



Affluence Investment Fund

Fund Report - December 2016

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Fund Commentary

Australian and global markets continued to climb in December, with the ASX 200 increasing by 4.4% for the month, and 11.8% for the calendar year.

This was a strong finish to the year, with the index delivering annual returns of 2.6% and 5.6% for the two previous years. The Affluence Investment Fund increased by 1.1% in December resulting in a 10.7% return for the calendar year.

It was a mixed month again for our underlying managers as it was the large caps that continued rising, and a number of small and mid cap companies having difficulties. Our best performing investments were the Bronte Amalthea Fund (up 6.1%), Phoenix Opportunities Fund (up 5.6%), Cromwell Riverpark Trust (up 7.4%) and Auscap Australia Long Short Fund (up 4.0%). Our only significant detractor was one of our long short funds (down 9.7%), with the remainder of investments relatively stable.

In December we increased our position in the Alexander Credit

Opportunities Fund, and made one new investment - the India Avenue Equity Fund. We have been looking for some additional emerging market exposure, and like the growth potential and demographics of India. India Avenue is effectively a fund of funds, with the manager appointing 3 investment management firms in India to run the portfolio. We are optimistic that this investment will produce good long term returns, however we expect a few bumps along the way, and it will only have a small allocation in the Fund.

At the end of December, the Affluence Investment Fund held investments in 24 unlisted funds representing 57% of the total portfolio. The Affluence LIC Fund accounted for 21% of the total portfolio, and provided exposure to 20 LIC's. We held investments in 6 other listed entities which represented 7% of the total portfolio, with the remaining 15% held in cash.

We have changed the way we present our performance this month. We have a lot of investors ask what

portion of our total return is made up of income distributions versus capital growth, and going forward we will show this apportionment.

If you would like further details of the Affluence Fund portfolio, please contact us at any time.

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 25th January.

We are continuing to work on converting the Fund to retail so it will be available to all investors. We are hopeful this will be available in the next couple of months.

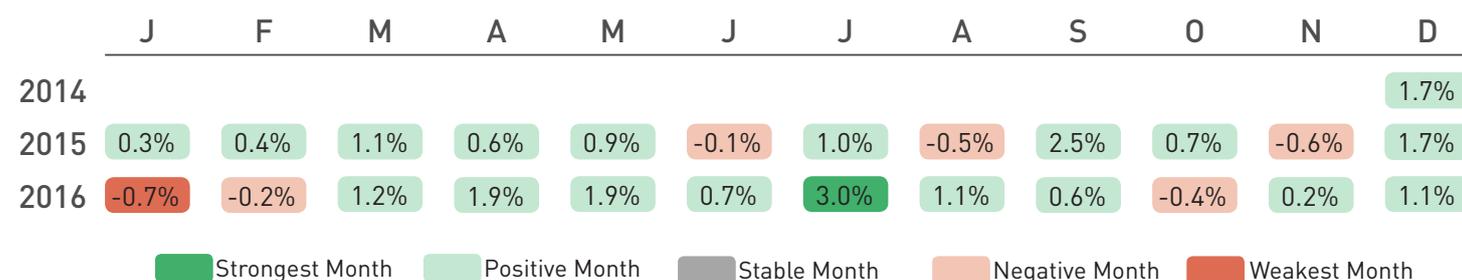
If you know anyone that may be interested in the Fund, feel free to let them know.

Fund Performance

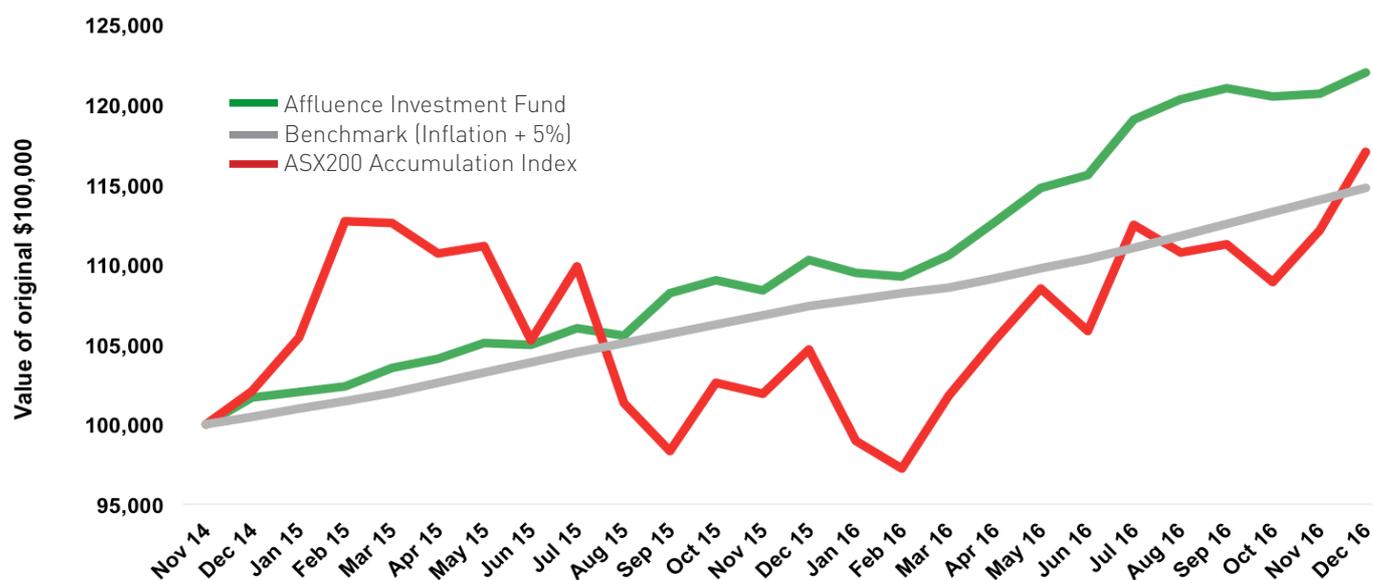
To 31 December 2016	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
Income Distributions	0.4%	2.5%	5.8%	6.9%	6.7%	
Capital Growth	0.7%	3.0%	4.9%	2.6%	3.3%	
Total Return	1.1%	5.5%	10.7%	9.5%	10.0%	3.3%
Benchmark - Inflation + 5%	0.7%	4.0%	6.9%	6.9%	6.8%	
Outperformance against Benchmark	0.4%	1.5%	3.8%	2.6%	3.2%	

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 28 November 2014. The Fund aims to pay distributions of approximately 5% pa paid monthly. At times distributions may be paid above or below this. The Fund currently distributes 5.25 cents per annum, which is 4.9% on the current unit price.

Fund Monthly Return History

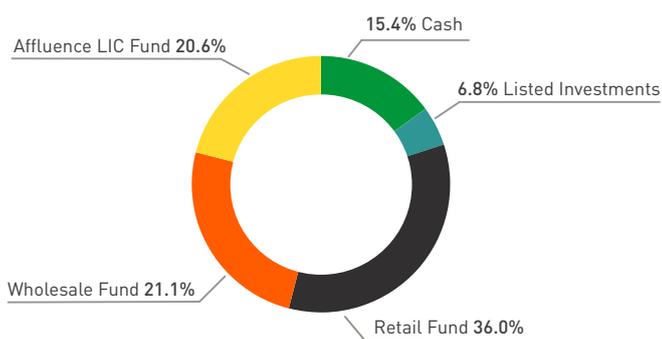


Return on \$100,000 Investment

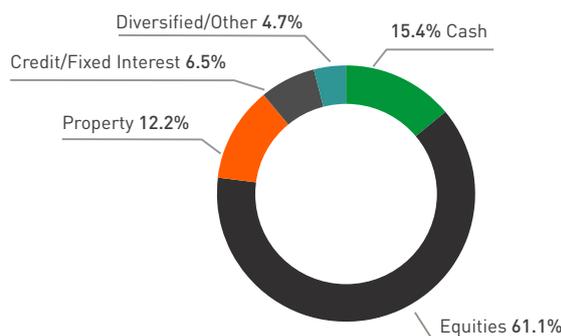


Portfolio Summary

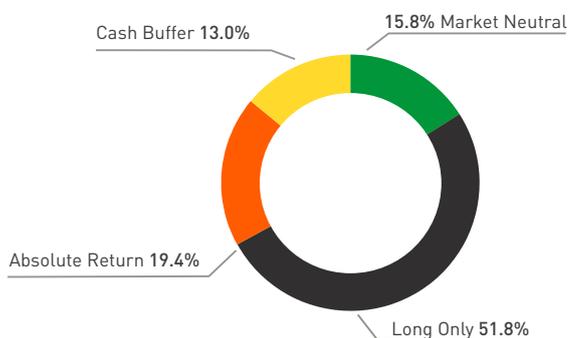
Underlying Investment Types



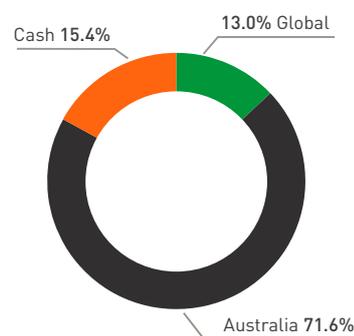
Asset Class



Equities Strategies



Geographic Exposure



Top 10 Largest Investments

Cash	Alexander Credit Opportunities Fund
Affluence LIC Fund	Ellerston Australian Market Neutral Fund
Cromwell Direct Property Fund	KIS Asia Long Short Fund
Phoenix Opportunities Fund	Auscap Long Short Australian Equities Fund
Wentworth Williamson Fund	LHC Capital Australia High Conviction 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	\$1.0722
Exit Price	\$1.0647
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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