

Monthly Fund Report - May 2016



Fund Commentary

The Affluence Investment Fund returned 1.9% in May. Since commencement in late 2014, the Fund has delivered 9.6% per annum total returns, beating both our target (inflation + 5%) and the Australian stock market (5.6%) over that period. More pleasingly, the Fund returns have continued to display very low volatility, with 72% of monthly returns being positive and the worst monthly return being a loss of just 0.7%.

The underlying investments continued to perform very well during the month. Of our 19 unlisted fund investments, 17 delivered positive returns in May, with the average being 2.3%. Our long/short managers had a very good month, as did our smaller company managers. Our small resources investments were the laggards this month, having delivered stellar returns for us over the past quarter.

We added two new investments to the Fund portfolio this month. The first was a fixed interest fund

with quite a different portfolio to most other funds in the sector. The second was a global market neutral fund, which has the potential to deliver positive returns in both up and down markets and is expected to do particularly well in times of market stress. We placed around 2% of the Fund's capital into each investment. We are likely to increase those allocations slowly over time should these funds perform in line with our expectations. We also made additional investments into two of our existing holdings.

The positive mood continued during the month as Australian shares increased by approximately 3% including dividends. At the end of May, the ASX remained at the upper limits of its recent valuation range, proving the "sell in May and go away" mantra is not always true.

At the end of May, the Affluence Fund held investments in 19 unlisted funds, which represented 55% of the total portfolio. It also held listed investments in 15 listed investment

companies and other securities, representing 18% of the portfolio. The balance of 27% was held in cash. The increase in cash holdings during the month was as a result of our largest ever monthly inflows from new investors. We expect to reduce that cash holding over the next month, through increased allocations to a number of existing investment funds, subject to market conditions of course.

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 or add to an existing holding, we encourage you to utilise our online application facility. Just follow the link on our website. A reminder, the cut-off for monthly investments is the 25th of each month. If you know anyone else that may be interested in the Fund, feel free to let them know.

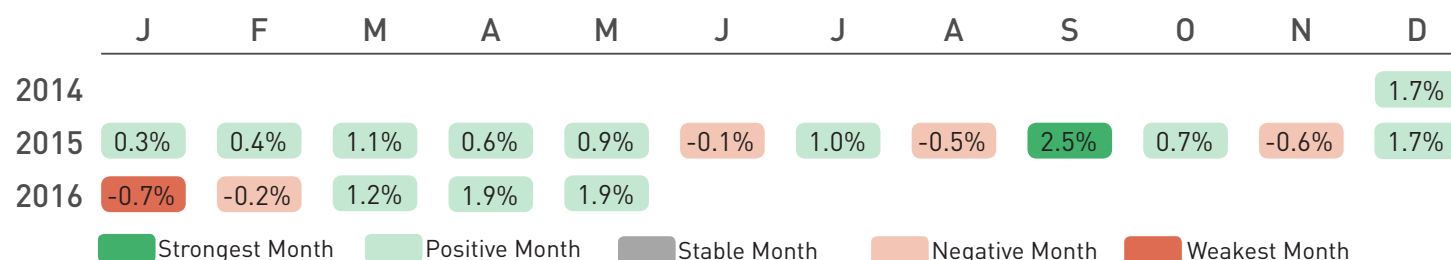
Fund Performance

To 31 May 2016

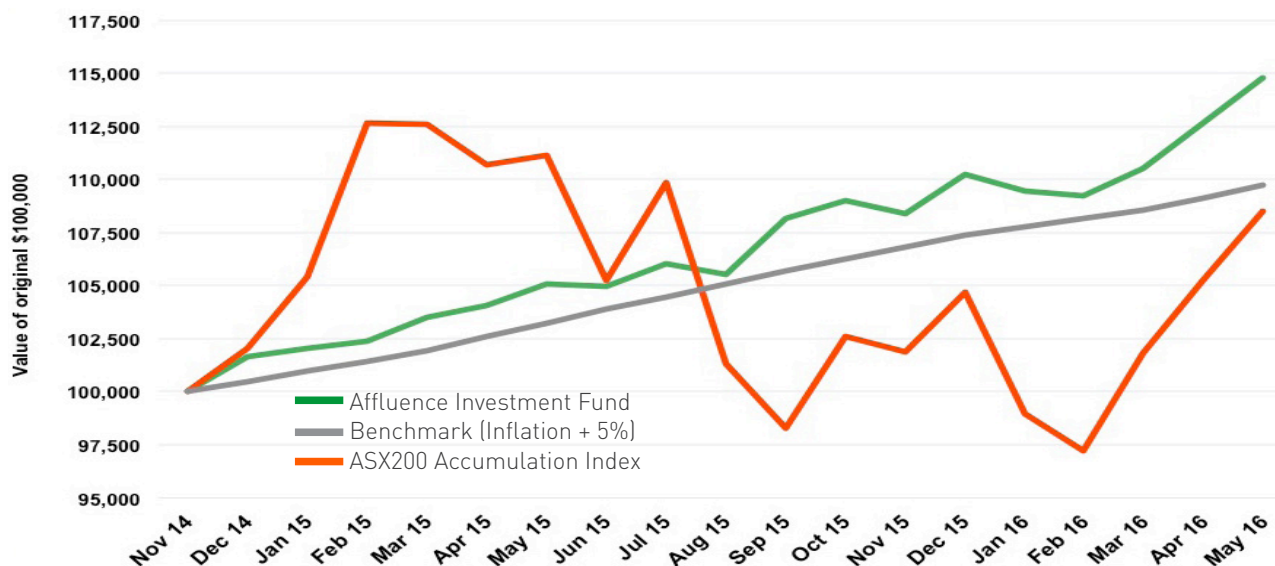
	1 Month	3 Months	6 Months	1 Year	Inception	Volatility
Affluence Investment Fund	1.9%	5.1%	5.9%	9.2%	9.6%	3.3%
Benchmark - Inflation + 5%	0.5%	1.4%	2.7%	6.3%	6.4%	N/A
Outperformance against Benchmark	1.4%	3.7%	3.2%	2.9%	3.2%	N/A
ASX200 Accumulation Index (AI)	3.1%	11.6%	6.5%	(2.4%)	5.6%	14.1%
Outperformance against ASX200AI	(1.2%)	(6.5%)	(0.6%)	11.6%	4.0%	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

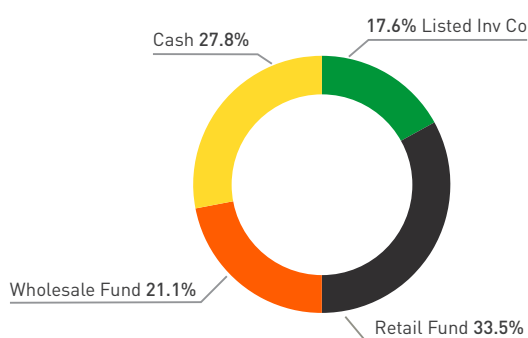


Return on \$100,000 Investment

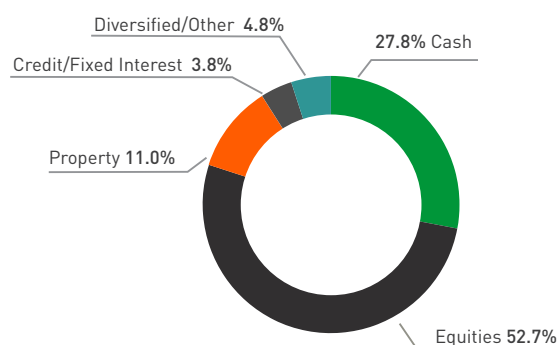


Portfolio Summary

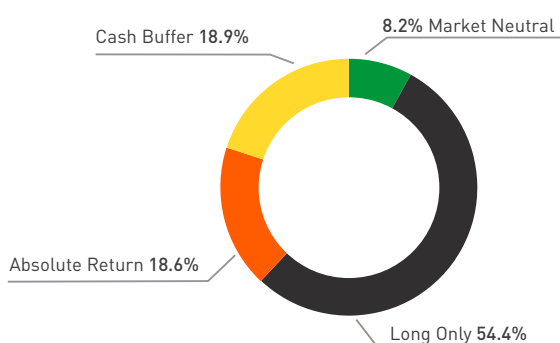
Underlying Investment Types



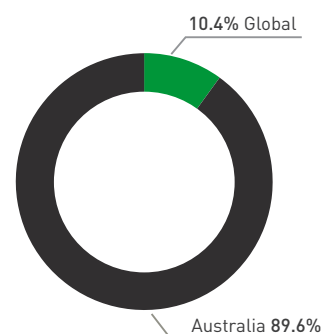
Asset Class



Equities Strategies



Geographic Exposure



Top 10 Largest Investments

Cash	WAM Leaders (LIC)
Cromwell Direct Property Fund	Microequities Deep Value Microcap Fund
Phoenix Opportunities Fund	Ophir High Conviction Fund
Wentworth Williamson Fund	Sandon Capital Activist Fund
LHC Capital Australia High Conviction Fund	Baker Steel Gold 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	\$1.0423
Exit Price	\$1.0350
Annual Distributions	5.1 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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