

# Affluence Investment Fund

## Fund Report & Overview - January 2023

### Fund Features

✓	Access to 20+ Underlying Managers
✓	Monthly Distributions
✓	Performance Fee only
✓	Exceptionally Diversified Portfolio



### Key Statistics

Investment Class	Multi-Asset
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Target Returns	Inflation + 5%
Fund Size	\$46.6m
Annual Distributions	5.85 cpu
Distribution Yield	5.2% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Entry/Exit Price	\$1.1291 / \$1.1235
Buy/Sell Spread	0.25% / 0.25%

### Investment Objective

The Fund targets a minimum annualised return of inflation plus 5% over rolling three year periods.

### Investment Strategy

The Fund holds a diversified portfolio and can invest across all asset classes. The portfolio includes over 20 different underlying managers and other investments selected by Affluence. The strategy seeks a balance between maximising returns, delivering regular income and lowering volatility.

### Why Use The Fund?

#### Portfolio Use

The Fund 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.

#### Access to Differentiated Strategies

The Fund provides access to a wide range of different investment strategies, through boutique investment managers.

#### Access to Closed and Wholesale Funds

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

### Performance Since Inception (November 2014)

#### Total Returns

8.0%  
per annum

#### Distributions

6.5%  
per annum

### Platform Availability:

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

## Fund Performance

To 31 January 2023

	3 Months	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	1.3%	5.8%	6.6%	6.4%	6.4%	6.5%
Change in Unit Price (Capital Growth)	2.7%	(4.1%)	1.2%	0.2%	1.6%	1.5%
<b>Affluence Investment Fund Total Return</b>	<b>4.0%</b>	<b>1.7%</b>	<b>7.8%</b>	<b>6.6%</b>	<b>8.0%</b>	<b>8.0%</b>
Benchmark - Inflation + 5%	3.0%	13.1%	9.5%	8.5%	8.1%	7.9%
<b>Performance against Benchmark</b>	<b>1.0%</b>	<b>(11.4%)</b>	<b>(1.7%)</b>	<b>(1.9%)</b>	<b>(0.1%)</b>	<b>0.1%</b>

## 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%	-1.6%	0.4%	0.1%	-1.0%	-2.9%	2.2%	0.8%	-2.1%	2.2%	3.1%	-0.3%	-0.6%
2023	1.3%												1.3%

Strongest Month
  Positive Month
  Stable Month
  Negative Month
  Weakest Month

## Fund Commentary

The Affluence Investment Fund increased by 1.3% in January, underperforming the ASX 200 Index which increased 6.2%. Since commencing over seven years ago in December 2014, the Fund has returned 8.0% per annum, including 6.5% per annum monthly distributions to investors. This is above our target of inflation plus 5% (7.9%) per annum.

Our largest positive contributors in January included our holding in Unibail-Rodamco-Westfield (URW), the Affluence LIC Fund, and the Schroder Global Recovery Fund. The largest detractors were the Totus Capital Alpha Fund and our index hedges.

Australian and global equity markets rocketed higher in January on the back of a bout of bullish sentiment from investors. The reason behind the increases appeared to be from investors trying to read the tea leaves to predict the future moves of central banks and the path of inflation. After the Christmas break both the Australian Reserve Bank and US Federal Reserve increased interest rates by 0.25% to continue their fight against inflation. Both central banks flagged that they expect further rate increases in the months ahead.

With the positive returns for January the Affluence Investment Fund has pleasingly recovered its high water mark, meaning all losses for the fund have been

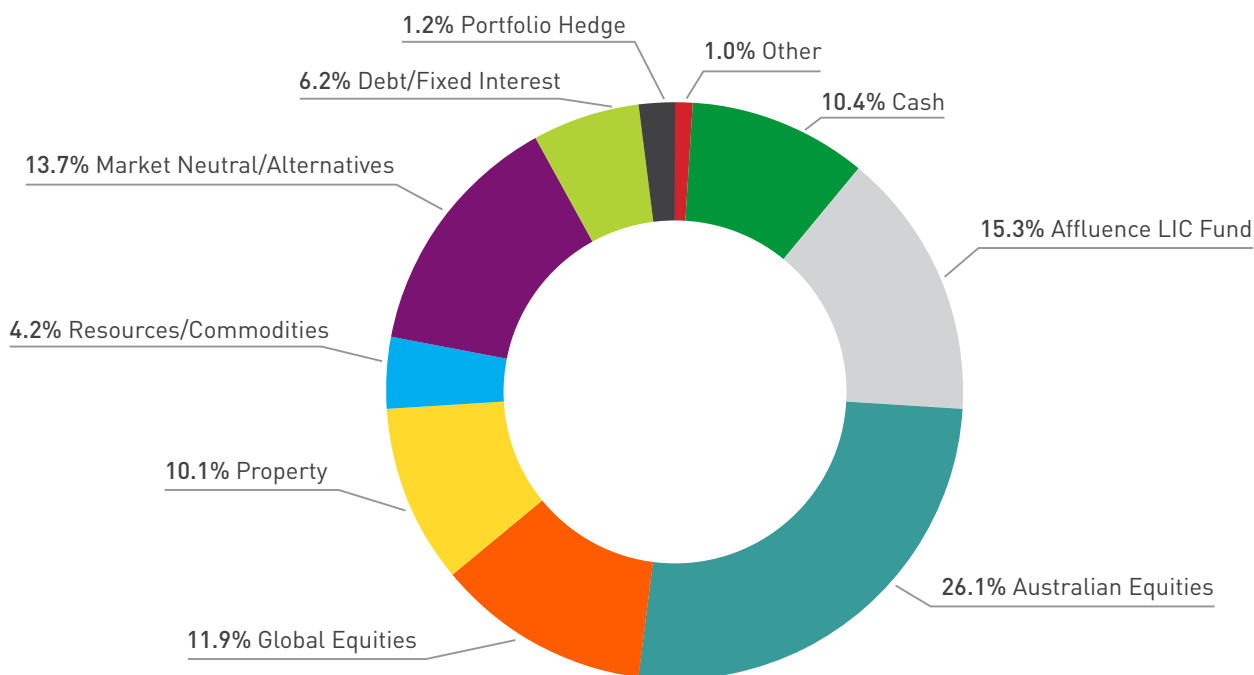
recovered. We continue to be cautiously positioned. Asset prices are not cheap and the record increase in interest rates is still working its way through the economy and is not yet reflected in company earnings.

At month end, 60% of the portfolio was invested in unlisted funds, 15% in the Affluence LIC Fund, 13% in listed investments, 1% in portfolio hedges 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 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 24th February. Units will be issued effective 1st March.**

## Portfolio Summary



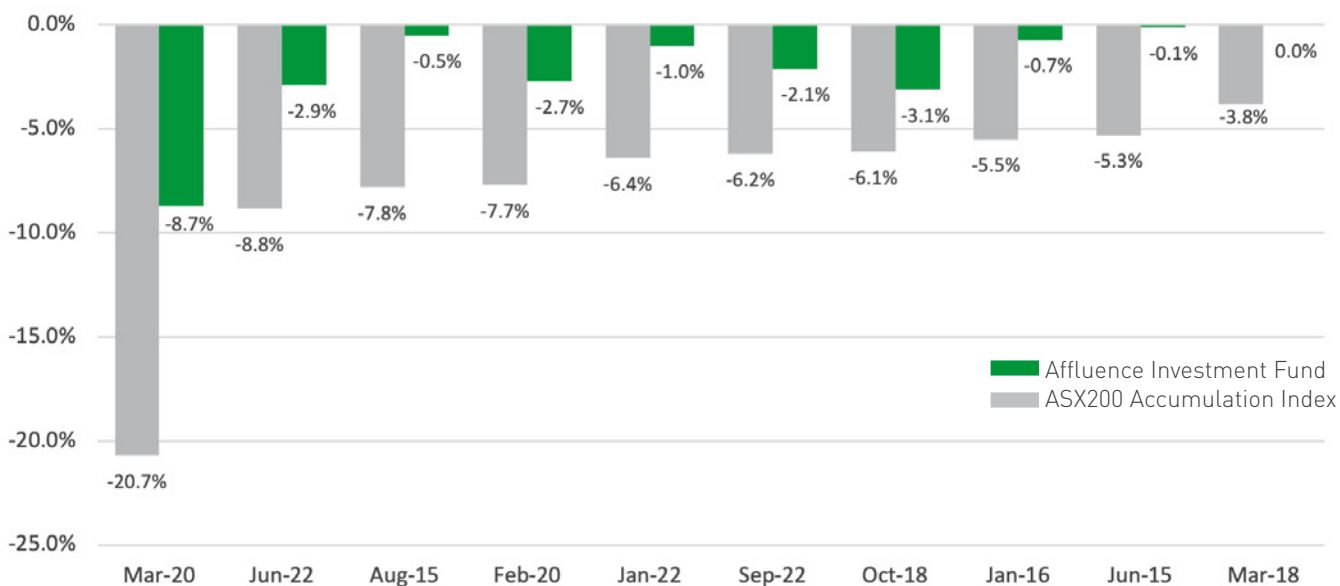
Investments are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings. Australian Equities and Global Equities comprise both long only and long/short strategies.

## Ten Largest Investments

Affluence LIC Fund	Arnett Opportunities Trust
Bronte Capital Amalthea Fund	Cromwell Phoenix Opportunities Fund
Totus Capital Alpha Fund	Merricks Partners Fund
Samuel Terry Absolute Return Fund	Packer & Co Investigator Trust
Ellerston GEMS	CI Brunswick Fund

## Fund Performance in Falling Markets

The graph below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Fund for that same month. The Fund has outperformed the Index in all 10 of the worst months.



Is the Fund right for you?	Does it suit your portfolio?	Why invest with Affluence?
<p>We created the Affluence Investment Fund as a vehicle in which we could invest the majority of our wealth for a very long time. The Fund is diversified by asset class, investment strategy, manager and geography.</p> <p>It is managed with the mindset of a family office or endowment fund. It seeks to achieve above average medium and long-term returns while paying monthly distributions and taking below average levels of risk.</p> <p>We believe that to achieve better than average returns, you need to invest differently. We believe that value investing works best in the long run. We believe that being aware of long-term cycles can significantly improve performance. And we believe that success requires a long term focus, which in turn requires patience and discipline.</p> <p>If you share those beliefs, the Fund may be suitable for you.</p>	<p>The Fund is designed to be used as a <b>Core</b> or <b>Satellite</b> Component of an investment portfolio for those investors seeking <b>Capital Growth and Income Distributions</b> with a <b>Medium</b> or longer investment timeframe, at least a <b>Medium</b> risk/return profile and needing access to capital <b>Monthly</b> or less often.</p> <p>The Fund has achieved its returns with lower volatility than the Australian share market, and has historically outperformed when markets fall significantly.</p> <p>As with all investments, the Fund is subject to risks. The value of an 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 an investment in the Fund.</p>	<p>We pride ourselves on the quality of our products and alignment with investors.</p> <p>We were the first investors in each of our funds. A significant proportion of our own and extended families wealth is invested in Affluence funds.</p> <p>We charge no fixed management fee for any of our funds. Instead, we charge a performance fee of 12.5% of positive returns. This encourages us to focus on generating strong returns, while managing risk and limiting losses. If our investors do well, we will do well.</p> <p>We believe managing less money than average provides us with significant advantages. So we don't aim to be the biggest manager. We do aim to be one of the best. We are proud of our performance record to date.</p>

## Portfolio Managers



**Daryl Wilson**

CEO/Portfolio Manager

Email: [daryl.wilson@affluencefunds.com.au](mailto:daryl.wilson@affluencefunds.com.au)

Phone: +61 402 046 883

Office: 1300 233 583



**Greg Lander**

Portfolio Manager

Email: [greg.lander@affluencefunds.com.au](mailto:greg.lander@affluencefunds.com.au)

Phone: +61 409 645 893

Office: 1300 233 583

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.

[invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au)

[affluencefunds.com.au](http://affluencefunds.com.au)

1300 233 583

Level 22, 127 Creek Street, Brisbane QLD 4000

1. 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) and the Target Market Determination (TMD) for the Fund before making an investment decision. The PDS contains important notices and disclaimers, important information about the offer, as well as investment risks. There is no guarantee of any distribution, forecast, 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. Potential investors are encouraged to obtain independent expert advice before any investment decision.
2. Performance data for the Fund is expressed net of fees and costs (excluding the buy-sell spread). Performance calculations assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. The inception date of the Fund is 28 November 2014.
3. 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.
4. 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. © 2022 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 'regulated financial advice' under New Zealand law has 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. For more information, refer to [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf) (AU) and [www.morningstar.com.au/s/fapds.pdf](http://www.morningstar.com.au/s/fapds.pdf) (NZ). You should consider the advice in light of these matters and 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.