



**Affluence Investment Fund**  
2018 Annual Investor Letter

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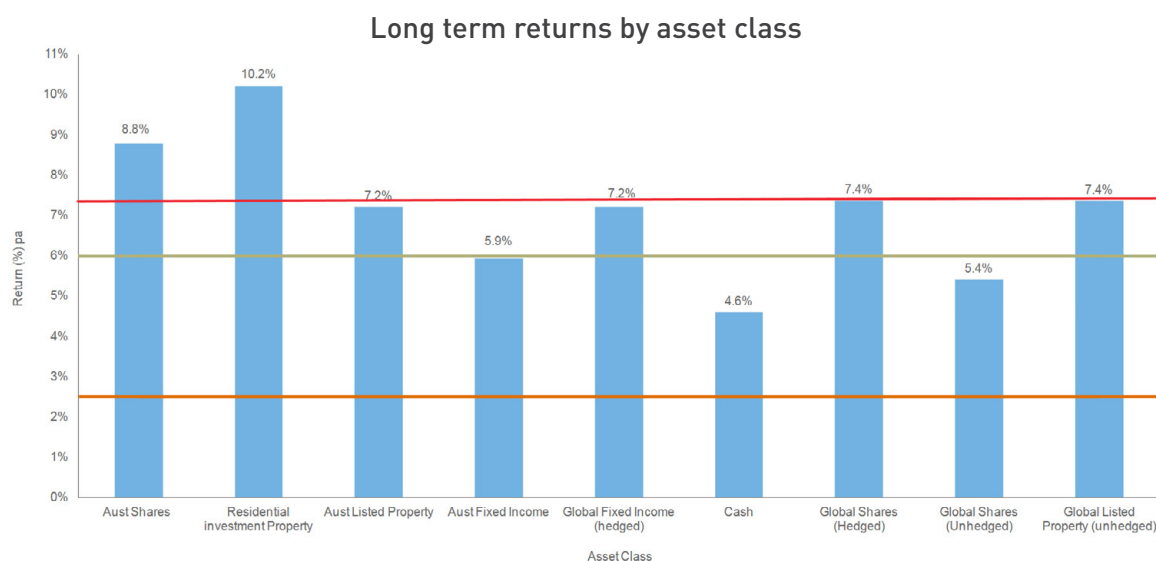
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## Investment Returns, Past and Future

For the five years to 30 June 2018, US stocks have performed particularly well. The S&P 500 index returned over 13% per annum over that period. The Nasdaq, which includes most of the tech darlings like Apple, Facebook, Amazon and Google has done even better, at around 16% per annum for the same period. This has led a lot of commentators and investors to assume that you're better off having a lot of your money offshore, and in the US especially.

But what if I told you the average annual return over the last 20 years for global shares was just 7.4% per annum hedged? Or would you rather have the unhedged number? Well, that's 5.4% per annum. Below, courtesy of Russell Investments, are the returns by investment asset class for the 20 years to December 2017, which most would agree is a reasonably long period. Numbers to June 2018 are not yet available from Russell. But it's safe to assume they would not be much different. Return numbers are before taxes, fees and costs. They are ungeared and exclude transaction costs such as stamp duty and brokerage.



Over 20 years, only Australian residential property has managed double digit returns, at 10.2% per annum. Australian shares came next at 8.8% per annum. Then a cluster of asset classes between 7.2% per annum and 7.4% per annum. Unhedged global shares at 5.4% per annum underperformed the 8.8% per annum you could have got from the Australian sharemarket by a long way. What's more, your Aussie shares would have also included an additional almost 1% per annum in franking credits.

We believe there are three important lessons we can glean from this simple comparison.

### One: Think carefully about your long term return target.

In addition to asset class returns, the chart above contains three lines. Orange is average inflation over the past 20 years - about 2.5% per annum. Returns up to this level simply preserve the spending power of your investment capital. They don't make you any richer in real terms. The green line is inflation plus 3.5% per annum. This has in the past been considered a reasonable investment goal for long term investors with a balanced portfolio. The red line is inflation plus 5% per annum. This has proven to be a reasonable investment goal for a growth oriented portfolio with a high proportion of property and shares.

A fair return target for an investor with a diversified portfolio and a long term focus is inflation plus 5%. That equates to around 7.5% per annum, using average inflation rates. The reason we include inflation as a separate component is we believe it is desirable to be able to deliver higher returns when inflation is higher, and costs of living are increasing faster. This matches investment returns with changes in your spending power. Over the last 20 years it hasn't made much difference, with inflation hovering between 2-3% pretty consistently. That's no surprise given our Reserve Banks job is to use interest rates to keep it in this range. But perhaps over the next 20 years we'll see a lot more change in the inflation number.

In any event, if you're targeting returns above these levels over the long term, you're assuming you will be able to achieve an above average result. You'll likely need to take on additional risk, and have a good dose of luck, a great fund manager/financial advisor or a lot of talent. Perhaps all four. That's not to say it can't be done, but the higher your ambitions, the higher the risks. Remember, only two asset classes beat that hurdle over the past 20 years.

### Two: Averages can be deceiving.

Behind the 20 year averages lie a whole range of annual variations. While the asset classes aren't quite the same, the below data, also sourced from Russell, shows returns year by year.

## Annualised returns by asset class

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BEST ANNUAL PERFORMANCE ↑	GLOBAL SHARES HGD 29.7	GLOBAL SHARES HGD 26.2	AREITs 17.9	RESIDENT. PTY 20.3	RESIDENT. PTY 20.1	GLOBAL SHARES HGD 29.3	AREITs 32.2	AUS. SHARES 21.1	AREITs 34.1	AUS. SHARES 18.0	AUS. BONDS 15.0	AUS. SHARES 39.6	GLOBAL SHARES HGD 13.7	AUS. BONDS 11.4	AREITs 32.8	GLOBAL SHARES HGD 43.5	GLOBAL SHARES HGD 26.8	AREITs 14.4	AREITs 13.2	GLOBAL SHARES HGD 20.7
	GLOBAL SHARES HGD 19.5	AUS. SHARES 19.3	AUS. BONDS 12.1	AREITs 15.0	AREITs 11.9	RESIDENT. PTY 20.0	AUS. SHARES 27.6	GLOBAL SHARES HGD 18.5	AUS. SHARES 25.0	RESIDENT. PTY 14.7	INT. BONDS 9.2	GLOBAL SHARES HGD 31.3	INT. BONDS 9.3	INT. BONDS 10.5	AUS. SHARES 18.8	GLOBAL SHARES HGD 28.6	GLOBAL SHARES HGD 14.1	RESIDENT. PTY 11.6	AUS. SHARES 11.6	GLOBAL SHARES HGD 14.7
	AREITs 18.0	GLOBAL SHARES 17.1	RESIDENT. PTY 11.9	AUS. SHARES 10.1	INT. BONDS 11.6	AUS. SHARES 15.9	MULTI-ASSET 17.4	GLOBAL SHARES 18.4	GLOBAL SHARES HGD 17.6	GLOBAL SHARES HGD 8.5	AUS. CASH 7.6	RESIDENT. PTY 19.4	RESIDENT. PTY 8.5	AUS. CASH 5.0	GLOBAL SHARES HGD 18.7	AUS. SHARES 19.7	GLOBAL SHARES HGD 11.6	GLOBAL SHARES HGD 10.0	GLOBAL SHARES HGD 10.2	AUS. SHARES 12.5
	MULTI-ASSET 14.8	RESIDENT. PTY 16.0	INT. BONDS 10.1	INT. BONDS 7.4	AUS. BONDS 8.8	MULTI-ASSET 10.2	GLOBAL SHARES HGD 15.8	MULTI-ASSET 15.1	MULTI-ASSET 16.2	MULTI-ASSET 7.5	RESIDENT. PTY -3.7	MULTI-ASSET 18.9	AUS. BONDS 6.0	RESIDENT. PTY -1.4	MULTI-ASSET 15.8	MULTI-ASSET 18.0	RESIDENT. PTY 10.9	MULTI-ASSET 4.3	RESIDENT. PTY 9.5	MULTI-ASSET 10.8
	INT. BONDS 10.4	MULTI-ASSET 12.0	MULTI-ASSET 6.4	AUS. BONDS 5.5	AUS. CASH 4.8	AREITs 8.8	GLOBAL SHARES 11.0	AREITs 12.7	GLOBAL SHARES 12.7	AUS. CASH 6.7	MULTI-ASSET -23.4	AREITs 9.6	AUS. CASH 4.7	AREITs -1.6	GLOBAL SHARES 14.9	RESIDENT. PTY 15.6	INT. BONDS 10.4	AUS. SHARES 3.8	MULTI-ASSET 9.0	AREITs 6.4
	RESIDENT. PTY 10.0	AUS. CASH 5.0	AUS. CASH 6.3	AUS. CASH 5.2	MULTI-ASSET -6.6	INT. BONDS 6.6	INT. BONDS 8.9	INT. BONDS 6.6	RESIDENT. PTY 9.0	INT. BONDS 6.6	GLOBAL SHARES -27.8	INT. BONDS 8.0	MULTI-ASSET 4.3	MULTI-ASSET -2.6	INT. BONDS 9.7	AREITs 7.3	AUS. BONDS 9.8	INT. BONDS 3.3	GLOBAL SHARES 8.6	RESIDENT. PTY 6.0
	AUS. BONDS 9.5	INT. BONDS 0.8	GLOBAL SHARES 5.2	MULTI-ASSET 3.0	AUS. SHARES -8.1	AUS. CASH 4.9	AUS. BONDS 7.0	AUS. BONDS 5.8	AUS. CASH 6.0	AUS. BONDS 3.5	AUS. SHARES -0.4	GLOBAL SHARES 5.4	AUS. SHARES 3.3	GLOBAL SHARES HGD -3.7	AUS. BONDS 7.7	AUS. CASH 2.9	MULTI-ASSET 9.5	GLOBAL SHARES HGD 2.7	INT. BONDS 5.2	AUS. BONDS 3.7
	AUS. SHARES 8.5	AUS. BONDS -1.2	AUS. SHARES 5.0	GLOBAL SHARES -8.9	GLOBAL SHARES HGD -22.7	AUS. BONDS 3.0	AUS. CASH 5.6	AUS. CASH 5.7	INT. BONDS 4.4	GLOBAL SHARES 0.3	GLOBAL SHARES HGD -0.5	AUS. CASH 3.5	GLOBAL SHARES -0.5	GLOBAL SHARES -7.5	RESIDENT. PTY 5.4	INT. BONDS 2.3	AUS. SHARES 5.0	AUS. BONDS 2.6	AUS. BONDS 2.9	INT. BONDS 3.7
WEAKEST PERFORMANCE ↓	AUS. CASH 5.1	AREITs -5.0	GLOBAL SHARES HGD -7.9	GLOBAL SHARES HGD -14.8	GLOBAL SHARES -27.0	GLOBAL SHARES 0.5	RESIDENT. PTY 2.5	RESIDENT. PTY 1.4	AUS. BONDS 3.1	AREITs -8.4	AREITs -55.3	AUS. BONDS 1.7	AREITs -0.7	AUS. SHARES -11.4	AUS. CASH 4.0	AUS. BONDS 2.0	AUS. CASH 2.7	AUS. CASH 2.3	AUS. CASH 2.1	AUS. CASH 1.7

Source: Russell Investments

You can see the substantial changes in both returns and rankings from year to year. And not only are they substantial, they're also unpredictable.

So, unless you're happy to live with volatility and potentially some big annual losses, it's the best case we can make for having a diversified investment portfolio. It's why we focus 80% of our effort on portfolio diversification, and 20% on tilting the portfolio towards our best investment ideas.

### Three: Future average returns might not be as good as that last 20 years.

It doesn't necessarily hold that the same results enjoyed over the past 20 years will be achieved over the next 20. There's one thing that is likely to impact future returns more than anything else, and probably not in a good way. Interest rates. Over the last 20 years, interest rates have been falling, a trend that commenced in the early 1980's as you can see from the chart below.

### Long term 10 year bond rates (US and Australia)



Source: OECD

In fact, falling interest rates have had a big (positive) impact on investment returns over the past 30 years. Lower interest rates have fuelled an increase in borrowing, providing more liquidity to purchase all types of investment assets. It's undeniably been a factor in driving asset prices up, and improving overall returns. Interest rates in almost every developed nation are now close to record lows. It's hard to say what impact on returns this relentless reduction in interest rates has had. But at a guess, it might have meant a 1-2% per annum improvement on what we would have seen otherwise.

From here, it's unlikely interest rates can reduce much further, barring a major economic crisis, which would come with a big fall in asset values anyway. So if we look forward 20 years, the best we can probably say is that interest rates might stay relatively low (compared to the past 30 years) and the tail wind for investment returns from reducing interest rates will disappear. It's not hard to see a scenario where interest rates rise substantially over that period. In this case, the tail wind turns into a head wind and we would see a bigger negative impact on future returns. Another side effect of declining interest rates has been a huge increase in debt levels for households, companies and governments (Australian households have been a standout here). Apart from this debt having to be repaid one day, an increasing proportion of wages/income/taxes will need to be used to pay interest and service this debt.

It's likely future returns will also vary significantly by asset class from the last 20 years. The standout performer over that period, residential housing, has arguably been the biggest beneficiary of the lowering of interest rates and expansion of credit. It's got the most to lose if interest rates rise. Alternatively, if interest rates don't rise substantially over time, we might see OK returns from stocks and property. But we're not likely to achieve the 4.6% per annum return from cash nor the 5.9% per annum return from Australian Bonds that we have seen in the past.

Even if we ignore the head wind of rising interest rates, and diversify well, what's fairly clear is that current average valuations for almost all asset classes are well above fair value. In some cases, by 20% or more. That has to weigh on future returns as well. Sorry if that all sounds a bit negative. But I believe the best way forward in these conditions is by constructing an investment portfolio, much like that of our Affluence Investment Fund, that's designed to be as resilient as possible while not unduly sacrificing returns. That's not to say there won't be difficult market conditions. We expect the Affluence Investment Fund could have negative return years if markets fall a lot. However, we also expect them to be much less severe and shorter than growth asset losses. Remaining flexible and avoiding big losses are likely to be the keys to investing well in the next 20 years.

## Our 2018 Financial Year Performance

### Affluence Investment Fund Performance

The Affluence Investment Fund (AIF) returned 9.0% in 2018. Of this, 6.7% was distributions and 2.3% capital growth.

### Fund Performance

To 30 June 2018

	1 Month	6 Months	1 Year	2 Years	3 Years	Inception	Volatility
<b>Income Distributions</b>	1.8%	3.9%	6.7%	6.8%	5.8%	6.9%	
<b>Capital Growth</b>	(1.3%)	(2.4%)	2.3%	2.5%	3.8%	2.5%	
<b>Total Return</b>	<b>0.5%</b>	<b>1.5%</b>	<b>9.0%</b>	<b>9.3%</b>	<b>9.6%</b>	<b>9.4%</b>	<b>2.9%</b>
<b>Benchmark - Inflation + 5%</b>	0.6%	3.4%	7.4%	7.3%	6.9%	6.9%	
<b>Outperformance against Benchmark</b>	<b>(0.1%)</b>	<b>(1.9%)</b>	<b>1.6%</b>	<b>2.0%</b>	<b>2.7%</b>	<b>2.5%</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.

AIF outperformed our target (inflation plus 5%), helped by our Australian equities allocation, particularly our growth style managers and some of our long/short funds. With the benefit of hindsight, we didn't have enough exposure to growth managers. However with the current extreme high valuations for growth stocks compared to the more reasonably priced value stocks, we positioned the portfolio more towards the cheaper option. We also did well this year out of our global funds, property funds, and the Affluence LIC Fund (read more about that below). Returns were held back by our value investment managers, our market neutral funds and cash holdings. That's OK with us. Now is not the time to get aggressive with asset allocation. No one knows when the top of the market is, and we are willing to sacrifice some additional gains now for the benefit of a more resilient portfolio for when the difficult times arrive.

Importantly, we delivered these returns with relative consistency. Ten positive return months, one flat and one negative.

Since commencing in December 2014, AIF has returned 9.4% per annum. This has included 6.9% per annum monthly distributions to investors and a 2.5% per annum increase in the unit price of the Fund. Over that same period, the Fund has outperformed both our benchmark and the ASX 200 Index (including dividends).

We continued to expand the AIF portfolio during the year. An investment in AIF now gets you access to around 30 unlisted investment funds, 25 LICs and a few other listed investments. It's very diversified, but every investment is doing a specific job. While we have a high degree of confidence in every one of our managers beating our return target over a full investment cycle, that performance never comes in a straight line. We can never pick when it will happen and sometimes (like with our value managers now) you have to be able to tolerate periods of under performance along the way.

### Affluence LIC Fund Performance

The Affluence LIC Fund (ALF) returned 11.5% in 2018. Of this, 7.9% was distributions and 3.6% capital growth.

## Fund Performance

To 30 June 2018

	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
<b>Affluence LIC Fund</b>	1.1%	2.5%	11.5%	13.0%	12.5%	4.3%
<b>ASX200 Accumulation Index (AI)</b>	3.3%	4.3%	13.0%	13.6%	12.7%	8.6%
<b>Performance compared to ASX200AI</b>	<b>(2.2%)</b>	<b>(1.8%)</b>	<b>(1.5%)</b>	<b>(0.6%)</b>	<b>(0.2%)</b>	

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.

ALF was our best performing fund in 2018, but still lagged the ASX 200 by 1.5% for the year. By comparison, the three largest LICs (AFIC, Argo and Milton) returned 10.2%, 8.0% and 6.4% respectively for the year, so we clearly added value compared to the larger LICs. Again, with ALF we remain rather defensively positioned, meaning we should be much better placed to weather any market corrections that come our way.

We were quite pleased with our overall performance for the year, as we believe we achieved strong returns but also taking less risk. We held on average approximately 20% cash during the year, partly due to our concerns over valuation levels, but also at times because we believed discounts to NTA were not quite attractive enough. The portfolio also had an allocation to market neutral LICs of more than 10% during the year, which holds back performance in a rising market, but should provide superior performance in periods of high volatility and falling prices. During FY18 and the start of FY19, we continue to see a steady supply of new LICs entering the market. This leads to future opportunities for the Affluence LIC Fund as it continues to increase our investment universe and increase the variety of strategies and asset classes available.

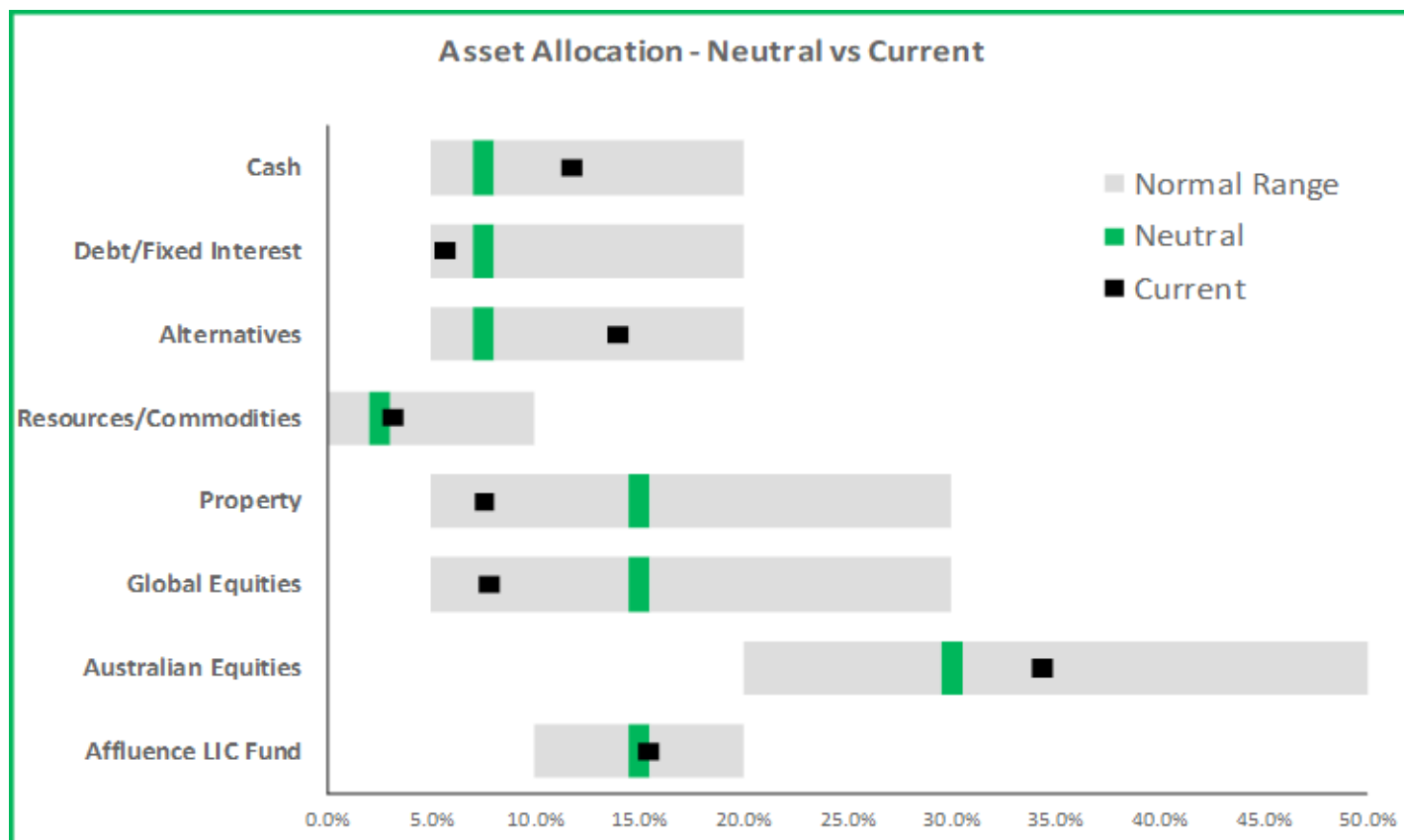
### Affluence Small Companies Fund Performance

The Affluence Small Companies Fund (ASF) has been running since May 2016 but has not yet been opened to external investors. ASF was our biggest disappointment in 2018. It "only" returned 8.1% in a market where the Small Ords Index delivered 24.2%. This can be explained by our positioning which was very conservative - much too conservative as it turned out. The funds were almost entirely allocated to value style managers rather than growth. That's our fault. Luckily, the only investors who suffered the meagre 8% returns were the Affluence investment team. That's because we start every fund with our own capital first, and we only open it up to investors when we feel the time is right.

The asset allocation for the year was partly explainable by the limited amount in the Fund, which meant we hadn't yet added a number of additional asset managers we'd flagged for the Fund, most of whom did pretty well in 2018. Despite the underperformance, we're still very positive on the Fund. Our value managers are all excited by the potential in their portfolios right now. There's a lot to like, and the difference between value and growth has never been so dramatic. We expect the underperformance to be recovered over time. Despite how we feel about markets in general, I'm looking to personally increase my investment into ASF in the next few months.

## AIF Portfolio and Diversification

Our current asset allocation for AIF, compared to our “neutral” and “normal ranges” is set out below:



Compared to this time last year, our Affluence fund portfolios have changed only a little. We're carrying slightly more cash and part of that cash is in USD and GBP. We have slightly less exposure to less liquid assets (property and bonds). We have a little less global equities exposure and a similar Australian stock market exposure. We hold a little more in long/short funds and what we call alternative investments. That includes market neutral funds and other investments where returns are expected to be good, but which are not linked to the direction of stock markets. In some cases these investments are expected to do well when stock markets fall. So, in short, we're slightly more ready for a correction than this time last year. But not so conservative that we can't capture a good portion of any further upside from here.

When I first started gathering ideas for the Affluence Investment Fund about 6 years ago, it was based on the concept that there were a lot of very good investment managers in Australia. It seemed obvious that combining many of them together in a sensible way had the capacity to deliver strong, relatively consistent returns. At that time, I thought, based on various academic studies of diversification in stocks, that about 15-20 managers/funds would be the right number. I was wrong about that. We currently have over 30 funds in the Affluence Investment Fund, and over 25 LICs in the Affluence LIC Fund.

We've spent a lot of time thinking about whether more is better, or whether we're actually detracting from returns. We think we've now got it about right in both AIF and ALF, but there could be periods where we could go even higher. When we're choosing funds to invest in, there are plenty that we believe, with a high degree of confidence, are going to outperform over a full market cycle. But we can't predict when that might happen. And because almost all of our managers have a large degree of freedom to construct their portfolios however they like within their area of expertise, they are also capable of under performing for periods of time. So we try, within each area of our portfolio, to have a diverse range of managers. In fact, if we see a manager perform spectacularly well for a year or two, we're more likely to give them less money, not more. Because over the long term, 15% per annum returns are very rare and 20% per annum returns are almost unheard of.

Here's an example of why we think that extra diversification works. In 2018, we had 13 managers in the AIF portfolio that invest in Australian stocks. They differ by investment style (e.g. growth, value, long/short), by fund size and by the types of companies they invest in. The best over the 12 months to June 2018 returned over 35%. The worst, minus 7.7%. On average, we got 12.7%. But we had no way of knowing in advance which ones were going to outperform that year. So we invest with as wide a range as we can, provided each one is differentiated. We remain confident that every single one of them can outperform over the long term, including those that underperformed last year. The fact that they outperform at different times in the cycle is a good thing. It helps us achieve more consistent returns.

The most difficult part is working out when to add or subtract from a manager. Is a great performance in one year going to be repeated, or will mean reversion set in? Is an underperformer going to recover, or have they forgotten how to invest? These are questions that are very hard to get right all the time. So we don't have lofty aims. We simply hope to get it more right than wrong over the long term, and we trust our managers to do their work.

The only restriction we put on our portfolios is that a holding of less than 1% in any investment is usually not acceptable. At that point, it becomes too small to make much of a difference, regardless of how well it performs. For us, this usually only occurs because a manager has "hard closed" their fund - meaning they are at maximum capacity and can't take any more money from us or anyone else. But, the unfortunate side effect for us is that as AIF continues to grow, and we can't add any more to that investment, the hard-closed investment fund becomes too small a part of the portfolio to matter. In this case, we must reluctantly remove it. In the last 12 months, that has meant we've said goodbye to two exceptional managers. That's a shame, but we applaud managers for closing their funds before their size negatively impacts returns and we cannot complain when we're a victim of exactly that.

## Predicting the Future

What we know about the future for certain is that it's unpredictable. So we don't spend too long trying to predict it. With credit to Donald Rumsfeld, it's something we know we don't know. We think investing based on predicting the unpredictable is a poor strategy.

What we do instead is look at present valuations for asset classes and markets, compared to historical averages and ranges. We try to combine that with sentiment, confidence and cycle data, to work out the range of potential possibilities in the future. And we invest a little more in the things that are the best relative value. This means we tend to make gradual changes to a portfolio in the short term, but potentially much larger ones over a full cycle depending on how dramatically valuations change.

In looking forward for this year's letter, I had a look back at what we said last year. It's still relevant 12 months on, and I've repeated it below word for word.

"...here's our thoughts on the current investing environment

- This investment cycle is getting long in the tooth. But it's not yet time for it to end. We see things that concern us with increasing regularity. But we don't yet see the signs of exuberance we've seen in previous market tops. We believe there's a little way to go yet before any big correction takes place. But if we're wrong, we're pretty prepared anyway.
- The last 30 years have been a period of exceptional returns, driven by increasing debt. That free ride is unlikely to be repeated in the next 30 years. Achieving above average returns in the future will, more than ever, require investors to "invest differently". That's our mission, and it's in our DNA.
- The pace of technological change is rapid and accelerating. That will fundamentally change the way almost everyone invests in the next 10 years. The range of ETFs now available is but one example of this. The big winners will be investors, as the overall cost of investing comes down and the amount of choice goes up. In the future it will be much easier to sort through the range of opportunities to find the ones that work for you. The big losers? Our major banks and other large benchmark-hugging wealth managers. I won't spend too much time feeling sorry for them.
- That doesn't mean you should go out and buy the disrupters. FAANG and other technology darlings are very likely to fall substantially in the next 3 years, as substantial risks which are currently unknown, underestimated or ignored by the investing public, become reality.
- Residential property in Australia will become a poor investment one day. But probably not soon, and probably not when anyone's expecting it. When it does happen, it has the potential to be catastrophic, so watch carefully. Pay attention most to the rate of change on growth of residential loans. When credit slows a lot, markets and investors get hurt.
- The interest rate cycle has well and truly bottomed. Rates will trend higher for many years. Perhaps very slowly. Perhaps quickly. But they will be higher. Plan accordingly. In the meantime, continue to enjoy this otherwise underrated and underestimated economic miracle that is the Australian economy."

Reading that back now, the only thing I would change in the above description is the first bullet point. As I write this, we're seeing perhaps some early signs of an unsettled market. And we're seeing more regular signs of exuberance. That may or may not lead to dramas. If it does, we're well positioned for it. Our approach has not changed. Focus on diversification. Slowly add a little more defensiveness if asset values continue to rise. And don't panic.



## What We're Working On

We're comfortable that we have the right investment mix for the current environment. Our efforts are focused on growing each Fund sustainably and delivering the best results we can.

With the Affluence Investment Fund, we're working on letting more people know about the Fund and its success. As at June 2018 we have the highest ratings available from FE and Morningstar. Right now, the Fund is positioned very well as an option for investors and advisers who are looking reallocate from some of the more overvalued sectors and move to a more resilient portfolio. Given the large number of quality fund managers we work with, AIF has the ability to grow substantially. As we grow the Fund, we are likely to be able to reduce costs by negotiating more discounted fees with underlying managers. The benefits of this will flow directly to all investors in the Fund.

The Affluence LIC Fund is currently only available for investment directly if you qualify as a wholesale investor. We've had plenty of interest and are considering opening ALF up to all investors. It will take time, but we're targeting an early 2019 start date. If you don't qualify as a wholesale investor, but you'd like to invest in ALF, please let us know and in turn we'll keep you up to date with progress on this front.

With the Affluence Small Company Fund, we're tracking investor interest in opening the Fund. If you qualify as a wholesale investor and you're interested, please let us know.

We've got other ideas for products over time. But like everything, we'll wait until we see value before we kick them off.

## We'd Appreciate Your Help

If you've enjoyed what you've seen from us so far, there are three ways you can show your support.

Firstly, if you haven't yet invested with us, please think about it. We encourage everyone to start with a manageable amount, and to add to that along the way if you're happy with what we're delivering. Our minimum starting investment is usually \$20,000, but if you'd prefer to start with a smaller amount, let us know. I'm sure we can accommodate you.

Secondly, if you've had a good experience with Affluence, pass it on. Perhaps to someone you know who might be a good fit for the way we do things. Someone who values consistency, regular income, and a few decent investment ideas along the way. The best way for someone to start getting to know us is to subscribe to our monthly newsletter. Five minutes of time each month that's hopefully worth it. Or, if you'd prefer, nominate us to speak to a group you're involved with. We're passionate about helping people get the best long term financial result they can. We believe in having long term investment goals, starting early, saving regularly, setting reasonable expectations, investing with great managers, regularly monitoring progress, using advisors to add value and doing what you can to minimise the impact of market bumps along the way.

Finally, our website gurus tell us consistently that seeing testimonials on our website helps a lot when new visitors arrive. There's safety in numbers and people like to go where others have gone before. So if you're happy to provide us with a testimonial or any comment that we can use for our website, please drop us a line at [invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au) and let us have it. When we get enough, we'll put them up. If you do send one in, please let us know if you're happy for us to use your full name, or be semi anonymous (e.g. Mrs S, Brisbane).

## And One More Thing...

We'd like to thank you. Whether you're an investor (or thinking of becoming one), an advisor, a subscriber, a fund manager or working with us, we value your comments, your feedback and your efforts. We very much enjoy having you along for the ride. Affluence is all about bringing together good people who share our philosophy, and who put investors interests first.

We wish you all the very best in your investing endeavours over the coming year, and thank you for your support. It means a lot to us.

Kind Regards,



Daryl Wilson  
14 September 2014



## Contact Us

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