



Affluence Investment Fund

Fund Report - April 2019



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Fund Commentary

The Affluence Investment Fund increased by 1.5% in April, with the benchmark increasing 0.6% (inflation plus 5% per annum) and the ASX 200 increasing by 2.4% for the month. Since commencing in December 2014, the Fund has returned 7.9% per annum. This has included 6.6% per annum monthly distributions to investors and an 1.3% per annum increase in the unit price of the Fund. Over that same period, the Fund has outperformed our benchmark of 6.8% per annum (inflation plus 5% per annum) and almost kept pace with the ASX 200 Index (including dividends) of 8.7% per annum.

During April the US equity indexes hit new all time highs, and in Australia the ASX 200 Index reached new post GFC levels. For the Affluence Investment Fund, the overall contributors to the strong return were evenly split between property, Australian equities and global equities. Our biggest positive contributors were the APN Regional Property Fund (up 17.4% and we have now exited), the Packer & Co Investigator Trust (up 7.0%), the QVG Opportunities Fund (up 5.6%) and Unibail-Rodamco-Westfield (up 5.7%). The largest detractors included the Baker Steel Gold Fund, the Attunga Power & Enviro Fund, and the Karara Market Neutral Fund.

During April we exited the APN Regional Property Fund. This fund owns two office buildings in the Newcastle CBD. It is listed on the National Stock Exchange, but trades

very irregularly and is quite illiquid. We purchased units in the fund between June 2017 and February 2018 at discounts of between 15-20% to NTA. The manager was on record as working towards a liquidity event in 2018 (which dragged in 2019), and we had comfort that the property valuations were reasonable. At our purchase price, we were also getting paid an almost 10% cash yield while we waited. In early 2019, the manager implemented a liquidity event where existing investors could redeem their units at NTA. This transaction settled in April 2019, and the price we received was 40% higher than our original purchase price.

We added a new investment this month, the MCP Income Opportunities Trust (ASX: MOT). This listed investment trust is managed by Metrics Credit Partners, and is the second credit product that they now have listed on ASX. MOT targets returns of approximately 10% per annum by undertaking direct loans to private market borrowers. This sector of the market is attracting a lot of new capital at the moment, as it has traditionally been dominated by the big four banks who are exiting the sector rapidly. This is leading to a deficit of capable lenders to satisfy demand, which is resulting in strong risk adjusted returns on offer for experienced operators. Trying to achieve 10% returns from this sector is not without some risk, however in this case we believe there is an adequate risk premium on offer.

Metrics Credit Partners are direct lending specialists, and have a lot of experience in structuring this type of investment.

At month end, 67% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 10% in listed investments and 7% 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 24th May. Units will be issued effective 1st June.

Fund Performance

To 30 April 2019	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Income Distributions	0.5%	6.6%	6.7%	6.4%	6.2%	6.6%	
Capital Growth	1.0%	(3.8%)	(1.0%)	1.1%	1.5%	1.3%	
Total Return	1.5%	2.8%	5.7%	7.5%	7.7%	7.9%	3.5%
Benchmark - Inflation + 5%	0.6%	6.6%	6.9%	7.0%	6.9%	6.8%	
Outperformance against Benchmark	0.9%	(3.8%)	(1.2%)	0.5%	0.8%	1.1%	

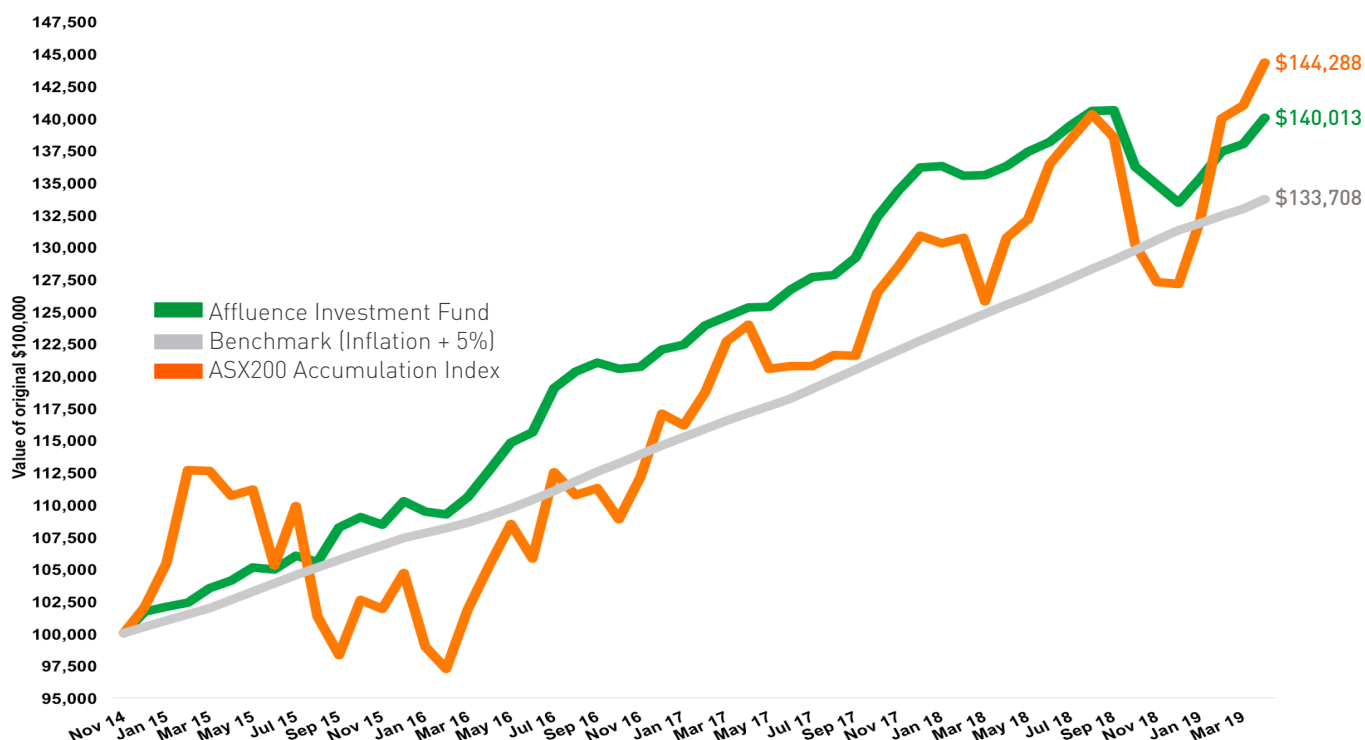
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%									4.9%

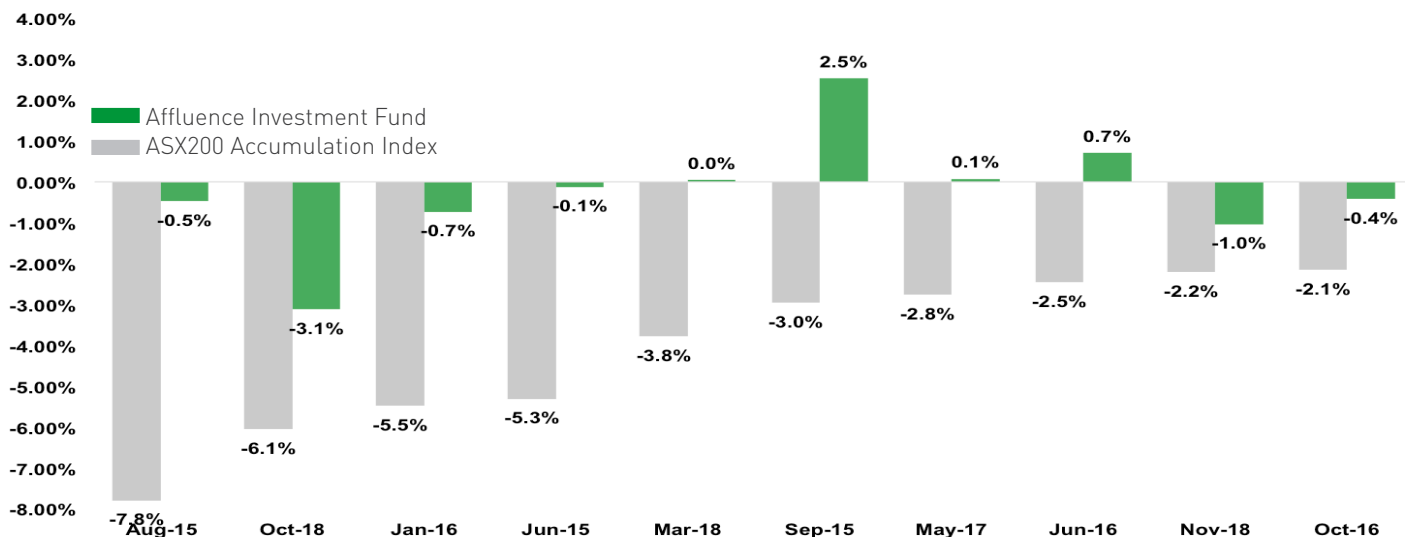
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

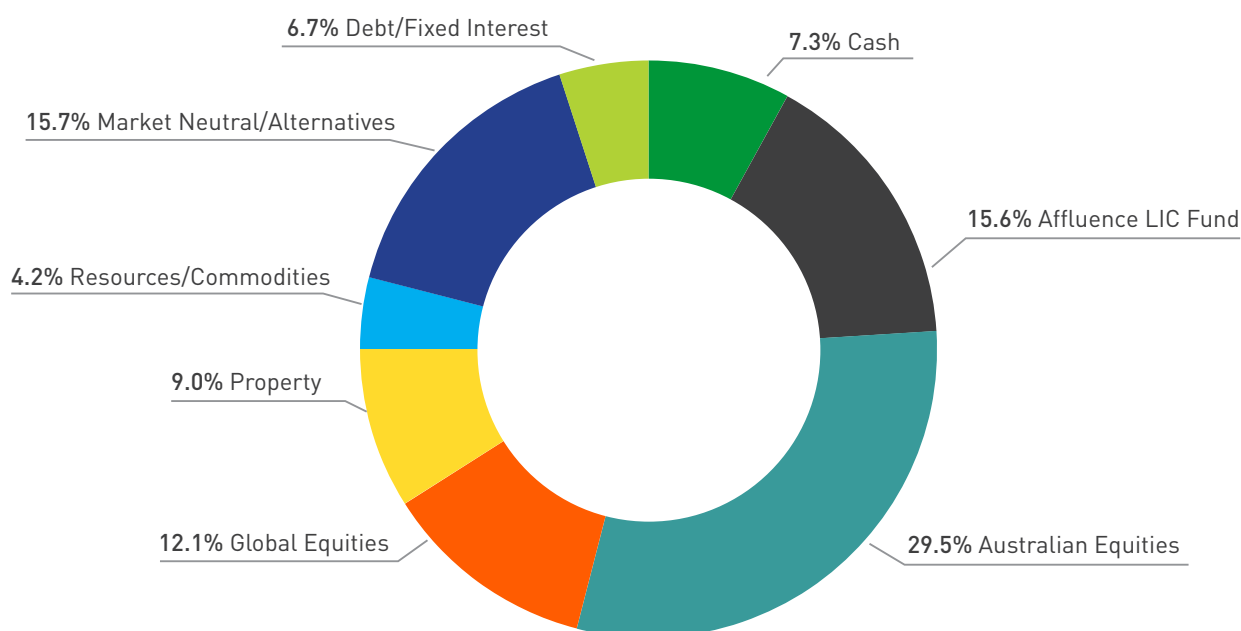
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	32 LICs	15.6%	10-20%
Australian Equities	14	29.5%	20-50%
Global Equities	6	12.1%	5-30%
Property	6	9.0%	5-30%
Resources/Commodities	3	4.2%	0-10%
Market Neutral/Alternatives	9	15.7%	5-20%
Debt/Fixed Interest	4	6.7%	5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.0%	
Cash	N/A	7.3%	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	Perpetual Pure Credit Alpha Fund
Phoenix Opportunities Fund	Cromwell Direct Property Fund
Wentworth Williamson Fund	GMO Systematic Global Macro Trust
Packer & Co Investigator Trust	Auscap Long Short Australian Equities Fund
KIS Asia Long Short Fund	Sandon Capital Activist 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	\$15.5m
Entry Price	\$1.0604
Exit Price	\$1.0551
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:

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Meet The Portfolio Managers



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Platform Availability:

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Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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