



Affluence Investment Fund

Monthly Fund Report - August 2016

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Fund Commentary

After a very strong July, the ASX 200 Accumulation Index decreased by 1.6% in August. In comparison the Affluence Investment Fund increased by 1.1%, with 16 of our 23 unlisted funds resulting in an increase.

The best returning funds for the month were the Microequities Deep Value Microcap Fund which increased an impressive 8.5%, and the Wentworth Williamson Fund up 4.4%. We also profited from our small investment in Seven West preference shares. These are listed hybrid instruments which we think of as a fixed interest investment. We acquired these for well over a 10% gross yield, and they closed up 15% for the month after management announced a partial buy back of these securities.

During August we re-structured the LIC component of the fund. Instead of the Fund owning the LIC's directly, it now holds units in the Affluence LIC Fund. The Affluence LIC Fund is a separate fund which we manage, and invests exclusively in LIC's. This has allowed us to consolidate all LIC holdings in one fund, and gives us the ability to manage this portfolio more intensely and will hopefully provide more opportunities in the future. We have also changed our Portfolio Summary reporting to show the LIC Fund as its own category.

New investments for the month included increasing our holdings in a number of our existing investments (Phoenix Opportunities Fund, Cromwell Direct Property Fund, Cromwell Riverpark Trust, and the Alexander Credit Opportunities Fund). We also made two new investments, in the Terra Capital Natural Resource Fund and the Auscap Australian Equities Long Short Fund.

The Terra Capital Natural Resources Fund invests in a portfolio of small and mid-cap (less than \$500 million) mining and energy equities, and is index and industry agnostic. The fund targets companies in the lowest quartile of the cost curve. This is a specialised investing with limited professional coverage, and their results since inception in June 2010 have been outstanding. We were lucky to find them, as the previous resources fund we invested in was closed a couple of months ago.

The Auscap Long Short Australian Equities Fund has an absolute return mandate, and quite unconstrained investment limits. They generally invest in the ASX 200 and focus on fundamental long and short positions, while utilizing a multi-strategy approach to take advantage of shorter term market opportunities to increase returns. While they can

position their portfolio between net long and net short, they generally run 50-60% net long with a 150-200% gross exposure.

At the end of August, the Affluence Investment Fund held investments in 23 unlisted funds representing 60% of the total portfolio. The Affluence LIC Fund accounted for 20% of the total portfolio, and provided exposure to 21 LIC's. We held investments in 5 other listed entities which represented 5% of the total portfolio, with the remaining 15% held in cash.

If you'd like further details of the Affluence Fund portfolio at any time, just email us and we'll provide it to you.

If you would like to invest with us and get access to over 30 of Australia's best fund managers, we encourage you to utilise our online application facility. Just follow the link on our website. If you'd like to add to your existing investment, you can either complete the one-page form available on our website, or use the online facility. A reminder, the cut-off for this month's investment intake is September 23rd.

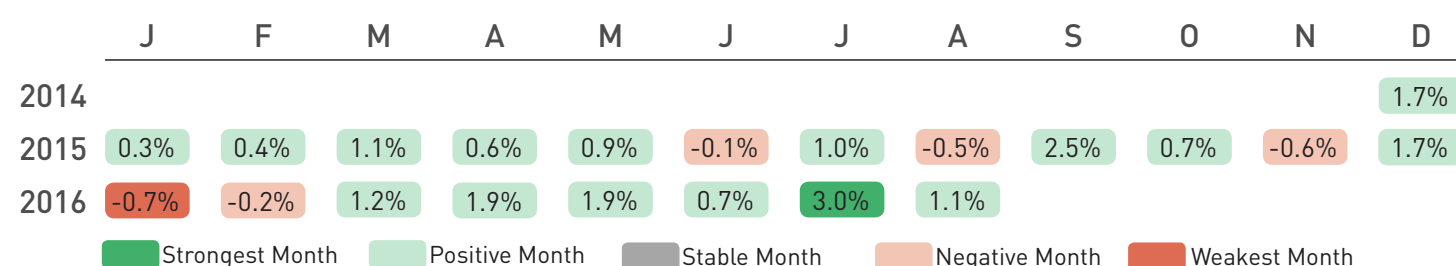
If you know anyone that may be interested in the Fund, feel free to let them know.

Fund Performance

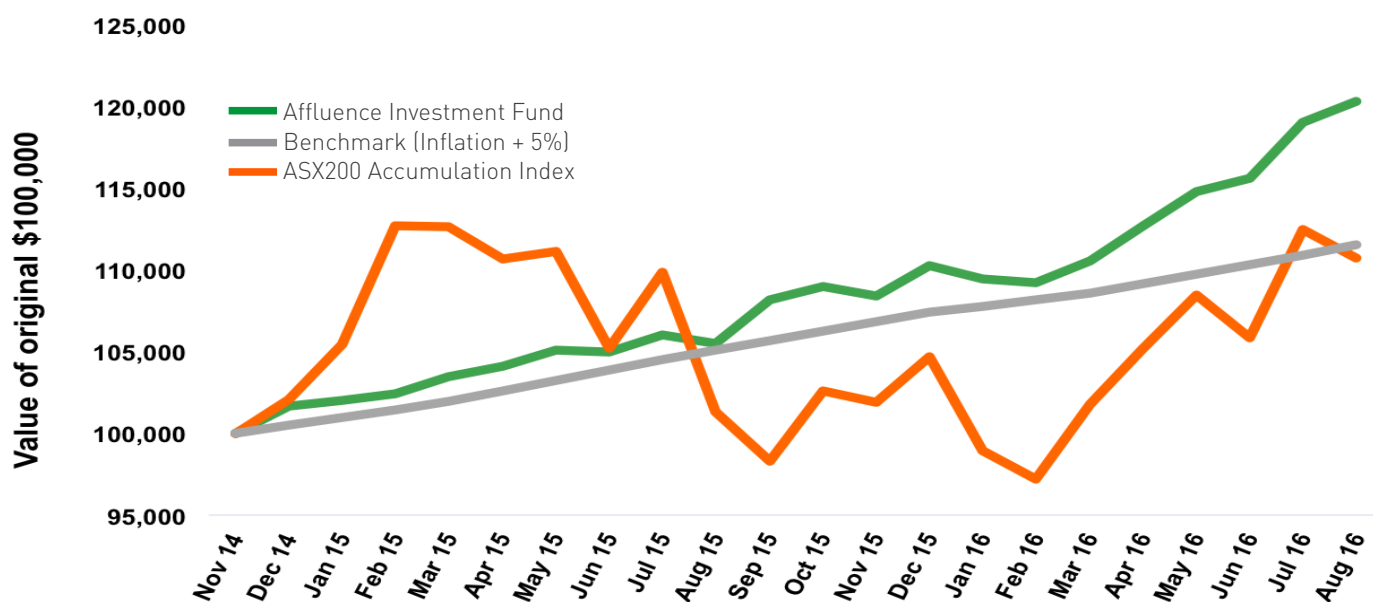
To 31 August 2016	1 Month	3 Months	6 Months	1 Year	Inception	Volatility
Affluence Investment Fund	1.1%	4.8%	10.1%	14.0%	11.1%	3.5%
Benchmark - Inflation + 5%	0.5%	1.6%	3.1%	6.1%	6.4%	N/A
Outperformance against Benchmark	0.6%	3.2%	7.0%	7.9%	4.7%	N/A
ASX200 Accumulation Index (AI)	(1.6%)	2.1%	13.9%	9.3%	6.0%	14.0%
Outperformance against ASX200AI	2.7%	2.7%	(3.8%)	4.7%	5.1%	N/A

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 one year are annualised. Inception date is 28 November 2014.

Fund Monthly Return History

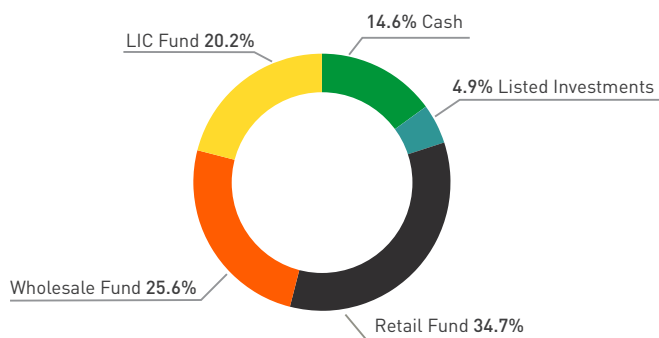


Return on \$100,000 Investment

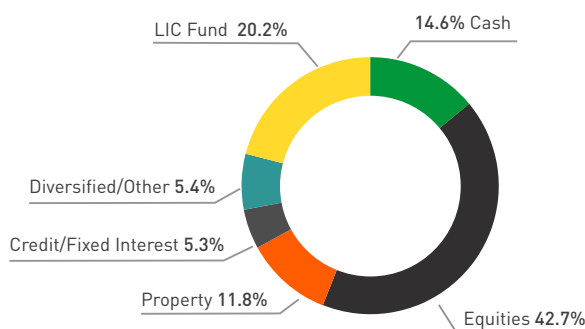


Portfolio Summary

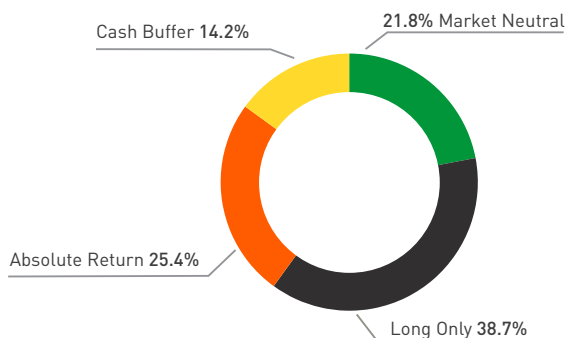
Underlying Investment Types



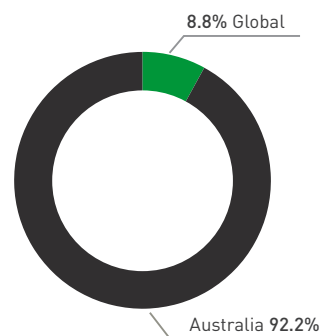
Asset Class



Equities Strategies



Geographic Exposure



Top 10 Largest Investments

Cash	LHC Capital Australia High Conviction Fund
Affluence LIC Fund	Auscap Long Short Australian Equities Fund
Cromwell Direct Property Fund	KIS Asia Long Short Fund
Phoenix Opportunities Fund	Alexander Credit Opportunities Fund
Wentworth Williamson Fund	Lanyon Australian Value 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	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 5 years
Benchmark Returns	Inflation + 5%
Entry Price	\$1.0747
Exit Price	\$1.0672
Annual Distributions	5.25 cpu
Distribution Yield	4.9% 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%

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

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.

The Investment Team



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