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YEAR
AFFLUENCE
ANNIVERSARY



Affluence Investment Fund

Fund Report - April 2020



Morningstar
Rating
5 Year



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Fund Commentary

The ASX 200 Index rebounded in April, increasing by 8.8%. The Affluence Investment Fund had its strongest ever month and increased 4.4%. Since commencing over five years ago in December 2014, the Fund has returned 6.2% per annum, including 6.3% per annum monthly distributions to investors. Given the recent market falls, the Fund has slipped behind our benchmark of 6.9% per annum (inflation plus 5% per annum). The Fund has outperformed the ASX200 Index over 3 and 5 years, and these returns have been delivered with significantly lower volatility than the Index.

April's market increase of 8.8% for the ASX 200 was apparently the best month for Australian shares since 1988. At market close on 30 April, the Australian market had increased over 20% since the March lows. Many investors found the pace and intensity of the rebound surprising. There now appears to be two main groups of professional investors. Those who believe that this rebound is justified by the huge recovery packages released by governments and central banks around the world, as well as Australia's fantastic efforts at 'flattening the curve'. And the second group are those who believe this is a bear market rally (or a 'dead cat bounce'), and markets will retest their recent lows in the months ahead. We are in a third group, and are happy to admit we have no idea where markets will head in the short term. As a very broad estimate, we believe that the ASX 200 at around 5,300 points is in a reasonable range of fair market value in the current environment. However at times, fair value has little to do with short term market movements when investor emotions takeover. Our solution as always is to try and position the

portfolio to be resilient in all market conditions.

The underlying portfolio performed well in April, with the only significant detractor being our index put options which detracted 1.4% from the overall result. While the put option hedges were a reasonable detractor this month, they added 1.7% to the February return and 3.0% to the March return. Over a three month period they have proven to be very valuable, and if there are any more significant market falls in the next two months then the portfolio will continue to be partially protected. Our fixed interest, alternatives and property portfolio produced pleasing returns of 8%, 3% and 2.5% respectively. The Affluence LIC Fund and Australian and global equities portfolios performed well, slightly behind their index benchmarks. Interestingly, two of the worst performing investments this month were those that were the best performing last month. Both Totus Capital Alpha Fund and Bronte Capital Amalthea Fund produced positive returns in March's brutal fall, however gave back a reasonable portion of this in April.

We continued to make portfolio changes in April. We sold out of one unlisted alternatives fund that had not performed as we had expected, and trimmed our holdings in the debt listed investment trusts as the discounts to NTA narrowed. We used the proceeds of these sales to increase our investment in a number of our Australian and global equity funds. The funds we invested in range from an Australian equity fund that is often fully invested, to a global equity fund that is currently holding 60% cash and short term bonds. Our underlying managers are employing vastly different investment strategies and outlooks to

navigate through this period. We don't mind this, as we believe it increases our overall diversification.

In April, the Affluence Investment Committee gave approval to reduce the minimum asset allocation for debt/ fixed interest from 5% to 2.5%. We have been struggling to find compelling investments in this sector for some time. Given global interest rates are effectively at their zero bound, absolute returns are well below our benchmark (inflation plus 5%) for investment grade bonds and credit. We will continue to invest in any opportunities that have attractive risk adjusted returns.

At month end, 60% of the portfolio was invested in unlisted funds, 19% in the Affluence LIC Fund, 11% in listed investments and 10% in cash. If you would like to know more about 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. 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 May. Units will be issued effective 1st June.

Fund Performance

To 30 April 2020	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.5%	5.0%	6.2%	5.9%	6.3%	
Change in Unit Price (Capital Growth)	3.9%	(5.9%)	(2.7%)	0.0%	(0.1%)	
Affluence Investment Fund Total Return	4.4%	(0.9%)	3.5%	5.9%	6.2%	5.7%
Benchmark - Inflation + 5%	0.5%	7.3%	7.0%	7.0%	6.9%	
Performance against Benchmark	3.9%	(8.2%)	(3.5%)	(1.1%)	(0.7%)	

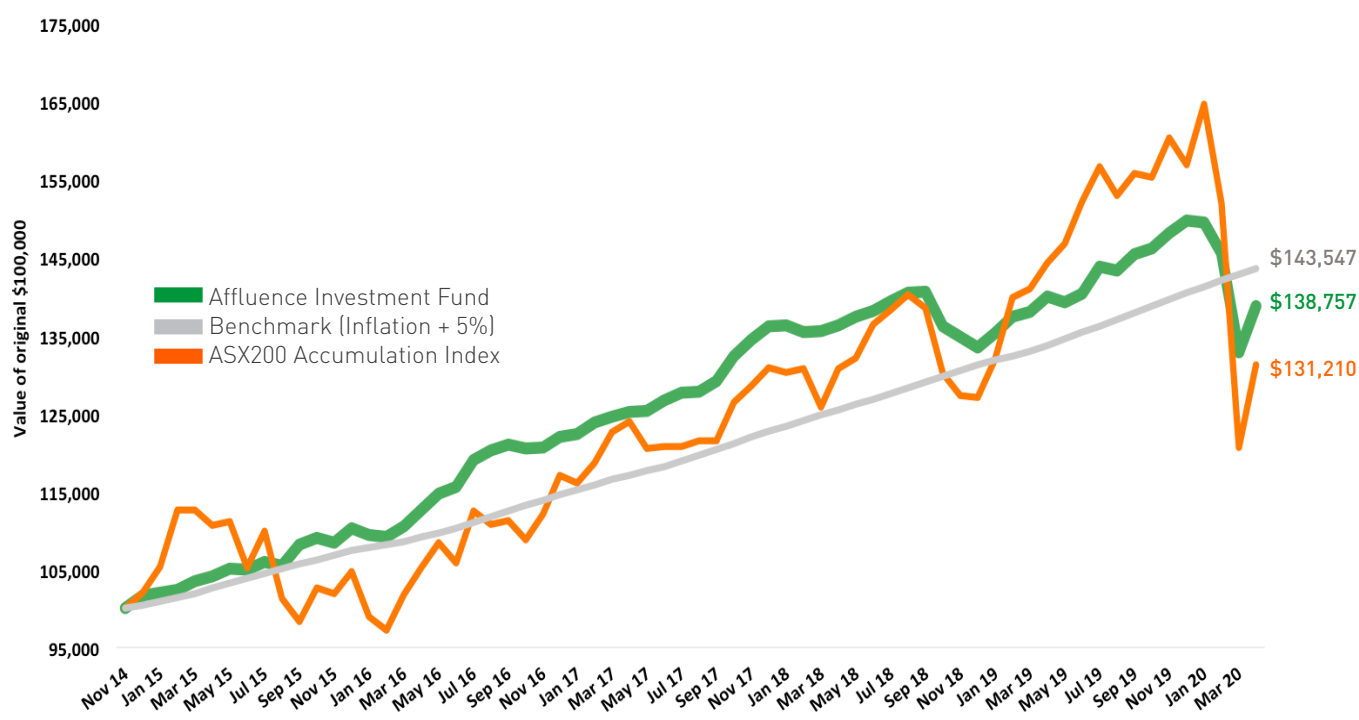
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%	1.4%	0.5%	1.4%	1.1%	12.3%
2020	-0.2%	-2.7%	-8.7%	4.4%									

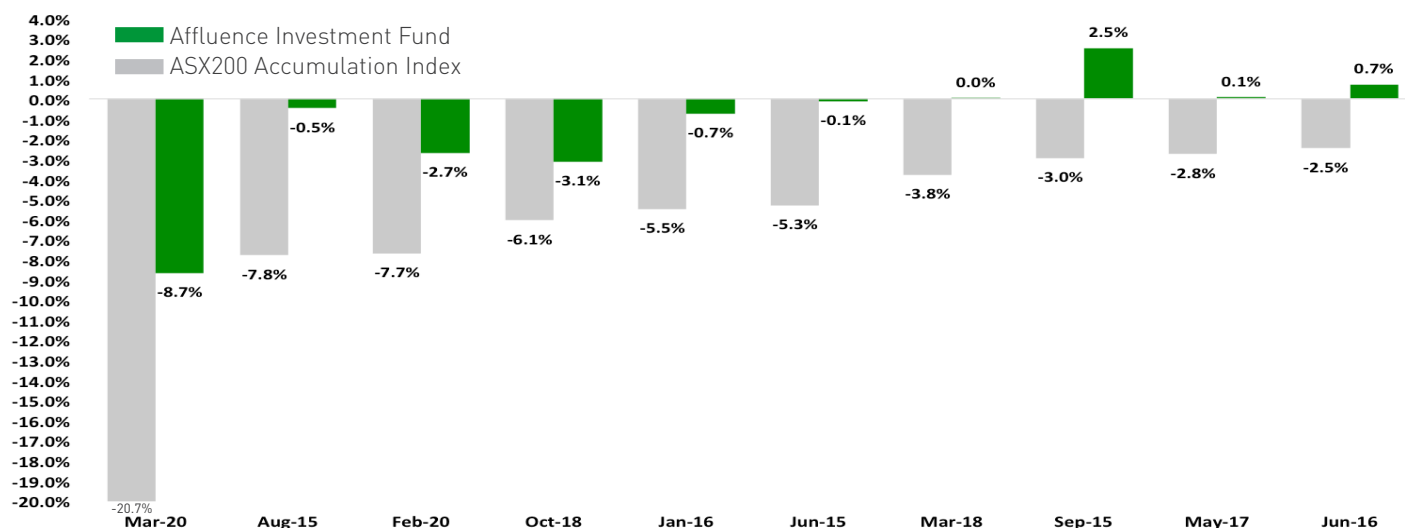
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

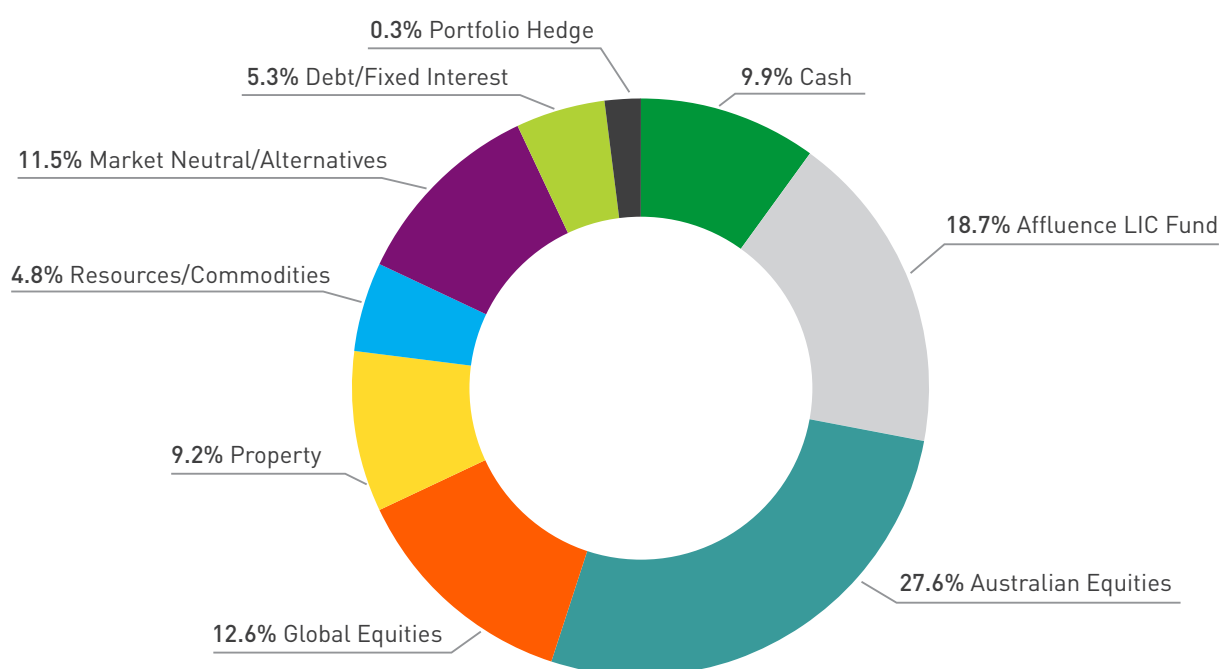
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	31 LICs	18.7%	10-20%
Australian Equities	16	27.6%	20-50%
Global Equities	6	12.6%	5-30%
Property	8	9.2%	5-30%
Resources/Commodities	3	4.8%	0-10%
Market Neutral/Alternatives	8	11.5%	5-20%
Debt/Fixed Interest	4	5.3%	2.5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.3%	
Cash	N/A	9.9%	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.

Ten Largest Investments

Affluence LIC Fund	Wentworth Williamson Fund
Bronte Capital Amalthea Fund	IML Concentrated Australian Share Fund
Phoenix Opportunities Fund	Perpetual Credit Income Fund
EGP Concentrated Value Fund	
Packer & Co Investigator Trust	Baker Steel Gold Fund
L1 UK Residential Property Fund III	QVG Opportunities 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	\$18.5m
Entry Price	\$0.9974
Exit Price	\$0.9925
Annual Distributions	5.52 cpu
Distribution Yield	5.5% 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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Platform Availability:

HUB24 (IDPS)	Netwealth (IDPS)	Powerwrap	Mason Stevens	One Answer (NZ Advisers)
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