

Affluence Small Company Fund

Fund Report - September 2020

Fund Commentary

The Affluence Small Company Fund had a good month and decreased 0.2%, compared to the ASX Small Ordinaries Index which decreased 2.8%. The Fund has returned 5.8% per annum since inception in April 2016, underperforming the ASX Small Ordinaries Index of 7.7% per annum. However, it has outperformed over 1 and 2 years, and has delivered its returns with lower volatility than the ASX Small Ordinaries.

Our best performing funds were the Phoenix Opportunities Fund (up 3%) and the Affluence LIC Fund (up 2%).

We sold out of two funds at the end of the month to increase our cash levels. We are becoming more concerned about rising risks in the face of increasing equity markets, and have decided to take a more conservative approach.

At the end of September, the Affluence Small Company Fund held investments in 6 unlisted funds and 6 listed holding representing 90% of the total portfolio and the balance 10% cash. If you would like

to know more about the investment portfolio, including our top holdings and weightings, visit the Affluence Small Company Fund page at <https://affluencefunds.com.au/asf/> or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

As we receive additional investor funds, we intend to expand the number of investments in the portfolio to increase diversification and thus reduce exposure to individual managers. We have already identified several additional managers that we believe to be outstanding. Not all of the managers have a value bias. However, we expect the overall portfolio to continue to have a distinct value focus.

The Affluence Small Company Fund is currently open to Wholesale and Sophisticated Investors. The cut-off for this month's applications is 23rd October. Units will be issued effective 1st November. If you are interested in the Fund, contact us or visit the website to find out more.

Fund Performance

To 30 September 2020

| | 1 Month | 1 Year | 2 Years | 3 Years | 4 Years | Inception | Volatility |
|---|-------------|--------------|-------------|---------------|---------------|---------------|------------|
| Affluence Small Company Fund Total Returns | (0.2%) | 9.7% | 3.5% | 4.2% | 4.2% | 5.8% | 12.1% |
| ASX Small Ordinaries Index (Small Ords) | (2.8%) | (3.3%) | 0.2% | 6.5% | 5.6% | 7.7% | 18.3% |
| Performance compared to Small Ords Index | 2.6% | 13.0% | 3.3% | (2.3%) | (1.4%) | (1.9%) | |

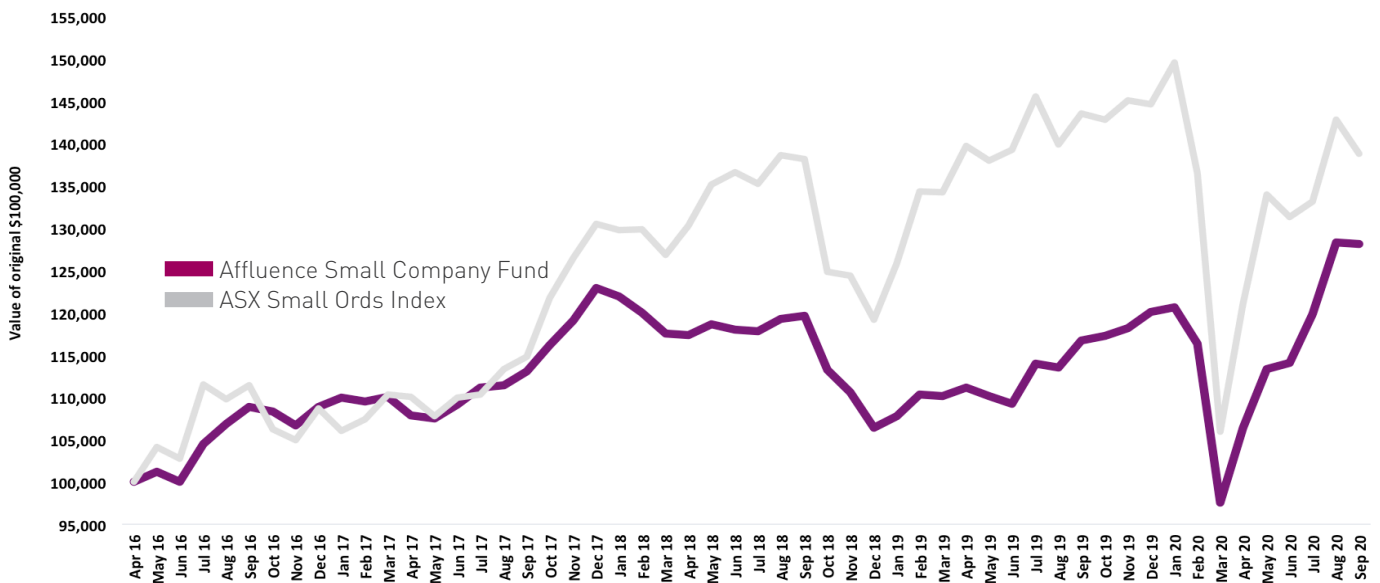
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 21 April 2016. Past performance is not indicative of future performance.

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% | -0.9% | -0.8% | 4.3% | -0.4% | 2.9% | 0.5% | 0.8% | 1.6% | 12.9% |
| 2020 | 0.4% | -3.5% | -16.2% | 9.0% | 6.5% | 0.7% | 5.0% | 7.1% | -0.2% | | | | 6.6% |

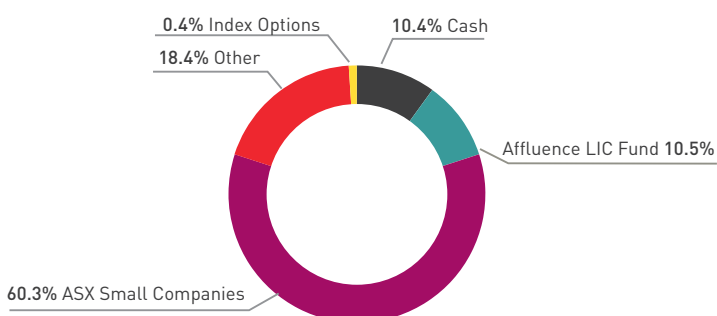
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Portfolio Summary

Underlying Investment Type



Five Largest Investments

- Phoenix Opportunities Fund
- Affluence LIC Fund
- Terra Capital Natural Resources Fund
- Wentworth Williamson Fund
- Lennox Australian Small Companies 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

| | |
|---------------------|-----------------------------------|
| Investment Class | ASX Small Companies |
| Minimum Investment | \$20,000 |
| Suggested Timeframe | At least 5 years |
| Benchmark Returns | ASX Small Ords Accumulation Index |
| Entry Price | \$0.9953 |
| Exit Price | \$0.9884 |
| Distributions | Quarterly, target 5% p.a. |
| 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 Small Company stocks through quality investments across different managers, investment strategies and structures can provide higher risk adjusted returns from this asset class.

The Fund provides access to a diversified portfolio of Small Company Equities unlisted funds and LIC's as selected by Affluence. We aim to outperform the ASX Small Ordinaries Accumulation Index over rolling 5 year periods and to deliver these returns with lower volatility.

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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