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INVESTORS!

# Affluence Investment Fund

## Fund Report - May 2017

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## Fund Commentary

The ASX200 fell by 2.8% in May as the “sell in May” pattern once again played out this year. The Affluence Investment Fund managed a very small gain of 0.1% for the month, continuing the pattern of being resilient in tough markets.

Since commencing in December 2014 the Fund has returned 9.5% per annum. Over that period the Fund has outperformed both our benchmark (inflation plus 5%) and the ASX 200 (including dividends) of 7.7% per annum.

The strongest investment for the Fund during May was the Bronte Capital Amalthea Fund, which was up over 7% for the month. This is a good example of being patient with a quality manager. For the 11 months to November 2016, the Bronte fund was down around 7%, during a very difficult period for the long/short investment style employed by Bronte. In the 6 months since then, it has delivered returns of over 20%.

Other investments to produce positive returns in May included the Baker Steel Gold Fund (+3.1%), India Avenue Equity Fund (+2.6%), Deep Value Microcap (+2.4%) and Wentworth Williamson (+1.8%). Negative contributors were the

Phoenix Opportunities Fund (down 2.8% after a very successful 12 months) and the Terra Capital Natural Resources Fund, which was down 4% for the month.

Once again, we topped up several existing investments this month. We also added the Packer Investigator Trust to the portfolio for the first time. This manager was founded in 1993 by Willy Packer and is based in Perth. The Fund commenced in 1996 and has \$1.5 billion of assets. The manager has a very open mandate to allocate funds across a broad spectrum of asset classes including Australian and global shares, derivatives, bonds, cash and other unit trusts, with very few investment limits. The Packer Investigator Trust has a quite exceptional performance record, having delivered returns of over 13%p.a. for the past 20 years, with just one negative year in that time.

Looking forward, valuations for almost all assets remain relatively high. Having said that, we are not yet seeing signs of the sort of exuberance that quite often precedes cyclical highs, meaning markets could easily move higher before any correction unfolds. We continue to focus our efforts on making

the Fund’s portfolio as resilient as possible for a wide range of eventualities.

At month end, 61% of the Fund was investment in unlisted investments, 20% in the Affluence LIC Fund, 6% in other listed investments, and 13% in cash. If you’d like further details of the investment portfolio, just email us and we’ll provide it to you. If you’re registered on our website as an Affluence Member, you can login and follow the link to the Members Area 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 25 unlisted funds as well as more than 20 LIC’s and other listed entities, visit the fund page on our website at [www.affluencefunds.com.au/aif](http://www.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 23rd June. Units will be issued effective 1 July.

## Fund Performance

To 31 May 2017	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
Income Distributions	0.4%	2.5%	5.6%	5.8%	6.4%	
Capital Growth	(0.3%)	1.4%	3.6%	3.4%	3.1%	
<b>Total Return</b>	<b>0.1%</b>	<b>3.9%</b>	<b>9.2%</b>	<b>9.2%</b>	<b>9.5%</b>	<b>3.1%</b>
Benchmark - Inflation + 5%	0.6%	3.5%	7.4%	6.8%	6.8%	
<b>Outperformance against Benchmark</b>	<b>(0.5%)</b>	<b>0.4%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>2.7%</b>	

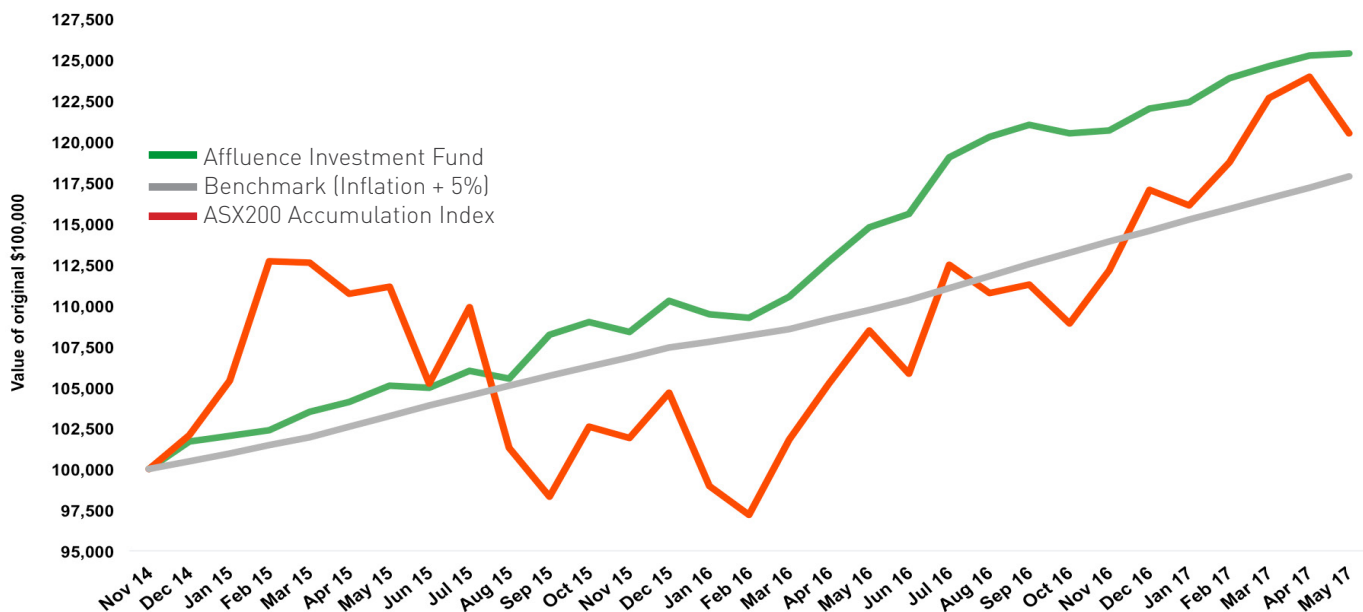
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to pay distributions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

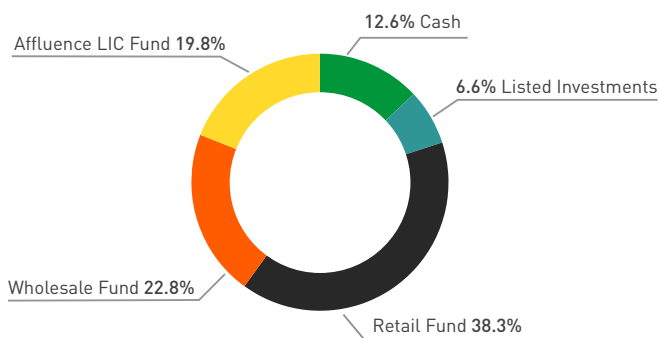
Strongest Month
Stable Month
Positive Month
Negative Month
Weakest Month

## Return on \$100,000 Investment

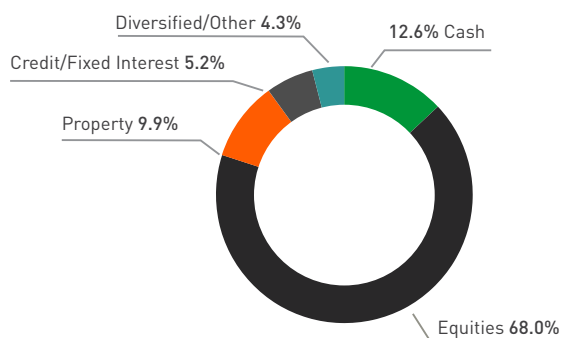


## Portfolio Summary

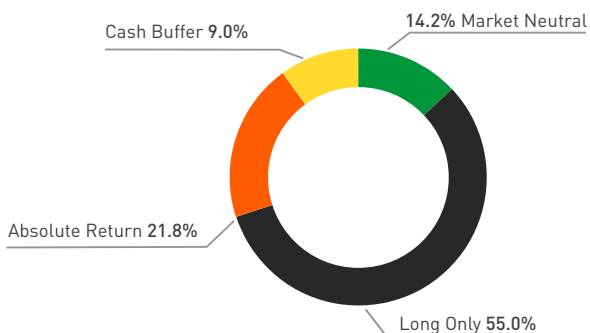
### Underlying Investment Types



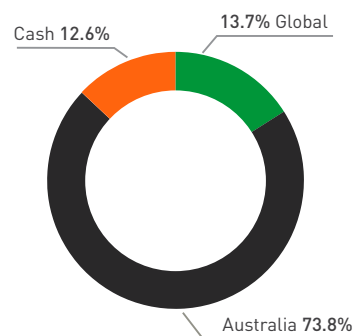
### Asset Class



### Equities Strategies



### Geographic Exposure



## Top 10 Largest Investments

Cash	Packer & Co Investigator Trust
Affluence LIC Fund	Alexander Credit Opportunities Fund
Phoenix Opportunities Fund	Brookfield Prime Property Fund
Cromwell Direct Property Fund	Bronte Capital Amalthea Fund
Wentworth Williamson Fund	IML Concentrated Australian Share Fund

## What Makes This Fund Different

Traditional Fund Managers	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	\$5.3m
Entry Price	\$1.0797
Exit Price	\$1.0722
Annual Distributions	5.25 cpu
Distribution Yield	4.9% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	0.35%/0.35%

## 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: 18

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

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