



Affluence Investment Fund

Fund Report - December 2020



Morningstar
Rating
5 Year



Contents

02

Fund Commentary
Fund Performance

03

Return History
Return on \$100,000
Worst Months Analysis

04

Asset Allocation Summary
Portfolio Summary
Top 10 Investments

05

Key Statistics
Fund Strategy
Contact Us

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. © 2020 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.

Fund Commentary

The Affluence Investment Fund finished the year well and increased 1.8%, as the ASX 200 Index increased by 1.2%. Since commencing six years ago in December 2014, the Fund has returned 8.5% per annum, including 6.7% per annum monthly distributions to investors. This is above our benchmark of 6.7% per annum (inflation plus 5% per annum). In addition, the Fund has outperformed the ASX 200 Index since inception, and these returns have been delivered with significantly lower volatility than the Index.

Our largest positive contributors included our holding in the Affluence LIC Fund (up 2%), the Ellerston GEMS Fund (up 10%), the Phoenix Opportunities Fund (up 4%) and the QVG Opportunities Fund (up 8%). Negative contributors included the Bronte Capital Amalthea Fund and our index put options.

For the 2020 calendar year, we are very happy to report that the Affluence Investment Fund returned 9.8%. The mere suggestion of this outcome in March would have had us fall off our chairs in disbelief. The ASX200 Index returned 1.4%, which in itself is an amazing result given the year it was. The vast majority of our outperformance came in February and March during the downturn, where we managed to limit damage to the Funds capital from the worst of the crisis. What followed was world governments and central banks adopting a "whatever it takes" mindset to support their economies, in a massive display of economic support. While this has been successful in the short term, no one knows the long term

consequences of this debt binge.

We start 2021 more cautious than ever. It is one thing for the Australian equity market to break even for the year. However, the S&P500, the premier US equities index, returned a staggering 18.4% for 2020. We believed that the US market was expensive when it started 2020, and yet even through the economic destruction that occurred during the year it still went up almost 20%. We understand the bull case for equity markets from here. But it appears eerily similar to 1999/2000. The Covid-19 vaccination program is rolling out worldwide, but it is obvious looking at the US and Europe that they are in the worst position they have been in since the pandemic started. It seems markets don't care how bad it gets.

While many assets are incredibly expensive (and perhaps even some elements such as tech stocks and growth stocks in general are in bubble territory), other parts of markets continue to be largely shunned and ignored. It is these sectors that we are tilting the portfolio towards. While these assets may still fall in a future market correction, we don't believe they will suffer a permanent loss of capital like the current "hot stocks" may. We added three new funds in December that we are excited about. They are the Merricks Capital Partners Fund (real estate debt fund), the Schroder Global Recovery Fund (deep value global equity fund), and the Allan Gray Australia Equity Fund (deep value Australian equity fund). We believe that each of these funds invests in assets that are priced attractively in the current environment.

At month end, 58% of the portfolio was invested in unlisted funds, 17% in the Affluence LIC Fund, 19% in listed investments and 6% 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 fund managers, including over 20 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 applications this month is 25th January. Units will be issued effective 1st February.

Fund Performance

To 31 December 2020	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.4%	8.0%	6.6%	6.5%	6.7%	
Change in Unit Price (Capital Growth)	1.4%	1.8%	[0.1%]	1.8%	1.8%	
Affluence Investment Fund Total Return	1.8%	9.8%	6.5%	8.3%	8.5%	6.1%
Benchmark - Inflation + 5%	0.5%	5.5%	6.5%	6.7%	6.7%	
Performance against Benchmark	1.3%	4.3%	0.0%	1.6%	1.8%	

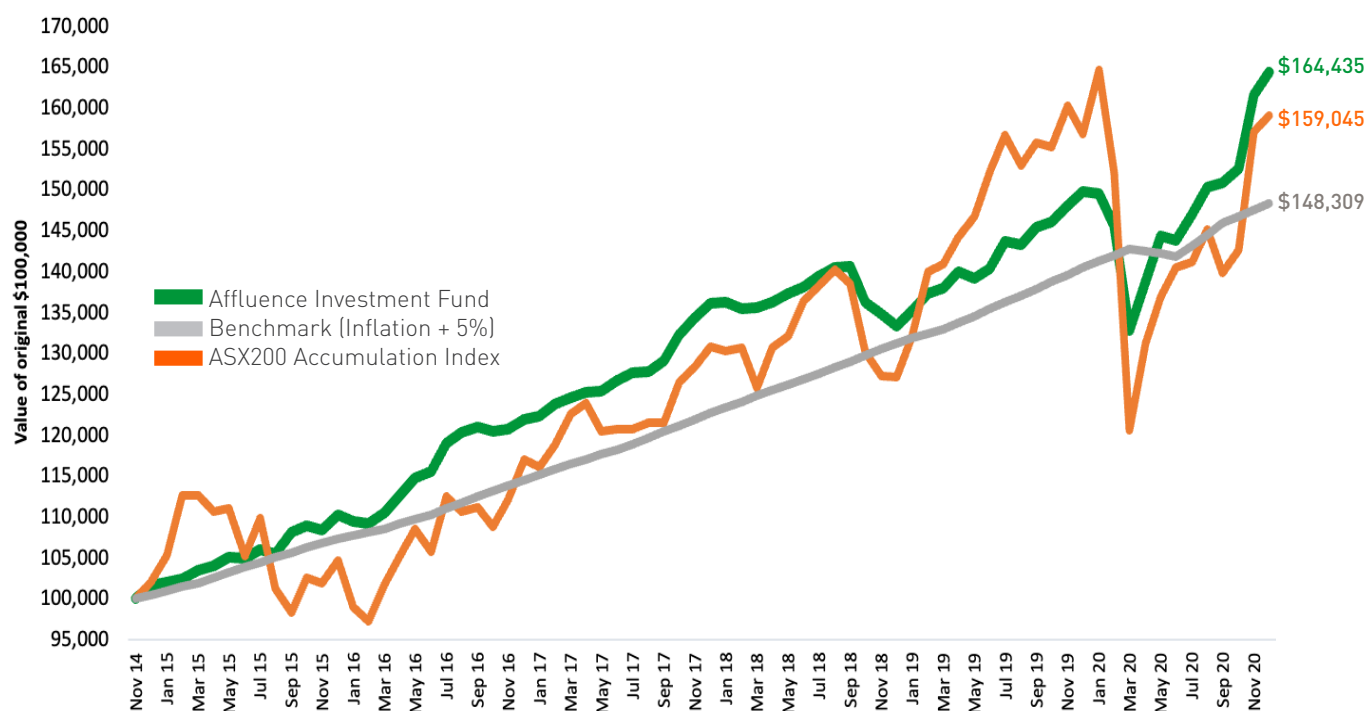
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%	4.1%	-0.4%	2.2%	2.3%	0.3%	1.2%	5.9%	1.8%	9.8%

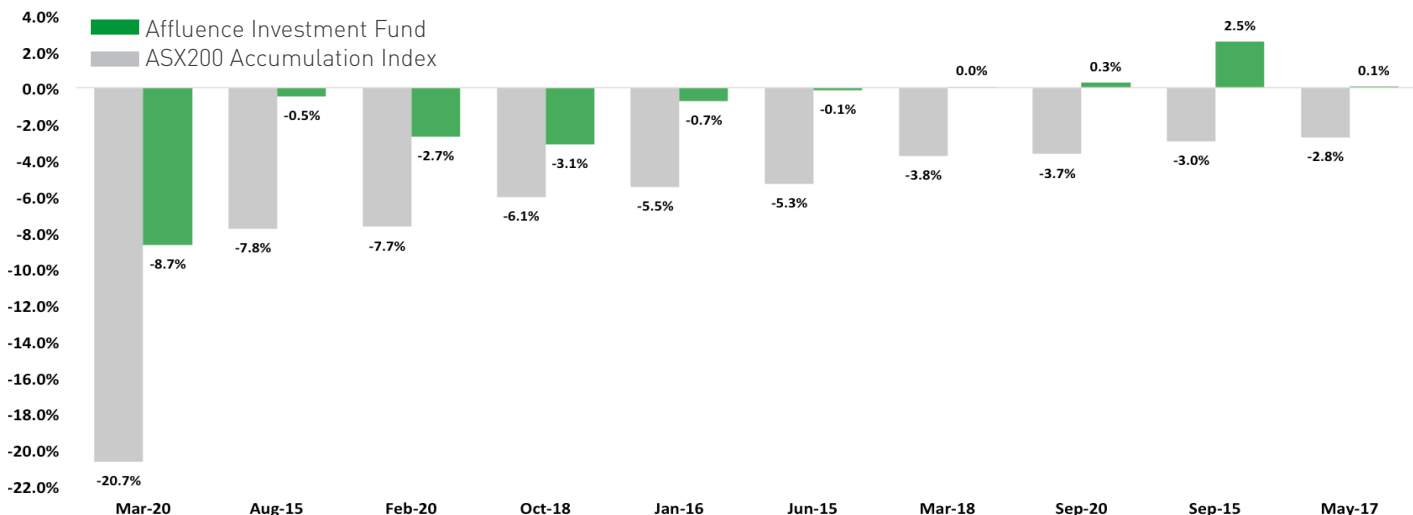
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

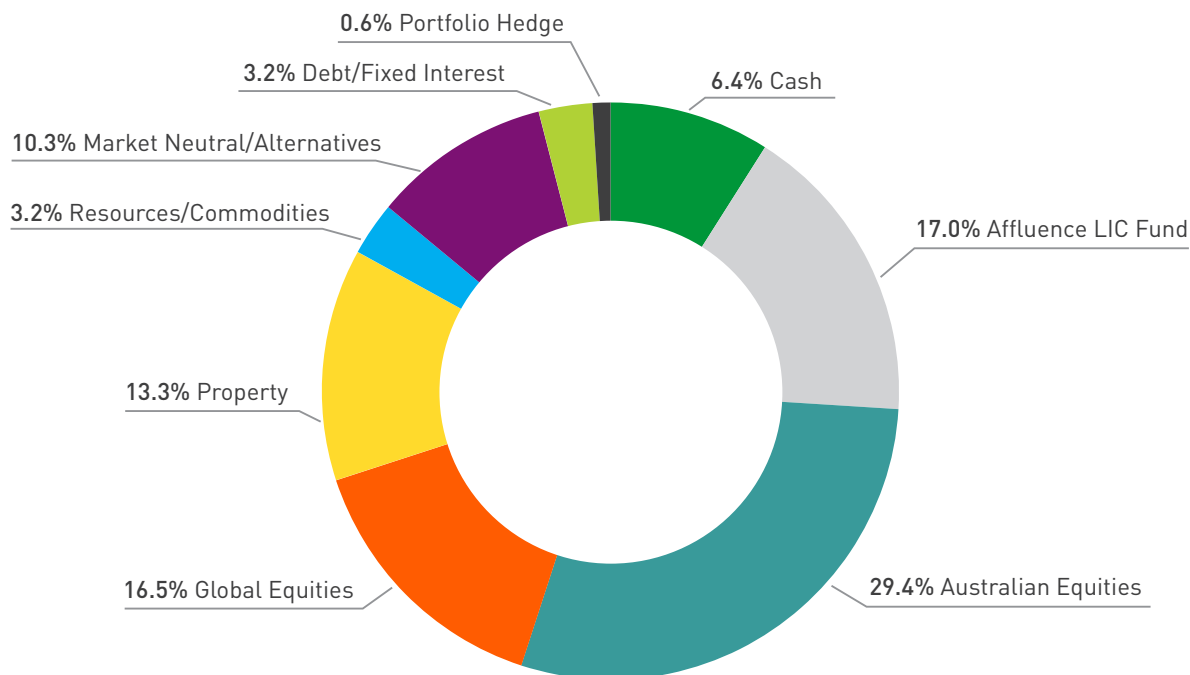
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 3 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	19 LICs	17.0%	10-20%
Australian Equities	11	29.4%	20-50%
Global Equities	9	16.5%	5-30%
Property	10	13.3%	5-30%
Resources/Commodities	2	3.2%	0-10%
Market Neutral/Alternatives	5	10.3%	5-20%
Debt/Fixed Interest	3	3.2%	2.5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.6%	
Cash	N/A	6.4%	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	Ellerston Global Equity Managers Fund
Phoenix Opportunities Fund	Packer & Co Investigator Trust
CI Brunswick Fund	Australian Leaders Fund
Wentworth Williamson Fund	QVG Opportunities Fund
Bronte Capital Amalthea Fund	Samuel Terry 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	\$21.4m
Entry Price	\$1.1164
Exit Price	\$1.1109
Annual Distributions	5.52 cpu
Distribution Yield	5.0% 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.