

# Affluence Investment Fund



Fund Report & Overview - January 2022

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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	\$35.0m
Entry Price	\$1.1771
Exit Price	\$1.1713
Annual Distributions	5.85 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 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

8.9%  
per annum

### Distributions

6.6%  
per annum

## Platform Availability:

HUB24

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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## Fund Performance

To 31 January 2022	1 Month	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	0.4%	6.3%	6.6%	6.6%	6.7%	6.6%
Change in Unit Price (Capital Growth)	(1.4%)	5.9%	4.3%	1.9%	2.1%	2.3%
<b>Affluence Investment Fund Total Return</b>	<b>(1.0%)</b>	<b>12.2%</b>	<b>10.9%</b>	<b>8.5%</b>	<b>8.8%</b>	<b>8.9%</b>
Benchmark - Inflation + 5%	0.6%	8.8%	7.4%	7.2%	7.1%	7.1%
<b>Performance against Benchmark</b>	<b>(1.6%)</b>	<b>3.4%</b>	<b>3.5%</b>	<b>1.3%</b>	<b>1.7%</b>	<b>1.8%</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 decreased 1.0% in January, while the ASX 200 Index plummeted 6.4%. Since commencing over seven years ago in December 2014, the Fund has returned 8.9% per annum, including 6.6% per annum monthly distributions to investors. This is above our benchmark of 7.1% per annum (inflation plus 5% per annum). In addition, the Fund has outperformed the ASX 200 Index over most time periods, and these returns have been delivered with significantly lower volatility than the Index.

In our last few monthly reports, we have discussed our concerns that rising inflation would lead to rising interest rates (and potentially lower equity prices). In January, equity markets started to take notice of this risk. The ASX 200 Index fell 6.4%, the ASX Small Ords fell 9%, and in the USA, the tech-heavy Nasdaq fell 9%.

Both short and long term bond yields increased in January. Rising bond yields are often a negative for equity prices, especially when markets are already overvalued. It is becoming obvious to markets that higher inflation may be more persistent than originally anticipated. Many

central banks around the world have either started increasing interest rates or have flagged that they will soon do so. For example, the US Federal Reserve recently gave their strongest indication yet that they will begin increasing their rates in March. Our own Reserve Bank are going somewhat against the global trend. They seem determined to hold interest rates as low as possible for as long as possible to generate higher wages growth. While the strategy is commendable, as Australia has been less impacted by inflation than many other parts of the world, it is not without risk.

Not surprisingly, the biggest positive contributors to the Fund in January were the hedges, which added 0.7% to the overall result. The large cash balance also helped to minimise losses. In addition, some of our managers delivered truly impressive results given the market conditions. Our largest positive contributors included the Bronte Capital Amalthea Fund, our holding in Unibail Rodamco Westfield, the Packer & Co Investigator Trust, the Pzena Emerging Markets Value Fund, the Schroder Global Recovery Fund and the GMO Systematic Global

Macro Trust.

At month end, 57% of the portfolio was invested in unlisted funds, 14% in the Affluence LIC Fund, 12% 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 February. Units will be issued effective 1st March.**

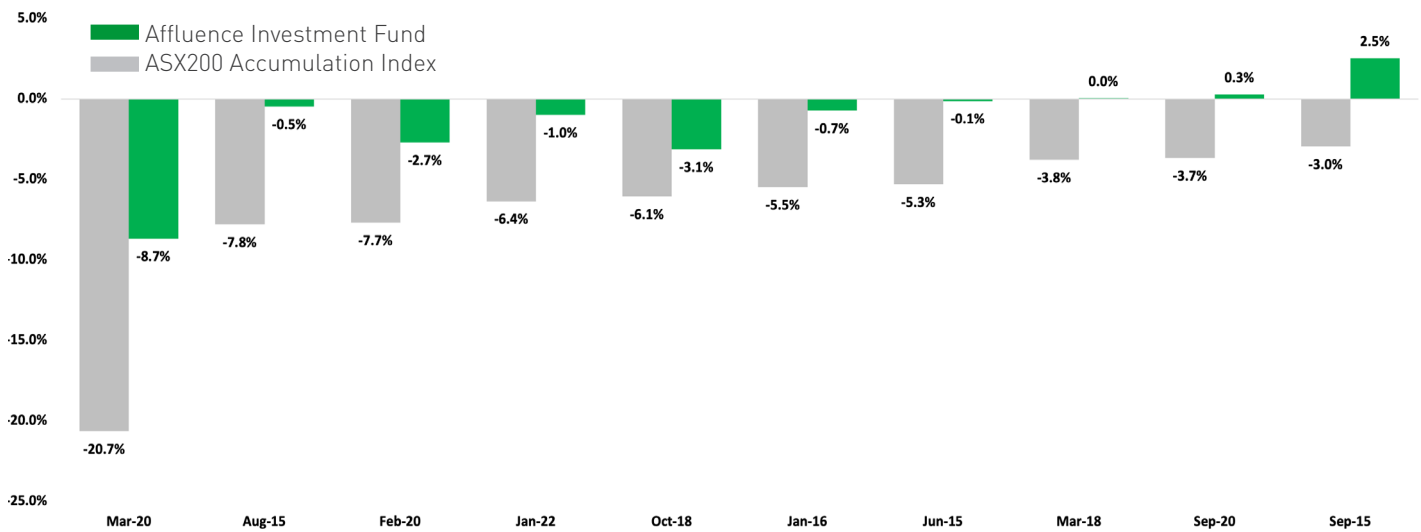
## Fund Monthly Return History

	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%
2022	-1.0%												

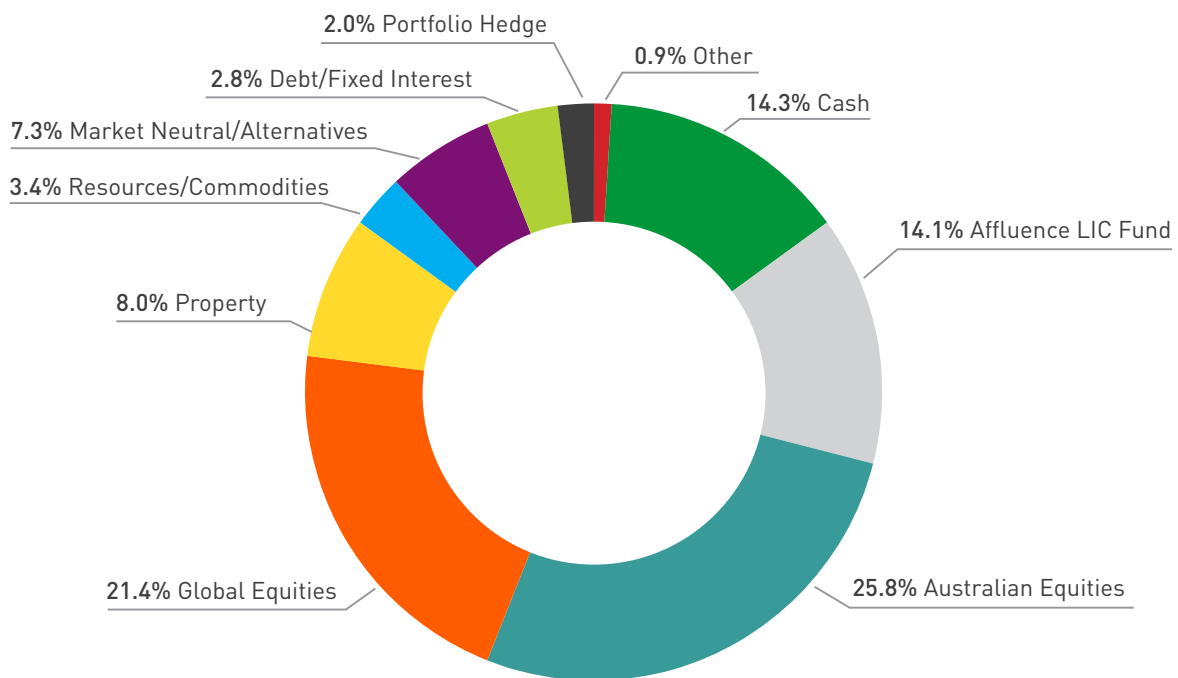
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

## 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	CI Brunswick Fund
Phoenix Opportunities Fund	EGP Concentrated Value Fund
Packer & Co Investigator Trust	Totus Capital Alpha Fund
Amott Opportunities Trust	Merricks Partners Fund
Bronte Capital Amalthea Fund	Ellerston Global Equity Managers Fund

## Portfolio Managers



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CEO/Portfolio Manager

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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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