



Affluence Investment Fund

Fund Report - September 2020



Morningstar
Rating
5 Year



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

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Fund Commentary

The Affluence Investment Fund had another strong month and increased 0.3%. This was pleasing as during the month the ASX 200 Index declined by -3.7%. This continues the Fund's history of outperformance in months where equity markets fall. Since commencing over five years ago in December 2014, the Fund has returned 7.3% per annum, including 6.7% per annum monthly distributions to investors. This is above our benchmark of 6.5% per annum (inflation plus 5% per annum). In addition, the Fund has outperformed the ASX 200 Index over 1, 2, 3 years and since inception, and these returns have been delivered with significantly lower volatility than the Index.

Our largest positive contributors included our holding in the listed Carindale Property Trust (up 33%), the Affluence LIC Fund (up 2%), and the Phoenix Opportunity Fund (up 3%). Laggards included our holding in the listed Unibail-Rodamco-Westfield, the Baker Steel Gold Fund and the Terra Capital Natural Resources Fund.

Australian and global markets fell in September. Volatility remains high, and is likely to continue as the US election takes place in early November, the results of COVID-19 vaccine trials around the world start announcing results and countries deal with further waves of the virus. Notwithstanding, central banks and governments around the globe are showing unprecedented support for their economies. In Australia the RBA has continued to pledge its ongoing commitment to reducing unemployment through all of its available strategies, and the federal

government's recently released budget included incredible fiscal support for the economy. It would appear that potential scenarios from here are much wider than usual. The Affluence Investment Fund remains well diversified, and is invested with a large number of managers with an absolute return focus, as well as investments that we believe are undervalued in almost any scenario.

At month end, 53% of the portfolio was invested in unlisted funds, 18% in the Affluence LIC Fund, 17% in listed investments and 12% in cash. If you would like to know more about 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 would like to invest with us and get access to a diverse range of Australia's fund managers, including over 20 unlisted funds as well as more than 20 LIC's and other listed entities, visit the fund page on our website. 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 applications this month is 23rd October. Units will be issued effective 1st November.

Fund Performance

To 30 September 2020	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.5%	7.5%	6.5%	6.3%	6.7%	
Change in Unit Price (Capital Growth)	(0.2%)	(3.7%)	(1.2%)	0.6%	0.6%	
Affluence Investment Fund Total Return	0.3%	3.8%	5.3%	6.9%	7.3%	5.8%
Benchmark - Inflation + 5%	0.5%	4.6%	6.2%	6.4%	6.5%	
Performance against Benchmark	(0.2%)	(0.8%)	(0.9%)	0.5%	0.8%	

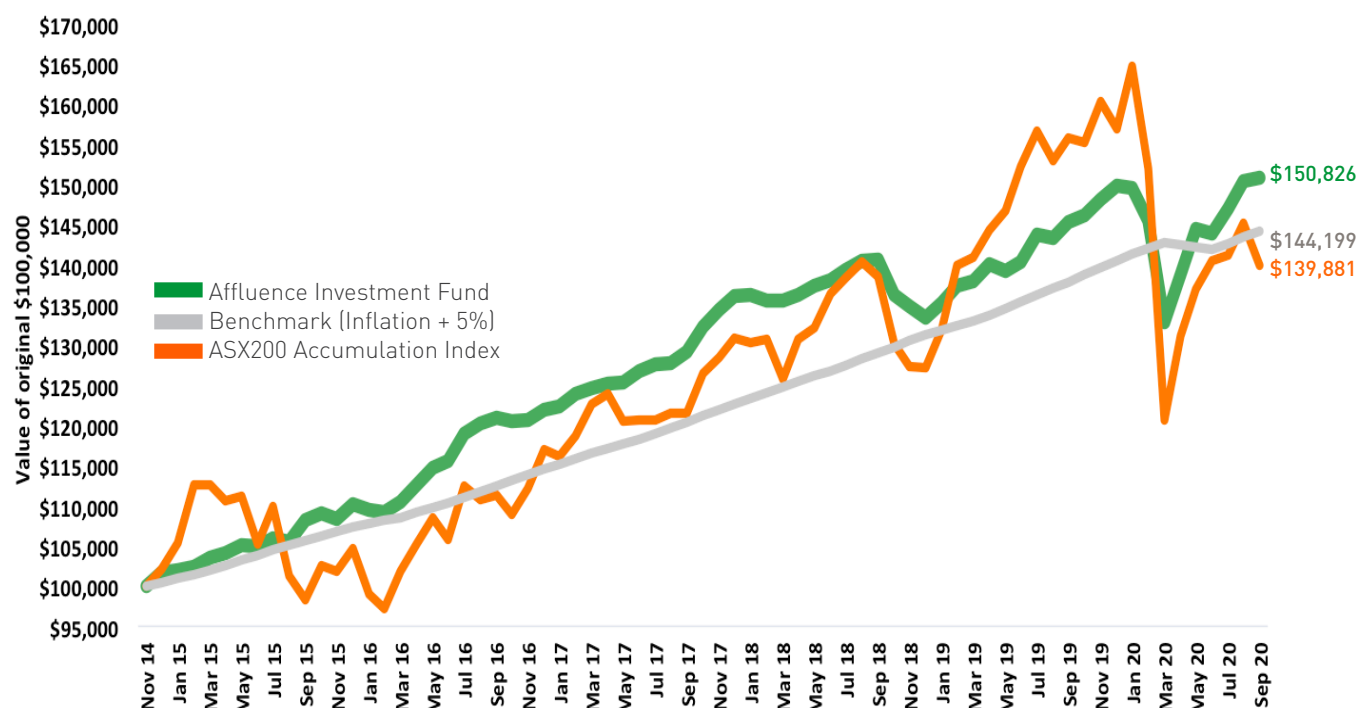
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%
2019	1.4%	1.6%	0.4%	1.5%	-0.6%	0.8%	2.4%	-0.3%	1.4%	0.5%	1.4%	1.1%	12.3%
2020	-0.2%	-2.7%	-8.7%	4.4%	4.1%	-0.4%	2.2%	2.3%	0.3%				0.7%

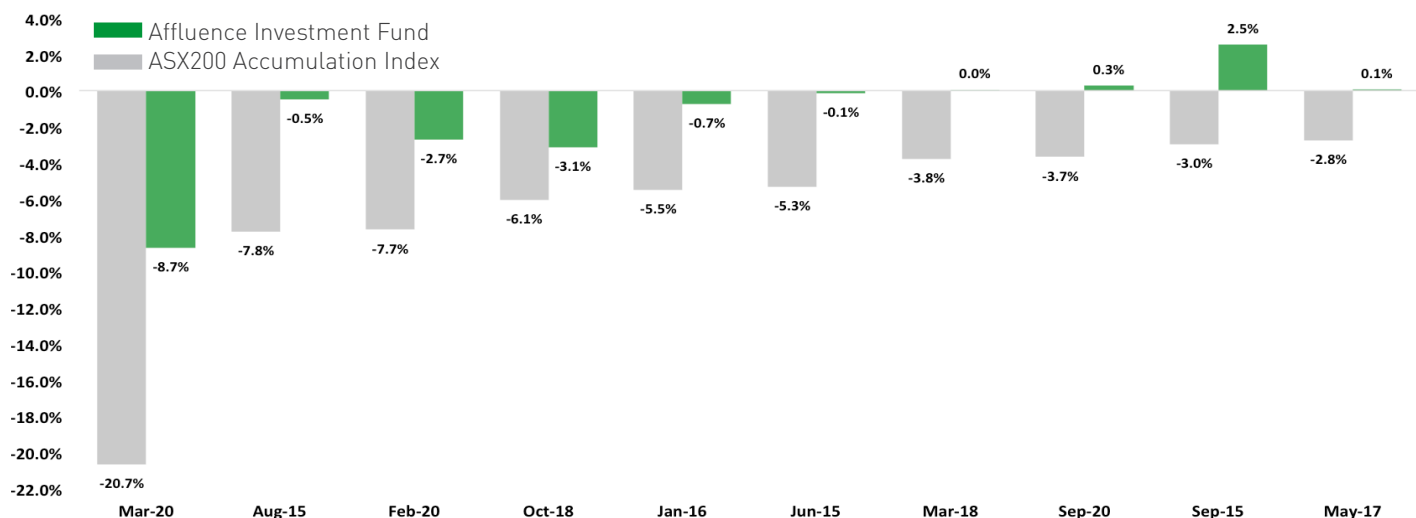
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

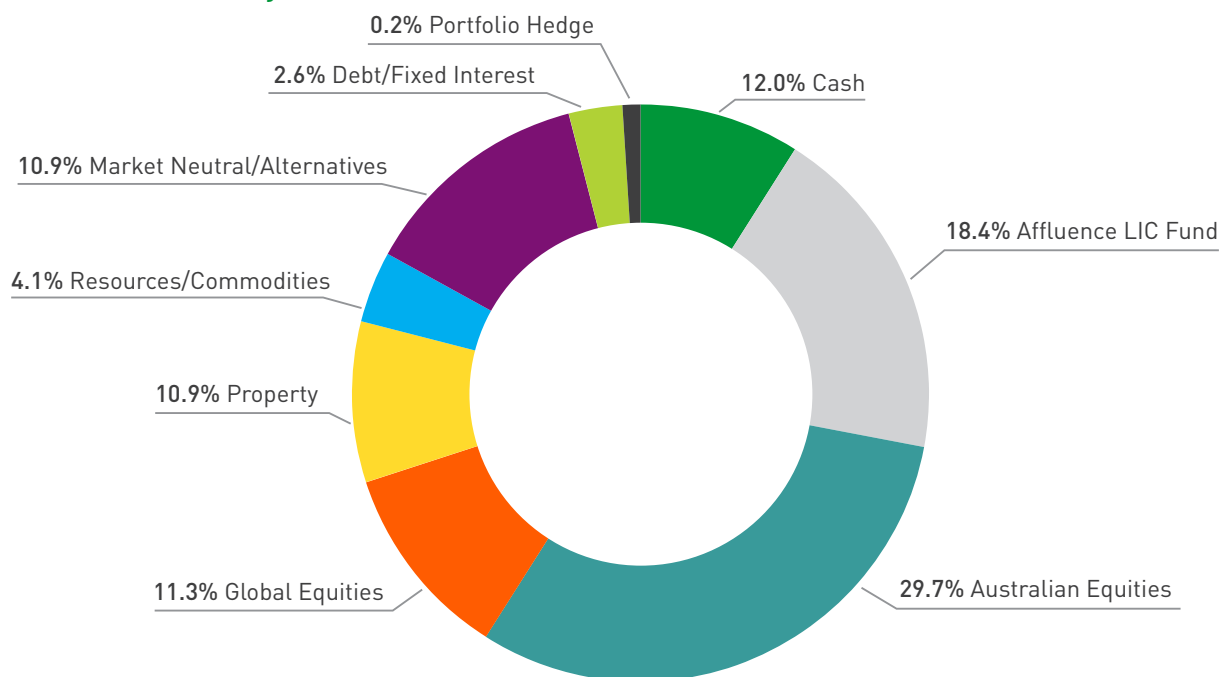
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 3 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	23 LICs	18.4%	10-20%
Australian Equities	13	29.7%	20-50%
Global Equities	5	11.3%	5-30%
Property	10	10.9%	5-30%
Resources/Commodities	3	4.1%	0-10%
Market Neutral/Alternatives	5	10.9%	5-20%
Debt/Fixed Interest	2	2.6%	2.5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.2%	
Cash	N/A	12.0%	5-20%
Total		100.0%	

Portfolio Summary



1. The Funds are categorised 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. Normal Range refers to the expected lower and upper range for each asset class during normal market conditions. We 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.

Ten Largest Investments

Affluence LIC Fund	Packer & Co Investigator Trust
Phoenix Opportunities Fund	Australian Leaders Fund
CI Brunswick Fund	L1 UK Residential Property Fund III
Bronte Capital Amalthea Fund	Ellerston Global Equity Managers Fund
Wentworth Williamson Fund	QVG Opportunities Fund

What Makes This Fund Different

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.

Key Statistics

Investment Class	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Benchmark Returns	Inflation + 5%
Fund Value	\$20.0m
Entry Price	\$1.0371
Exit Price	\$1.0319
Annual Distributions	5.52 cpu
Distribution Yield	5.3% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	0.25%/0.25%

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



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Portfolio Manager

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Platform Availability:

HUB24 (IDPS)

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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