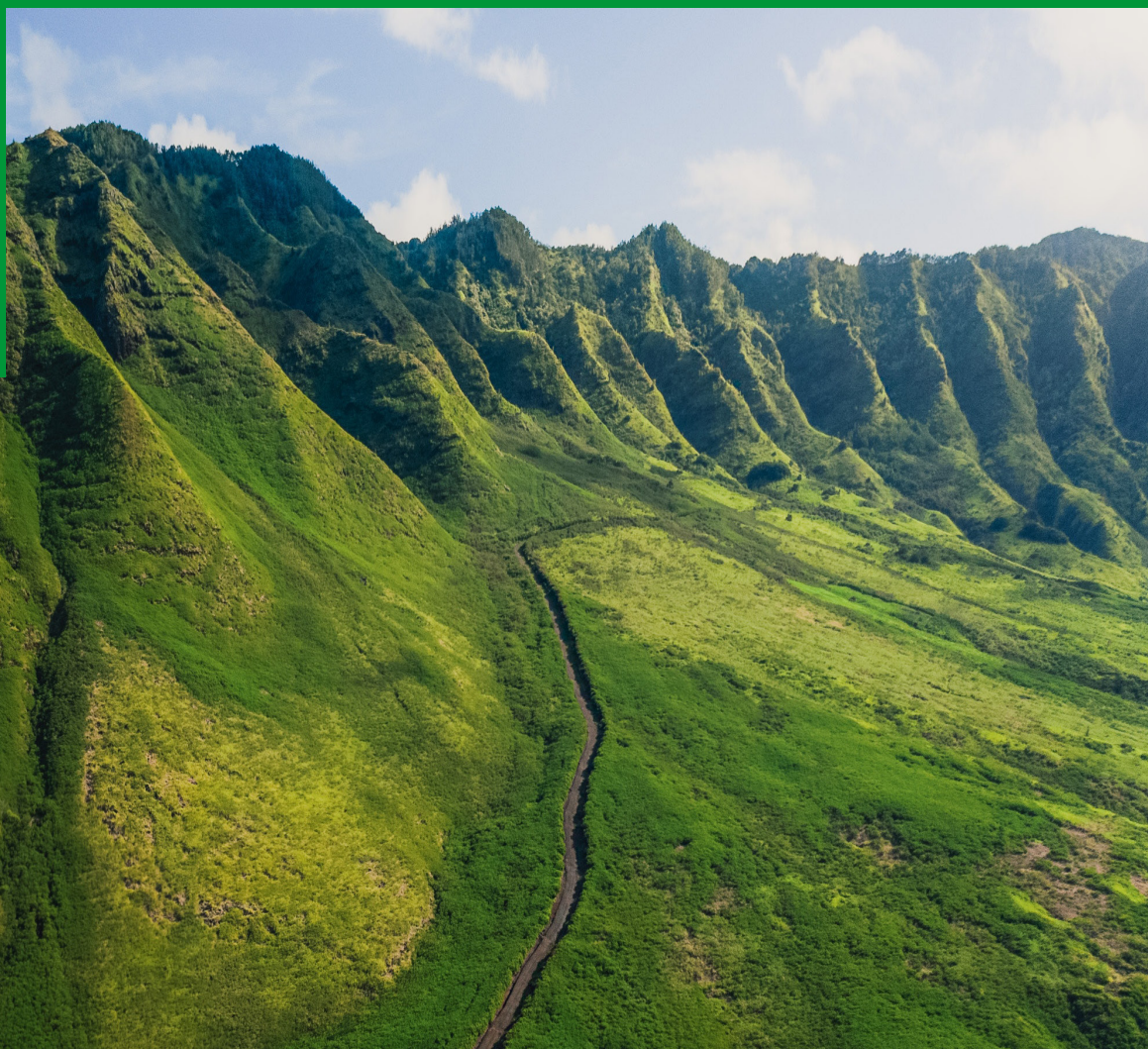


**5**  
YEAR  
AFFLUENCE  
ANNIVERSARY



# Affluence Investment Fund

## Fund Report - May 2020



**Morningstar**  
Rating  
5 Year



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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 kept rebounding in May, increasing by 4.4%. The Affluence Investment Fund had another strong month and increased 4.1%. Since commencing over five years ago in December 2014, the Fund has returned 6.9% per annum, including 6.3% per annum monthly distributions to investors. This is in line with our benchmark of 6.9% per annum (inflation plus 5% per annum). The Fund has outperformed the ASX 200 Index over 1, 3 and 5 years, and these returns have been delivered with significantly lower volatility than the Index.

The markets strong return for May was looking shaky until the last week of the month, with the index in the red until then. The ASX 200 is now up approximately 27% since the March lows, and still the debate between the bulls and bears continues. There is no doubt that Australia has fared much better through the crisis than was widely expected in March. However the earnings outlook over both the short and longer term is still not clear. We don't need to pick sides, and within the portfolio we hold funds whose managers are strongly in both camps.

The underlying portfolio performed well in May, with the only significant detractor being our index put options which detracted 0.4% from the overall result. Our largest positive contributors included the Affluence LIC Fund (up 7%), the Phoenix Opportunities Fund (up 8%), the QVG Opportunities Fund (up 13%), and our new holding in the listed Carindale Property Trust (up 17%).

We continued to make portfolio changes in May. We materially

trimmed our holdings in the debt listed investment trusts as the discounts to NTA narrowed, exited one of our smaller holdings in a global equity manager as well as our investment in a volatility trading fund. As mentioned above, we added the listed Carindale Property Trust, and added to our holding in the listed Unibail-Rodamco-Westfield global shopping centre group at very attractive prices. Two new global managers were added to the portfolio, the Pzena Emerging Markets Value Fund and the Munro Global Growth Fund. We also made a significant additional investment into the CI Brunswick Fund. This fund is run by Peter Cooper himself, and has been hard closed for the past couple of years. They re-opened the fund for one month only, and we took the opportunity to upweight our holding.

At month end, 61% of the portfolio was invested in unlisted funds, 19% in the Affluence LIC Fund, 11% in listed investments 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 25th June. Units will be issued effective 1st July.**

## Fund Performance

To 31 May 2020	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
<b>Distributions</b>	0.5%	5.3%	6.2%	6.1%	6.3%	
<b>Change in Unit Price (Capital Growth)</b>	3.6%	(1.6%)	(1.4%)	0.5%	0.6%	
<b>Affluence Investment Fund Total Return</b>	<b>4.1%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>6.6%</b>	<b>6.9%</b>	<b>5.8%</b>
<b>Benchmark - Inflation + 5%</b>	0.5%	7.2%	7.0%	6.9%	6.9%	
<b>Performance against Benchmark</b>	<b>3.6%</b>	<b>(3.5%)</b>	<b>(2.2%)</b>	<b>(0.3%)</b>	<b>0.0%</b>	

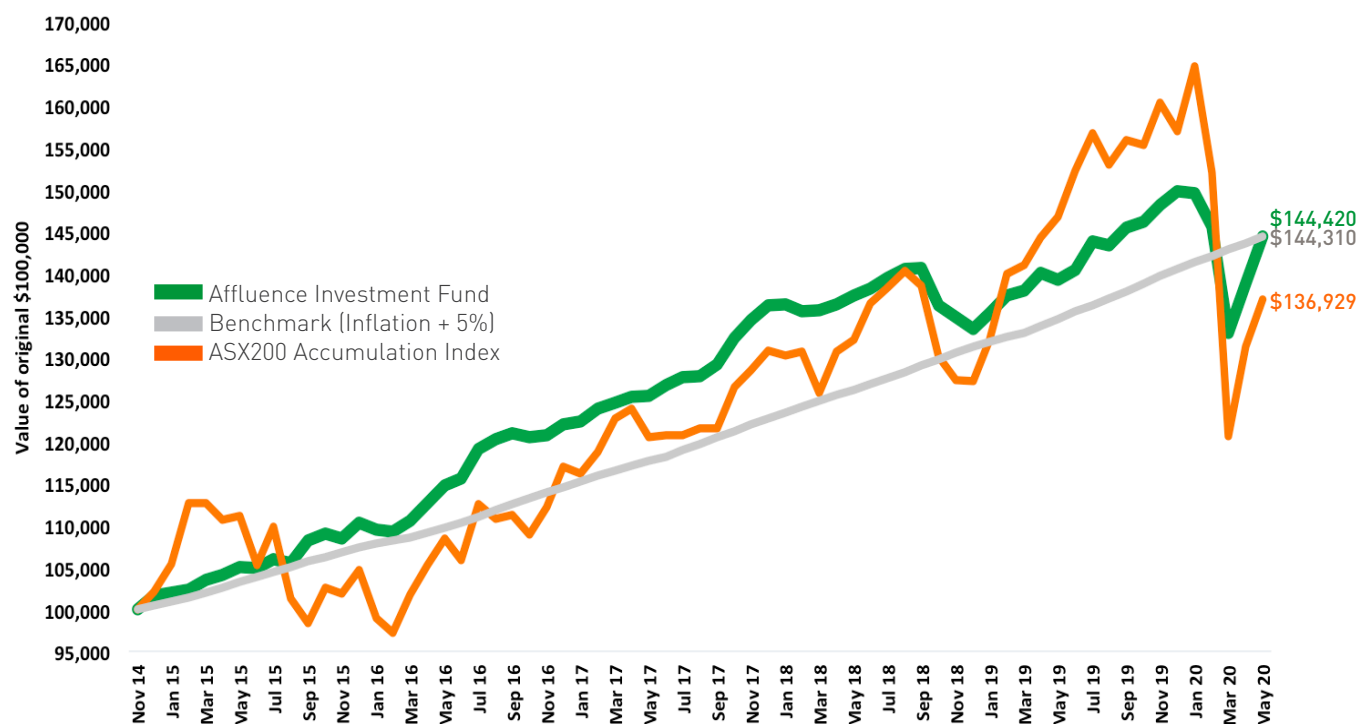
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to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

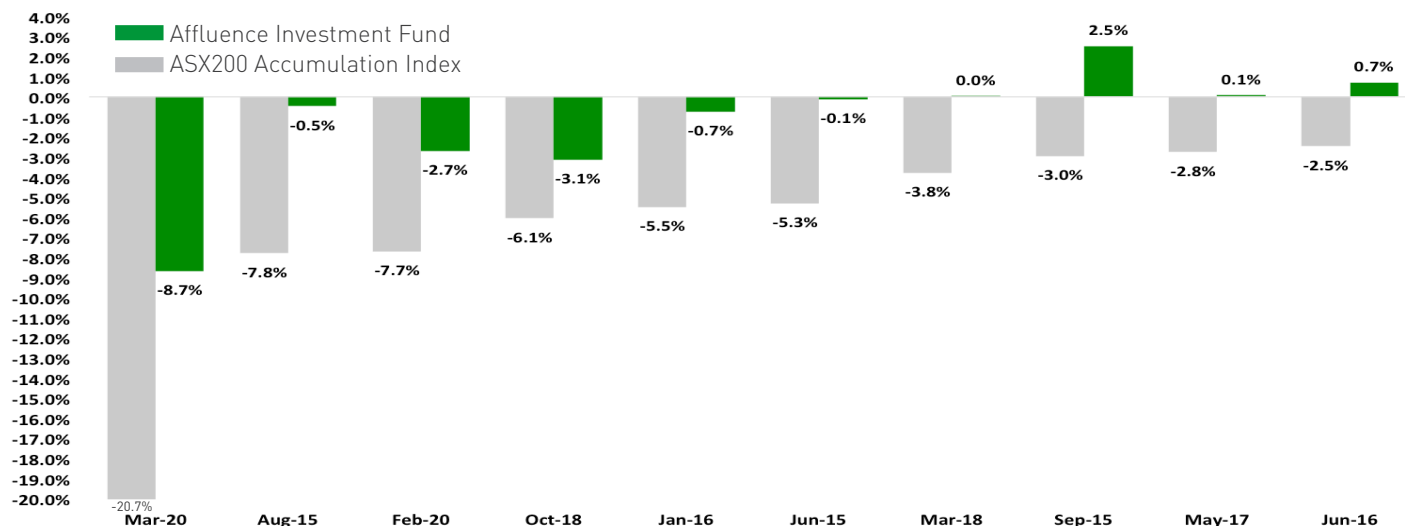
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

## Return on \$100,000 Investment



## Fund Performance vs ASX 200 - Worst Months

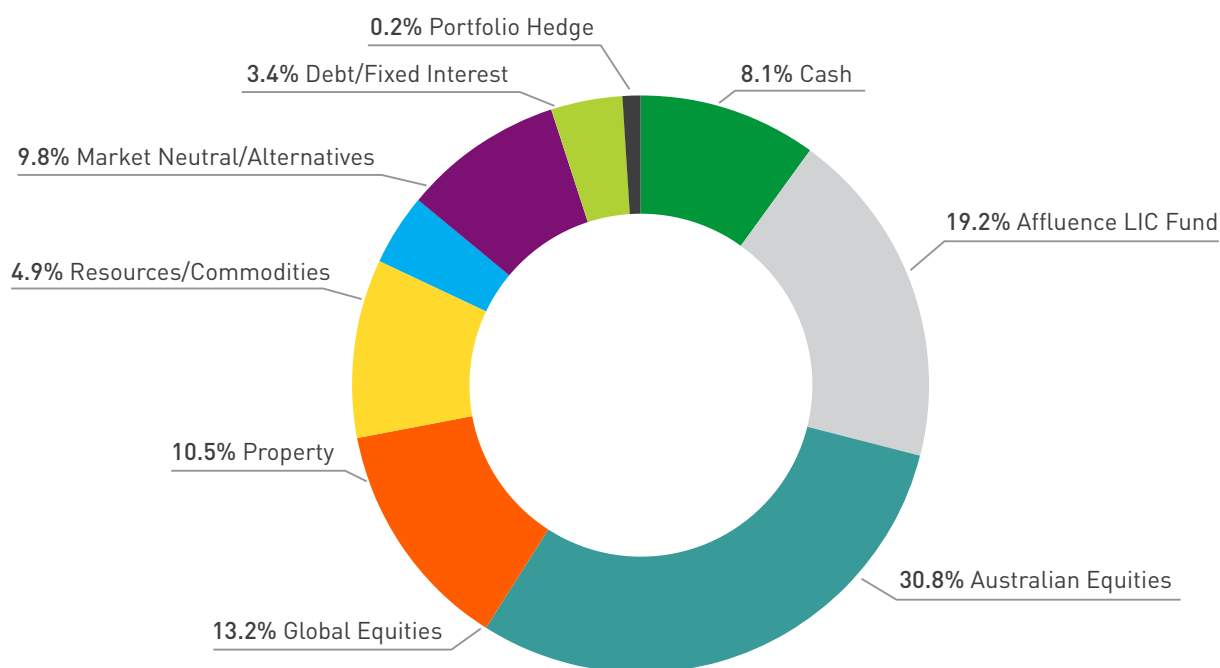
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	31 LICs	19.2%	10-20%
Australian Equities	15	30.8%	20-50%
Global Equities	7	13.2%	5-30%
Property	8	10.5%	5-30%
Resources/Commodities	3	4.9%	0-10%
Market Neutral/Alternatives	6	9.8%	5-20%
Debt/Fixed Interest	4	3.4%	2.5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.2%	
Cash	N/A	8.1%	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	Wentworth Williamson Fund
CI Brunswick Fund	L1 UK Residential Property Fund III
Phoenix Opportunities Fund	QVG Opportunities Fund
Bronte Capital Amalthea Fund	EGP Concentrated Value Fund
Packer & Co Investigator Trust	Baker Steel Gold 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	\$19.3m
Entry Price	\$1.0335
Exit Price	\$1.0283
Annual Distributions	5.52 cpu
Distribution Yield	5.4% 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

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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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