

# Affluence Investment Fund

## Information Pack

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.

# Who Is Affluence

## About Affluence

Affluence Funds Management was founded in 2015. Our focus is on delivering superior long-term investment performance and in providing quality education and investment ideas for our investors. At Affluence, we believe in doing things differently. We are contrarian, value focused, and invest for the long term. We aim to offer our investors access to the very best quality investments from the top 1% of investment managers (as chosen by Affluence). We are patient investors. We focus not only on finding the best investments, but on being aware of market cycles and on diversifying investments across all types of assets in our search for consistent, positive long term returns.

## What Makes Affluence Different

Traditional Fund Managers	vs. Affluence - Invest Differently
<b>Follow The Herd:</b> Traditional managers are too scared to fail, so they don't succeed. Most don't outperform the index.	<b>Actively Pursue Out-performance:</b> From our fee structure alignment to our investment methodology, our strategy targets positive returns and low volatility.
<b>Restricted Product Selection:</b> Commonly places clients into their own managed funds or choose from a restricted list of 'approved' funds.	<b>Best Of Breed:</b> We will seek the best fund managers, and combine them in a way which cushions against market corrections.
<b>Traditional Asset Classes:</b> Manage large amounts in traditional asset classes (e.g. ASX200 equities), which minimises chances of excess performance.	<b>Unique Strategies:</b> We prefer managers who operate in specialised markets with less funds under management and a competitive advantage.
<b>High, Fixed Fees:</b> Take fees regardless of performance.	<b>No Fixed Fees:</b> Our fees are 100% performance based.

## The Portfolio Managers



### Daryl Wilson - Director/CEO/Portfolio Manager

Daryl founded Affluence Funds Management in 2015 and is co-manager of all investment portfolios. Prior to forming Affluence, Daryl was a Director of Cromwell Property Group, an ASX-listed property and fund manager, for over 15 years. From 2008 until 2015, Daryl was responsible for Cromwell's unlisted funds management business, which created and managed investment funds worth over \$1 billion. Daryl holds a Bachelor of Commerce, a Diploma of Financial Planning and is a member of the Institute of Chartered Accountants.



### Greg Lander - Portfolio Manager

Greg is co-manager of all investment portfolios. He is primarily responsible for analysing new investment opportunities, asset allocation, fund analysis, performance reporting, and investment management. Prior to joining Affluence in 2015, Greg was employed by Cromwell Property Group for over 9 years. During this time, he held a range of positions including fund analyst, transactions analyst and investment strategist. Greg holds a Bachelor of Applied Science (Property Economics) and is a registered property valuer.



# The Affluence Investment Fund

## Fund Summary

The Fund aims to deliver above average results, but in a very different way to a traditional investment fund. We seek to invest with 20 to 35 of the very best investment managers across all asset classes, predominantly through unlisted managed funds. We then invest with them in a way which we believe balances maximum returns with low volatility. In our opinion, these are some of the top investment managers in Australia, who we believe can outperform their market benchmarks.

In setting the Fund's investment objectives, we seek to provide investors with an attractive combination of:

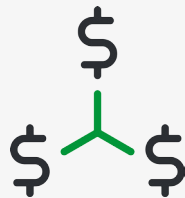
- Reasonable, consistent distributions paid frequently (to satisfy income needs).
- Capital growth (net of distributions) which exceeds inflation.
- Differentiated strategies and boutique managers which may compliment your existing investment portfolio.
- Low volatility, which reduces the risk of substantial falls in portfolio value

## The Affluence Investment Fund's Key Features



### Diverse Investment Portfolio

The Fund is likely to hold 20-35 investments at any given time, but may hold more or less than this.



### Minimum Initial Investment

Investors can invest as little as \$20,000. Start with a smaller amount and grow your investment over time.



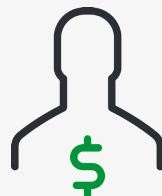
### Minimum Additional Investment

You can add to your investment from as little as \$1,000.



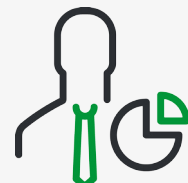
### Monthly Distributions

Distributions to investors are generally paid monthly, around 10 days after the end of each month.



### Distribution Reinvestment

Distributions can be reinvested to compound on your investment.



### We Get Paid To Perform

Affluence charge no fixed fee, simply a performance fee equivalent to 12.5% of positive total returns.



### Monthly Applications and Withdrawals

Applications and Withdrawals are processed monthly. Your application funds are held in a trust account while awaiting processing.



### Regular Fund Reporting

Reports detailing the Fund's performance, strategy and portfolio are provided monthly.



# Why Invest in the Affluence Investment Fund

## We Are Different

- We aim to invest with the absolute best investment managers in Australia. They are generally boutique managers who are often unknown by the greater investing community.
- We use some alternative strategies. Alternative investment strategies can perform much better in falling markets (and can even increase in value), which can decrease portfolio volatility and increase risk adjusted returns.
- We aim to pay monthly distributions. We understand that regular income is very important to many investors, and target a distribution yield of 5% per annum.
- We don't charge any fixed management fees. Just a performance fee. 12.5% of positive returns. Any previous negative performance must be recovered.

## We Have Met Our Fund Objectives

Fund Objective	Achieved	As at 30 April 2018
Minimum distribution yield of 5% per annum, paid monthly	✓	The Fund currently distributes 5.4 cents per unit per annum, paid monthly.
Total annualised return of at least inflation plus 5%	✓	Since inception over 3 years ago, the Fund has returned 9.5% per annum compared to the return target of 6.9% per annum.
Access to a diversified portfolio	✓	The Fund provides exposure to over 30 unlisted funds and more than 25 LIC's.
Deliver volatility of returns which is less than 50% of the ASX200	✓	Since inception over 3 years ago, the Fund had volatility of returns of 3.0% compared to the ASX200 of 11.3%.

## The Fund Is Highly Rated<sup>1,2</sup>



The Affluence Investment Fund has achieved a 5 Star Morningstar Rating for both 3 Years and Overall, the highest Ratings possible. The rating is based on the historical risk-adjusted performance for the Fund. 5 Star Funds are those with the high risk adjusted returns. As at 30 April 2018.

The Affluence Investment Fund has achieved a 5 Crown FE Rating. FE Crown Ratings enable investors to distinguish between funds that are strongly outperforming their benchmark and those that are not. The top 10% of funds are awarded 5 FE Crowns. As at 30 April 2018.

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. © 2018 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](http://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.

# The Fund Has Performed Well

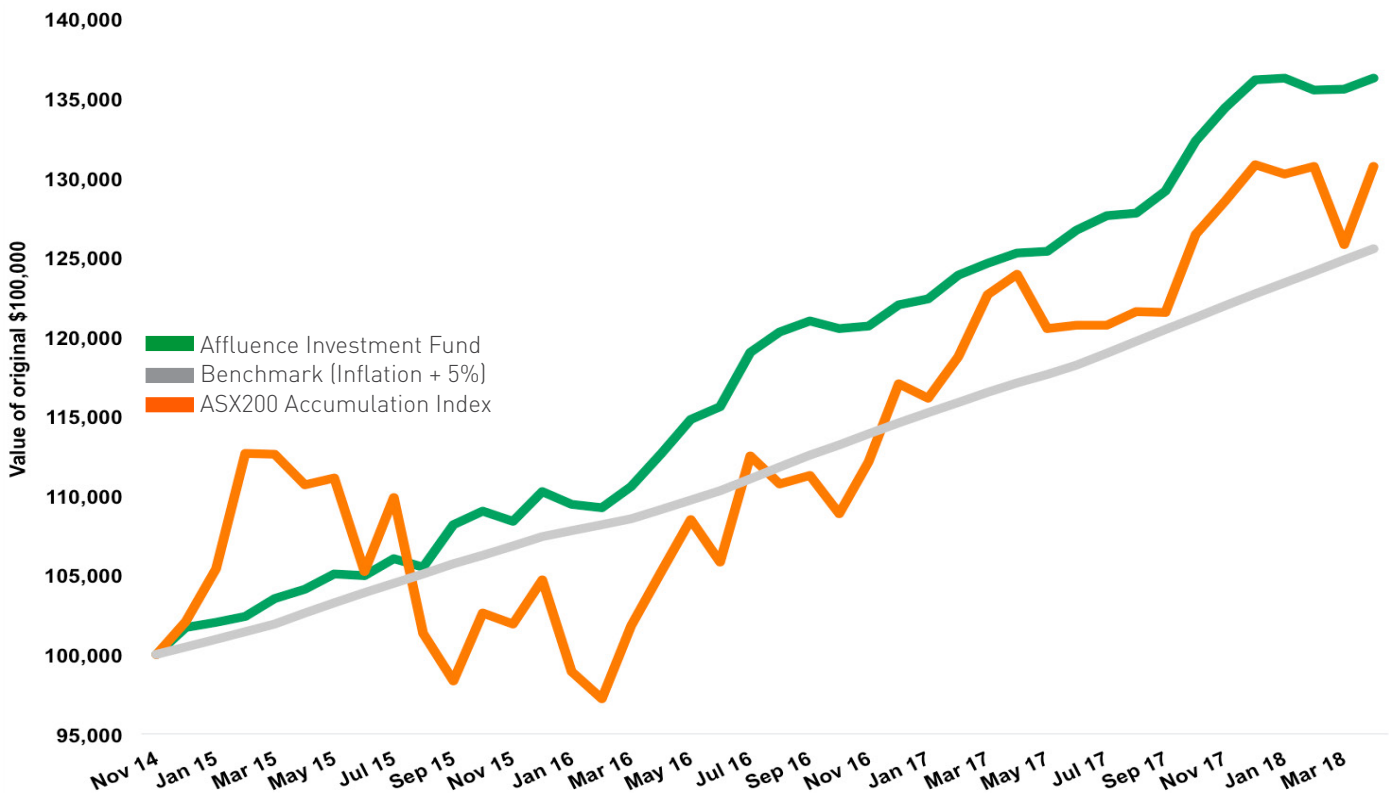
## Fund Performance Has Been Consistent

To 30 April 2018

	6 Months	1 Year	2 Years	3 Years	Inception	Volatility
Income Distributions	2.5%	7.0%	6.4%	6.1%	6.6%	
Capital Growth	0.5%	1.8%	3.6%	3.3%	2.9%	
<b>Total Return</b>	<b>3.0%</b>	<b>8.8%</b>	<b>10.0%</b>	<b>9.4%</b>	<b>9.5%</b>	<b>3.0%</b>
Benchmark - Inflation + 5%	3.6%	7.2%	7.2%	7.0%	6.9%	
<b>Outperformance against Benchmark</b>	<b>(0.6%)</b>	<b>1.6%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>2.6%</b>	

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.

## The Fund Has Outperformed The Australian Share Market And Our Benchmark



## 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%									

     Strongest Month  
      Positive Month  
      Stable Month  
      Negative Month  
      Weakest Month



# The Fund Has Outperformed

## We Have Outperformed Similar Funds

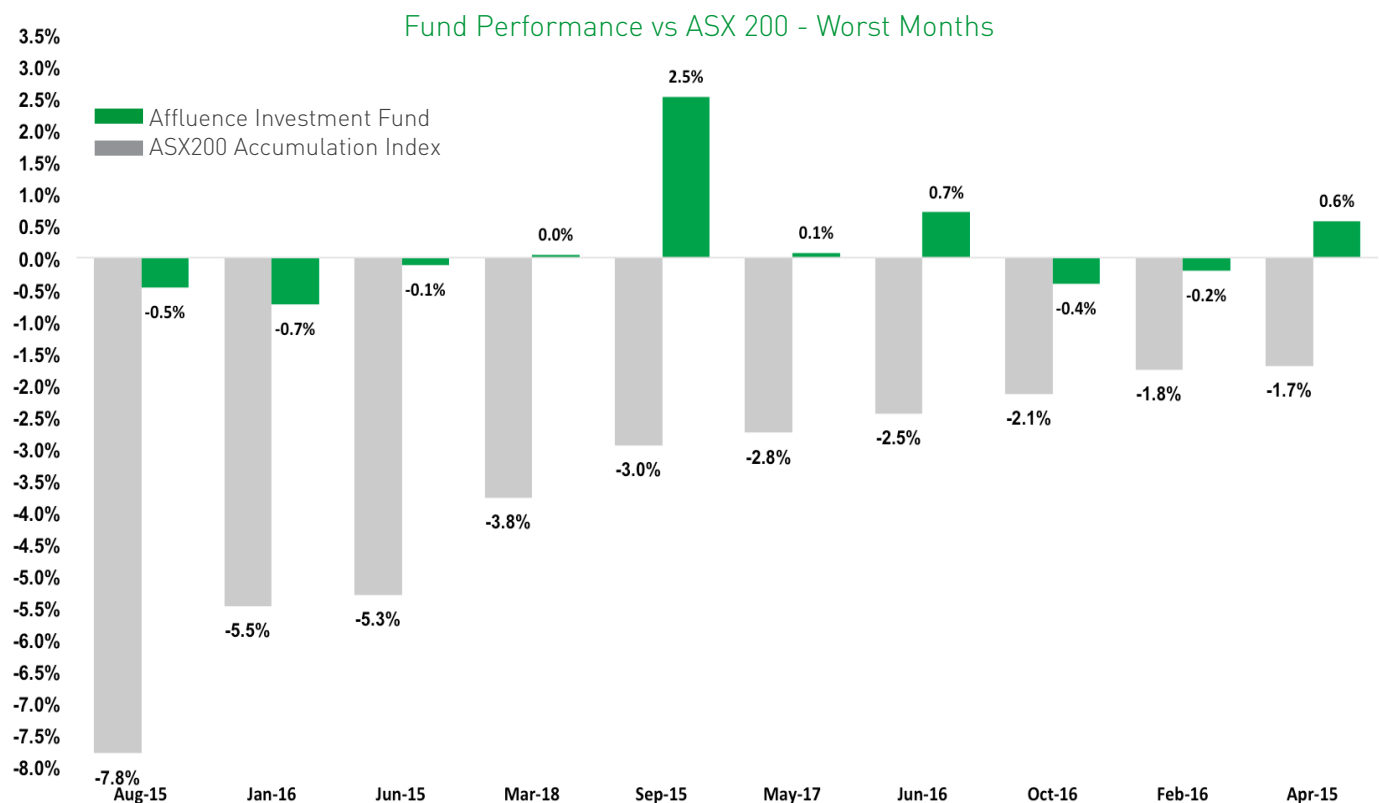
To 30 April 2018	1 Year	3 Years	Volatility
Affluence Investment Fund	8.8%	9.4%	3.0%
AMP Capital Multi-Asset A	5.4%	4.8%	3.7%
MLC WS Inflation Plus - Assertive	5.0%	4.8%	5.3%
PineBridge Global Dynamic	7.9%	3.8%	7.9%
Schroder Real Return CPI+5%	3.5%	3.5%	2.9%
AMP Capital Australian Dynamic Markets A	5.2%	2.2%	7.2%
Benchmark - Inflation + 5%	7.2%	7.0%	-
Morningstar Multi-Sector Growth Index	6.4%	6.0%	-
ASX200 Accumulation Index	5.5%	5.7%	11.3%

We have compared the Affluence Investment Fund against five of the largest funds in its Morningstar category, Multisector Flexible. As at 30 April 2018 the Affluence Investment Fund is 1 out of 56 funds over 3 years in its Morningstar category.

Volatility refers to the historical standard deviation of returns. A lower number is considered better as it represents more consistent, stable returns.

## The Fund Has Outperformed When The Australian Share Market Falls

The graph below shows the performance of the Affluence Investment Fund in the ten worst months for the ASX200 index since the Fund began. The Fund has performed better than the ASX200 index in all ten worst months and delivered positive returns in five of them.

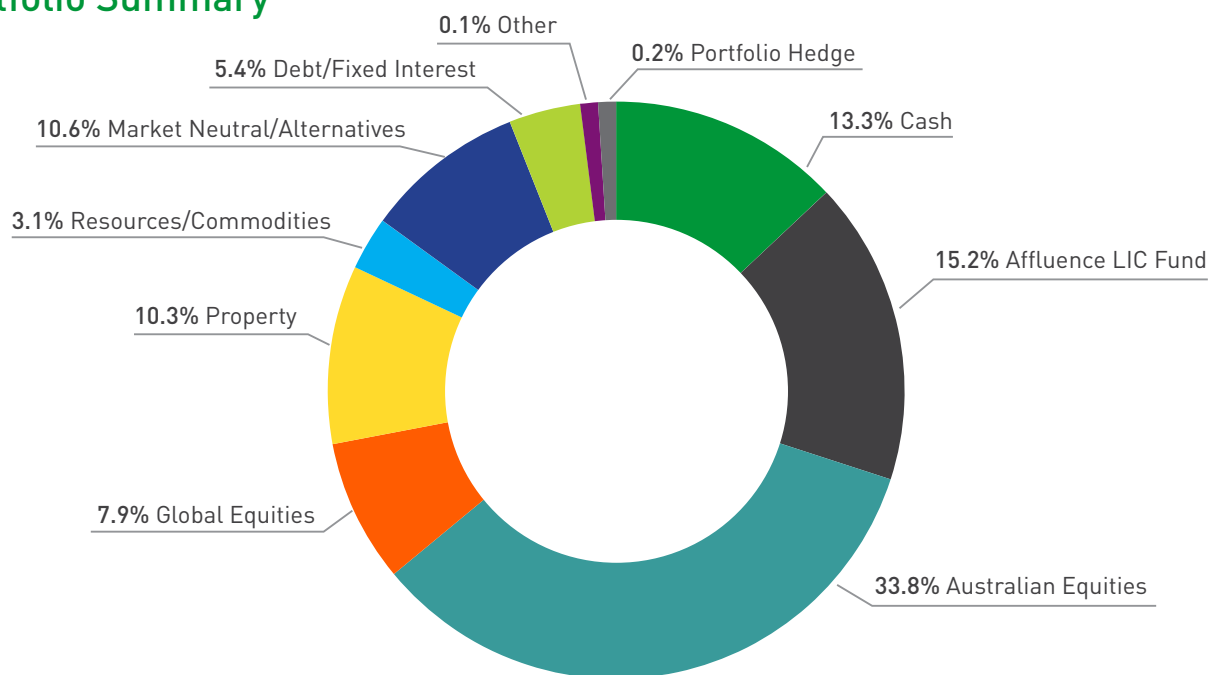


# Current Portfolio Summary (as at 30 April 2018)

## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	28 LICs	15.2%	10-20%
Australian Equities	16	33.8%	20-50%
Global Equities	4	7.9%	5-30%
Property	7	10.3%	5-30%
Resources/Commodities	3	3.1%	0-10%
Market Neutral/Alternatives	7	10.6%	5-20%
Debt/Fixed Interest	4	5.4%	5-20%
Other	N/A	0.1%	0-35%
Portfolio Hedge	N/A	0.2%	
Cash	N/A	13.3%	5-20%
<b>Total</b>		<b>100.0%</b>	

## 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	Cooper Investors Brunswick Fund
Phoenix Opportunities Fund	Antipodes Global Fund
Cromwell Direct Property Fund	Packer & Co Investigator Trust
Wentworth Williamson Fund	Perpetual Pure Credit Alpha Fund
KIS Asia Long Short Fund	IML Concentrated Australian Share Fund



# Key Fund Statistics & How To Invest

## Key Fund Statistics

Investment Class	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Benchmark Returns	Inflation + 5%
Fund Value	\$11.3m
Entry Price	\$1.1030
Exit Price	\$1.0953
Annual Distributions	5.40 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%

## How To Invest

The Affluence Investment Fund is available to all Australian and New Zealand resident investors with a minimum investment amount of \$20,000.

If viewing this document on a computer, use the interactive links/buttons below for more information or to invest to the Fund.

If you have any questions about Affluence, the Fund or our investment team, please use the contact details below to get in touch.

[invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au)

1300 233 583

[affluencefunds.com.au](http://affluencefunds.com.au)

## Interactive Links To Learn More

Learn More  
About The  
Fund

PDS &  
Application  
Forms

Additional  
Investment  
Form

View Fund  
Portfolio  
(Login  
Required)

Invest  
Online

## Risk Disclosure

As with all investments, the Fund is subject to risks. If these risks eventuate, they may result in a reduction in the value of your investment in the Fund and/or a reduction or cessation of distributions. Distributions are not guaranteed, nor is the return of your capital. Past performance is not indicative of future performance. It is important that you know that the value of your investment will go up and down over time, the Fund's returns will vary over time, future returns may differ from past returns, and returns are not guaranteed. All of this means that there is always the chance that you could lose money on your investment. As set out in the product disclosure statement dated 14 March 2017 ("PDS"), key risks include concentration risk, economic and market risk, legal and regulatory risk, manager and key person risk, liquidity risk, leverage risk and currency risk. AFM aims, where possible, to actively manage risks. However, some risks are outside our control.



Invest Differently