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YEAR
AFFLUENCE
ANNIVERSARY



Affluence Investment Fund

Fund Report - December 2019



Morningstar
Rating
5 Year



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Fund Commentary

The Affluence Investment Fund finished off 2019 with a strong month. The Fund increased by 1.1% compared to a 2.2% fall in the ASX 200 Index. Since commencing over 5 years ago in December 2014, the Fund has returned 8.3% per annum, including 6.5% per annum monthly distributions to investors. Over that same period, the Fund has outperformed our benchmark of 6.9% per annum (inflation plus 5% per annum), with very low volatility of returns of just 3.5% per annum.

All sectors produced positive returns in December. Our largest positive contributors included the Affluence LIC Fund (up 2%), the Tribeca Global Natural Resources Fund (up 9%), the Baker Steel Gold Fund (up 7%), our holding in the URF Convertible Notes (URFPA) (up 7%) and our index put options following the volatility early in the month. The largest detractors this month were Unibail Rodamco Westfield, the IML Concentrated Australian Share Fund and the Cyan C3G Fund.

For the 2019 calendar year, the Affluence Investment Fund delivered a record return of 12.3%. While this was somewhat expected after a difficult 2018, we are pleased with the result given market conditions have not suited the Fund. The year was dominated by falling short and long term interest rates, which continued to force investors into growth assets such as equities and property to try and generate an acceptable return. This resulted in record high prices for most asset classes, and very

strong market returns over the past 12 months. Given this starting point, there is a high likelihood that passive market returns for 2020 and beyond are likely to be well below those of the last few years.

Our investment philosophy for the Fund is to be as resilient as possible, while still being able to achieve our benchmark return (inflation plus 5% per annum). There is both a cost and a major benefit to this approach. The cost is that when markets rally hard (as they have over the past 12 months) the Fund will capture some, but not all of the upside. The major benefit is that when the inevitable difficult times occur, the Fund's resilience will come to the fore. This should result in much stronger relative performance in poor markets, preserving investment capital which can be put to work at much more attractive valuations.

At month end, 63% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 14% in listed investments and 7% 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 24th January. Units will be issued effective 1st February.

Fund Performance

To 31 December 2019	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.4%	5.7%	6.3%	6.6%	6.5%	
Change in Unit Price (Capital Growth)	0.7%	6.6%	0.8%	1.5%	1.8%	
Affluence Investment Fund Total Return	1.1%	12.3%	7.1%	8.1%	8.3%	3.5%
Benchmark - Inflation + 5%	0.6%	6.9%	7.0%	6.9%	6.9%	
Performance against Benchmark	0.5%	5.4%	0.1%	1.2%	1.4%	

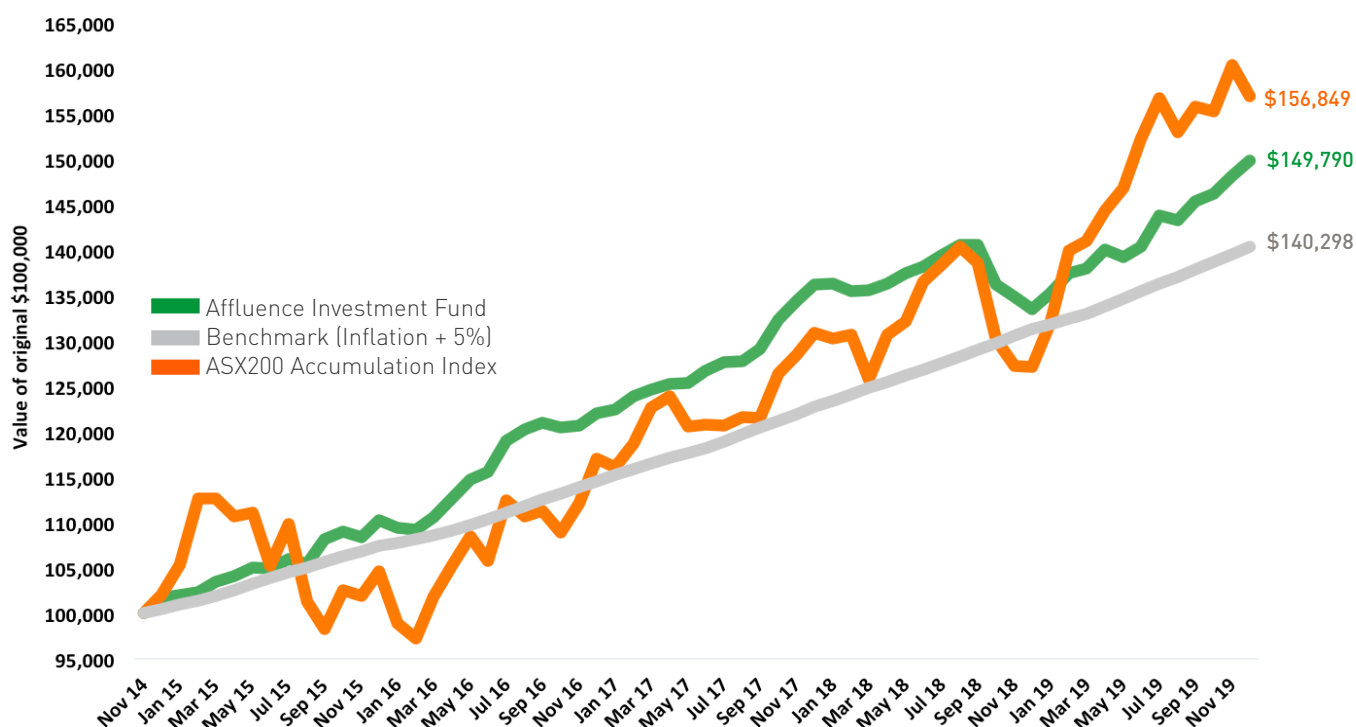
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to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

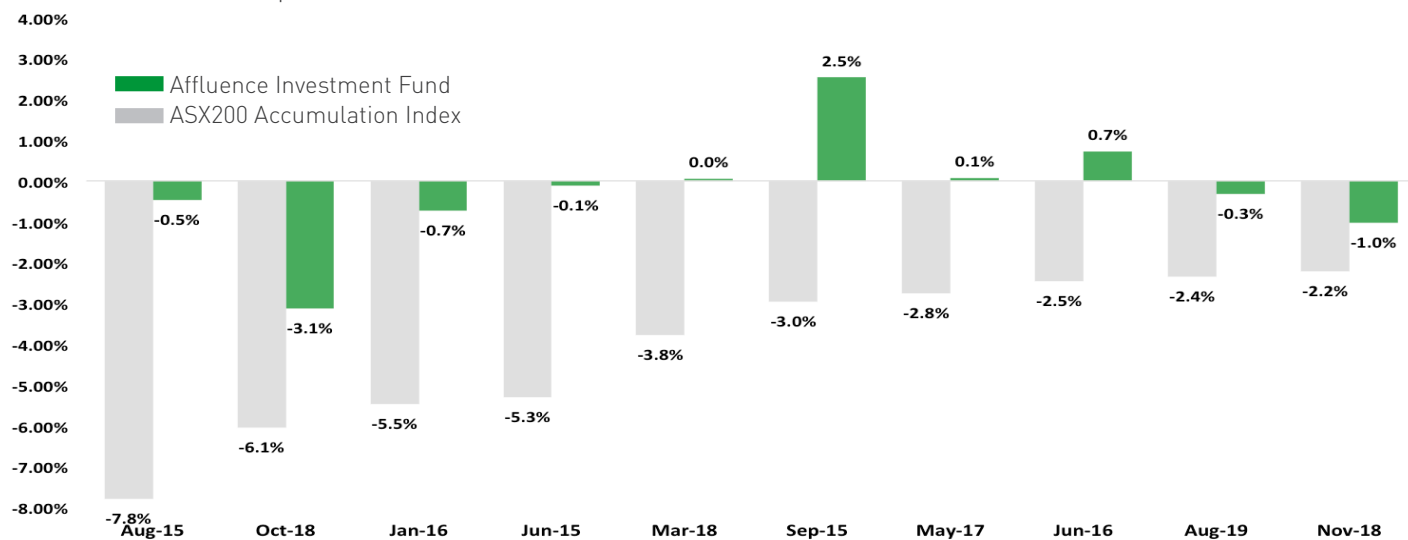
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

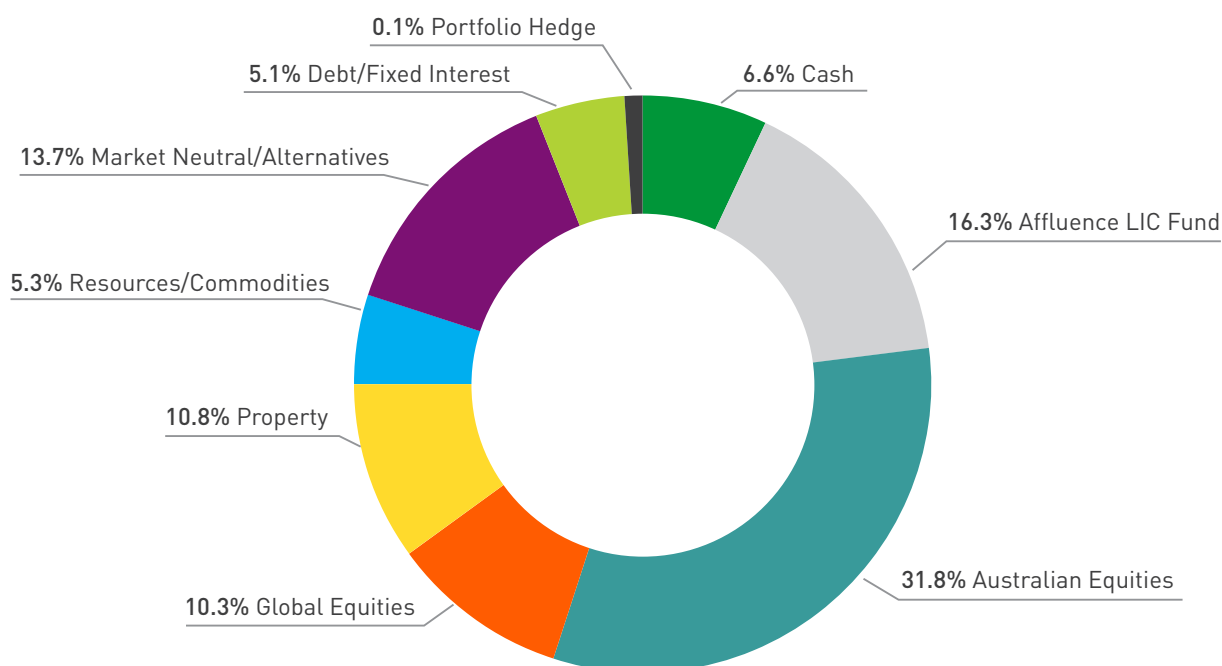
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	30 LICs	16.3%	10-20%
Australian Equities	16	31.8%	20-50%
Global Equities	6	10.3%	5-30%
Property	6	10.8%	5-30%
Resources/Commodities	3	5.3%	0-10%
Market Neutral/Alternatives	9	13.7%	5-20%
Debt/Fixed Interest	5	5.1%	5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.1%	
Cash	N/A	6.6%	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	Packer & Co Investigator Trust
Phoenix Opportunities Fund	Unibail-Rodamco Westfield
Wentworth Williamson Fund	Deep Value Microcap Fund
EGP Concentrated Value Fund	Cromwell Direct Property Fund
L1 UK Residential Property Fund III	Auscap Long Short Australian Equities 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	\$18.8m
Entry Price	\$1.0962
Exit Price	\$1.0908
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)
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