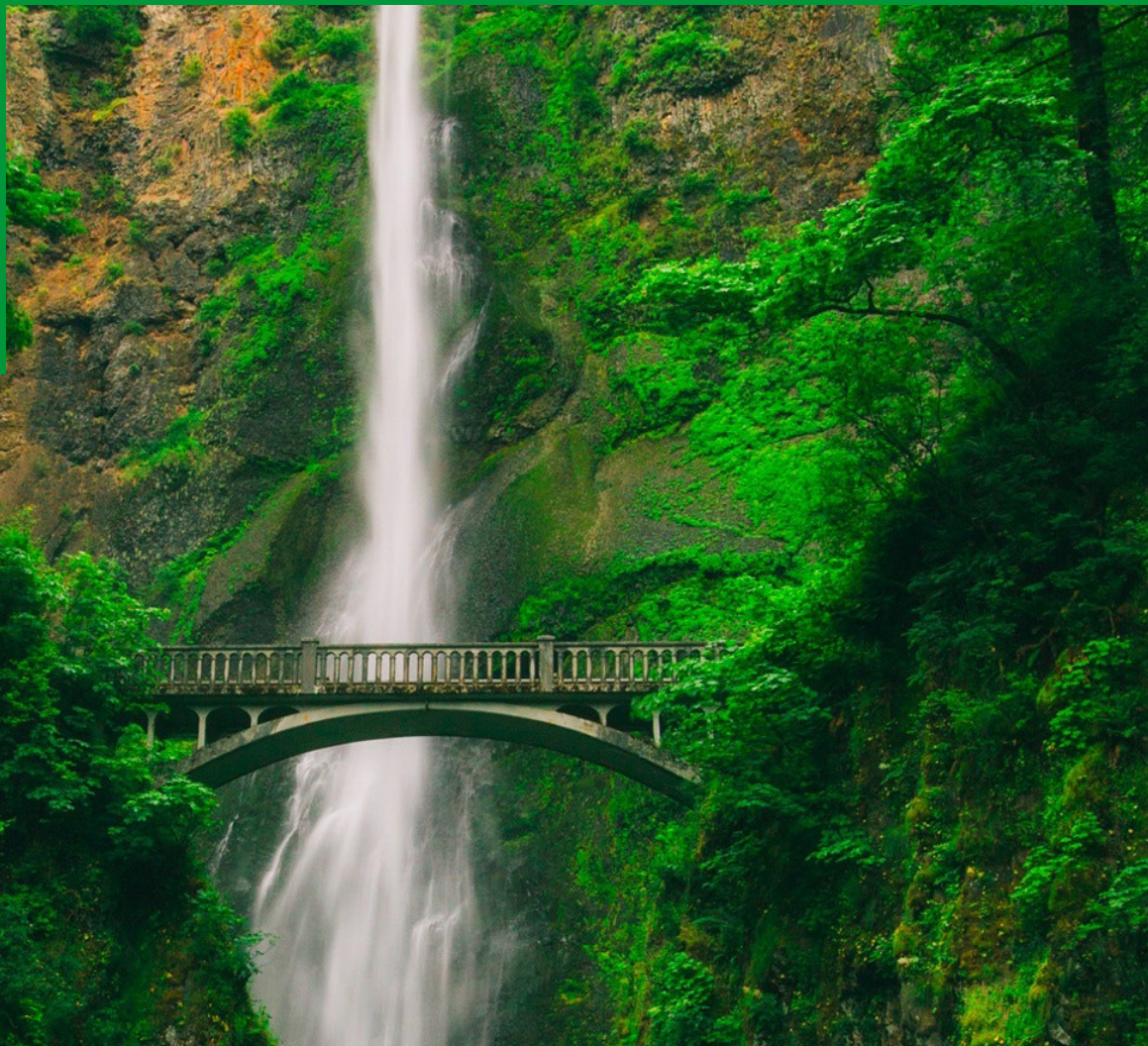


**5**  
YEAR  
AFFLUENCE  
ANNIVERSARY



# Affluence Investment Fund

## Fund Report - March 2020



**Morningstar**  
Rating  
5 Year



### Contents

**02**

Fund Commentary  
Fund Performance

**03**

Return History  
Return on \$100,000  
Worst Months Analysis

**04**

Asset Allocation Summary  
Portfolio Summary  
Top 10 Investments

**05**

Key Statistics  
Fund Strategy  
Contact Us

1.] 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. © 2020 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 'class service' have 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. Refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, 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.

## Fund Commentary

The ASX 200 Index plummeted in March, falling a massive 20.7%. The Affluence Investment Fund significantly outperformed, but still fell 8.7%. Since commencing over five years ago in December 2014, the Fund has returned 5.5% per annum, including 6.3% per annum monthly distributions to investors. Given March's falls, the Fund has slipped behind our benchmark of 7.0% per annum (inflation plus 5% per annum). The Fund has outperformed the ASX200 Index over all time periods, and these returns have been delivered with significantly lower volatility than the Index.

The final result was actually helped by a recovery in the last few trading days. At one point, the ASX200 Index was down more than 30% for the month, in conditions that could only be described as blind panic. Markets were somewhat comforted towards the end of March by governments around the world announcing unprecedented support packages (financed entirely by new debt) and central banks pledging "to do whatever it takes". It wasn't just Australian and global equities that suffered. Fixed interest and debt credit markets suffered major declines (Australian bank hybrids, global high yield credit, leveraged loans), as did listed property (the A-REIT index returned -35%). Unlisted assets such as direct property and infrastructure are a little more difficult to assess, given the infrequent nature of the transactions. However, a number of major super funds and property fund managers have started marking down the value of these assets to reflect the new reality.

Our fixed interest and alternatives portfolios recorded only a small loss and therefore limited the overall decline. The Affluence LIC Fund returned -8.3%, significantly

outperforming the ASX 200 Index. Our Australian and global equities portfolios generally performed in line with the respective market indices. Our property portfolio fell by approximately 15%. The entirety of this loss was against our listed property holdings, led by our investment in Unibail-Rodamco-Westfield (URW) which fell -49% for the month. We believed that URW was cheap before halving in March, however the global lockdown of retail and shopping centres hit the REIT hard. We held a reasonable level of put options at the start of the month, and these increased in value as markets fell, contributing a positive 3% to the overall result.

In the last two weeks of March and early April we made a number of changes to the portfolio. We redeemed a number of our unlisted investments, including two bond funds which had held up reasonably well and one property fund. We made a new investment into the Phoenix Property Securities Fund after the A-REIT index was down 40%. We added significantly to our investments in listed debt trusts, in particular to the higher-quality names which we bought at 20-30% discounts to their underlying value. We also added to our investment in the Affluence LIC Fund. Depending on market conditions, we will likely continue to make reasonably significant portfolio changes in the coming months to take advantage of lower market valuations.

While we are always disappointed to report a negative return, we are pleased with how the Fund performed during such a difficult month. We believe the Fund is now exceptionally well positioned looking forward.

Australian and global equity markets have bounced back very quickly during

the start of April, and we can offer no insight as to whether these gains will be maintained or if the lows are re-tested. What we do know is that overall equity valuations are much lower than they were a month ago. As the market has increased over the past week, we have purchased some additional put options to partly protect the portfolio if markets fall again. They won't be as effective as they were in March, however we are starting from a much lower valuation level. If markets are stable or continue to increase, the put options will be a small drag on performance. We accept this trade-off, given current market volatility.

At month end, 56% of the portfolio was invested in unlisted funds, 18% in the Affluence LIC Fund, 16% in listed investments, 1% in index put options and 8% 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 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. 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 2020	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.4%	4.9%	6.1%	6.6%	6.3%	
Change in Unit Price (Capital Growth)	(9.1%)	(8.6%)	(3.9%)	(1.5%)	(0.8%)	
<b>Affluence Investment Fund Total Return</b>	<b>(8.7%)</b>	<b>(3.7%)</b>	<b>2.2%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>5.5%</b>
Benchmark - Inflation + 5%	0.6%	7.8%	7.1%	7.0%	7.0%	
<b>Performance against Benchmark</b>	<b>(9.3%)</b>	<b>(11.5%)</b>	<b>(4.9%)</b>	<b>(1.9%)</b>	<b>(1.5%)</b>	

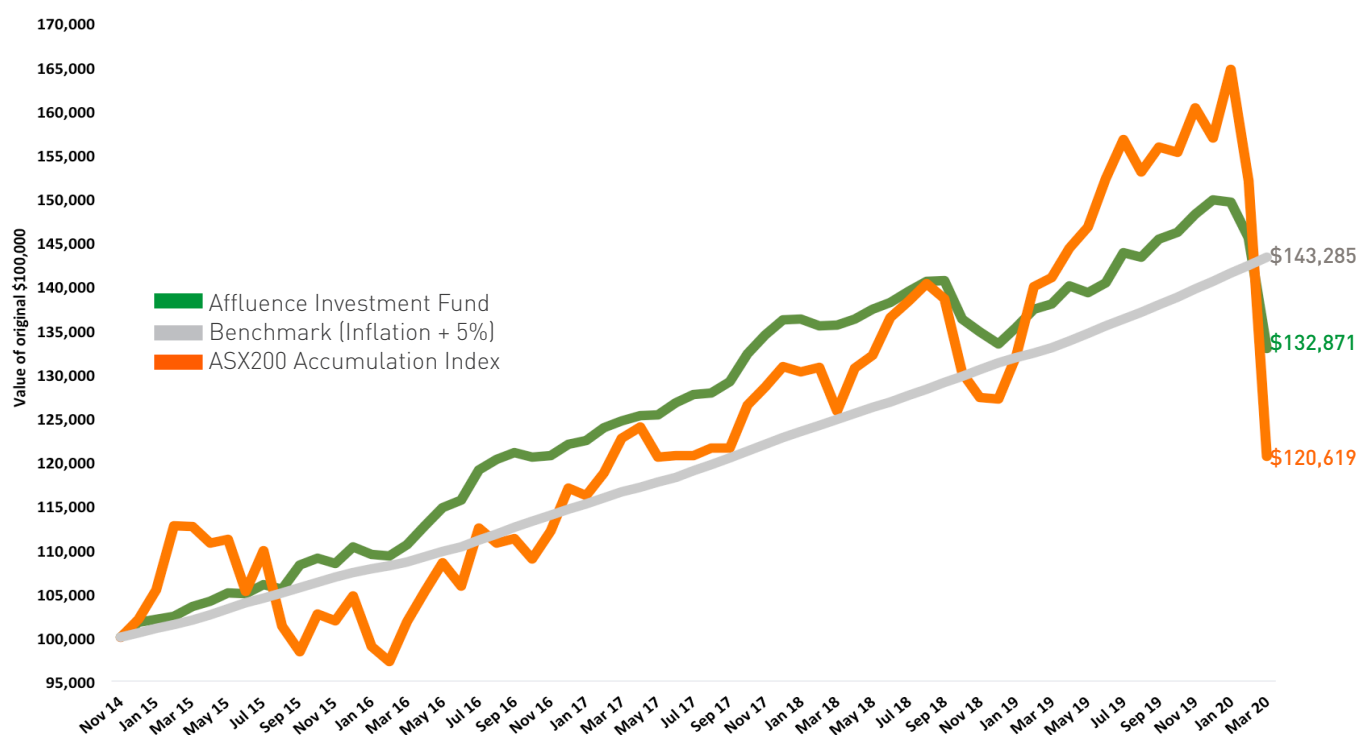
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to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

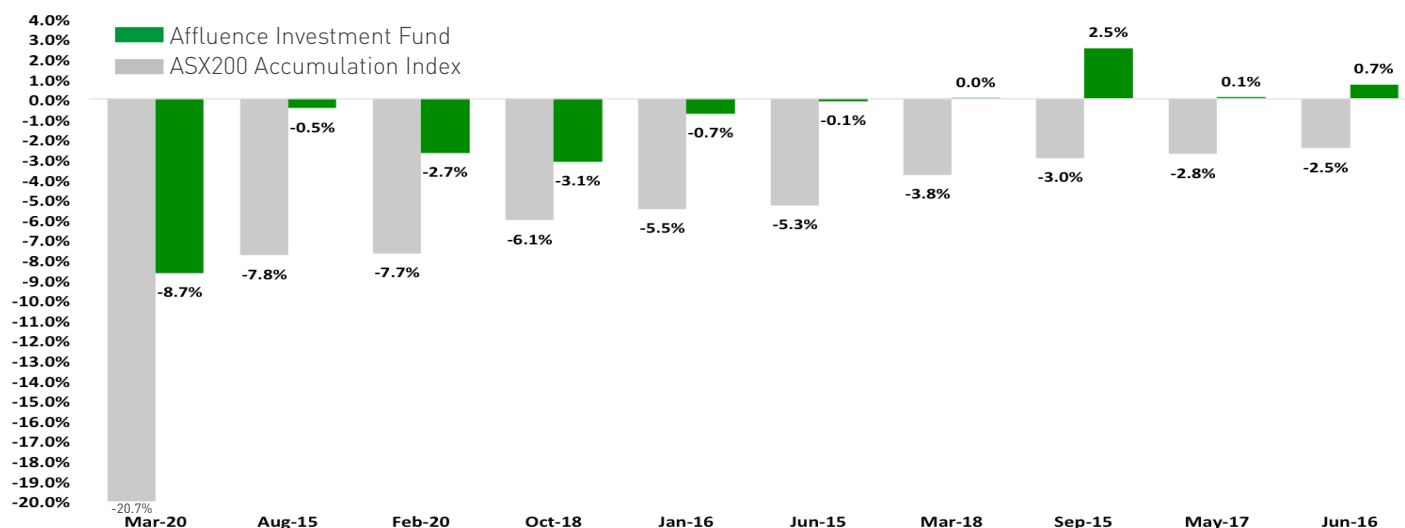
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

## 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.

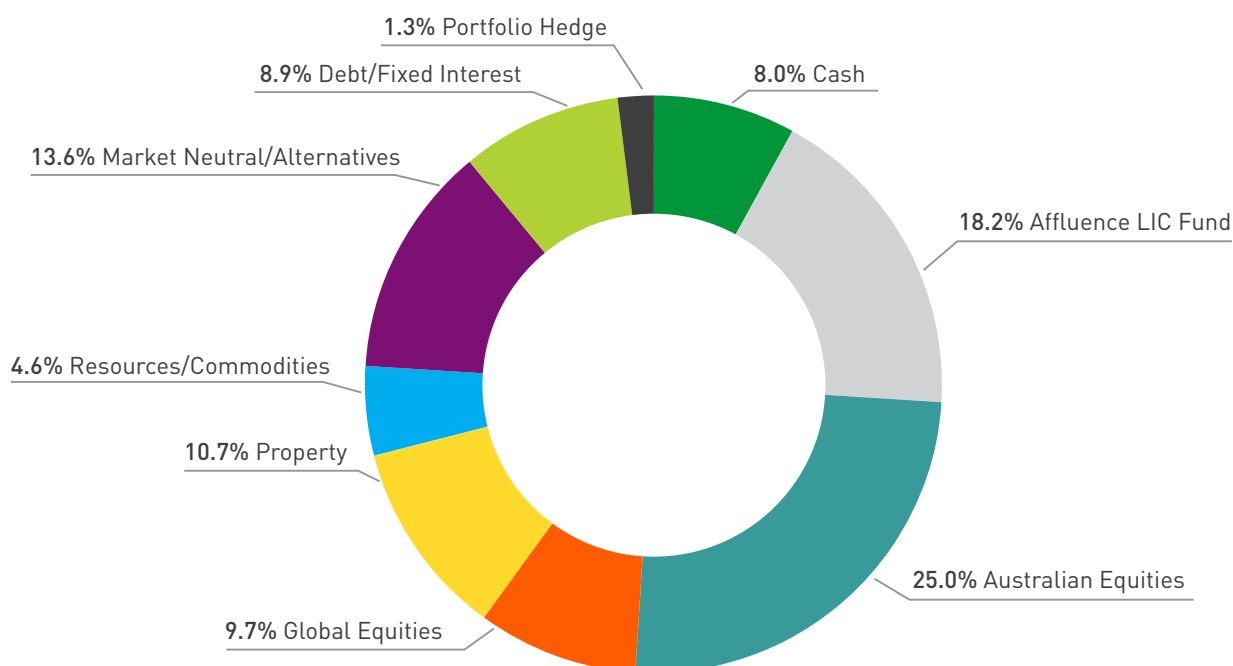




## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	38 LICs	18.2%	10-20%
Australian Equities	16	25.0%	20-50%
Global Equities	6	9.7%	5-30%
Property	9	10.7%	5-30%
Resources/Commodities	4	4.6%	0-10%
Market Neutral/Alternatives	9	13.6%	5-20%
Debt/Fixed Interest	5	8.9%	5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	1.3%	
Cash	N/A	8.0%	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	Totus Capital Alpha Fund
Phoenix Opportunities Fund	Cromwell Direct Property Fund
Perpetual Credit Income Fund	Bronte Capital Amalthea Fund
L1 UK Residential Property Fund III	GMO Systematic Global Macro Trust
Wentworth Williamson Fund	EGP Concentrated Value 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	\$17.1m
Entry Price	\$0.9595
Exit Price	\$0.9547
Annual Distributions	5.52 cpu
Distribution Yield	5.8% 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)

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

## Meet The Portfolio Managers



### Daryl Wilson

CEO/Portfolio Manager

Years in the Industry: 20

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

Phone: +61 402 046 883



### Greg Lander

Portfolio Manager

Years in the Industry: 12

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

Phone: +61 409 645 893

## Platform Availability:

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

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) offering units in the Fund before making an investment decision. The PDS contains important notices and disclaimers, important information about the offer, as well as investment risks. Any forecast or projected information, including financial, is not guaranteed and there is no guarantee of any distribution, 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 and potential investors are encouraged to obtain independent expert advice before any investment decision.