

Affluence Investment Fund

Fund Report - August 2019



Contents

<p>02</p> <p>Fund Commentary Fund Performance</p>	<p>03</p> <p>Return History Return on \$100,000 Worst Months Analysis</p>	<p>04</p> <p>Asset Allocation Summary Portfolio Summary Top 10 Investments</p>	<p>05</p> <p>Key Statistics Fund Strategy Contact Us</p>
--	--	---	---

1.) The Morningstar Rating™ is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. © 2019 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

2.) FE Crown Fund Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision. All rights reserved.

Fund Commentary

The Affluence Investment Fund performed well in August decreasing by only 0.3%, compared to the ASX 200 Index falling 2.4%. Since commencing in December 2014, the Fund has returned 7.9% per annum. This has included 6.5% per annum monthly distributions to investors and an 1.4% per annum increase in the unit price of the Fund. Over that same period, the Fund has outperformed our benchmark of 6.9% per annum (inflation plus 5% per annum).

The best performing sector this month was our Australian equities portfolio, which increased approximately 0.8%. Our largest positive contributors included our holding in the Baker Steel Gold Fund (up 9%), the Wentworth Williamson Fund (up 4%), and the Firetrail Absolute Return Fund (up 3%). The largest detractors this month were the Affluence LIC Fund (down 1.9%, but outperformed the Index), and the Dalton Street Capital Absolute Return Fund which again fell as its exposure to Hong Kong continued to detract.

August is one of the main company reporting periods in Australia, and it often sees substantial share price changes as investors receive new information and updated guidance for the next financial year. We are very pleased that our Australian equities portfolio outperformed significantly this month, especially as it was a decent market fall for the ASX 200 Index. It has been a difficult past 12 months for our Australian equity managers, as the small cap value managers which the Fund is biased towards, have missed much

of the extraordinary gains since January 2019. While we make no predictions on where equity markets go from here, we continue to believe that the majority of our Australian equity funds (which makes up approximately 33% of the Affluence Investment Fund) hold portfolios that are substantially better value than the greater market. As has been seen over the past 12 months, this does not necessarily mean that they will outperform in the short term, however from this starting point we do expect strong relative returns from these funds over the medium to long term.

This month's fall in the ASX 200 Index of 2.4% is also the ninth worst for the Index since the Affluence Investment Fund commenced. We are pleased with the Funds performance of -0.3%, as this continues the Fund's track record of performing substantially better when equity markets fall (see graph on page 3). We spend a lot of our time thinking about downside protection and capital preservation, as we believe one of the best ways to ensure excellent long term performance is to reduce the magnitude of falling markets along the way.

At month end, 63% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 16% in listed investments and 5% in cash. If you'd like further details of the investment portfolio, including our top holdings and weightings, visit the Affluence Investment Fund page at <https://affluencefunds.com.au/aif/> or the Members area of our website. You must be registered as an Affluence Member to view the

portfolio.

If you would like to invest with us and get access to a diverse range of Australia's best fund managers, including over 30 unlisted funds as well as more than 20 LIC's and other listed entities, visit the fund page on our website at <https://affluencefunds.com.au/aif/> to find out more. There, you can get information on the Fund, apply online or download the application pack. If you'd like to add to your existing investment in the Fund, you can either complete the one-page form available on our website or use the online facility.

The cut-off for this month's applications is 25th September. Units will be issued effective 1st October.

Fund Performance

To 31 August 2019

	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Distributions	0.5%	5.2%	6.0%	6.2%	5.9%	6.5%	
Change in Unit Price (Capital Growth)	(0.8%)	(3.2%)	(0.1%)	(0.2%)	2.1%	1.4%	
Affluence Investment Fund Total Return	(0.3%)	2.0%	5.9%	6.0%	8.0%	7.9%	3.6%
Benchmark - Inflation + 5%	0.6%	6.9%	7.0%	7.0%	6.9%	6.9%	
Outperformance against Benchmark	(0.9%)	(4.9%)	(1.1%)	(1.0%)	1.1%	1.0%	

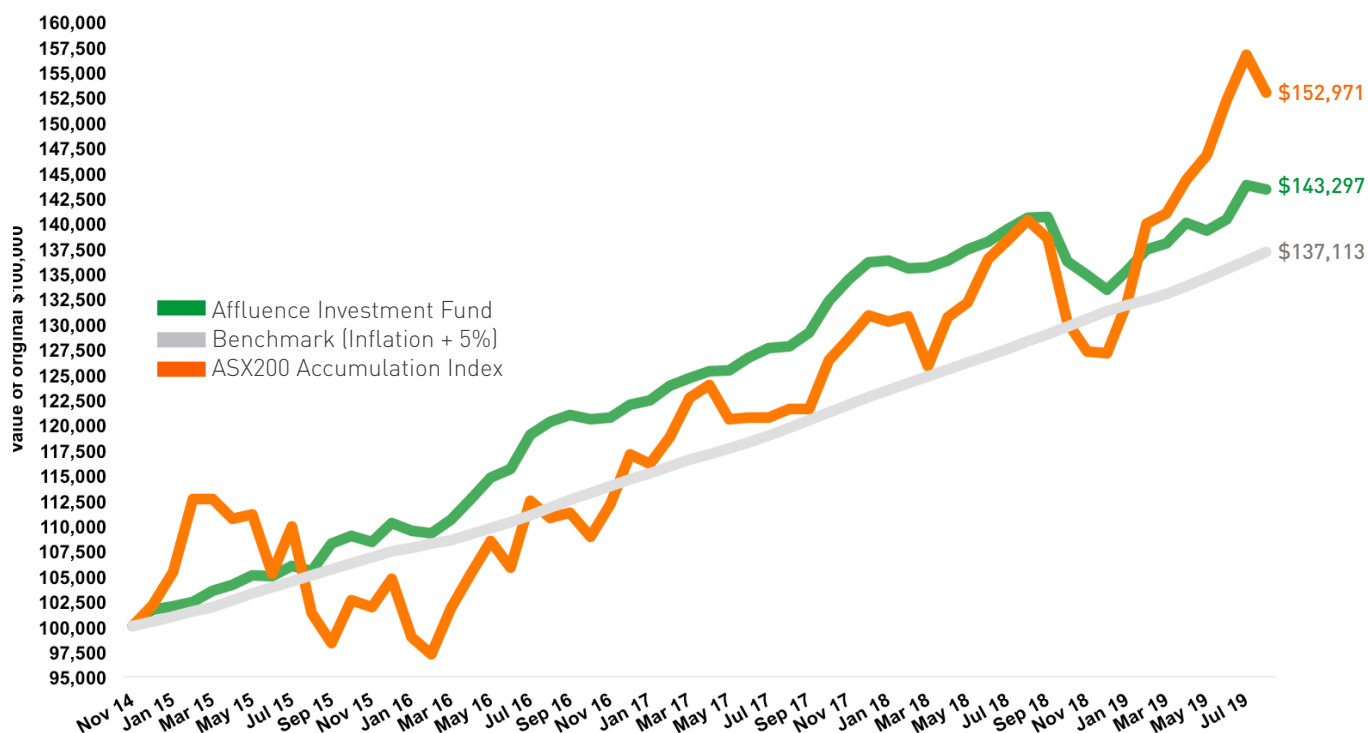
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to pay distributions of approximately 5% pa paid monthly. Distributions are not guaranteed and may be paid above or below this amount.

Fund Monthly Return History

	J	F	M	A	M	J	J	A	S	O	N	D	Year
2014												1.7%	N/A
2015	0.3%	0.4%	1.1%	0.6%	0.9%	-0.1%	1.0%	-0.5%	2.5%	0.7%	-0.6%	1.7%	8.4%
2016	-0.7%	-0.2%	1.2%	1.9%	1.9%	0.7%	3.0%	1.1%	0.6%	-0.4%	0.2%	1.1%	10.7%
2017	0.3%	1.2%	0.6%	0.5%	0.1%	1.1%	0.7%	0.1%	1.1%	2.5%	1.6%	1.3%	11.6%
2018	0.1%	-0.6%	0.0%	0.5%	0.8%	0.5%	0.9%	0.8%	0.1%	-3.1%	-1.0%	-1.0%	-2.0%
2019	1.4%	1.6%	0.4%	1.5%	-0.6%	0.8%	2.4%	-0.3%					7.4%

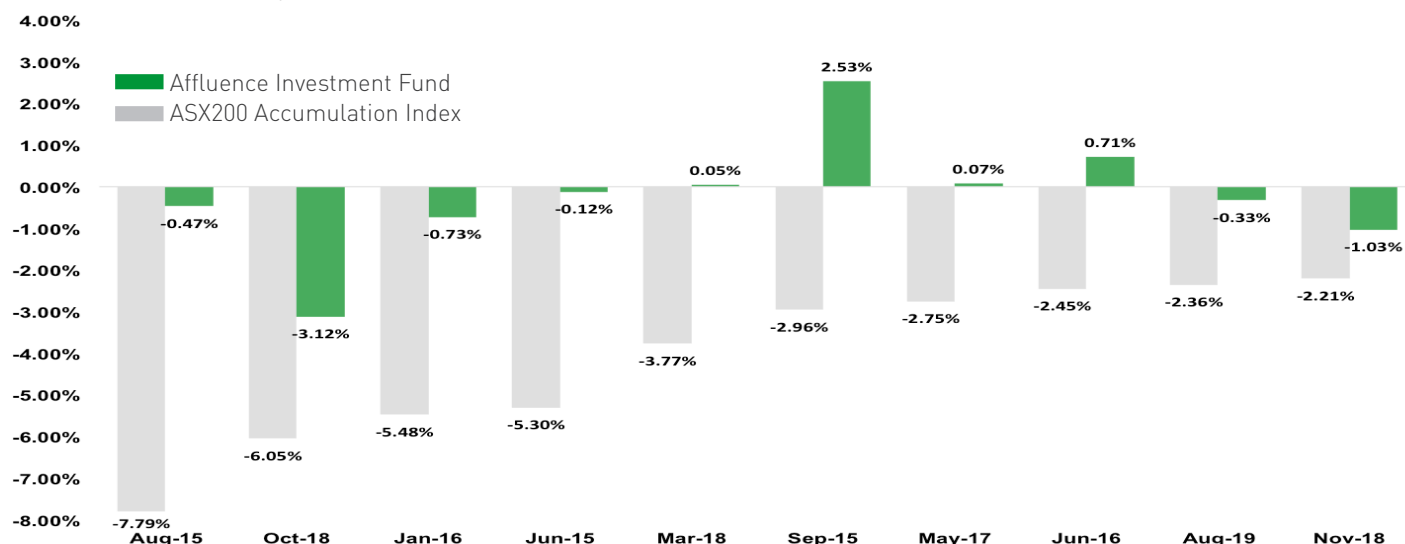
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

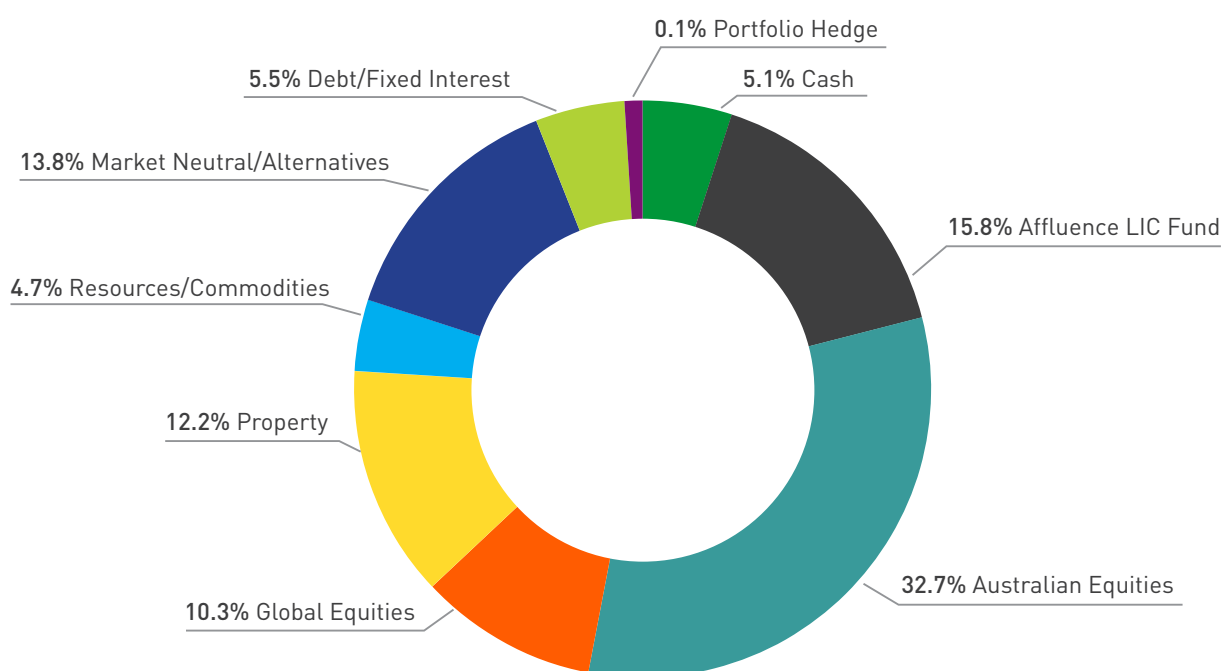
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	30 LICs	15.8%	10-20%
Australian Equities	16	32.7%	20-50%
Global Equities	6	10.3%	5-30%
Property	7	12.2%	5-30%
Resources/Commodities	3	4.7%	0-10%
Market Neutral/Alternatives	9	13.8%	5-20%
Debt/Fixed Interest	5	5.5%	5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.1%	
Cash	N/A	5.1%	5-20%
Total		100.0%	

Portfolio Summary



1. The Funds are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings).
2. Australian Equities and Global Equities comprise both long only and long/short strategies.
3. Normal Range refers to the expected lower and upper range for each asset class during normal market conditions. We may vary these ranges at any time.
4. More detailed information on the Affluence LIC Fund, including asset allocation, can be found in the fund report available on the Affluence website.

Top 10 Largest Investments

Affluence LIC Fund	EGP Concentrated Value Fund
Phoenix Opportunities Fund	Unibail-Rodamco Westfield
Wentworth Williamson Fund	Cromwell Direct Property Fund
L1 UK Residential Property Fund III	Totus Capital Alpha Fund
Packer & Co Investigator Trust	Harvest Lane Absolute Return Fund

What Makes This Fund Different

Traditional Fund Managers	vs.	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 3 years
Benchmark Returns	Inflation + 5%
Fund Value	\$18.1m
Entry Price	\$1.0667
Exit Price	\$1.0614
Annual Distributions	5.52 cpu
Distribution Yield	5.2% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	0.25%/0.25%

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.

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

Meet The Portfolio Managers



Daryl Wilson

CEO/Portfolio Manager

Years in the Industry: 20

Email: daryl.wilson@affluencefunds.com.au

Phone: +61 402 046 883



Greg Lander

Portfolio Manager

Years in the Industry: 12

Email: greg.lander@affluencefunds.com.au

Phone: +61 409 645 893

Platform Availability:

HUB24 (IDPS)

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

This information has been prepared by Affluence Funds Management Limited ABN 68 604 406 297 AFS licence no. 475940 (Affluence) as general information only in relation to the Affluence Investment Fund (Fund). It does not purport to be complete and it does not take into account your investment objectives, financial situation or needs. Prospective investors should consider those matters and read the Product Disclosure Statement (PDS) offering units in the Fund before making an investment decision. The PDS contains important notices and disclaimers, important information about the offer, as well as investment risks. Any forecast or projected information, including financial, is not guaranteed and there is no guarantee of any distribution, investment return or repayment of capital. This information and the information in the PDS is not a recommendation by Affluence or any of its officers, employees, agents or advisers and potential investors are encouraged to obtain independent expert advice before any investment decision.