



Affluence Investment Fund

Fund Report - November 2018



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Fund Commentary

The turbulent market conditions continued in November with the ASX200 index decreasing by 2.2% and the Affluence Investment Fund decreasing by 1.0% for the month. November marks the Fund's fourth birthday. Since commencing in December 2014, the Fund has returned 7.8% per annum through what has been a relatively difficult investment period. This has included 6.7% per annum monthly distributions to investors and a 1.1% per annum increase in the unit price of the Fund. Over that same period, the Fund has outperformed both our benchmark of 6.9% per annum (inflation plus 5%) and the ASX 200 (including dividends) of 6.2% per annum.

During November the fixed income, alternatives and property investments all recorded small increases. Our equities investments decreased in line with the market. Our biggest positive contributors were the Dalton Street Capital Absolute Return Fund (up 9.2%) and the India Avenue Equity Fund (up 4.8%). The largest detractors were the Baker Steel Gold Fund and a number of our value style equity managers. We have discussed this relative underperformance of value versus growth a few times recently. We retain our conviction that many of our value managers are holding equities that are very attractive on both a relative and absolute basis. At the start of December, we made additional investments in three of these funds,

the Wentworth Williamson Fund, the EGP Concentrated Value Fund, and the Terra Capital Natural Resources Fund. All of these managers have had a tough year with regards to performance. However, we have used this difficult period as an opportunity to keep adding to these investments. We believe each of these managers can significantly outperform the market over the next three to five years.

We added one new fund during the month, the Forager International Shares Fund. Forager is an Australian boutique equities manager founded by Steve Johnson. Forager manages an Australian equities fund and a global equities fund. Both funds reflect Foragers' deep value bias, which means at times they hold companies that are unpopular and unloved. This fund gives us additional global exposure, however, is largely positioned away from the more expensive sectors of the global market where we continue to have concerns over valuation levels.

The ASX200 Index has now fallen by 9.3% over the past three months. The Fund has fared reasonably well over that period, falling by 4.1%, and therefore outperforming the Australian stock market by 5.2%. Global markets at the start of December have continued to be erratic, swinging between gains and losses. As per our comments last month, we have no insight on where markets go from here in the short term. The Fund is well positioned to

handle the volatility, and despite high average valuations for most markets, we believe there is now significant latent value in parts of our portfolio. We remain very confident in the ability of our investment managers, and the Affluence Investment Fund portfolio overall. We continue to focus on positioning the Fund to make good returns over the next three to five years.

At month end, 66% of the portfolio was invested in unlisted funds, 13% in the Affluence LIC Fund, 8% in listed investments and 13% 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're considering taking advantage of the recent market falls to invest, you can get information on the Fund and apply online or download the application pack from our website. If you would 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 24th December. Units will be issued effective 1st January.

Fund Performance

To 30 November 2018	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Income Distributions	0.5%	6.2%	6.7%	6.3%	6.7%	6.7%	
Capital Growth	(1.5%)	(5.9%)	(1.0%)	1.2%	1.1%	1.1%	
Total Return	(1.0%)	0.3%	5.7%	7.5%	7.8%	7.8%	3.5%
Benchmark - Inflation + 5%	0.6%	7.0%	7.0%	6.9%	6.9%	6.9%	
Outperformance against Benchmark	(1.6%)	(6.7%)	(1.3%)	0.6%	0.9%	0.9%	

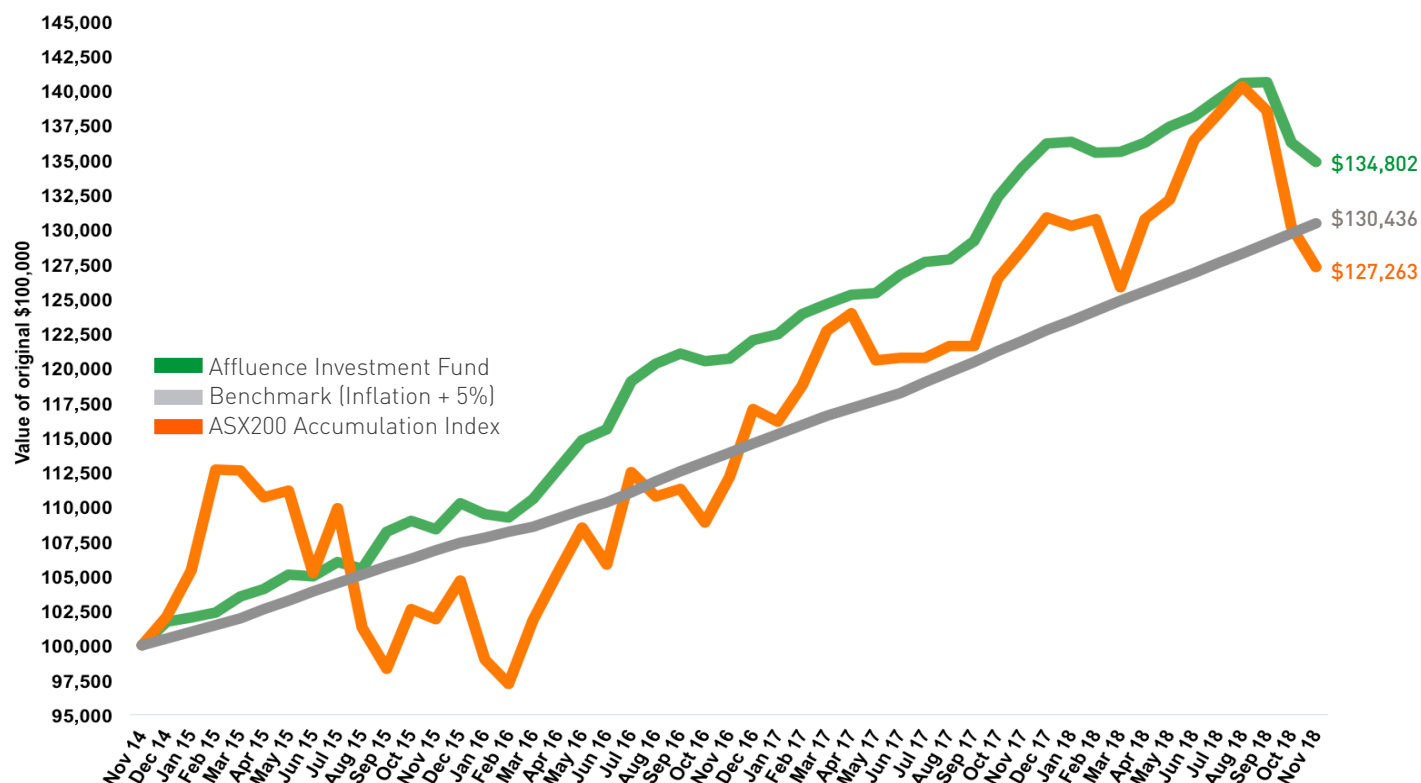
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%		

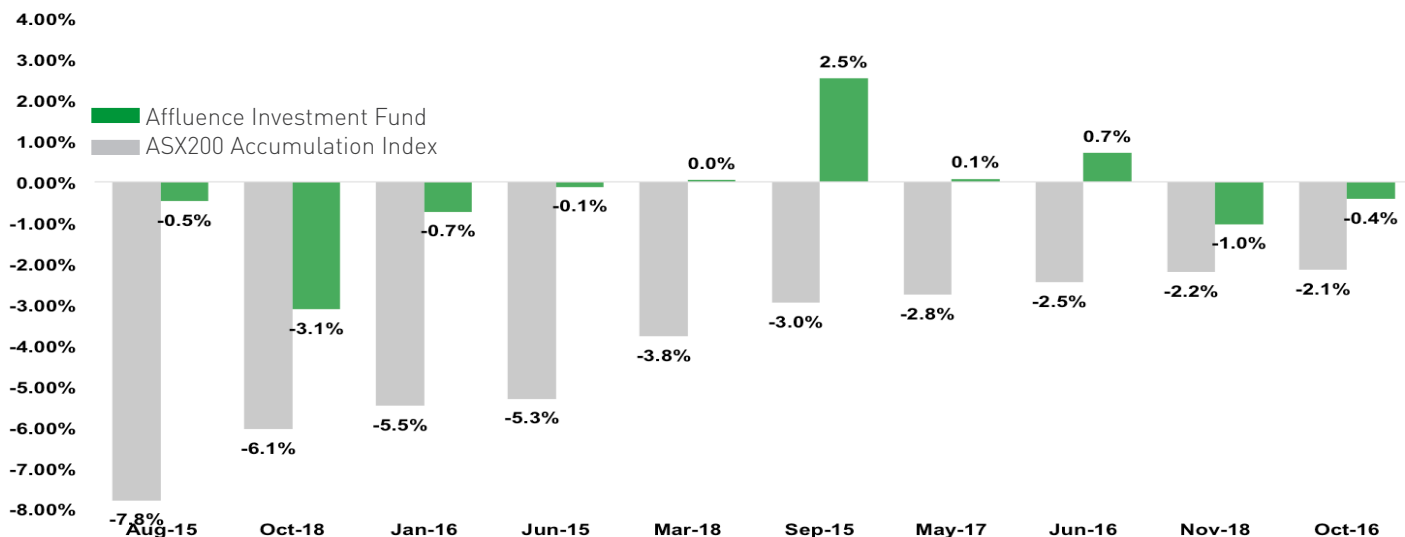
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

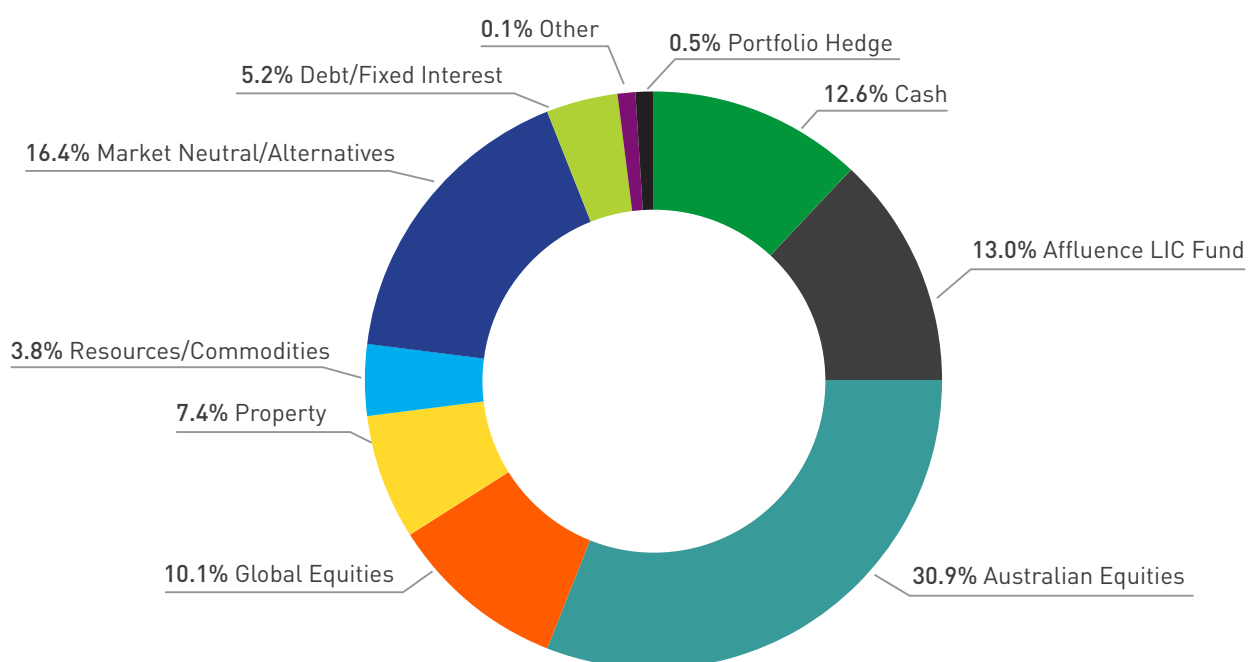
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	27 LICs	13.0%	10-20%
Australian Equities	17	30.9%	20-50%
Global Equities	6	10.1%	5-30%
Property	5	7.4%	5-30%
Resources/Commodities	3	3.8%	0-10%
Market Neutral/Alternatives	9	16.4%	5-20%
Debt/Fixed Interest	3	5.2%	5-20%
Other	N/A	0.1%	0-35%
Portfolio Hedge	N/A	0.5%	
Cash	N/A	12.6%	5-20%
Total		100.0%	

Portfolio Summary



1. The Funds are categorised by Affluence 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. The Normal Range refers to the expected lower and upper range for each asset class during normal market conditions. Affluence 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	Cromwell Direct Property Fund
Phoenix Opportunities Fund	GMO Systematic Global Macro Trust
Wentworth Williamson Fund	Packer & Co Investigator Trust
KIS Asia Long Short Fund	Auscap Long Short Australian Equities Fund
Perpetual Pure Credit Alpha Fund	EGP Concentrated Value 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	\$14.4m
Entry Price	\$1.0447
Exit Price	\$1.0374
Annual Distributions	5.52 cpu
Distribution Yield	5.3% 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%

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:

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Meet The Portfolio Managers



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Platform Availability:

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