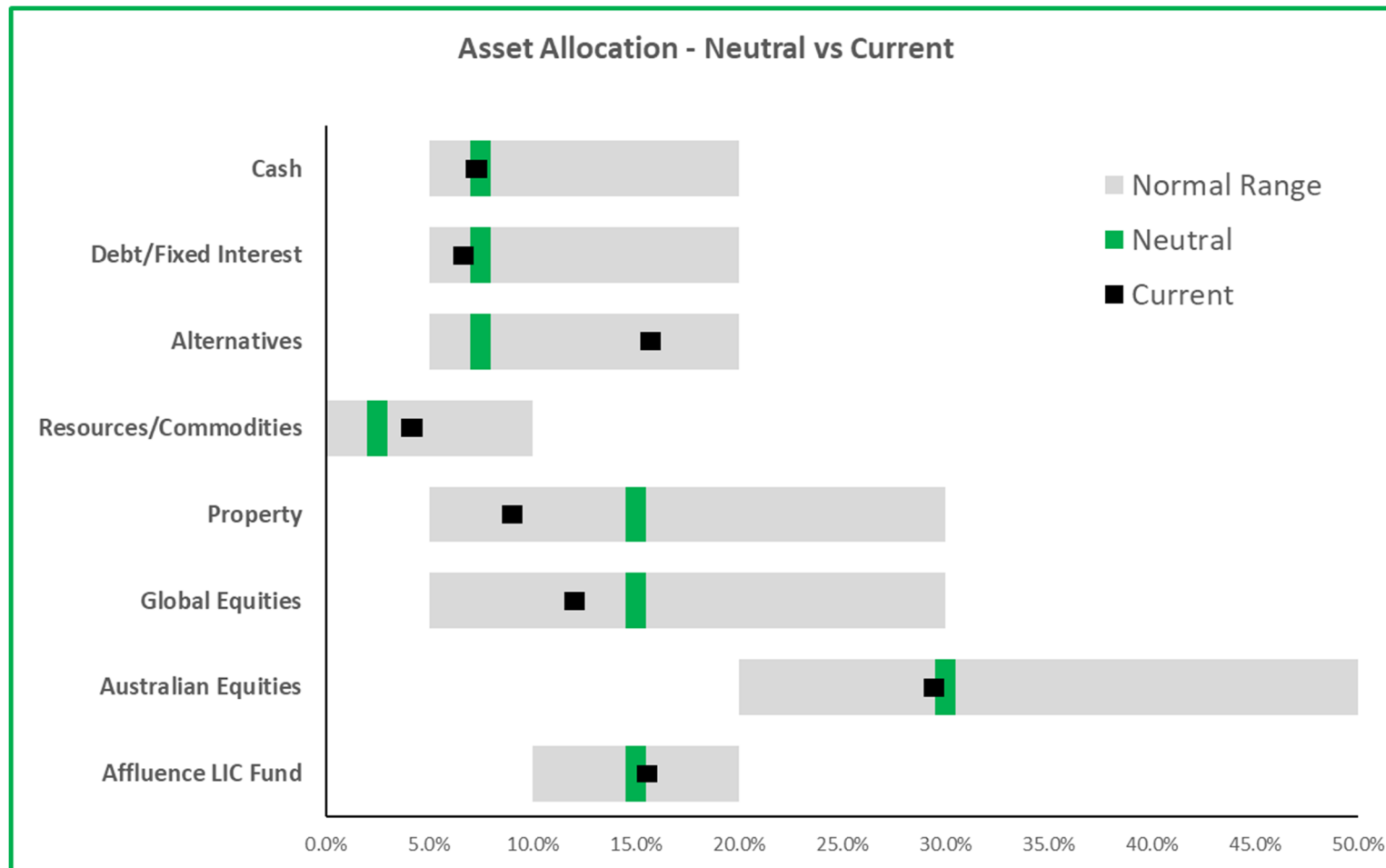
○ Our philosophy on asset allocation:

- Always focus on genuine diversification (by asset class, strategy, style, market sector).
- We aim for the portfolio to perform relatively well in all scenarios.
- Allocations for each asset class should be within our Normal Range.
- We don't try to forecast the future, but we do assess current market values vs history.



AIF Current Asset Allocation vs Normal Ranges

- We are overweight alternative investment strategies and funds.
- We are underweight global stocks (particularly US stocks) and property.



Affluence Investment Fund Objectives and Outcomes

Fund Objective	Achieved	As at 30 April 2019
A minimum distribution yield of 5% per annum, paid monthly.	✓	Distributions have averaged 6.6% per annum since commencement. Currently paying 5% per annum.
Total annualised returns of inflation plus 5% over rolling 3 year periods.	✓	Since commencing, AIF has returned 7.9% pa compared to the return target of 6.8% pa.
Access to a diversified portfolio of underlying investments.	✓	The Fund provides exposure to over 30 unlisted funds and more than 25 LIC's.
Volatility of returns less than half that of the ASX200, measured over 3 year periods.	✓	Since commencing, the Fund has had volatility of returns of 3.5% compared to the ASX200 of 11.1%.

Fund Performance

To 30 April 2019	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Income Distributions	0.5%	6.6%	6.7%	6.4%	6.2%	6.6%	
Capital Growth	1.0%	(3.8%)	(1.0%)	1.1%	1.5%	1.3%	
Total Return	1.5%	2.8%	5.7%	7.5%	7.7%	7.9%	3.5%
Benchmark - Inflation + 5%	0.6%	6.6%	6.9%	7.0%	6.9%	6.8%	
Outperformance against Benchmark	0.9%	(3.8%)	(1.2%)	0.5%	0.8%	1.1%	

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.



AIF has Substantially Outperformed Competitors Over 3 Years

To 30 April 2019	APIR	1 year	3 years	Volatility
Affluence Investment Fund	AFX0001AU	2.8%	7.5%	3.7%
MLC WS Inflation Plus - Assertive	MLC0667AU	5.1%	6.6%	4.7%
PineBridge Global Dynamic	PER0731AU	1.4%	5.9%	6.9%
AMP Capital Multi-Asset A	AMP1685AU	0.5%	5.1%	3.8%
Schroder Real Return CPI+5%	SCH0047AU	3.7%	4.8%	2.7%
AMP Capital Australian Dynamic Markets A	AMP1932AU	(6.0%)	2.8%	5.9%
Benchmark - Inflation + 5% pa		6.6%	7.0%	
Morningstar Multi-Sector Growth Index		10.6%	9.5%	
ASX200 Accumulation Index		10.4%	11.1%	9.3%

We have compared the Affluence Investment Fund against five of the largest funds in its Morningstar category, Multisector Flexible. The Affluence Investment Fund is currently 5 out of 55 funds over 3 years in its Morningstar category.

Volatility refers to the historical standard deviation of returns. A lower number is considered better as it represents more consistent, stable returns.

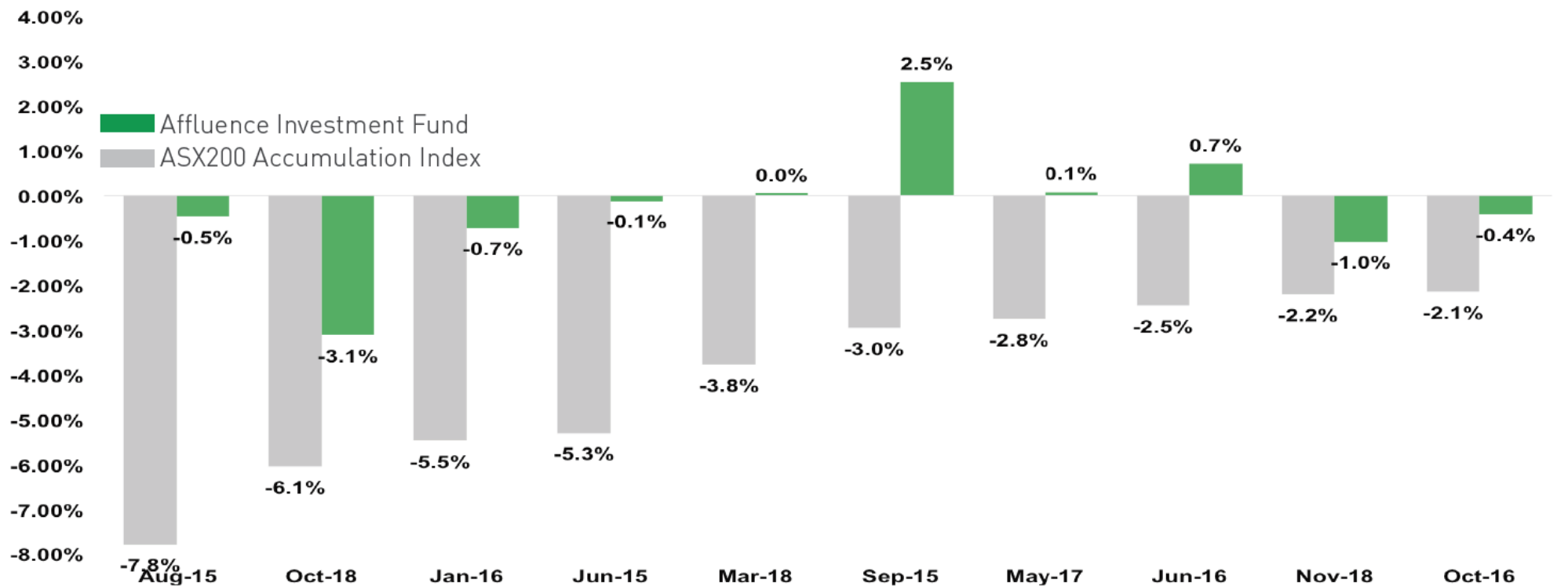
Bigger is not better. The more money in a fund, the harder it is to win.



AIF has Handled Downturns Very Well

While we can't avoid market downturns, we work hard to limit the impact.

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.



Affluence LIC Fund (ALF)

ALF is an unlisted fund, formed in 2016 after we identified an opportunity to take advantage of discounts and other inefficiencies in the ASX Listed Investment Company (LIC) sector.

Investors access ALF through the Affluence Investment Fund.

Wholesale and Sophisticated clients can also invest in ALF directly.

We believe ALF is the only fund available in Australia that invests exclusively in LICs. ALF is a limited capacity strategy.

Affluence LIC Fund Summary

Fund	Affluence LIC Fund (APIR AFX6930AU)
Strategy	ASX Listed Investment Companies
Fund Type	Unlisted Wholesale Managed Investment Scheme.
Trustee and Manager	Affluence Funds Management.
Eligible Investors	Wholesale and Sophisticated Clients.
Registry	Boardroom Pty Limited.
Auditor	Pitcher Partners.
Applications and Redemptions	Monthly. Minimum application \$20,000.
Distributions	Quarterly. Targeting 5% per annum. Distributions are not guaranteed.
Fixed Management Fee	Nil
Performance Fee	12.5% of positive performance. High water mark.
Administration Costs	Capped at 0.25%pa of net assets.
Buy/Sell Spread	+/- 0.25%



How a Lot of People Invest in LICs

ASX	Company	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs
AFI	Australian Foundation Investment Company	4.3%	5.9%	7.0%	4.3%	9.1%	8.0%
ARG	Argo Investments Limited	5.1%	5.3%	6.6%	5.7%	10.1%	7.7%
MLT	Milton Corporation Limited	5.2%	4.2%	6.0%	4.7%	9.6%	9.3%
ASX	ASX 200 Index	10.4%	7.9%	11.1%	7.5%	10.1%	10.0%

Source: Affluence. Performance of three largest LICs (including dividends) over 10 years to 30 April 2019.

- **About one third of all LIC money is invested in the three largest LICs:**

- There is limited chance of outperformance over the medium to long term.
- They offer little in the way of diversification.
- An ETF may be a better alternative for a buy and hold investor.
- Bigger is not better.

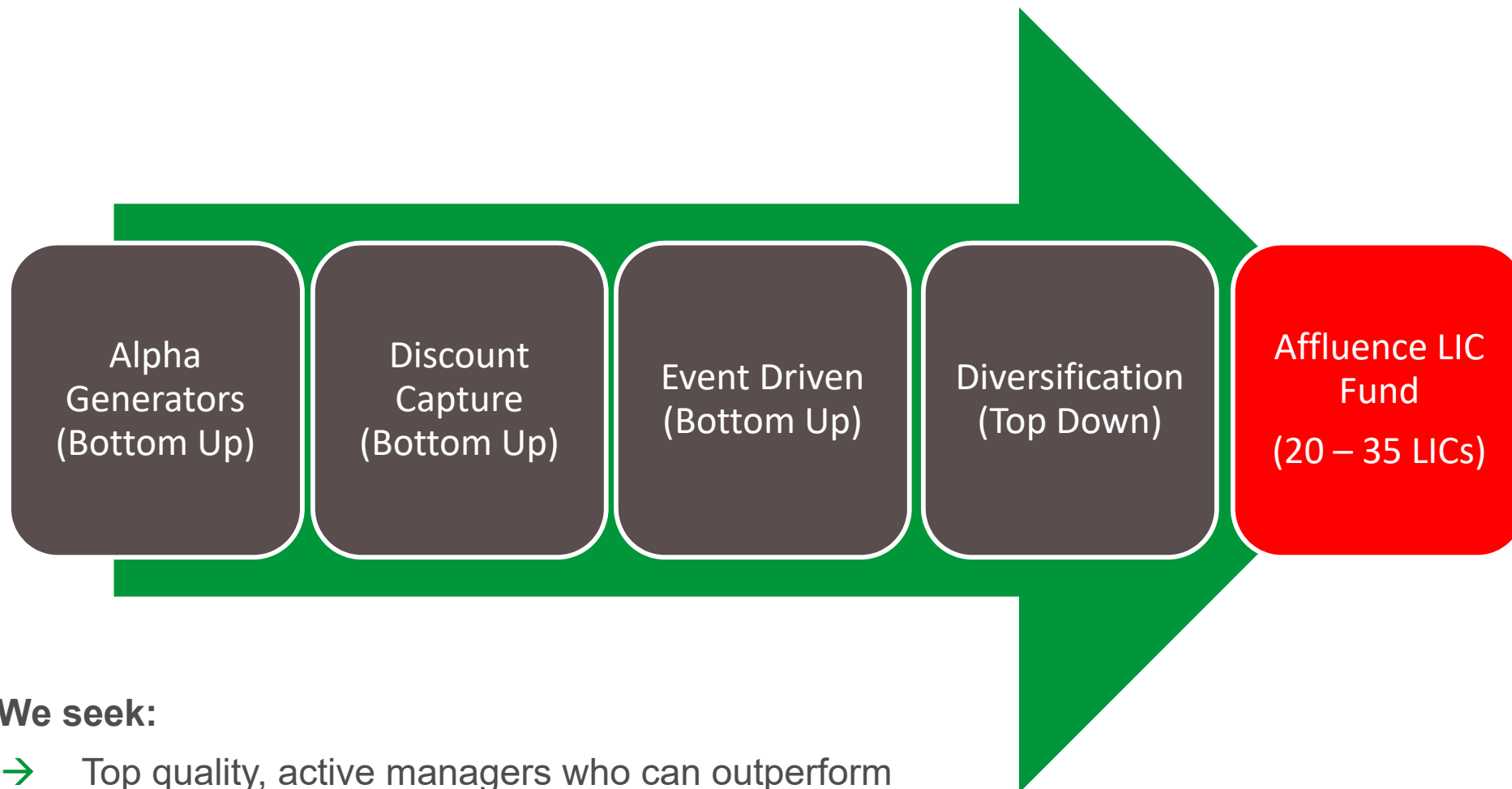
- **They do have one redeeming feature:**

- They can be resilient in downturns, as they can move from a discount to a premium.

Usually, we prefer to look elsewhere in the LIC sector.



How We Invest in LICs



- **We seek:**

- Top quality, active managers who can outperform
- LICs trading at abnormally large discounts; and
- Opportunistic trades driven by special situations.



Buying LICs At The Right Price

- **We measure NTA consistently**

- After tax on realised gains, before tax on unrealised gains (unless portfolio is being sold).

- **We measure NTA vs Share Price monthly over time**

- Information available from brokers, LIC managers, Morningstar, ASX.

- **The right discount depends on many factors. Here are some common patterns:**

- Last years outperformers trade at premiums...but performance can be cyclical.

- High dividend yields cause premiums...but watch out if it unwinds.

- New LICs tend to trade OK for a while, then not so well, then better.

- Buying LICs near option expiry periods can work well.

- Larger LICs trade at lower discounts (or at premiums).

- LICs investing globally tend to trade at higher discounts.

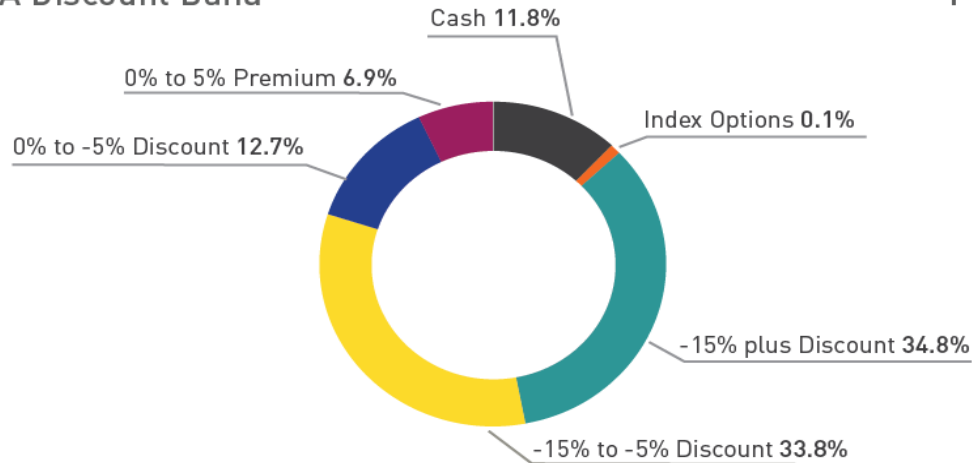
- LICs investing in unlisted assets can (and should) trade at higher discounts.

- Some LICs are quite thinly traded – watch the buy/sell spread.

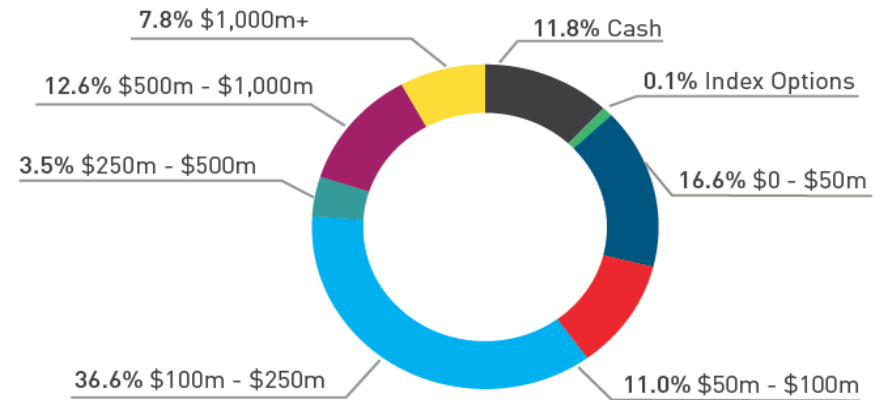


The ALF LIC Portfolio Is Very Diverse

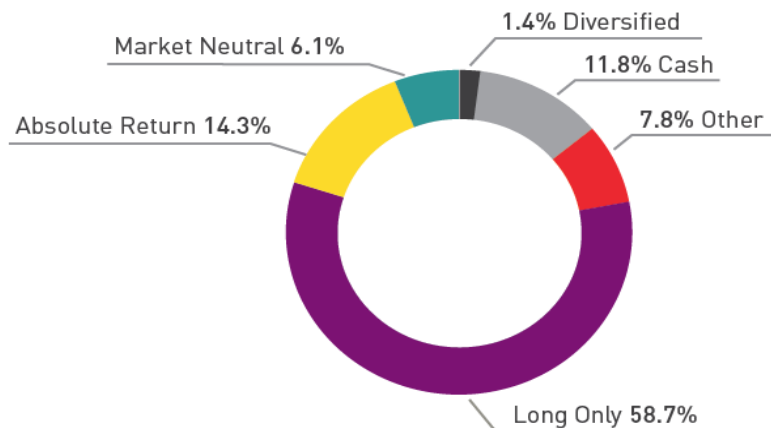
NTA Discount Band



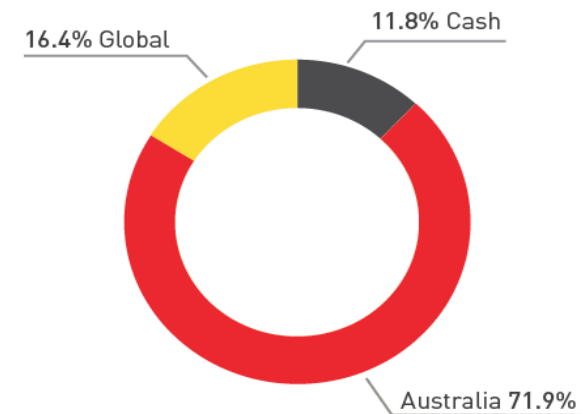
Portfolio by Market Cap



Equities Strategy



Geographic Exposure

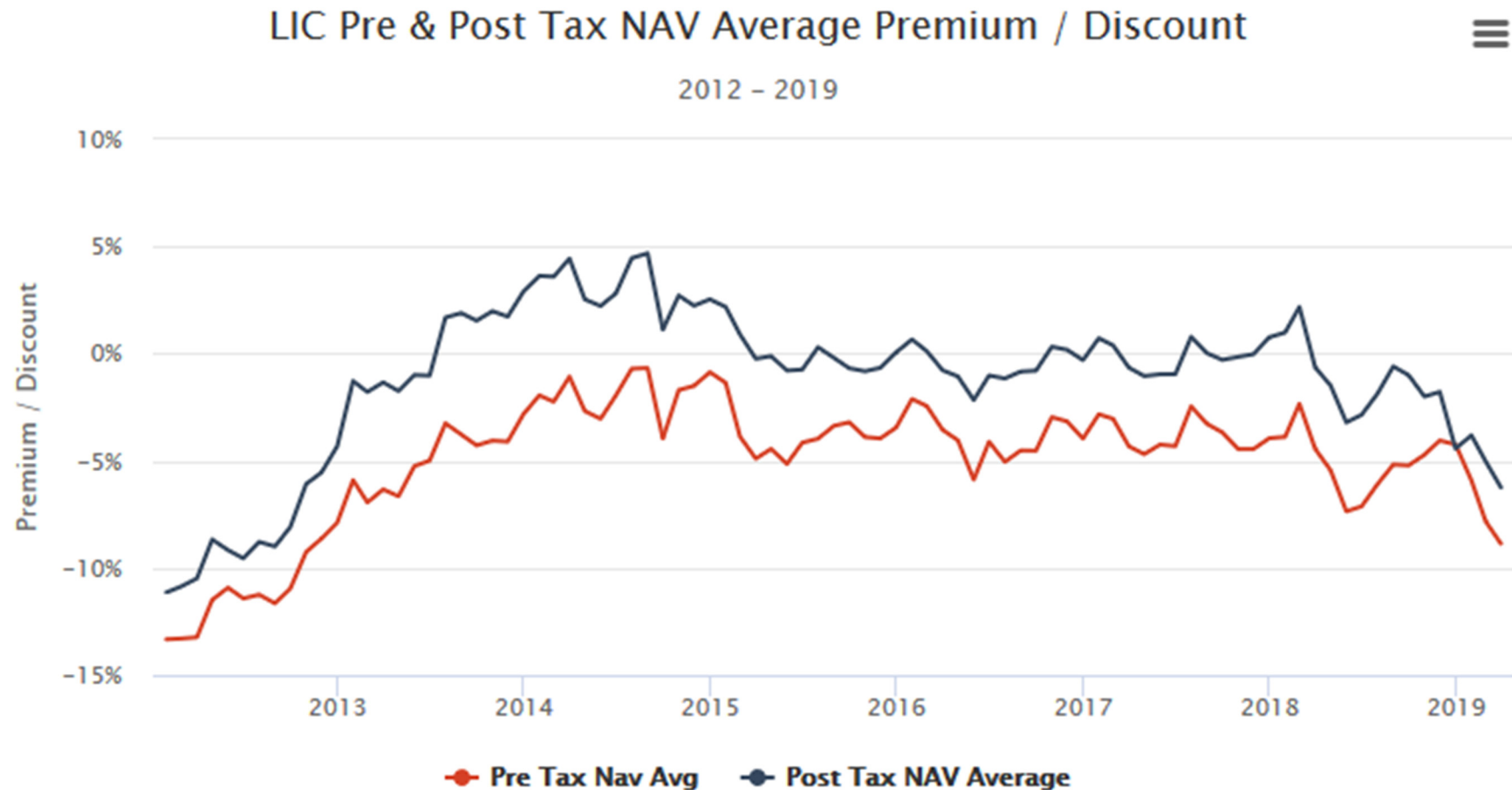


Diversified by size, investment strategy, discount band and geography.



LIC Discounts Are Attractive Right Now

- It hasn't been this good since 2012.
- The increase in discounts has impacted short term performance, but this will reverse in time.



Source. ETF Watch. LIC pre-tax and post-tax discounts since 2012.



Affluence LIC Fund Objectives and Outcomes

Fund Objective	Achieved	As at 30 April 2019
Total annualised returns in excess of the ASX 200 Accumulation Index over rolling 3 year periods	X	Since inception, the Fund has returned 9.4% pa compared to the ASX200 Index of 11.1% pa, however current LIC discounts are significantly above average.
Access to a diversified portfolio of ASX Listed Investment Companies	✓	ALF holds 25 - 35 LIC's. Most LICs invest in Australian and global stocks, with some exposure to other asset classes. Diversified by investment style & strategy.
Deliver volatility of returns less than that of the ASX200	✓	Since inception, the Fund volatility of returns has been 5.0% compared to the ASX 200 at 9.3%.
Minimum distribution yield of 5% per annum, paid quarterly.	✓	The Fund has paid distributions of 6.0% pa since inception. Distributions are paid quarterly.

Fund Performance

To 30 April 2019

	1 Month	1 Year	2 Years	3 Years	Inception	Volatility
Affluence LIC Fund	0.5%	3.6%	7.1%	9.4%	9.4%	5.0%
ASX200 Accumulation Index (AI)	2.4%	10.4%	7.9%	11.1%	11.1%	9.3%
Performance compared to ASX200AI	-1.9%	(6.8%)	(0.8%)	(1.7%)	(1.7%)	

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 3 May 2016.

Performance information is for the period from commencement of the Fund in April 2016 until April 2019. Past performance is not indicative of future performance. Current performance data is available on our website at www.affluencefunds.com.au/alf/.

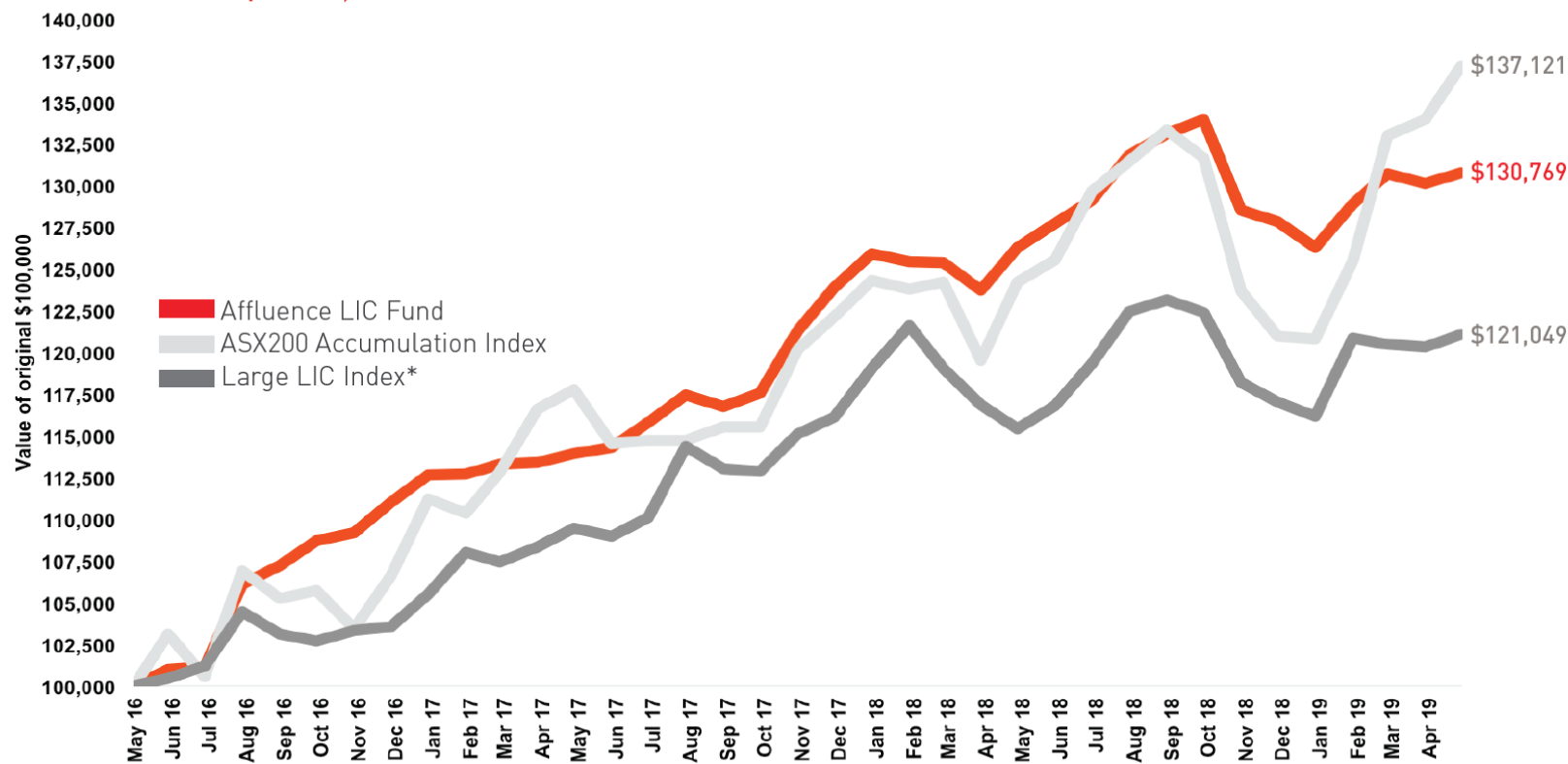


Affluence LIC Fund Performance

- **Total returns of 9.4%pa since commencement:**

- Returns have consistently exceeded those of the three largest LICs.
- Recent lag in performance vs ASX200 due to significant increase in NTA discounts.

Return on \$100,000 Investment



* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

Performance information is for the period from commencement of the Fund in April 2016 until April 2019. Past performance is not indicative of future performance. Current performance data is available on our website at www.affluencefunds.com.au/aif/.



Affluence Small Company Fund (ASF)

We waited patiently for the right time to make this strategy available.

Our Small Company Fund is now open for investment by Wholesale and Sophisticated clients. There are three reasons we feel it is attractive:

- Small Companies have the potential to deliver higher returns over time.
- Small Company funds have historically outperformed more often.
- Right now, we're seeing a lot of value in certain parts of the market.

Affluence Small Company Fund Summary

Fund	Affluence Small Company Fund (APIR AFX0240AU)
Strategy	ASX Small Companies (excludes ASX100).
Fund Type	Unlisted Wholesale Managed Investment Scheme.
Trustee and Manager	Affluence Funds Management.
Eligible Investors	Wholesale and Sophisticated Clients.
Registry	Boardroom Pty Limited.
Auditor	Pitcher Partners.
Applications and Redemptions	Monthly. Minimum application \$20,000.
Investment Objective	Exceed ASX Small Ords Accum. Index return over 5 year periods.
Distribution Objective	Quarterly. Targeting 5% per annum. Distributions are not guaranteed.
Suggested Investment Timeframe	Minimum 5 years.
Fixed Management Fee	Nil.
Performance Fee	12.5% of positive performance. High water mark.
Administration Costs	Capped at 0.25% pa of net assets.
Buy/Sell Spread	+/- 0.35%



The Investment Case for Small Companies

○ What are Small Companies?

- We define Small Companies as ASX listed equities outside the S&P/ASX 100 Index.
- Market values of Small Companies range from less than \$20 million to \$1 billion plus.
- Smaller does not mean low quality. There are some exceptional ASX Small Companies.

○ Why invest in Small Companies?

- Opportunities. There are over 2,000 Small Companies and limited research. This can make it easier for talented specialist investment managers to find mispriced bargains.
- Winning in two ways. There is more opportunity for smaller companies to be able to grow their earnings. As they grow, price/earning multiples can also grow.
- Greater diversification. Almost 30% of the ASX 200 Index is four banks, two miners and one telecommunications company. Small Companies provide much more choice.

○ However, Small Companies are not without risk:

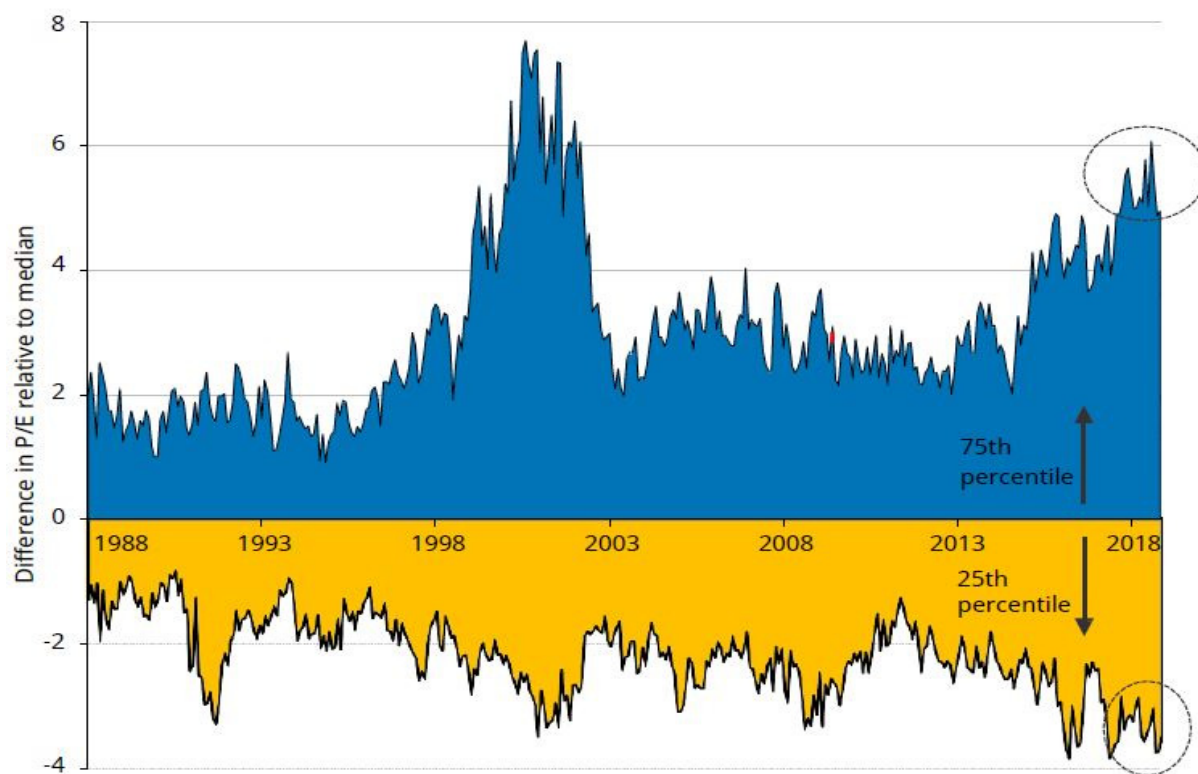
- Small Companies can be more volatile and fall more in severe market downturns, so;
- We use several strategies to attempt to limit drawdowns and reduce volatility.



There's Value in Small Companies Right Now

- The ASX Emerging Companies Index returned -19.9% in 2019, the ASX 20 did -0.4%.
 - We are currently seeing significantly more value in Small Companies
 - While growth companies have recovered somewhat since December, value continues to be out of favour. Many Small Company value stocks are trading on single digit PEs.

12 Month Fwd PEs for Industrials



Sources: Thomson Reuters, Macquarie Research, December 2018



The Investment Case for Small Company Funds

- We invest through Small Company Funds, which have an attractive return history.
- According to the S&P SPIVA study, Australian Mid and Small Company Funds:
 - Have delivered the highest overall returns over 10 and 15 years; and
 - Are the only ones to collectively outperform their index over 10 and 15 years.

Report 3: Average Fund Performance (Equal-Weighted)

INDEX/PEER GROUP	1-YEAR (%)	3-YEAR ANNUALIZED (%)	5-YEAR ANNUALIZED (%)	10-YEAR ANNUALIZED (%)	15-YEAR ANNUALIZED (%)
S&P/ASX 200	-2.84	6.69	5.63	9.00	8.29
Australian Equity General	-6.29	4.54	4.50	8.37	7.66
S&P/ASX Mid-Small	-7.98	8.85	8.50	8.56	7.36
Australian Equity Mid- and Small-Cap	-7.95	5.97	7.68	12.28	9.82
S&P Developed Ex-Australia LargeMidCap	1.84	8.15	10.38	10.24	7.26
International Equity General	-0.55	6.57	8.35	8.76	5.81
S&P/ASX Australian Fixed Interest 0+ Index	4.54	3.69	4.62	5.15	NA
Australian Bonds	3.24	2.90	3.73	4.82	5.07
S&P/ASX 200 A-REIT	2.91	7.18	12.33	10.43	5.59
Australian Equity A-REIT	0.03	6.38	11.24	10.36	5.04

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2018. All returns in AUD. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.



Affluence Small Company Fund Investment Strategy

- **The Affluence Small Company Fund aims to provide:**
 - Access to a diversified portfolio of predominantly Australian Small Companies through a range of different fund managers.
 - A total annualised return (distributions plus increase in unit price) after all fees and costs in excess of the ASX Small Ordinaries Index over rolling 5 year periods.
 - A minimum distribution yield of 5% per annum, paid quarterly.
 - Lower volatility of returns over rolling 5 year periods than the ASX Small Ordinaries Index.
- **The SPIVA study shows 50% of small-cap funds have outperformed over 10/15 years, but less than 20% of Australian equity funds and less than 10% of international equity funds.**

Report 1a: Percentage of Funds Outperformed by the Index (Based on Absolute Return)						
FUND CATEGORY	COMPARISON INDEX	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)	15-YEAR (%)
Australian Equity General	S&P/ASX 200	86.69	85.81	79.61	83.20	83.68
Australian Equity Mid- and Small-Cap	S&P/ASX Mid-Small	51.94	88.89	70.09	47.22	49.18
International Equity General	S&P Developed Ex-Australia LargeMidCap	70.37	82.38	89.40	90.87	92.64
Australian Bonds	S&P/ASX Australian Fixed Interest 0+ Index	98.36	83.64	90.20	70.97	NA
Australian Equity A-REIT	S&P/ASX 200 A-REIT	78.87	66.22	83.33	78.13	84.62

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.



How else is ASF Different to Other Small Company Funds?

- **Access a wide range of managers:**

- Instant small company diversification by manager and investment style.
- Access to some “soft-closed” funds not available directly.
- An allocation to newer managers, which tend to do better than average.

- **Access managers through a range of structures not necessarily available to all:**

- ASF can access retail and wholesale funds, IMSs, SMAs and direct mandates.
- Some managers impose a high minimum or are only available to “institutional” investors.
- LICs allow discount capture and access to managers not otherwise available.

- **Targeting regular distributions to investors:**

- ASF pays quarterly distributions and targets 5% per annum.

- **ASF volatility can be significantly lower than the ASX Small Ords:**

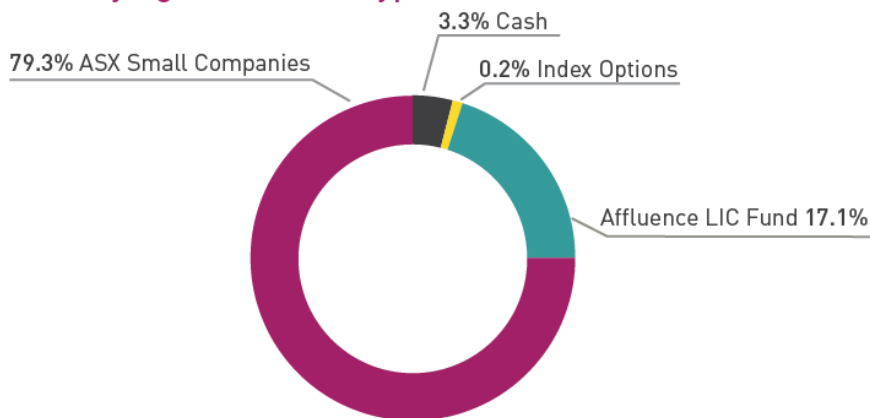
- Diversification by manager, style and structure.
- Flexibility in asset allocation and ability to hold some cash and hedges.



Affluence Small Company Fund Portfolio

Portfolio Summary

Underlying Investment Type



Top 5 Largest Investments

Phoenix Opportunities Fund

Affluence LIC Fund

Spheria Australian Microcap Fund

Deep Value Microcap Fund

Wentworth Williamson Fund

- An initial portfolio is in place. We have identified several additional managers to be added.
- We are seeking to construct a diversified portfolio by investing with a range of Small Company managers, through their unlisted funds.
- **The Portfolio provides access to:**
 - A mixture of funds that invest in micro caps, small caps and mid caps.
 - A combination of value, growth, and style agnostic managers, with a bias towards value.
 - Some other ASX listed securities and global smaller companies.
- We will focus on managing volatility through style and manager diversification, having the ability to hold some cash and may also selectively hedge out some market risk at times.



Recent Performance Reflects the Value on Offer

- The initial portfolio has underperformed the Small Ordinaries Index since late 2017.
- Small Ord returns were driven by a limited number of (now) very expensive growth mid caps.
- The ASF portfolio is significantly overweight value managers and some small resources.
- In some cases we are now seeing extreme value and potentially very attractive returns.

Fund Monthly Return History

	J	F	M	A	M	J	J	A	S	O	N	D	Year
2016					1.2%	-1.2%	4.5%	2.3%	1.8%	-0.5%	-1.5%	2.1%	8.9%
2017	1.0%	-0.4%	0.5%	-2.0%	-0.3%	1.5%	1.9%	0.2%	1.5%	2.7%	2.5%	3.2%	12.9%
2018	-0.8%	-1.6%	-2.0%	-0.1%	1.1%	-0.5%	-0.2%	1.2%	0.3%	-5.3%	-2.3%	-3.9%	-13.5%
2019	1.3%	2.4%	-0.2%	1.0%									4.5%

Strongest Month
 Positive Month
 Stable Month
 Negative Month
 Weakest Month

Performance information is for the period from commencement of the Fund in April 2016 until April 2019. Past performance is not indicative of future performance. Current performance data is available on our website at www.affluencefunds.com.au/asf/.

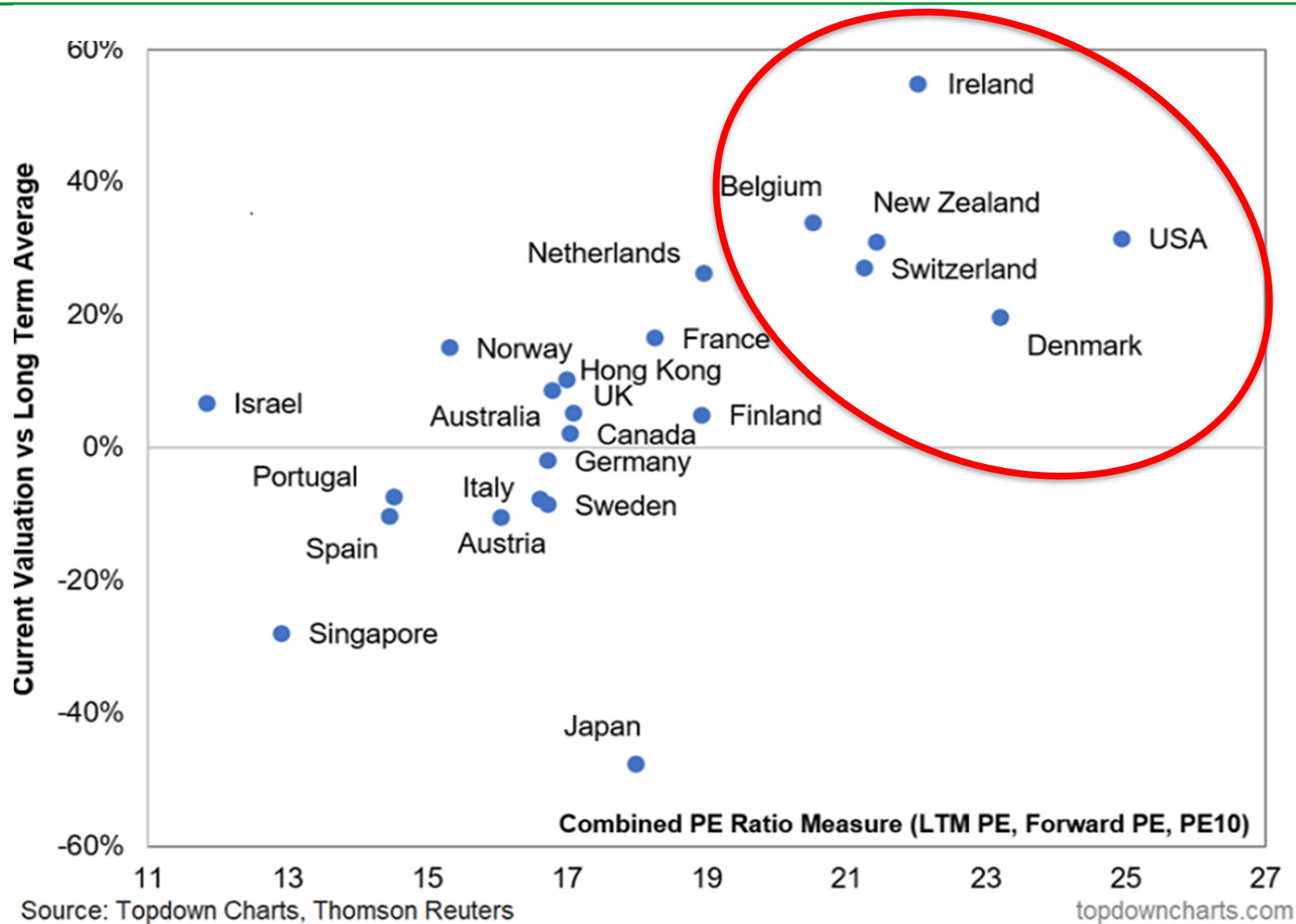


What We're Thinking About Right Now

While diversification is a key part of our investment philosophy, we also want to own more of assets that are cheap relative to long term averages.

Here are some current observations.

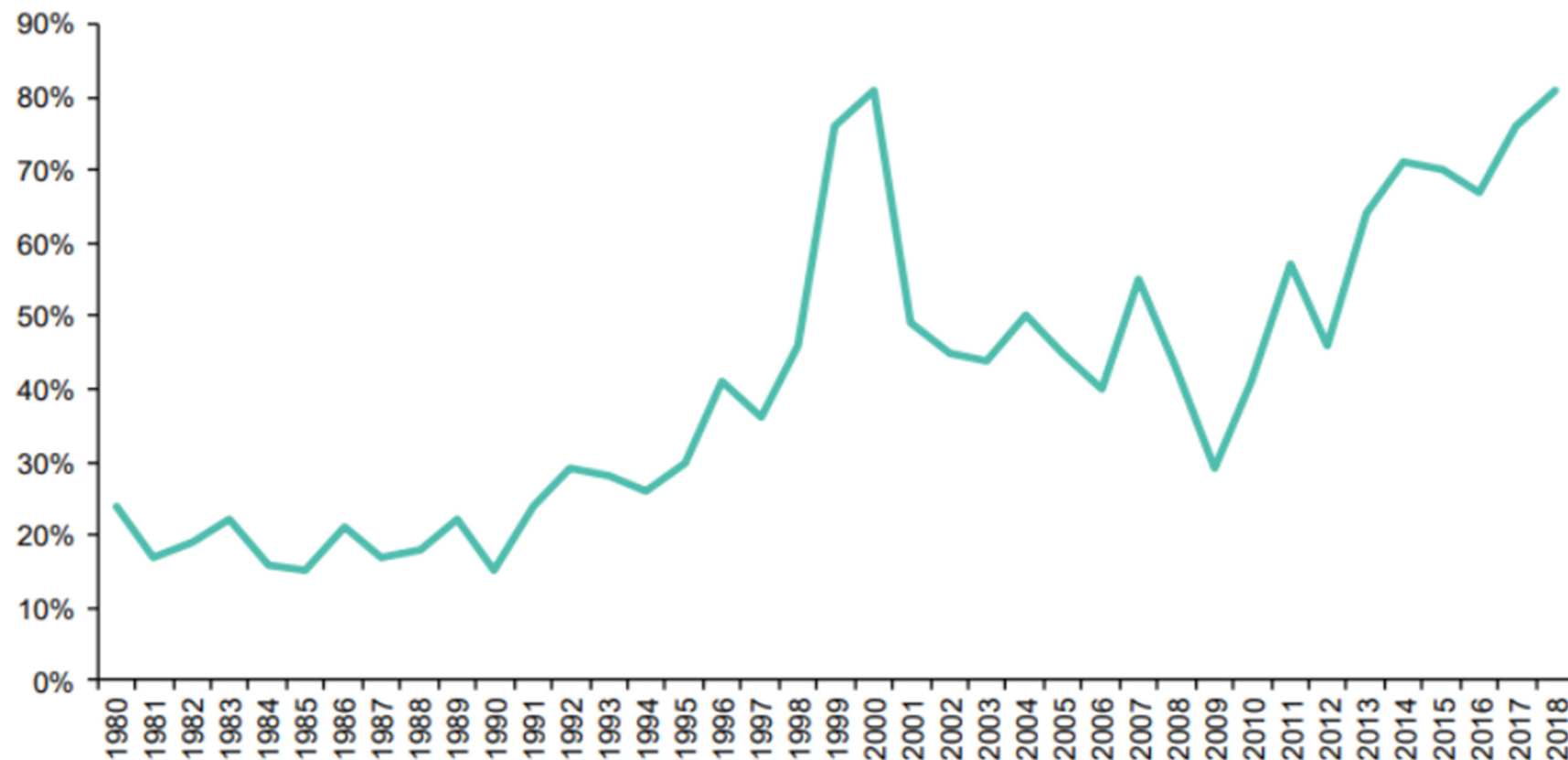
Many Global Stock Markets Look Expensive. But Not Australia.



Party Like It's 1999? Now is Not the Time to Buy IPOs.

- Over 80% of new listings in the US in 2018 were not profitable.
- Similar numbers were last seen in 1999.

EXHIBIT 6: **Percentage of IPOs with EPS<0**



Source: Initial Public Offerings: Updated Statistics, Jay R. Ritter, Cordell Professor of Finance, University of Florida, December 31, 2018



45 Years of Data – Now is Not the Time to Buy Growth.

"The MSCI Australia Growth Index versus Value Index shows growth has beaten value over all periods to five years, but since 1974, value is the big winner by 2.75% per annum. At some point, the market will focus more on fundamentals and less on the dreams of loss-makers."

Graham Hand, Cuffelinks

INDEX PERFORMANCE — GROSS RETURNS (%) (MAR 29, 2019)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			Since Dec 31, 1974
					3 Yr	5 Yr	10 Yr	
MSCI Australia Growth	1.54	13.50	9.43	13.50	10.57	4.15	9.18	9.56
MSCI Australia Value Weighted	0.19	10.85	3.36	10.85	8.87	0.68	10.62	12.31

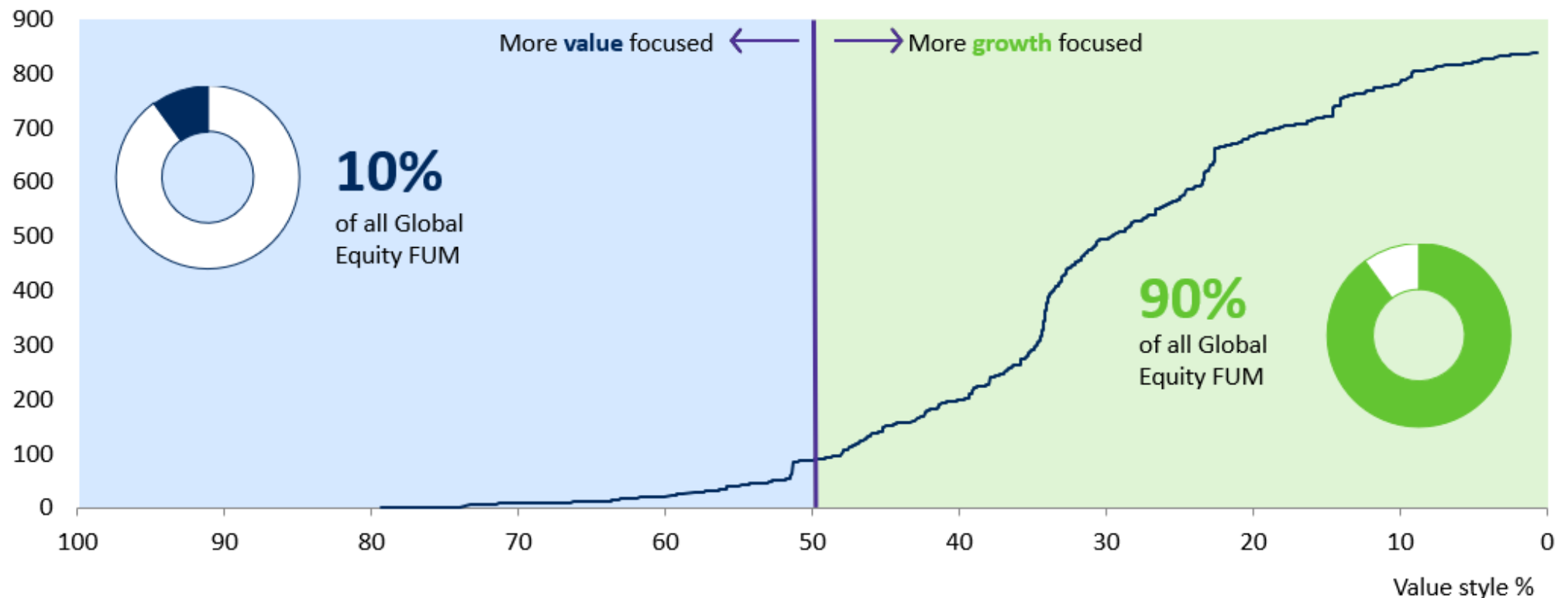
- Growth has outperformed by:
 - 3.5% per annum for the last 5 years.
 - 6.1% over the year to March 2019.
- Value has outperformed by 2.7% per annum since 1974
- It is probably not different this time.



Value Funds are Disappearing. We Say Time to Buy Value.

- A very high proportion of Global Funds are now growth focused.
- By some measures, growth has outperformed value by the greatest amount ever.
- Our portfolios are significantly weighted towards value managers.

FUM, USDbn

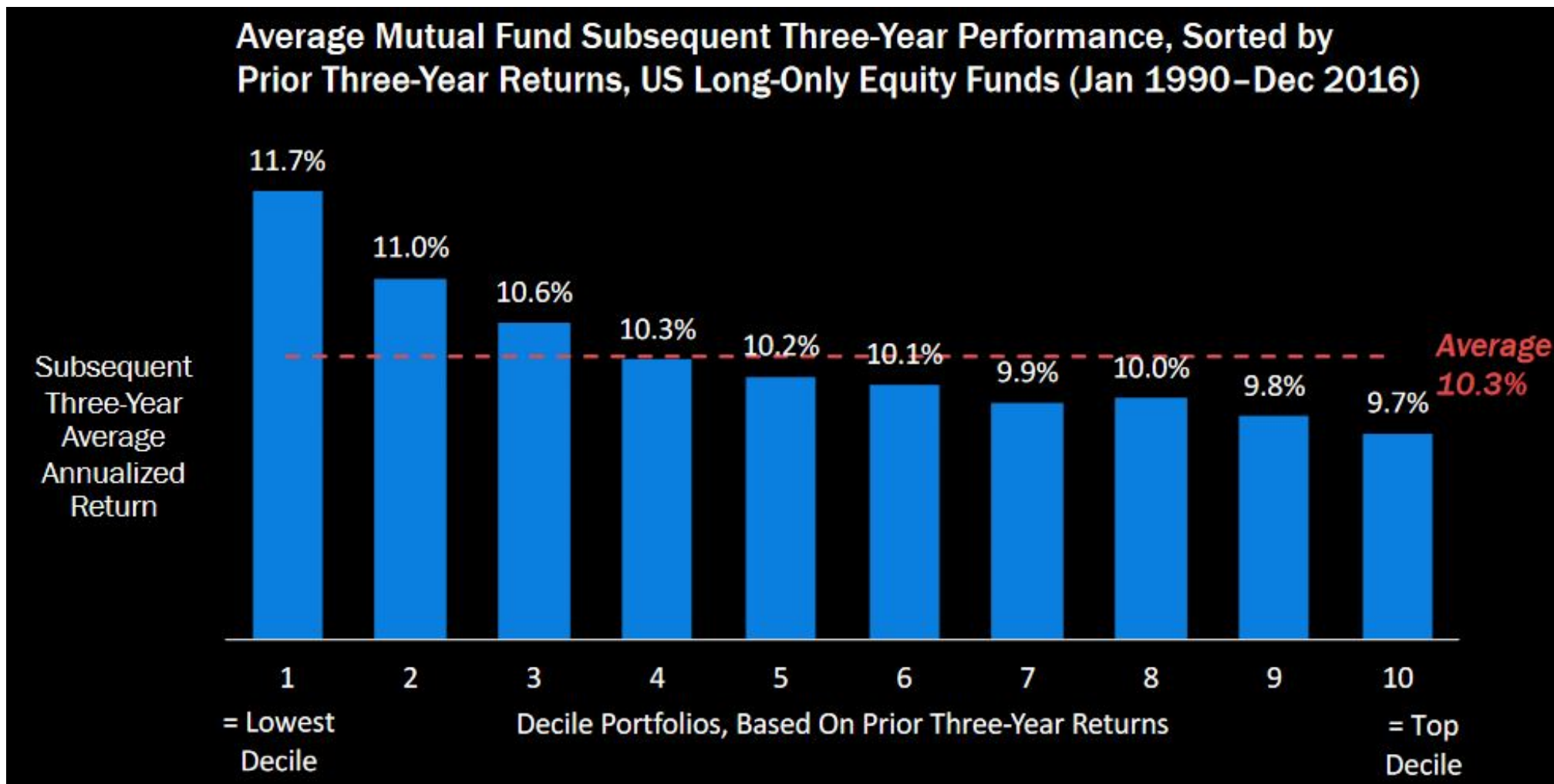


Source: Schroders, Morningstar Direct. Data as at 31 December 2017. *Morningstar Global Category: Global Equity Large Cap, excludes funds with no style score or no fund size available at 31 December 2017. Based on 1,781 Global Equity Funds.



Great Long Term Performance, Poor Short Term Performance.

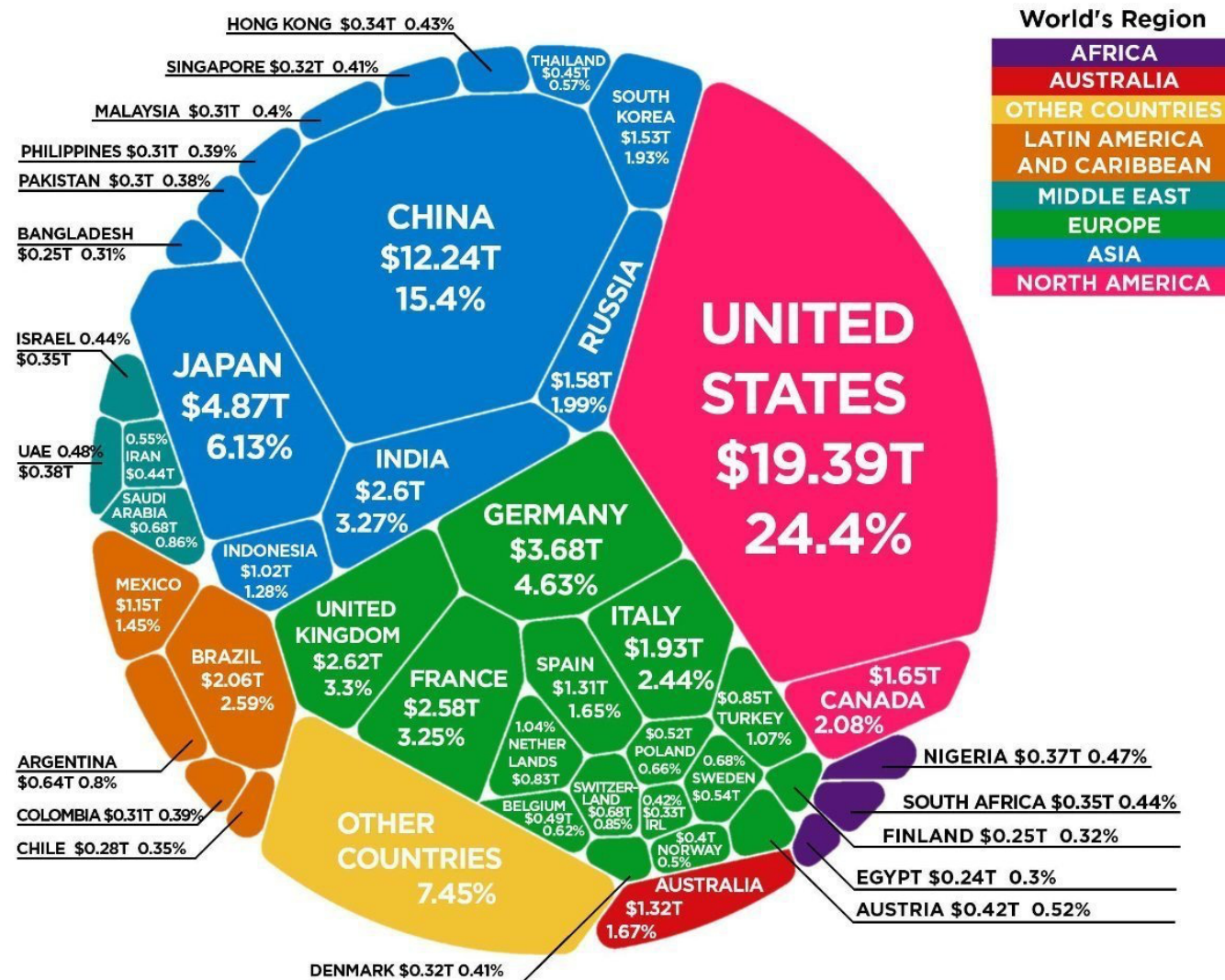
- Using 27 years of data, Research Affiliates found the 10% of US Managed Funds performing worst over a given 3 year period, went on to outperform by 1.4%pa over the next 3 years.



Source. Research Affiliates. Study conducted using Morningstar US Managed Fund Data.



Trump vs Xi on Trade. It Does Matter. It Will Take Time.



Article and Sources:
<https://howmuch.net/articles/the-world-economy-2017>
<http://databank.worldbank.org/data/download/GDP.pdf>

howmuch.net

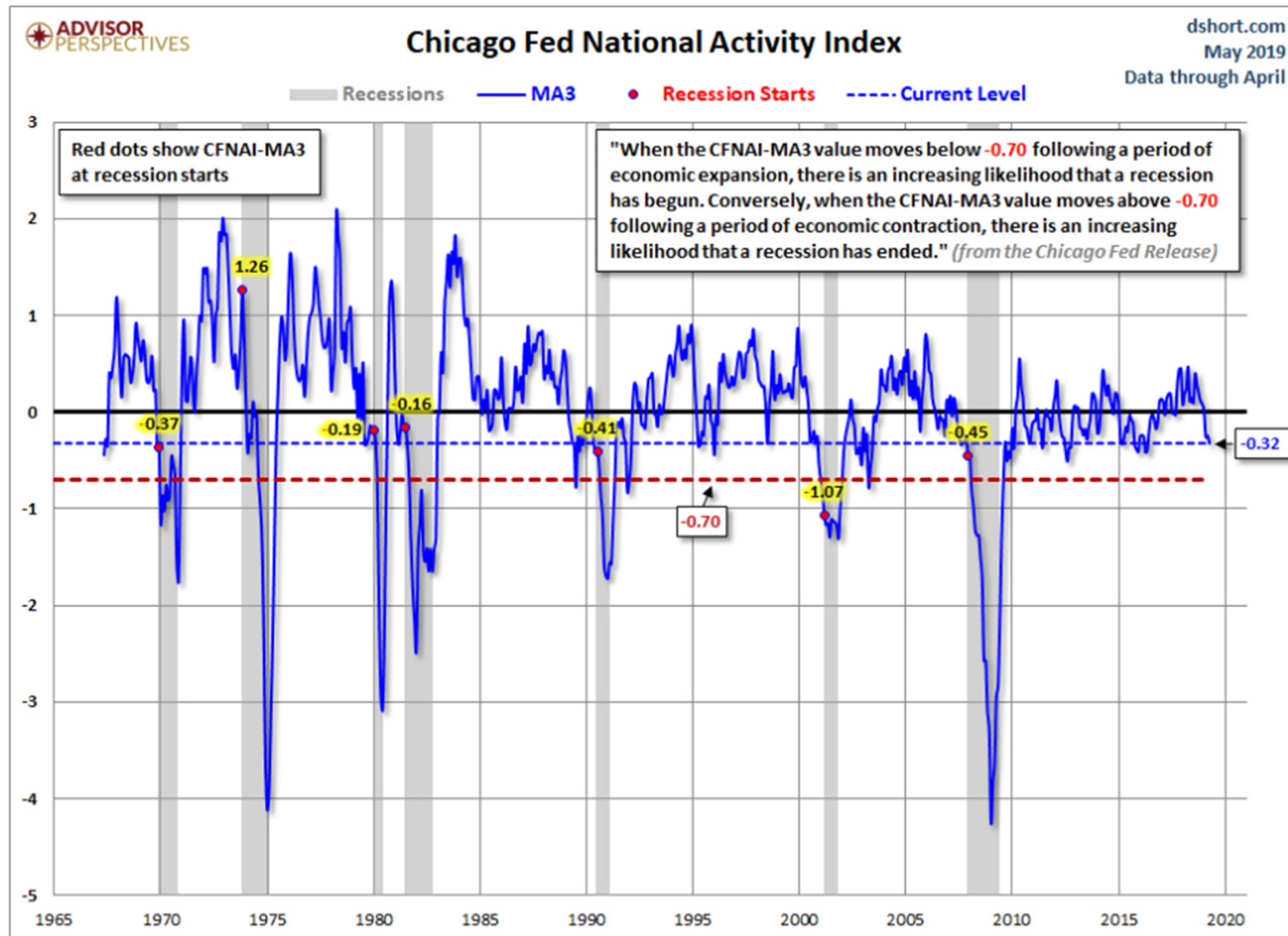


Interest Rates Matter. Australia Playing Catch-up.



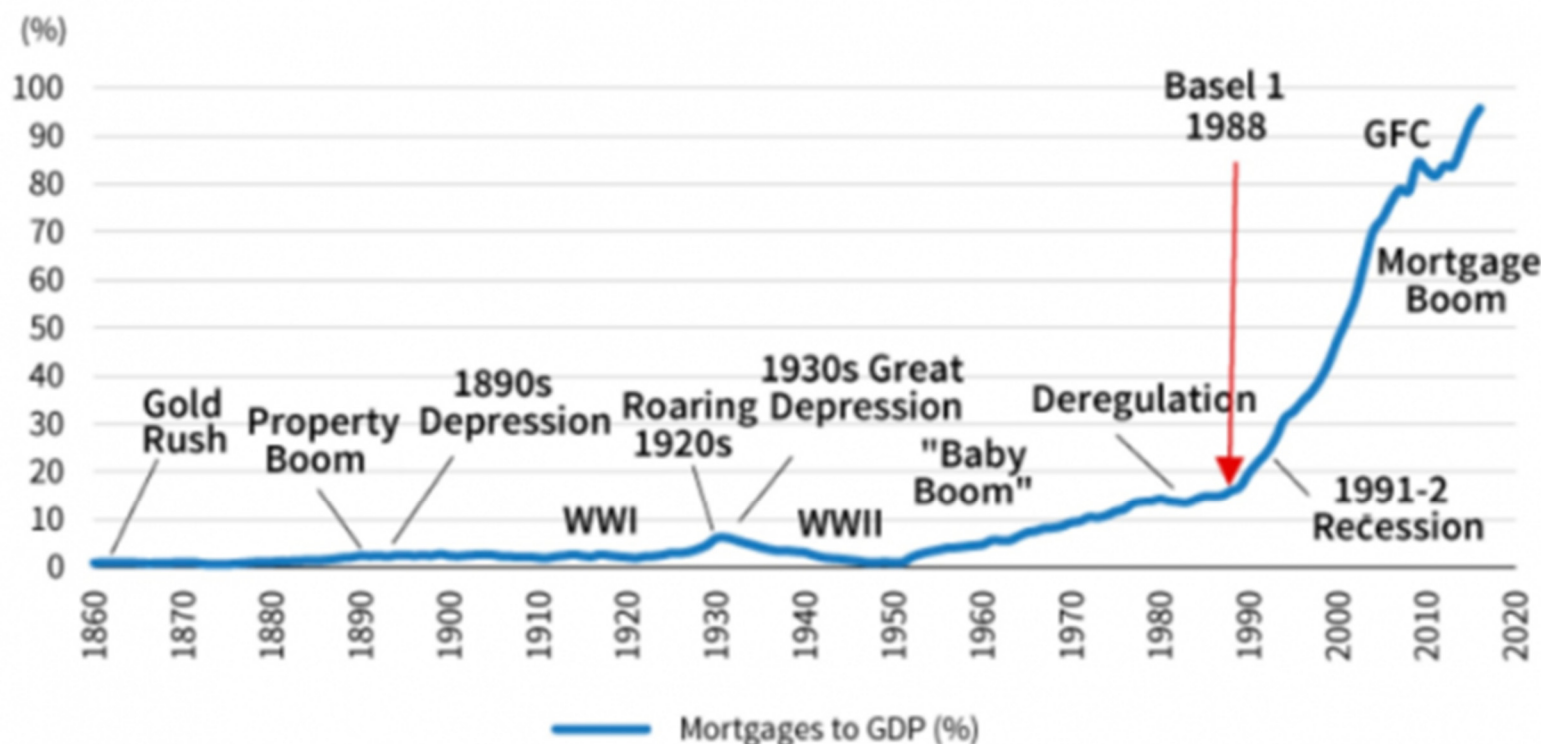
Scouting for Trouble: The Chicago Fed NAI.

- This one piece of data might just make you an economic genius.



We Need to Talk About Residential Property

- Australian house prices are impacted by interest rates, debt availability & foreign investment.
- Prices in Sydney and Melbourne are adjusting downwards to correct previous excesses.
- This price adjustment is healthy to a point but can get dangerous quickly.
- Positives: Election result, debt availability improving, reduced approvals/new starts.
- Negatives: Land & unit settlement defaults climbing. Flow on effects of reduced construction.
- The short term outlook has improved. We continue to watch carefully and limit our exposure.



What's Next

Learn More About Affluence and Keep in Touch

○ Download or request information on our Funds:

- Visit <https://affluencefunds.com.au/> for information on our Funds including disclosure documents, fund performance, monthly updates and portfolio analysis.
- Call us or contact us via the website to receive an information pack by email or post.

○ Subscribe to Affluence News:

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- Profiles of managers we invest with and why we like them.
- We send just one monthly email with fund and portfolio updates and investment ideas.
- We invite feedback. Share your own experiences, feedback, ideas and comments.

○ If you only do one thing...

- Visit <https://affluencefunds.com.au/> and subscribe to Affluence News.
- It's 100% free and you can unsubscribe at any time.



Consider Investing With Affluence

○ **Exclusivity:**

- Many of our managers are closed to new investors or require a high minimum investment.
- We are continually discovering new investment opportunities and adjusting portfolios.
- We manage our growth to provide a better chance of delivering above-average returns.

○ **We may be a good fit with your existing investment portfolio:**

- We are very underweight ASX50 stocks, which most investors already have exposure to.
- You can invest as little as \$20,000. If you like what we do, you can allocate more later.
- Targeting lower volatility means potentially better relative performance in down markets.
- Monthly or quarterly distributions. Paid in cash or reinvested – it's your choice.

○ **How to learn more and Invest:**

- Read the relevant Disclosure Document and consult your financial advisor.
- Complete application forms or apply online from our website.
- Minimum initial investment \$20,000. Minimum additional investment \$1,000.
- Investors receive priority notification on all future investment opportunities.



For Financial Advisors and Wholesale Investors

- **The Affluence Fund can be a complimentary allocation within your investment strategy:**
 - Allocate a portion of your portfolios to the Affluence Investment Fund.
 - Access a pool of diverse strategies across all asset classes targeting lower volatility.
 - You can scale your clients in over time - minimum investment levels are low.
 - Contact us for SQM Research and Platform Availability.

- **Access other investment opportunities for Wholesale Clients:**
 - Invest directly in the Affluence LIC Fund and Affluence Small Company Fund.

- **We can create a unique product which can be distributed direct to your clients:**
 - We can tailor a product around any of our Funds or a bespoke strategy.
 - We can recommend/provide ideas on the best managers to achieve those outcomes.
 - We can deliver outcomes through almost any investment structure (IMA, SMA, Wholesale Fund, Retail Fund, Listed Investment Company, Insurance Bond).



Thank You For Your Time



Investor Services

P: 1300 233 583 | +61 7 3010 9276

A: Level 5, 320 Adelaide Street,
Brisbane QLD 4000

W: affluencefunds.com.au

E: invest@affluencefunds.com.au



Daryl Wilson
CEO/Portfolio Manager

M: +61 402 046 883

E: daryl.wilson@affluencefunds.com.au



Greg Lander
Portfolio Manager

M: +61 409 645 893

E: greg.lander@affluencefunds.com.au

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