



Affluence Investment Fund

Fund Report - March 2019



Contents

02	03	04	05
Fund Commentary Fund Performance	Return History Return on \$100,000 Worst Months Analysis	Asset Allocation Summary Portfolio Summary Top 10 Investments	Key Statistics Fund Strategy Contact Us

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Fund Commentary

The Affluence Investment Fund increased by 0.4% in March, with the benchmark increasing 0.6% (inflation plus 5% per annum) and the ASX 200 increasing by 0.7% for the month. Since commencing in December 2014, the Fund has returned 7.7% per annum. This has included 6.6% per annum monthly distributions to investors and an 1.1% per annum increase in the unit price of the Fund. Over that same period, the Fund has outperformed our benchmark of 6.9% per annum (inflation plus 5% per annum) and kept pace with the ASX 200 Index (including dividends) of 8.2% per annum.

After the sharp falls of last year, the market has staged a remarkable comeback in the first quarter of 2019 with the ASX 200 Index increasing 10.9%, compared to the Affluence Investment Fund increasing 3.4%. The index was boosted by the relief rally in the big four banks following the tame recommendations in the Hayne Report, as well as a surging iron ore price boosting the value of BHP and RIO. Overall valuation levels are back to similar levels as their August/September 2018 highs, appearing as if the last quarter of 2018 never happened. This partially hides the continuing divergence between expensive assets which continue to get more expensive, and cheaper assets which continue to get cheaper.

Our biggest positive contributors were the Wentworth Williamson Fund (up 3.6%), the India Avenue Equity

Fund (up 10.8%), the Attunga Power & Enviro Fund (up 8.0%) and Unibail-Rodamco-Westfield (up 5.4%). The largest detractors included Aveo Group (partial retracement after increasing almost 25% last month), the Forager International Shares Fund, Gowing Brothers Limited and the Affluence LIC Fund.

We exited one investment at the end of the March. The LHC High Conviction Fund has been in the portfolio since early 2016. During the period we have held the fund it has had mixed performance, however the managers long term performance is outstanding. Unfortunately, as is often the case with boutique managers, they have made the decision to hard close the fund to additional investment as it has reached their estimated capacity limit. Closing a fund at a reasonable capacity, when the manager could easily continue to raise additional money, is the correct and applaudable action. The Affluence Investment Fund had less than a 1% allocation to LHC, therefore was too small to continue to hold it. This is a common issue the Fund faces, however it does give us a chance to reinvest with a new emerging manager.

At month end, 67% of the portfolio was invested in unlisted funds, 15% in the Affluence LIC Fund, 9% in listed investments and 8% in cash. If you'd like further details of 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 at <https://affluencefunds.com.au/aif/> to find out more. 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 April. Units will be issued effective 1st May.

Fund Performance

To 31 March 2019	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Income Distributions	0.4%	6.5%	6.7%	6.5%	7.2%	6.6%	
Capital Growth	0.0%	(4.7%)	(1.5%)	1.2%	0.3%	1.1%	
Total Return	0.4%	1.8%	5.2%	7.7%	7.5%	7.7%	3.5%
Benchmark - Inflation + 5%	0.6%	7.1%	7.1%	7.2%	7.0%	6.9%	
Outperformance against Benchmark	(0.2%)	(5.3%)	(1.9%)	0.5%	0.5%	0.8%	

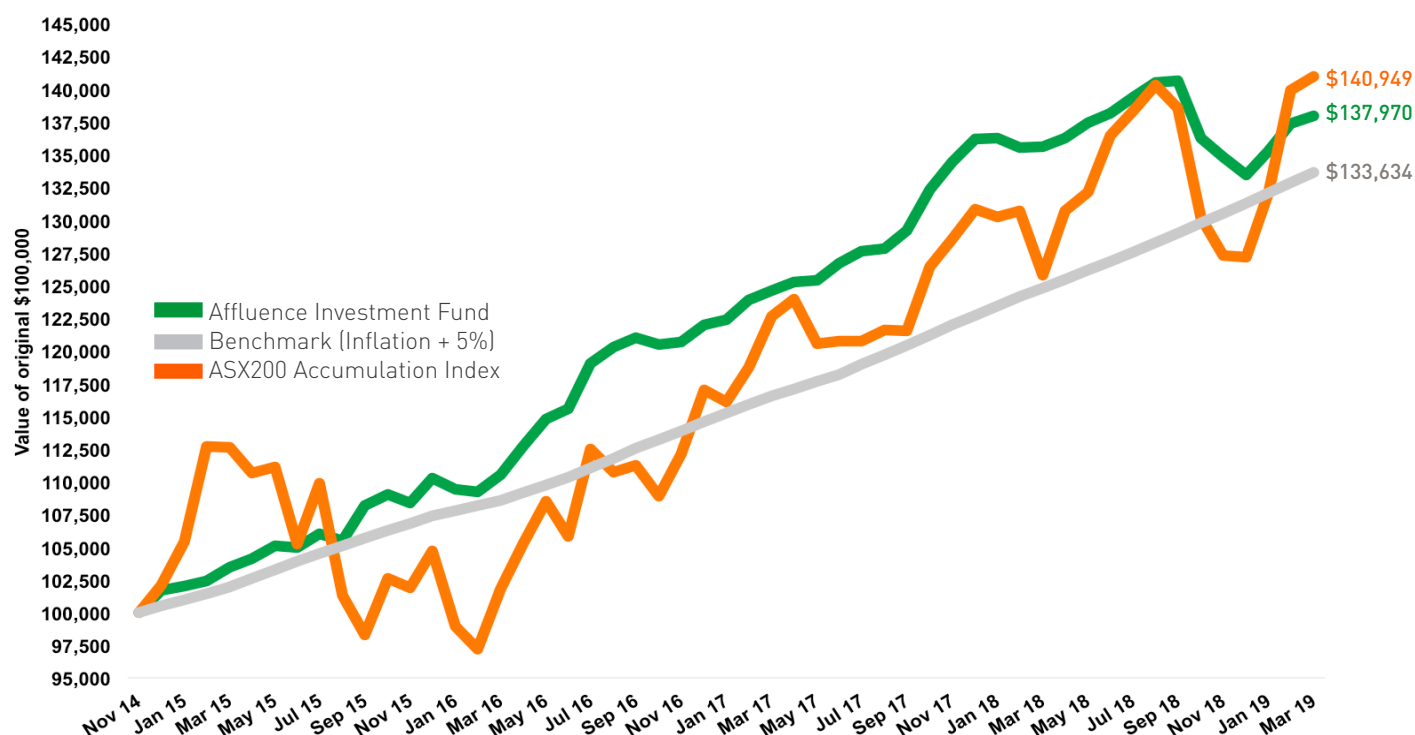
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%										3.4%

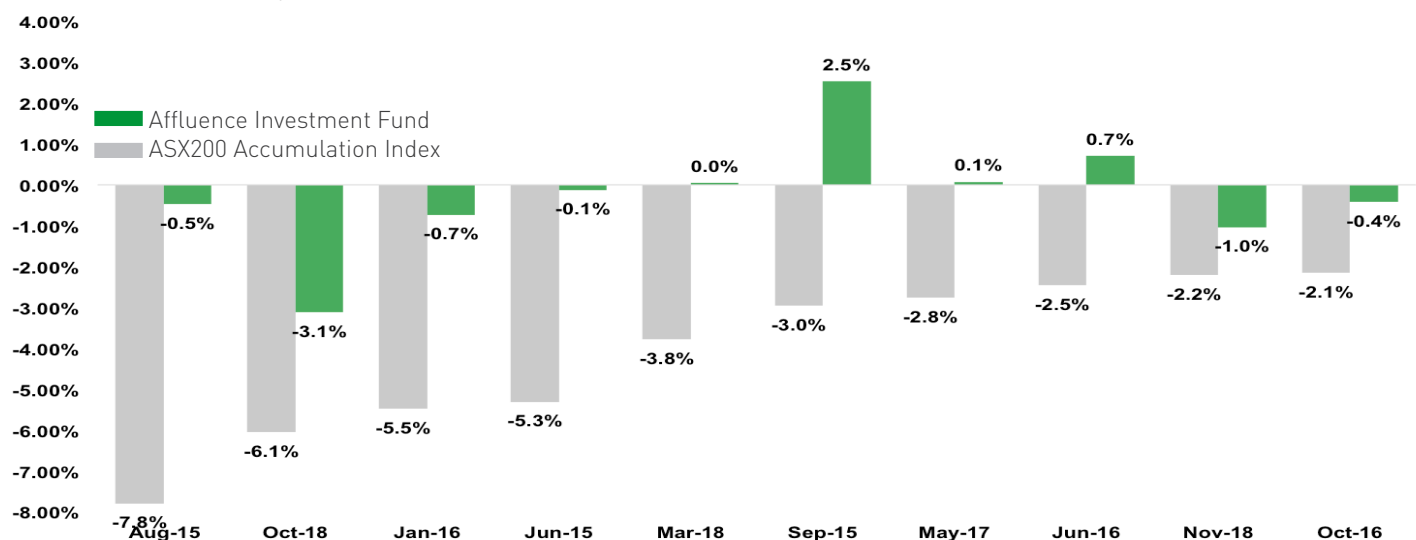
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

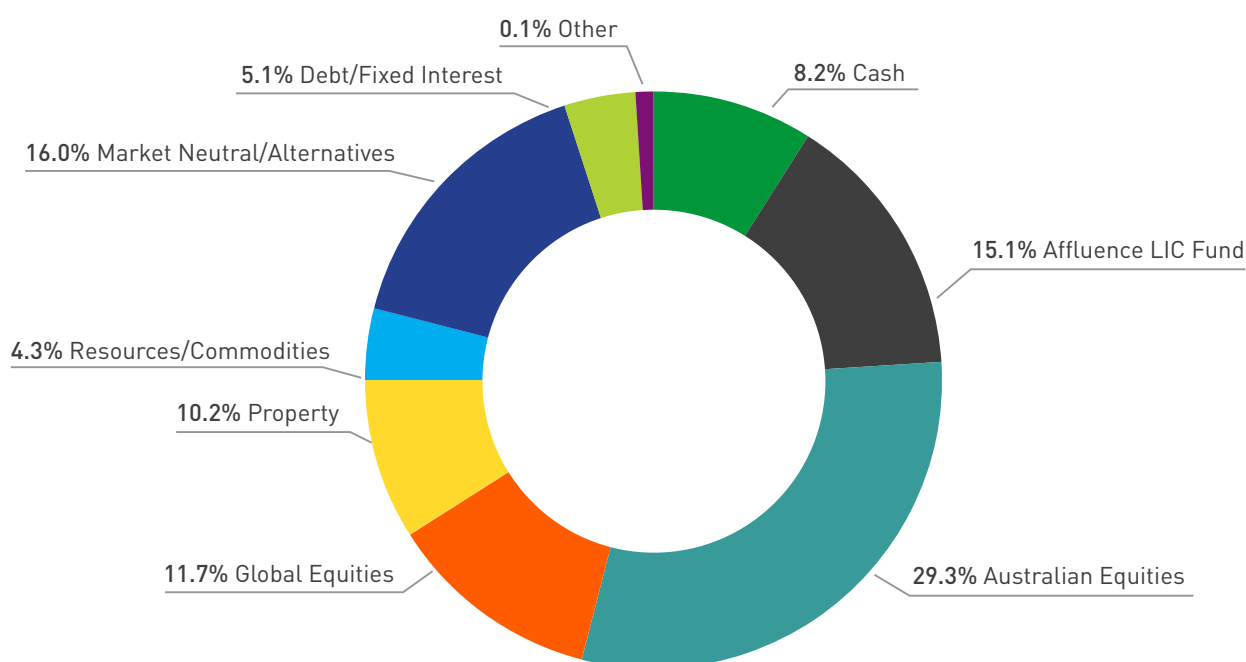
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	31 LICs	15.1%	10-20%
Australian Equities	15	29.3%	20-50%
Global Equities	6	11.7%	5-30%
Property	7	10.2%	5-30%
Resources/Commodities	3	4.3%	0-10%
Market Neutral/Alternatives	9	16.0%	5-20%
Debt/Fixed Interest	3	5.1%	5-20%
Other	N/A	0.1%	0-35%
Portfolio Hedge	N/A	0.0%	
Cash	N/A	8.2%	5-20%
Total		100.0%	

Portfolio Summary



1. The Funds are categorised by Affluence 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. The Normal Range refers to the expected lower and upper range for each asset class during normal market conditions. Affluence 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.

Top 10 Largest Investments

Affluence LIC Fund	Perpetual Pure Credit Alpha Fund
Phoenix Opportunities Fund	Cromwell Direct Property Fund
Wentworth Williamson Fund	GMO Systematic Global Macro Trust
Packer & Co Investigator Trust	Auscap Long Short Australian Equities Fund
KIS Asia Long Short Fund	Sandon Capital Activist 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	\$15.5m
Entry Price	\$1.0495
Exit Price	\$1.0443
Annual Distributions	5.52 cpu
Distribution Yield	5.3% 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:

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Meet The Portfolio Managers



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Platform Availability:

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Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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