

# Affluence Investment Fund



Fund Report & Overview - July 2022

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## Fund Features

- ✓ Top Quartile Investment Performance
- ✓ 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	\$42.4m
Annual Distributions	5.85 cpu
Distribution Yield	5.3% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Entry/Exit Price	\$1.1060 / \$1.0004
Buy/Sell Spread	0.25% / 0.25%

## Fund Performance

To 31 July 2022	1 Month	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	0.5%	5.5%	6.5%	6.4%	6.1%	6.6%
Change in Unit Price (Capital Growth)	1.7%	(5.5%)	1.0%	0.6%	1.7%	1.3%
<b>Affluence Investment Fund Total Return</b>	<b>2.2%</b>	<b>0.0%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>7.8%</b>	<b>7.9%</b>
Benchmark - Inflation + 5%	0.9%	11.9%	8.6%	8.0%	7.6%	7.5%
<b>Performance against Benchmark</b>	<b>1.3%</b>	<b>(11.9%)</b>	<b>(1.1%)</b>	<b>(1.0%)</b>	<b>0.2%</b>	<b>0.4%</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.

## 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 (December 2014)

### Total Returns

**7.9%**  
per annum

### Distributions

**6.6%**  
per annum

## Platform Availability:

HUB24

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

## Fund Commentary

Australian and global markets continued their upward trend from late June. The Affluence Investment Fund increased by 2.2% in July, behind the ASX 200 Index which increased 5.7%. Since commencing over seven years ago in December 2014, the Fund has returned 7.9% per annum, including 6.6% per annum monthly distributions to investors. This is above our target of inflation plus 5% (7.5%) per annum.

Our largest positive contributors in July included the Affluence LIC Fund, our holding in the listed Kiland Limited (KIL), and the EGP Concentrated Value Fund. The largest detractors were our US equities hedges and the Totus Capital Alpha Fund.

All eyes continue to be on CPI numbers, with markets generally rallying on any signs that inflation is peaking. If inflation starts to fall, the expectation is that the pace of interest rate rises will slow, limiting the economic damage. We don't believe it's quite that simple. We expect inflation will prove stickier than expected. While headline number will start to fall, it is unlikely to quickly return to the target ranges of 2-3% per annum that are preferred by central banks. This will lead to a conundrum. Do central banks keep raising interest rates to fight inflation, or will they be forced to slow, or even reverse interest rates to stem economic damage? The answer to that question is likely to dictate market returns for the next 12 months. As always, we are prepared for either scenario, with markets likely to remain volatile.

We added a new manager at the end of July, the Glenmore Australian Equity Fund. The fund has a small cap bias and has delivered excellent returns through a range of different market environments. The fund is managed by Rob Gregory who is one of the largest unitholders in the fund, as well as owner of the

investment manager, ensuring excellent alignment with investors. The Fund is still relatively small which is a significant advantage for us as investors.

At month end, 56% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 15% in listed investments, 1% in portfolio hedges and 12% 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.

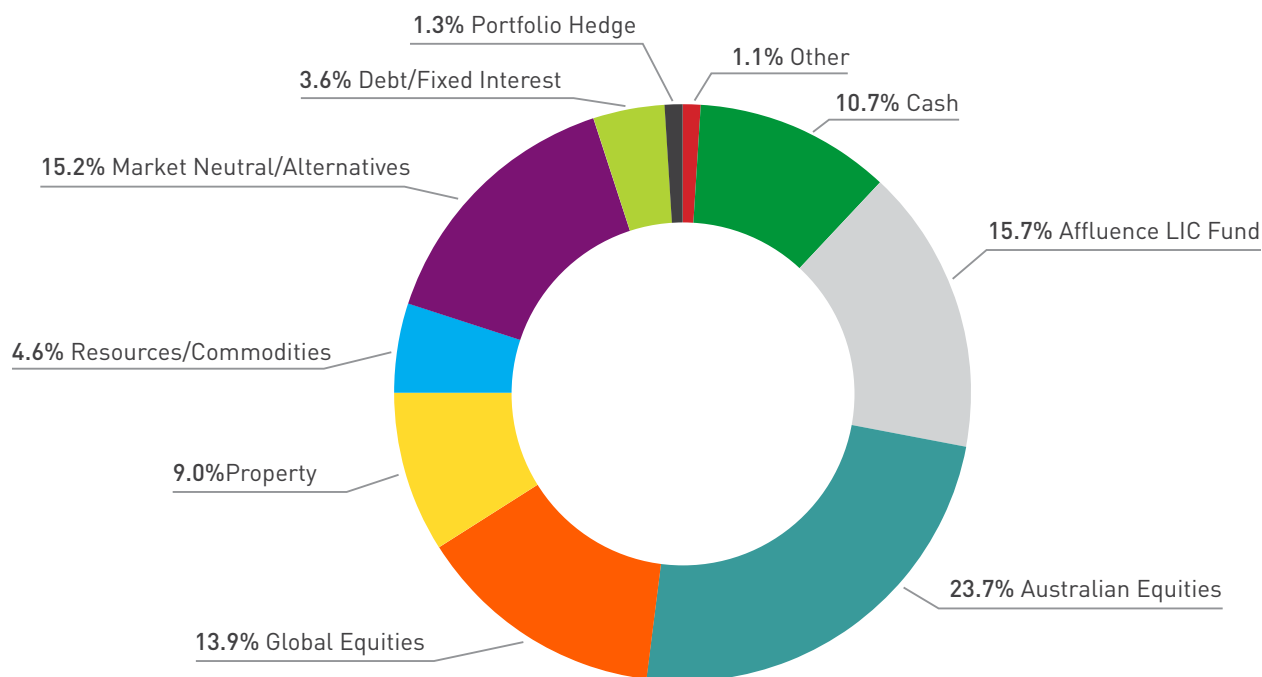
**The cut-off for applications this month is 25th August. Units will be issued effective 1st September.**

## 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%						

Strongest Month
Positive Month
Stable Month
Negative Month
Weakest Month

## Portfolio Summary



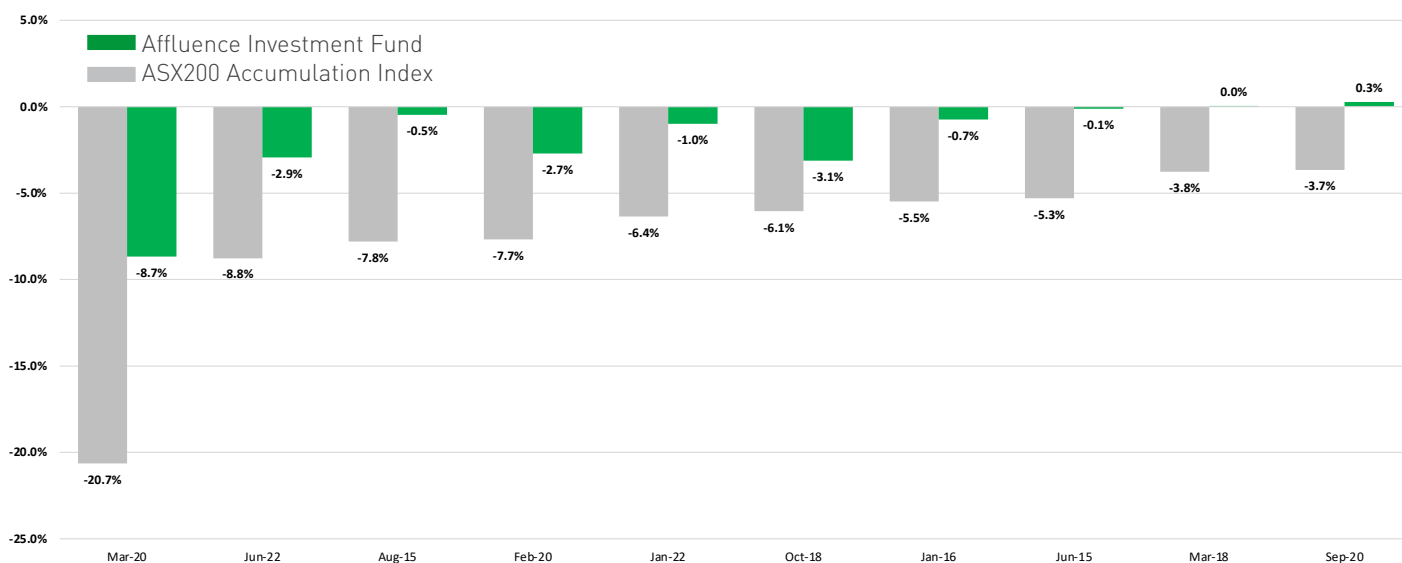
Investments are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings). Australian Equities and Global Equities comprise both long only and long/short strategies.

## Ten Largest Investments

Affluence LIC Fund	Ellerston GEMS
Bronte Capital Amalthea Fund	Packer & Co Investigator Trust
Totus Capital Alpha Fund	CI Brunswick Fund
Cromwell Phoenix Opportunities Fund	Arnott Opportunities Trust
Merricks Partners Fund	Schroders Global Recovery 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



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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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