

Affluence Small Company Fund

Fund Report - September 2017

Fund Commentary

Small companies have made a come-back in the second half of this year, with the ASX Small Ordinaries increasing by 4.0% over the past 6 months compared to -0.9% for the ASX 200. It was a very different story for the 6 months prior to that (6 months to 31 March 2017) when the ASX Small Ordinaries decreased by 1.0% compared to the ASX 200 increasing by 10.2%. Our managers have mostly reported a very difficult year, due to some large institutional owners exiting the small cap sector, which put a significant downward pressure on prices. Now that the market has re-stabilised, prices appear to be correlated to the overall fundamentals of the small cap market which are favourable.

For September the ASX 200 was flat and the ASX Small Ordinaries increased by 1.3%. The Affluence Small Company Fund had a good month and increased by 1.5%, with

the Fund now returning 9.1% per annum since inception. The Fund has slightly underperformed its benchmark (ASX Small Ordinaries) since inception, however it has delivered its returns with about half the volatility of the ASX Small Ordinaries.

We made a new investment towards the end of the month, the Terra Capital Natural Resources Fund. The fund invests in a portfolio of small and mid-cap (less than \$500 million) mining and energy equities and is index and industry agnostic. They target companies in the lowest quartile of the cost curve, and look to buy at far cheaper than intrinsic value companies that are simple with no or little debt. This is a very niche sector, and these managers have proven they can achieve outstanding results.

At the end of September, the Affluence Small Company Fund held investments in 6 unlisted funds (including the Affluence LIC Fund) representing 94% of the total portfolio, and the balance 6% cash.

We have identified a number of other outstanding small cap managers that we would like to add to the portfolio in the coming months. In order to make these additional investments, we are considering undertaking a small capital raising in the Fund early next year. If you are potentially interested in participating, please let us know so we can add you to our priority wait list.

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

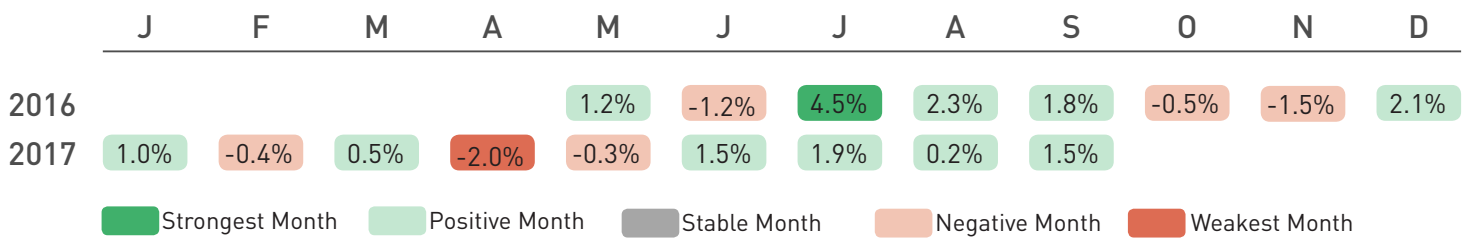
Fund Performance

To 30 September 2017

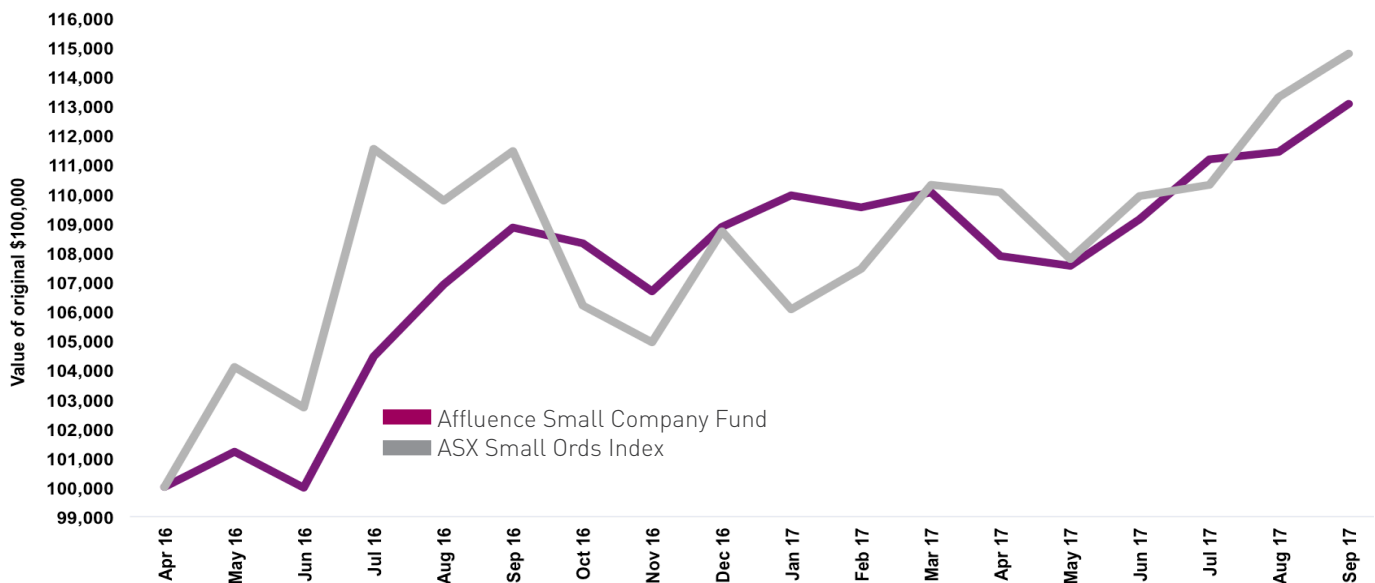
	1 Month	6 Months	1 Year	Inception	Volatility
Affluence Small Company Fund	1.5%	2.7%	3.9%	9.1%	5.6%
ASX Small Ordinaries Index	1.3%	4.0%	3.0%	10.2%	10.7%
Outperformance against ASX Small Ords Index	0.2%	(1.3%)	0.9%	(1.1%)	

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.

Fund Monthly Return History

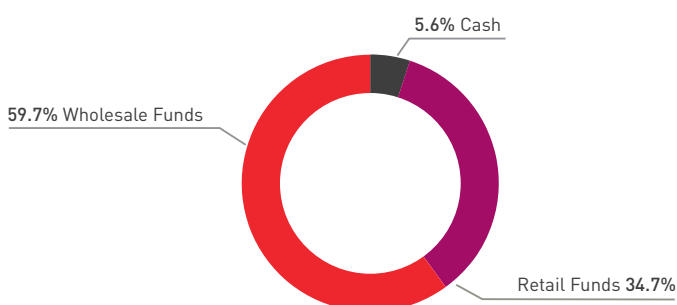


Return on \$100,000 Investment



Portfolio Summary

Underlying Investment Type



Top 5 Largest Investments

- Phoenix Opportunities Fund
- Affluence LIC Fund
- Microequities Deep Value Microcap Fund
- Spheria Australian Microcap Fund
- Wentworth Williamson 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	Small Company Equities
Minimum Investment	\$20,000
Suggested Timeframe	At least 5 years
Benchmark Returns	ASX Small Ords Accumulation Index
Entry Price	\$1.0600
Exit Price	\$1.0526
Applications	Please Contact Us
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 3 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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