



# Affluence Investment Fund

## Fund Report - March 2021



**Morningstar**  
Rating  
5 Year



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## Fund Commentary

The Affluence Investment Fund increased 0.9% in March, while the ASX 200 Index increased by 2.4%. Since commencing six years ago in December 2014, the Fund has returned 8.4% per annum, including 6.6% per annum monthly distributions to investors. This is above our benchmark of 6.8% per annum (inflation plus 5% per annum). In addition, the Fund has outperformed the ASX 200 Index since inception, and these returns have been delivered with significantly lower volatility than the Index.

We are now twelve months on from the worst of the pandemic induced market meltdown. While the ASX200 price index remains slightly below the February 2020 highs, the ASX200 Index (including dividends) reclaimed its all time highpoint in March. This was an incredibly fast recovery from a very rapid fall. The market is now benefiting from significant tail winds from massive stimulus spending and near zero interest rates which are fuelling investor enthusiasm. However, the starting point for equity markets (in fact most asset markets) worldwide are expensive valuations and in some cases very speculative behaviour. The inescapable fact is that from the current starting valuations, long term average returns will be well below what investors have become accustomed to over the past 10 years or so. Most investors have not yet accepted this fact, and this may turn out to be a problem. We continue to employ a number of different portfolio hedges to protect

the funds capital in the event of a significant market decline. While this does hold back our returns a little while markets continue to go up, we are happy to make this compromise to reduce future drawdowns.

Our largest positive contributors in March included our holding in Unibail-Rodamco-Westfield, the Affluence LIC Fund, and the Bronte Capital Amalthea Fund. The largest negative contributor was our index hedge positions.

At month end, 62% of the portfolio was invested in unlisted funds, 17% in the Affluence LIC Fund, 14% in listed investments, 2% in portfolio hedges and 5% 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 23rd April. Units will be issued effective 1st May.**

## Fund Performance

To 31 March 2021	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.4%	9.0%	6.6%	6.6%	6.6%	
Change in Unit Price (Capital Growth)	0.5%	16.6%	0.6%	2.0%	1.8%	
<b>Affluence Investment Fund Total Return</b>	<b>0.9%</b>	<b>25.6%</b>	<b>7.2%</b>	<b>8.6%</b>	<b>8.4%</b>	<b>5.9%</b>
Benchmark - Inflation + 5%	0.5%	6.1%	6.7%	6.9%	6.8%	
<b>Performance against Benchmark</b>	<b>0.4%</b>	<b>19.5%</b>	<b>0.5%</b>	<b>1.7%</b>	<b>1.6%</b>	

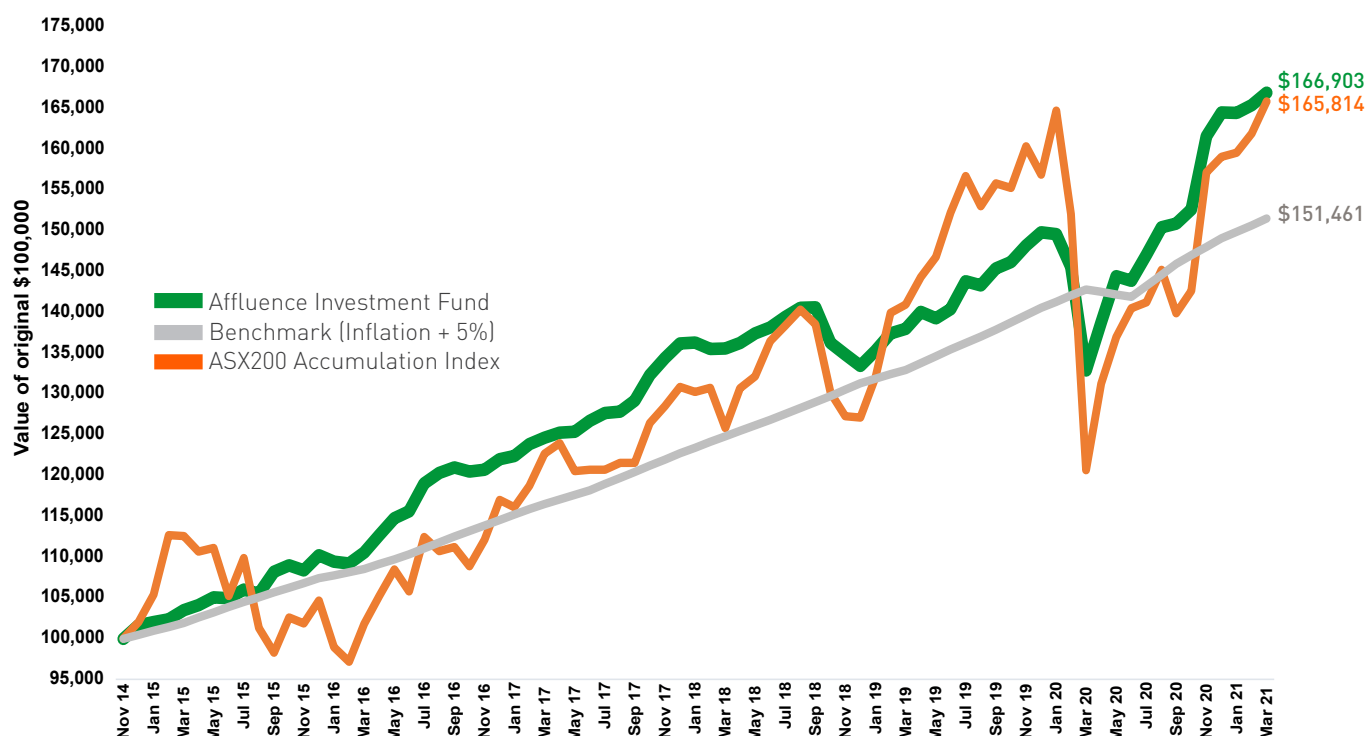
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to pay distributions of approximately 5% pa paid monthly. Distributions are not guaranteed and may be paid above or below this amount.

## Fund 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%										

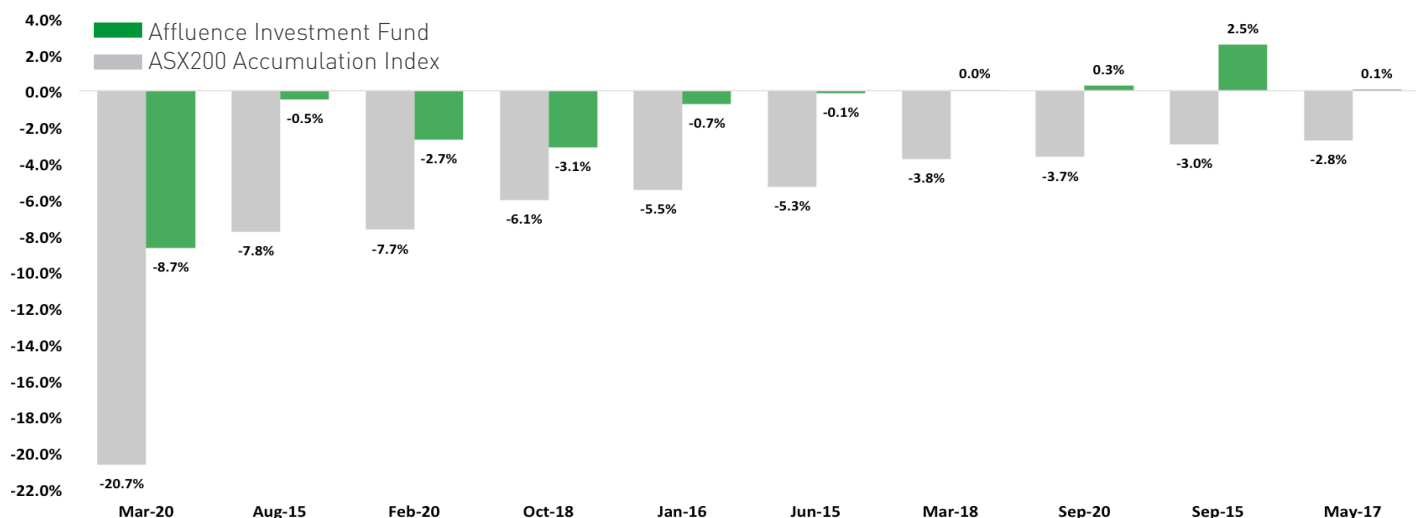
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

## Return on \$100,000 Investment



## Fund Performance vs ASX 200 - Worst Months

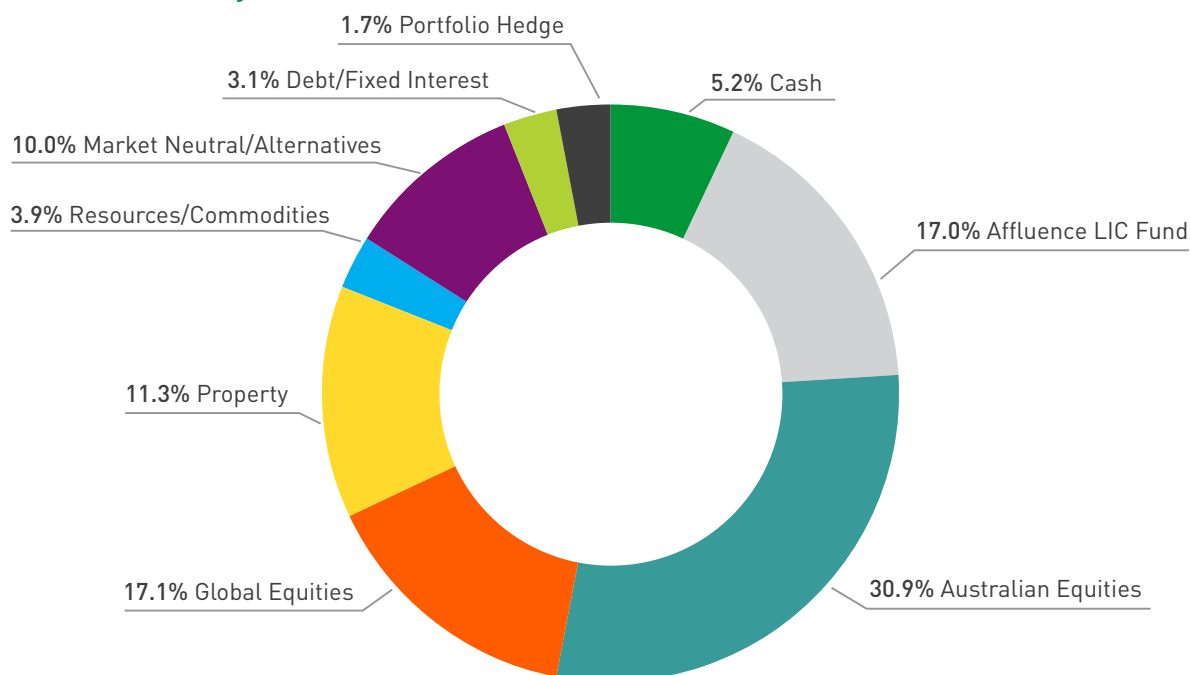
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 3 of them.



## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	21 LICs	17.0%	10-20%
Australian Equities	12	30.9%	20-50%
Global Equities	9	17.1%	5-30%
Property	11	11.3%	5-30%
Resources/Commodities	2	3.9%	0-10%
Market Neutral/Alternatives	5	10.0%	5-20%
Debt/Fixed Interest	1	3.1%	2.5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	1.7%	
Cash	N/A	5.2%	5-20%
<b>Total</b>		<b>100.0%</b>	

## 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	Bronte Capital Amalthea Fund
Phoenix Opportunities Fund	Wentworth Williamson Fund
CI Brunswick Fund	Merricks Partners Fund
Samuel Terry Absolute Return Fund	Ellerston Global Equity Managers Fund
EGP Concentrated Value Fund	Terra Capital Natural Resources Fund

## What Makes This Fund Different

Traditional Fund Managers	vs.	Affluence - Invest Differently
<b>Follow The Herd:</b> Traditional managers are too scared to fail, so they don't succeed. Most don't outperform the index.		<b>Actively Pursue Out-performance:</b> From our fee structure alignment to our investment methodology, our strategy targets positive returns and low volatility.
<b>Restricted Product Selection:</b> Commonly places clients into their own managed funds or choose from a restricted list of 'approved' funds.		<b>Best Of Breed:</b> We will seek the best fund managers, and combine them in a way which cushions against market corrections.
<b>Traditional Asset Classes:</b> Manage large amounts in traditional asset classes (e.g. ASX200 equities), which minimises chances of excess performance.		<b>Unique Strategies:</b> We prefer managers who operate in specialised markets with less funds under management and a competitive advantage.
<b>High, Fixed Fees:</b> Take fees regardless of performance.		<b>No Fixed Fees:</b> 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	\$22.5m
Entry Price	\$1.1192
Exit Price	\$1.1137
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)

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## Meet The Portfolio Managers



### Daryl Wilson

CEO/Portfolio Manager

Years in the Industry: 20

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### Greg Lander

Portfolio Manager

Years in the Industry: 12

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## Platform Availability:

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