

# Financial Report

## Affluence Investment Fund

ARSN 617 680 654

30 June 2023

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## **DIRECTORY**

### **Responsible Entity:**

Affluence Funds Management Limited  
ABN 68 604 406 297  
Level 22, 127 Creek Street  
Brisbane QLD 4000  
Tel: 1300 233 583  
Fax: +61 7 3054 7082  
Website: [www.affluencefunds.com.au](http://www.affluencefunds.com.au)

### **Custodian:**

Perpetual Corporate Trust Limited  
ABN 99 000 341 533  
Level 18, 123 Pitt Street  
Sydney NSW 2000  
Tel: +61 2 9229 9000  
Fax: +61 2 9229 9188  
Website: [www.perpetual.com.au](http://www.perpetual.com.au)

### **Auditor:**

Pitcher Partners  
Level 38, Central Plaza One  
345 Queen Street  
Brisbane QLD 4000  
Tel: +61 7 3222 8444  
Fax: +61 7 3221 7779  
Website: [www.pitcher.com.au](http://www.pitcher.com.au)

The directors of Affluence Funds Management Limited (**AFM**), the Responsible Entity of the Affluence Investment Fund (**the Fund**), present their report for the financial year ended 30 June 2023.

## 1. Responsible Entity and Investment Manager

The Responsible Entity acts as trustee, undertakes management and administration duties for the Fund and monitors the Custodian, which holds the Fund assets on behalf of unitholders. The Responsible Entity also acts as Investment Manager and is responsible for the management and performance of the Fund investment portfolio.

AFM has acted as Responsible Entity, trustee, and Investment Manager of the Fund since 19 August 2015.

## 2. Directors and Secretary

The following persons held office as Directors of AFM during the financial year and up to the date of this report unless otherwise indicated:

- Daryl Wilson, Director & Company Secretary.
- Karen Prentis.
- Geoff Cannings.

## 3. Principal Activity

The Fund's principal activity is to provide investors with:

- Access to a diversified portfolio of underlying investments, predominantly in listed and unlisted funds.
- A minimum distribution yield of 5% per annum, paid monthly.
- A total annualised return of at least inflation plus 5% (**Benchmark**) over rolling 3-year periods.
- A total return of at least 5% better than the S&P/ASX 200 accumulation index (**ASX200 Index**) in any year the ASX200 Index posts a negative return.

The Fund also aims to deliver volatility of returns which is less than 50% of the ASX200 Index, measured over rolling 3-year periods.

## 4. Review of Operations and Results

The Fund recorded a profit of \$3,374,615 during the 2023 financial year (2022: loss of \$1,298,219).

The table below shows the Fund's performance after fees and costs over various periods since inception:

### Fund Performance\*

To 30 June 2023	3 Months	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	1.3%	5.5%	5.9%	6.1%	6.3%	6.4%
Change in Unit Price (Capital Growth)	(0.8%)	2.4%	3.6%	0.4%	1.0%	1.3%
<b>Affluence Investment Fund Total Return</b>	<b>0.5%</b>	<b>7.9%</b>	<b>9.5%</b>	<b>6.5%</b>	<b>7.3%</b>	<b>7.7%</b>

*\* Total returns are calculated net of fees and costs, using NAV unit prices (excluding buy and sell spreads) and assume the reinvestment of distributions. Returns for periods greater than 1 year are annualised. Past performance is not indicative of future performance. Distributions are not guaranteed. The inception date for the Fund was 28 November 2014.*

Investment markets generally rose during the 2023 financial year, following significant corrections in early-mid 2022. We continue to believe that a further economic slowdown is likely in the coming period and positioned the portfolio cautiously during the year, through higher levels of cash, increased hedging and lower overall market exposure.

The Fund delivered total returns of 7.9% for the year, compared to the Benchmark of 11.0%. The Benchmark was a difficult hurdle in 2023. Inflation for the year at 6.0% was significantly higher than the 20-year average of 2.7%, and the Reserve Bank of Australia's target band of 2-3%.

Distributions paid/payable for the year were equivalent to a 5.5% return, exceeding the 5.0% target.

Volatility of returns, measured over rolling 3 year periods, has consistently bettered the target.

As at 30 June 2023, the Fund held investments in approximately 30 unlisted funds, which represented 60% of the total portfolio. An investment in the Affluence LIC Fund represented 15% of the portfolio. Other listed investments and hedges made up 13% of the portfolio, and the remaining 12% was cash.

The Fund is available for investment to all investors in Australia and New Zealand, with a minimum investment amount of \$20,000. Current information on the Fund, including details of the Fund strategy, performance, portfolio, unit pricing and distributions, is on the AFM website at [www.affluencefunds.com.au/aif/](http://www.affluencefunds.com.au/aif/).

#### **5. Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs of the Fund during the financial year except as disclosed in the accompanying financial report.

#### **6. Subsequent Events**

Since balance date, the Fund has issued an additional 1,932,309 units at an average price of \$1.12 per unit and redeemed 1,330,759 units at an average price of \$1.12 per unit.

Other than as noted above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- The Fund's operations in future financial years; or
- The results of those operations in future financial years; or
- The Fund's state of affairs in future financial years.

#### **7. Likely Results and Expected Results of Operations**

The Fund's constitution regulates the activities of the Fund. Owing to the limitations on the scope of activities contained in the constitution, future activities of the Fund will be confined to investment in listed and unlisted assets to provide a mixture of income and capital growth to investors.

#### **8. Environmental Regulation**

The directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the Fund.

#### **9. Distributions Paid or Payable**

Distributions paid/payable to unitholders of the Fund for the year ended 30 June 2023 were \$2,392,756 (2022: \$1,921,415). Distributions payable at balance date were \$200,475 (2022: \$413,949).

#### **10. Options**

No options over unissued units in the Fund have been issued since inception date, and none are on issue at the date of this report.

#### **11. Fees to Responsible Entity**

The Responsible Entity does not charge any fixed fees for management of the Fund. Instead, a performance fee of 12.5% of positive returns is payable. Total performance fees paid/payable to the Responsible Entity or its associates during the year were \$190,151 (2022: \$170,018).

#### **12. Units held by Responsible Entity**

No units in the Fund have been issued to the Responsible Entity since the beginning of the year, and none are on issue at the date of this report.

During the year, entities related to both AFM and Daryl Wilson acquired 1,595 units (2022: 28,526 units) in the Fund. At the end of the year, those same entities held 624,534 units (2022: 622,939 units) in the Fund.

#### **13. Indemnifying Officers or Auditors**

No indemnities have been given during or since the end of the financial year for any person who is or has been an officer or auditor of the Fund. No insurance premiums for insurance provided to the Responsible Entity or the auditors of the Fund have been paid for out of the assets of the Fund.

#### **14. Issued Units**

A total of 8,626,349 units in the Fund were issued during the year (2022: 17,380,888 units). A total of 3,644,539 units in the Fund were redeemed during the year (2022: 1,709,100 units redeemed).

There were 41,842,059 (2022: 36,860,249) issued units in the Fund as at the end of the financial year.

**15. Value of Fund Assets**

At balance date, the Fund held investments valued at \$40,687,663 (2022: \$35,435,744) and net assets attributable to unitholders of \$46,448,356 (2022: \$39,960,488). This represents net tangible assets of \$1.11 (2022: \$1.08) per unit, excluding any allowance for disposal costs.

**16. Rounding of amounts to the nearest dollar**

Amounts in the director's report have been rounded to the nearest dollar in accordance with *ASIC Corporations Instruments 2016/191*, unless otherwise indicated.

**17. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this report.

Signed in accordance with a resolution of the directors of Affluence Funds Management Limited.

A handwritten signature in black ink, appearing to read 'Daryl Wilson', with a long horizontal line extending to the right.

Daryl Wilson  
Director

20 September 2023

Level 38, 345 Queen Street  
Brisbane, QLD 4000

Postal address  
GPO Box 1144  
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors  
Affluence Investment Fund  
Level 22, 127 Creek Street  
BRISBANE QLD 4000

### **Auditor's Independence Declaration**

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*;  
and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

*Pitcher Partners*  
PITCHER PARTNERS



CHERYL MASON  
Partner

Brisbane, Queensland  
20 September 2023

**Affluence Investment Fund  
Statement of Comprehensive Income  
For the year ended 30 June 2023**

	2023	2022
	\$	\$
<b>Investment income</b>		
Distribution income	2,172,599	2,618,616
Dividend income	167,315	49,055
Interest income	143,997	4,353
Net change in fair value of investments income	1,192,194	-
Other income	17,713	32,078
<b>Net investment income</b>	<b>3,693,818</b>	<b>2,704,102</b>
<b>Expenses</b>		
Brokerage	14,787	9,774
Fund administration costs	114,265	83,521
Net change in fair value of investments loss	-	3,739,008
Performance fees	190,151	170,018
<b>Total expenses</b>	<b>319,203</b>	<b>4,002,321</b>
<b>Profit/(loss)</b>	<b>3,374,615</b>	<b>(1,298,219)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit/(loss)</b>	<b>3,374,615</b>	<b>(1,298,219)</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Affluence Investment Fund**  
**Statement of Financial Position**  
**As at 30 June 2023**

	Note	2023 \$	2022 \$
<b>Assets</b>			
Cash and cash equivalents	11a	4,787,264	4,981,701
Receivables	5	2,074,461	1,938,339
Investments at fair value through profit or loss	6	40,687,663	35,435,744
<b>Total assets</b>		<b>47,549,388</b>	<b>42,355,784</b>
<b>Liabilities</b>			
Payables	7	900,557	1,981,347
Distributions payable	3	200,475	413,949
<b>Total liabilities</b>		<b>1,101,032</b>	<b>2,395,296</b>
<b>Net assets</b>		<b>46,448,356</b>	<b>39,960,488</b>
<b>Equity</b>			
Contributed equity	8	46,642,733	41,136,724
Accumulated losses		(194,377)	(1,176,236)
<b>Total equity</b>		<b>46,448,356</b>	<b>39,960,488</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



**Affluence Investment Fund  
Statement of Changes in Equity  
For the year ended 30 June 2023**

2023	Note	Contributed Equity \$	Retained earnings/ (Accumulated Losses) \$	Total equity \$
<b>Balance at the beginning of the year</b>		<b>41,136,724</b>	<b>(1,176,236)</b>	<b>39,960,488</b>
Profit for the year		-	3,374,615	3,374,615
Other comprehensive income		-	-	-
<b>Total comprehensive loss</b>		<b>-</b>	<b>3,374,615</b>	<b>3,374,615</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	8	8,693,293	-	8,693,293
Reinvestment of distributions	8	832,751	-	832,751
Rebate of fees	8	16,382	-	16,382
Redemptions	8	(4,036,417)	-	(4,036,417)
Distributions paid/payable	3	-	(2,392,756)	(2,392,756)
<b>Total transactions with unitholders</b>		<b>5,506,009</b>	<b>(2,392,756)</b>	<b>3,113,253</b>
<b>Balance at the end of the year</b>		<b>46,642,733</b>	<b>(194,377)</b>	<b>46,448,356</b>
<b>2022</b>				
<b>Balance at the beginning of the year</b>		22,741,133	2,043,398	24,784,531
Loss for the year		-	(1,298,219)	(1,298,219)
Other comprehensive income		-	-	-
<b>Total comprehensive profit</b>		<b>-</b>	<b>(1,298,219)</b>	<b>(1,298,219)</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	8	19,419,715	-	19,419,715
Reinvestment of distributions	8	883,135	-	883,135
Rebate of fees	8	88,091	-	88,091
Redemptions	8	(1,995,350)	-	(1,995,350)
Distributions paid/payable	3	-	(1,921,415)	(1,921,415)
<b>Total transactions with unitholders</b>		<b>18,395,591</b>	<b>(1,921,415)</b>	<b>16,474,176</b>
<b>Balance at the end of the year</b>		<b>41,136,724</b>	<b>(1,176,236)</b>	<b>39,960,488</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Affluence Investment Fund  
Statement of Cash Flows  
For the year ended 30 June 2023**

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Distributions received		1,800,637	946,248
Dividends received		176,189	40,181
Interest received		143,997	4,412
Other income received		14,685	62,281
Cash payments in the course of operations		(224,823)	(368,745)
<b>Net cash provided by operating activities</b>	11(b)	<b>1,910,685</b>	684,377
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		9,723,526	1,583,651
Payments for investments		(13,683,172)	(16,770,949)
<b>Net cash used in investing activities</b>		<b>(3,959,646)</b>	(15,187,298)
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		7,664,419	20,999,550
Payment of redemptions	8	(4,036,417)	(1,995,350)
Payment of distributions		(1,773,478)	(922,387)
<b>Net cash provided by financing activities</b>		<b>1,854,524</b>	18,081,813
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(194,437)</b>	3,578,894
Cash and cash equivalents at the beginning of the year		4,981,701	1,402,807
<b>Cash and cash equivalents at the end of the year</b>	11(a)	<b>4,787,264</b>	4,981,701

The above statement of cash flows should be read in conjunction with the accompanying notes.

## 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report of the Affluence Investment Fund (**the Fund**) are set out below. The Fund ends on the date determined by the responsible entity or at any earlier time earlier provided by the fund's deed or by law. These policies have been consistently applied to all years presented unless otherwise stated. The financial report includes financial statements for the Fund as an individual entity.

### (a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Affluence Investment Fund is a for-profit entity for the purpose of preparing financial statements. The Fund was constituted in 2014. The financial report is for the year ended 30 June 2023. The comparative financial information is for the year ended 30 June 2022.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets. The fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such it is expected that a portion of the portfolio will be released within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

#### (i) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

#### (ii) Historical cost convention

The financial report is prepared on the historical cost basis except that investments at fair value through profit or loss are measured at fair value. The methods used to measure fair values are discussed below.

#### (iii) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Fund's functional currency.

#### (iv) Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest dollar, unless otherwise indicated.

#### (v) Segment information

The Fund operates in one segment, being investment in securities. The Fund earns investment income and derives capital appreciation from investment in listed and unlisted securities in Australia.

### (b) Investment income

#### (i) Distributions and dividends

Distribution and dividend income are recognised on a receivable basis when the right to receive payment is established. For listed investments, this is usually the date the security value is quoted ex-distribution. For unlisted investments, distribution and dividend income are recognised on an entitlement basis.

#### (ii) Interest

Interest revenue is recognised as it accrues using the effective interest method.

### (c) Income tax

Under current income tax legislation, the Fund is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. Therefore, the liability for capital gains tax that may arise if the assets of the Fund were sold is not accounted for in this report.

### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impaired receivables.

For details about the impairment of trade and other receivables, refer to note 1(f).

## **1. Summary of Significant Accounting Policies (continued)**

### **(f) Financial Instruments**

#### *(i) Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Fund commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

#### *(ii) Classification of financial assets*

Financial assets recognised by the Fund are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Fund irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVTOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVTOCI are classified as subsequently measured at amortised cost, FVTOCI or fair value through profit or loss (FVTPL) based on both:

- The Fund's business model for managing the financial assets.
- The contractual cash flow characteristics of the financial asset.

#### *(iii) Classification of financial liabilities*

All financial liabilities recognised by the Fund are subsequently measured at amortised cost.

#### *(iv) Investments at fair value through profit or loss*

Investments at fair value through profit or loss comprise those ordinary shares, options in listed entities and unlisted securities that have been acquired by the Fund principally for sale in the near term. Held for trading investments are classified (and measured) at fair value through profit or loss.

Investments at fair value through profit or loss includes ASX listed and unlisted equity securities held for trading purposes.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments held at fair value through profit or loss are initially measured at fair value. Subsequent to initial recognition, investments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

For listed investments, the fair value is determined by reference to the final closing price on the relevant market.

#### *(v) Impairment of financial assets*

The Fund recognises a loss allowance for expected credit losses on trade receivables that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Fund applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

### **(g) Payables**

Payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts generally represent unpaid liabilities for goods and services provided to the Fund prior to the end of the year. The amounts are usually unsecured and paid within 30-60 days of recognition.

Where the fund has received cash through investment applications but has not yet issued the units to the investor, the funds received are recognised as a payable until the fund has issued the units.

## **1. Summary of Significant Accounting Policies (continued)**

### **(h) Contributed equity**

A financial instrument that includes a contractual obligation for the Fund to deliver to each instrument holder their pro rata share of the Fund's net assets on liquidation is classified as an equity instrument (contributed equity) when it has all the following features which are in accordance with AASB 132 *Financial Instruments*:

- The instrument entitles each instrument holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. The Fund's net assets are those assets that remain after deducting all other claims on the entity's assets. A pro rata share is determined by dividing the net assets of the Fund at the end of its term into units of equal amount and multiplying that amount by the number of units held by the instrument holder.
- The instrument is subordinate to all other classes of financial instruments of the Fund. For this to be the case, the instrument must give the instrument holder no priority over other claims to the assets of the Fund on liquidation and must not need to be converted into another instrument to be in a class of instruments that is subordinate to all other classes of instruments.
- All instruments in the class of instruments must have an identical contractual obligation for the entity to deliver a pro rata share of its net assets on liquidation.

### **(i) Distributions**

Distributions are payable as set out in the Fund's product disclosure statement. Such distributions are recognised as payable when they are determined by the responsible entity of the Fund.

### **(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Trade and other receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables.

### **l) Security based payments**

Unitholders may be issued Units in the Fund in satisfaction of an agreed reduction in fees. The fair value of Units issued is recognised in the period to which the reduction in performance fees relates, and calculated using the relevant unit price for that period.

### **l) New accounting standards and interpretations**

#### *(i) New and amended standards*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### *(ii) New and revised accounting requirements not yet mandatory or early adopted*

Certain new accounting standards and amendments have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Company. It is not expected that these new standards or amendments will have a material impact on the entity in future reporting periods.

**2. Critical Accounting Estimates and Judgements**

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience and other factors such as expectations about future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

As at 30 June 2023 and 30 June 2022, the only assets carried at fair value are investments at fair value through profit or loss. Detailed information about the fair value measurement of these financial instruments is contained in note 10 (d).

**3. Distributions**

The Fund paid distributions of 5.85 cents per unit (2022: 6.50 cents per unit).

	2023	2022
	\$	\$
<b>Distributions paid / payable</b>	<b>2,392,756</b>	1,921,415

Distributions payable at balance date of \$200,475 (2022: \$413,949) relate to June and were paid in July.

**4. Remuneration of Auditor**

During the year, the following fees were paid or payable for services provided by the auditor of the Fund.

**Audit services**

*Pitcher Partners*

Audit and review of the financial report	20,900	20,000
Audit of the compliance plan	9,550	9,100
<b>30,450</b>	<b>30,450</b>	29,100

Remuneration was paid/payable by the Responsible Entity. There were no fees paid to the auditor for other services.

**5. Receivables**

Distributions receivable	768,785	1,927,384
Unsettled trades	1,297,336	-
Other receivables	8,340	10,955
<b>Receivables</b>	<b>2,074,461</b>	1,938,339

**Past due but not impaired receivables**

At balance date, no trade and other receivables were past due but not impaired.

**Impaired Receivables**

At balance date, no receivables have been determined to be impaired.

**6. Investments at Fair Value Through Profit or Loss**

Listed securities at fair value	6,388,218	7,356,264
Unlisted securities at fair value	34,299,445	26,929,480
Unlisted equity securities awaiting issue	-	1,150,000
<b>Investments at fair value through profit or loss</b>	<b>40,687,663</b>	35,435,744

**Fair value measurement**

For details about the fair value measurement of the Fund's financial instruments, refer to note 10(d).

**7. Payables**

	2023	2022
	\$	\$
Units not yet issued	785,630	1,814,504
Other payables	114,927	166,843
<b>Payables</b>	<b>900,557</b>	<b>1,981,347</b>

**8. Contributed equity**

	2023		2022	
	Number #	Value \$	Number #	Value \$
<b>Contributed equity</b>	<b>41,842,059</b>	<b>46,642,733</b>	36,860,249	41,136,724
<b>Movement in contributed equity during the-year</b>				
Balance at the beginning of the year	36,860,249	41,136,724	21,188,461	22,741,133
Units issued:				
For cash	7,858,971	8,693,293	16,548,694	19,419,715
Reinvestment of distributions	752,819	832,751	756,678	883,135
Rebate of fees	14,559	16,382	75,516	88,091
Units redeemed	(3,644,539)	(4,036,417)	(1,709,100)	(1,995,350)
<b>Balance at the end of the year</b>	<b>41,842,059</b>	<b>46,642,733</b>	36,860,249	41,136,724

Units in the Fund entitle the holder to participate in distributions and proceeds on the winding up of the Fund in proportion to the number of and amounts paid on the units held.

Each unitholder present at a meeting in person or by proxy is entitled to one vote. On a poll, each unitholder has one vote for each dollar of the value of the total units they have in the Fund.

Units in the Fund are issued and redeemed at unit prices determined monthly in accordance with the Fund constitution and the Responsible Entity's Unit Pricing Policy.

**9. Capital Risk Management**

The Fund's capital management strategy seeks to maximise unitholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

The Fund's capital management objectives are to:

- Ensure the Fund complies with capital and distribution requirements of its constitution.
- Ensure sufficient capital resources to support the Fund's operational requirements.
- Continue to support the Fund's creditworthiness.
- Safeguard the Fund's ability to continue as a going concern.

The Responsible Entity of the Fund monitors the adequacy of the Fund's capital requirements as part of its overall strategic plan. The Fund's capital structure is regularly reviewed to ensure distributions to members are made within the stated distribution policy.

The Responsible Entity can alter the Fund's capital mix by:

- Adjusting the amount of distributions paid to unitholders.
- Activating/deactivating the distribution reinvestment plan.
- Selling assets to reduce equity on issue.

## 10. Financial Risk Management

The Fund's activities expose it to a variety of financial risks, credit risk, liquidity risk and market risk (interest rate risk and price risk). The Fund's overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Fund.

The Responsible Entity's management of treasury activities is governed by policies approved by the Directors of the Responsible Entity, who monitor the operating compliance and performance as required. The Board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

The Fund holds the following financial instruments:

	2023	2022
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents <sup>(1)</sup>	4,787,264	4,981,701
Trade and other receivables <sup>(1)</sup>	2,066,867	3,088,258
Investments at fair value through profit and loss <sup>(2)</sup>	40,687,663	34,285,745
<b>Total financial assets</b>	<b>47,541,794</b>	<b>42,355,704</b>
<b>Financial Liabilities</b>		
Trade and other payables <sup>(1)</sup>	893,750	1,975,074
Distributions payable <sup>(1)</sup>	200,475	413,949
<b>Total financial liabilities</b>	<b>1,094,225</b>	<b>2,389,023</b>

(1) At amortised costs; and

(2) At fair value through profit or loss

### (a) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to the Fund. The Fund has exposure to credit risk on all financial assets included in its statement of financial position.

The Fund manages this risk by monitoring the credit quality of all financial assets to identify any potential adverse changes in credit quality and regularly monitoring receivables on an ongoing basis.

The Fund holds no significant collateral as security. The fund does not have any significant credit risk exposure to any single counterparties having similar characteristics, other than cash and cash equivalents which are held with high credit quality financial institutions.

The maximum exposure to credit risk as at balance date is the carrying amounts of financial assets recognised in the statement of financial position of the Fund. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is the Responsible Entity's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Responsible Entity monitors the Fund's cash requirements and raises funds as and when appropriate to meet planned requirements. The Responsible Entity prepares and monitors rolling forecasts of liquidity requirements based on expected cash flow.

At 30 June 2023 and 30 June 2022, all financial liabilities were due within one month.

### (c) Market risk

#### (i) Interest rate risk

The Fund does not carry any interest bearing liabilities and is therefore not exposed to any material interest rate risk.

#### (ii) Price risk – listed equity securities

The Fund is exposed to equity price risk in relation to its investments in listed securities. The investments are recognised as financial assets at fair value through profit or loss in the statement of financial position. The price of listed securities is dependent on equity market movements. While the Fund cannot mitigate the risk of general market movements in equity security prices, it reduces risk by careful management of the overall equities allocation within the investment portfolio, with the aim of maximising diversification and, in so doing, minimising volatility.



**10. Financial Risk Management (continued)**

**(c) Market risk (continued)**

*(iii) Sensitivity analysis – equity securities price risk*

The table below details the Fund's sensitivity to movements in the fair value of the Fund's investments at fair value through profit or loss:

	Profit/(loss)		Equity	
	2023	2022	2023	2022
\$	\$	\$	\$	
Equity value of listed security portfolio increases by 5%	<b>319,411</b>	367,813	<b>319,411</b>	367,813
Equity value of listed security portfolio decreases by 5%	<b>(319,411)</b>	(367,813)	<b>(319,411)</b>	(367,813)

*(iv) Price risk - unlisted financial assets*

The Fund is exposed to equity price risk in relation to its investments in unlisted funds. These are classified as investments at fair value through profit or loss. The investments are recognised as financial assets at fair value through profit or loss in the statement of financial position.

The price of unlisted funds is dependent on movements in the value of the underlying investments held by each fund. While the Fund cannot mitigate the risk of general market movements in asset prices, it seeks to reduce risk by careful management of the overall investment portfolio, with the aim of maximising diversification and, in so doing, minimising volatility.

Allocations across both listed and unlisted investments, multiple asset classes, many differentiated strategies, and an allocation to cash assist in reducing risk.

*(v) Sensitivity analysis – unlisted investments price risk*

The table below details the Fund's sensitivity to movements in the fair value of the Fund's unlisted investments at fair value through profit or loss:

	Profit/(loss)		Equity	
	2023	2022	2023	2022
\$	\$	\$	\$	
Net asset value of unlisted funds increases by 5%	<b>1,714,972</b>	1,346,474	<b>1,714,972</b>	1,346,474
Net asset value of unlisted funds decreases by 5%	<b>(1,714,972)</b>	(1,346,474)	<b>(1,714,972)</b>	(1,346,474)

**(d) Fair value measurement of financial instruments**

*(i) Fair value hierarchy*

Fair value determined by reference to actively trading markets is considered a level 1 fair value measurement.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

*(ii) Fair value of investments at fair value through profit or loss*

The Fund holds financial instruments measured at fair value, which are investments in both ASX listed securities and unlisted trusts.

The fair value measurement for ASX listed securities is considered a level 1 fair value measurement under fair value hierarchy as it is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value measurement for unlisted trust investments are considered level 2 fair value measurements. These investments comprise unlisted equity securities of various managed investment trusts which invest in various asset classes and utilise different investment strategies. The Fund uses the disclosed unit prices of these trusts to determine the fair value of the equity securities investments as these unit prices are predominantly dependent on the fair value of the underlying investments they hold.

The Fund held no other financial instruments at fair value in the current or prior year, and there were no transfers between levels of the fair value hierarchy during the financial year.

**(e) Fair value of other financial instruments not measured at fair value**

The carrying amounts of receivables, other current assets, payables, and distributions payable are assumed to approximate their fair values due to their short-term nature.

**11. Cash Flow Information**

**(a) Reconciliation of cash**

Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the statement of financial position as follows:

	2023 \$	2022 \$
<b>Cash on hand</b>	<b>4,787,264</b>	4,981,701

**(b) Reconciliation of Profit to Net Cash Provided by Operating Activities**

	2023 \$	2022 \$
<b>Profit/(loss) attributable to unitholders</b>	<b>3,374,615</b>	(1,298,219)
Net change in fair value of investments	(1,192,194)	3,739,008
Distribution income reinvested	(1,530,561)	(583,739)
Performance fees settled through the issue of units	16,382	88,091
<i>Changes in operating assets and liabilities:</i>		
• Decrease/(Increase) in trade and other receivables	1,161,214	(1,021,008)
• Increase/(Decrease) in payables	81,229	(239,756)
<b>Net cash provided by operating activities</b>	<b>1,910,685</b>	684,377

**(c) Other non-cash items**

Units issued on reinvestment of distributions	832,751	883,135
	<b>832,751</b>	883,135

**12. Related Parties**

Related parties are persons or entities that are related to the Fund as defined by AASB 124 Related Party Disclosures. These include directors and other key management personnel of the Responsible Entity and their close family members and any entities they control. They also include any associated entities of the Responsible Entity, such as entities controlled by the Responsible Entity.

This note provides information about transactions with related parties during the year. All the Fund's transactions with related parties are on normal commercial terms and conditions and at market rates.

**(a) Key management personnel**

The following persons were Directors and other key management personnel ("KMP") of the Responsible Entity from 1 July 2022 to 30 June 2023, unless otherwise stated:

**Affluence Funds Management Limited**

*Non-executive Directors*

Karen Prentis	Director
Geoff Cannings	Director

*Executive Director*

Daryl Wilson	CEO/Portfolio Manager
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There were no key management personnel employed by the Fund at any time during the year.

**(b) Remuneration**

Key management personnel are paid by the Responsible Entity of the Fund. Payments made from the Fund to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

**12. Related Parties (continued)**

**(c) Unit holdings and loans**

Entities associated with Daryl Wilson held 624,534 units (2022: 622,939 units) in the Fund at balance date and received distributions of \$36,473 (2022: \$39,766) during the year.

An entity associated with Geoff Cannings held 75,474 units (2022: 71,001 units) in the Fund at balance date and received distributions of \$4,304 (2022: \$2,714) during the year.

No other KMPs held any units in the Fund at balance date or during the year.

The Directors and other KMP of the Responsible Entity, including their personally related parties, had no loans payable to/receivable from the Fund during the year.

The Fund held 5,692,377 units (2022: 4,490,322 units) in the Affluence LIC Fund (**ALF**) at balance date and received distributions of \$390,294 (2022: \$595,612). ALF is a managed investment scheme for which AFM acts as responsible entity and investment manager. Fees charged to the Fund of \$16,966 (2022: \$32,078) in respect of the investment in ALF were rebated in full to the Fund by the Responsible Entity.

The Fund held 276,920 units (2022: nil) in the Affluence Small Company Fund (**ASF**) at balance date and received distributions of \$8,307 (2022: \$nil). ASF is a managed investment scheme for which AFM acts as trustee and investment manager. Fees charged to the Fund of \$746 (2022: \$nil) in respect of the investment in ASF were rebated in full to the Fund by the Responsible Entity.

**(d) Transactions with Responsible Entity and associates**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Performance fees	<b>190,151</b>	170,018

The Responsible Entity does not charge any fixed ongoing fee for management of the Fund. The Responsible Entity charges a performance fee of 12.5% of cumulative positive total returns of the Fund after recovery of any previous underperformance. The performance fee is calculated monthly and paid by the Fund quarterly in arrears.

At balance date, \$71,486 net of recoverable GST (2022: \$ nil) owing to the Responsible Entity is included in payables in the statement of financial position.

**13. Commitments/Contingent liabilities**

The Directors of the Responsible Entity are not aware of any material commitments or contingent liabilities.

**14. Events occurring after the reporting period**

Since balance date, the Fund has issued an additional 1,932,309 units at an average price of \$1.12 per unit and redeemed 1,330,759 units at an average price of \$1.12 per unit.

Other than as noted above, since 30 June 2023, there have been no other matters or circumstances not otherwise dealt with in the financial statements that have significantly affected or may significantly affect:

- The Fund's operations in future financial years; or
- The results of those operations in future financial years; or
- The Fund's state of affairs in future financial years.

In the opinion of the Directors of the Responsible Entity, Affluence Funds Management Limited:

- (a) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) Giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
- (c) There are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Affluence Funds Management Limited.



Daryl Wilson  
Director

20 September 2023.

## Independent Auditor's Report To the Members of Affluence Investment Fund

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Affluence Investment Fund ("the Fund"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Affluence Investment Fund, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Fund's directors report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Financial Report*

The directors of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

*Pitcher Partners*  
PITCHER PARTNERS

*Mason*

CHERYL MASON  
Partner

Brisbane, Queensland  
20 September 2023