

# Affluence Investment Fund



Fund Report & Overview - December 2021

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## Fund Features

✓	Top Quartile Investment Performance
✓	Monthly Distributions
✓	0% Management Fee. Performance Fee only.
✓	Exceptionally Diversified Portfolio



## Key Statistics

Investment Class	Multi-Asset
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Benchmark Returns	Inflation + 5%
Fund Value	\$31.4m
Entry Price	\$1.1938
Exit Price	\$1.1878
Annual Distributions	5.85 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	0.25%/0.25%

## Investment Objective

The Fund targets a minimum return of inflation plus 5% per annum (after all fees and costs) over rolling three year periods.

## Investment Strategy

The Fund provides a diversified investment portfolio by investing with the best investment managers as selected by Affluence. The Fund invests across all asset classes, and provides access to over 20 different investment managers.

## Why Use The Fund?

### Core Holding

Under a core and satellite strategy, the Fund would be suitable for inclusion as a core real return holding.

### Access to Differentiated Strategies

The Fund provides access to a large number of differentiated investment strategies, through boutique investment managers that can be hard to access for individual investors.

### Access to Closed and Wholesale Funds

A significant number of funds in the portfolio are either only available to wholesale investors, or are now closed to new investors.

## Performance Since Inception (December 2014)

### Total Returns

9.2%  
per annum

### Distributions

6.7%  
per annum

## Platform Availability:

HUB24

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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## Fund Performance

To 31 December 2021	1 Month	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	0.5%	6.3%	6.7%	6.6%	6.7%	6.7%
Change in Unit Price (Capital Growth)	0.5%	6.9%	5.1%	2.2%	2.3%	2.5%
<b>Affluence Investment Fund Total Return</b>	<b>1.0%</b>	<b>13.2%</b>	<b>11.8%</b>	<b>8.8%</b>	<b>9.0%</b>	<b>9.2%</b>
Benchmark - Inflation + 5%	0.6%	7.9%	7.0%	7.0%	6.9%	6.9%
<b>Performance against Benchmark</b>	<b>0.4%</b>	<b>5.3%</b>	<b>4.8%</b>	<b>1.8%</b>	<b>2.1%</b>	<b>2.3%</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.

## Fund Commentary

The Affluence Investment Fund increased 1.0% in December, while the ASX 200 Index increased 2.7%. For the 2021 calendar year the Fund increased by a pleasing 13.2%. Since commencing seven years ago in December 2014, the Fund has returned 9.2% per annum, including 6.7% per annum monthly distributions to investors. This is above our benchmark of 6.9% per annum (inflation plus 5% per annum). In addition, the Fund has performed in line with 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 CD Private Equity Series (CD1, CD2 and CD3), the Affluence LIC Fund and the Bronte Capital Amalthea Fund. The largest negative contributors included the EGP Concentrated Value Fund, the Terra Capital Natural Resources Fund and the Wentworth Williamson Equity Fund.

We have further reduced our market exposure recently, through a combination of increased cash holdings and additional index hedges.

This reflects our caution towards markets. US equity markets are only a whisker away from all time highs, and Australia is within a couple of percent as well. On a number of metrics, US equity markets are the most expensive they have been since the 2000 dot com crash. As we have mentioned before, the main driver of the recent market run has been zero interest rates set by world central banks. However, it appears this is close to changing. Inflation in the US has been running well above their target range, and commentary from the US Fed suggests that they are now prepared to consider raising interest rates to fight it. Traditionally, raising interest rates has not been positive for equity markets.

We don't try and forecast what markets will do. However, given current conditions, we don't believe that the potential returns on offer are substantial enough compared to the risks to put more capital to work. We are always looking for new opportunities and have the capacity to take any that we find. If markets continue to rally upwards, it is likely that we will lag a rising market. However, in a sideways or falling market, we hope to do better.

At month end, 59% of the portfolio was invested in unlisted funds, 14% in the Affluence LIC Fund, 11% in listed investments, 2% in portfolio hedges and 14% 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.**

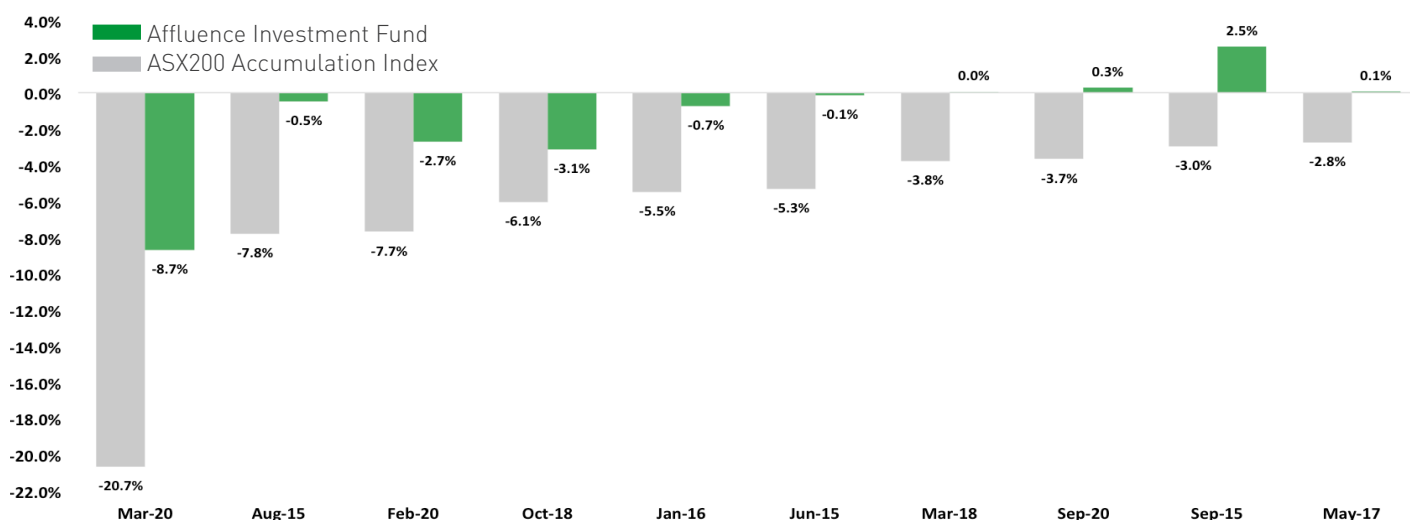
## Fund Monthly Return History

	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%
2021	0.0%	0.6%	0.9%	2.2%	1.9%	2.7%	0.2%	1.2%	1.2%	0.8%	0.0%	1.0%	13.2%

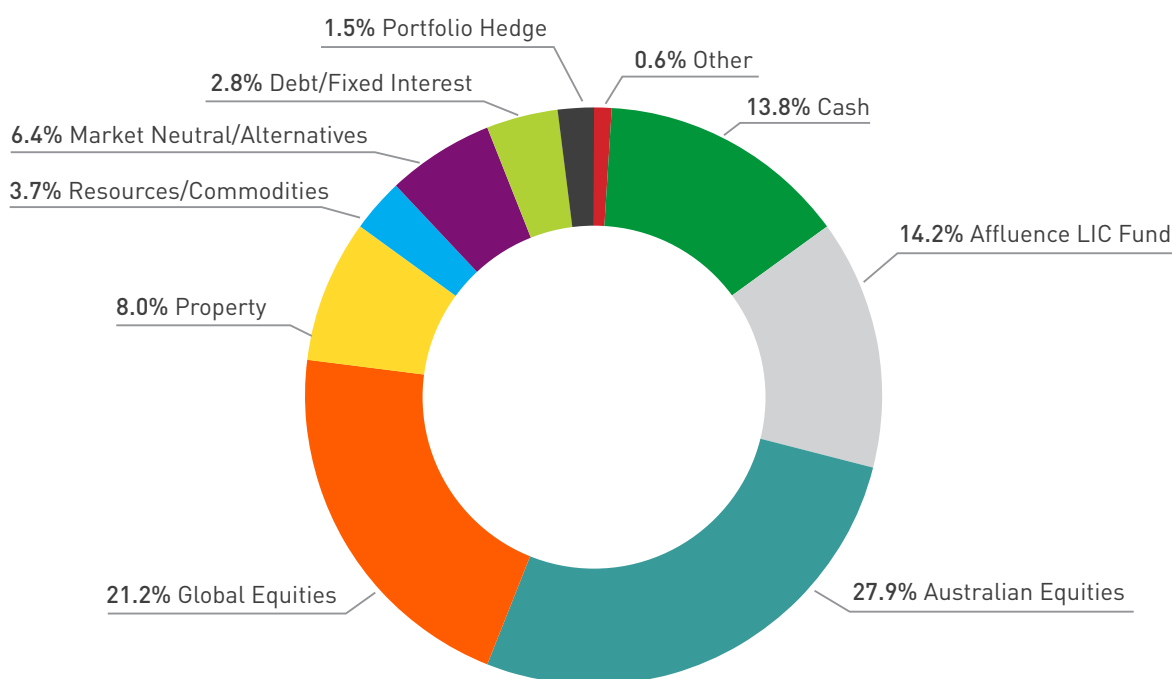
■ Strongest Month   
■ Positive Month   
■ Stable Month   
■ Negative Month   
■ Weakest Month

## 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.



## Portfolio Summary



Investments are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings. Australian Equities and Global Equities comprise both long only and long/short strategies).

## Ten Largest Investments

Affluence LIC Fund	Amott Opportunities Trust
Phoenix Opportunities Fund	Bronte Capital Amalthea Fund
Packer & Co Investigator Trust	Totus Capital Alpha Fund
CI Brunswick Fund	Terra Capital Natural Resources Fund
EGP Concentrated Value Fund	Ellerston Global Equity Managers Fund

## Portfolio Managers



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## About the Fund

We created the Affluence Investment Fund as an investment vehicle that we ourselves want to have the vast majority of our wealth in for a very long time. Our invitation to investors is to join us.

The Fund is a multi asset class investment created to invest differently. It is managed with the mindset of a family office or endowment fund, in that it seeks to achieve above average returns while taking below average levels of risk, over the medium and longer term.

The Fund pays monthly distributions as we understand that income is very important for many investors.

## How does the Fund fit into a portfolio?

This product is designed to be used as a **Core** or **Satellite** Component of an investment portfolio for those investors seeking **Capital Growth and Income Distributions** with a **Medium** or longer investment timeframe, at least a **Medium** risk/return profile and needing access to capital **Monthly** or less often.

The Fund has achieved its returns with lower volatility than the Australian share market, and has historically outperformed when markets fall significantly.

All investments carry risk and different strategies may carry different levels of risk.

As with all investments, the Fund is subject to risks. The value of your investment will go up and down over time, the Fund's returns will vary, future returns may differ from past returns, and returns are not guaranteed. This means that there is always the chance that you could lose money on your investment.

## Why invest with Affluence?

At Affluence, we pride ourselves on the quality of our products and our alignment with investors. We are the first investors into all of our funds, and have a significant proportion of our own and extended families wealth invested in the funds. There are no fixed management fees for any of our funds. Instead we charge a performance fee of 12.5% of positive performance, with a high water mark. This focuses us on generating strong returns and limiting potential losses.

We don't aim to be the biggest managers, however we do aim to be one of the best, and we are proud of our performance track record to date.

The Affluence Investment Fund is available to all Australian and New Zealand resident investors. If you have any questions about Affluence, the Fund or our investment team, please get in touch.

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