

# Affluence Investment Fund

## Fund Report - October 2019



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## Fund Commentary

The pleasing performance continued in October, with the Affluence Investment Fund increasing by 0.5% compared to a 0.4% decrease in the ASX 200 Index. Since commencing in December 2014, the Fund has returned 8.0% per annum. This has included 6.5% per annum monthly distributions to investors and an 1.5% 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).

All our various equity sub-portfolios (the Affluence LIC Fund, Australian equities and global equities) outperformed during the month, and collectively increased over 1.1%. Our largest positive contributors included the EGP Concentrated Value Fund (up 5.2%), Affluence LIC Fund (up 0.8%), our holding in Unibail Rodamco Westfield (up 4%), and the Sandon Capital Activist Fund (up 4.5%). The largest detractors this month were the Terra Capital Natural Resources Fund (down 3.5%), the GMO Global Systematic Global Macro Trust and our Index Put Options.

Markets appear to have somewhat "normalised" in the four months since 30 June 2019. FY19 was dominated by already expensive assets getting more expensive, and already cheap assets getting cheaper. The start of this financial year has seen a partial reversion to the mean. We have witnessed this through the Fund's Australian equities portfolio. After underperforming in FY19, in the past

four months the Australian equities portfolio has increased over 9% compared to just 2% for the ASX 200 Index. The managers and weightings have remained very similar over both timeframes. What has changed is the market. This has been demonstrated through the Australian WAAAX stock share prices falling back, and the very public implosion of the WeWork IPO in the US. At the same time there is an increasing number of previously unloved listed stocks receiving offers from private equity buyers at substantial premiums.

We have no insight whether this trend will continue, or if markets will swing back to growth at any price, however we do remain very confident the Funds holdings demonstrate far superior value than the overall market.

At month end, 64% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 14% in listed investments and 6% 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 access 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/>

[com.au/aif/](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 25th November. Units will be issued effective 1st December.

## Fund Performance

To 31 October 2019	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Distributions	0.4%	5.5%	5.9%	6.2%	6.0%	6.5%	
Change in Unit Price (Capital Growth)	0.1%	1.8%	(0.8%)	0.4%	1.6%	1.5%	
<b>Affluence Investment Fund Total Return</b>	<b>0.5%</b>	<b>7.3%</b>	<b>5.1%</b>	<b>6.6%</b>	<b>7.6%</b>	<b>8.0%</b>	<b>3.5%</b>
Benchmark - Inflation + 5%	0.6%	6.9%	7.0%	7.0%	6.9%	6.9%	
<b>Performance against Benchmark</b>	<b>(0.1%)</b>	<b>0.4%</b>	<b>(1.9%)</b>	<b>(0.4%)</b>	<b>0.7%</b>	<b>1.1%</b>	

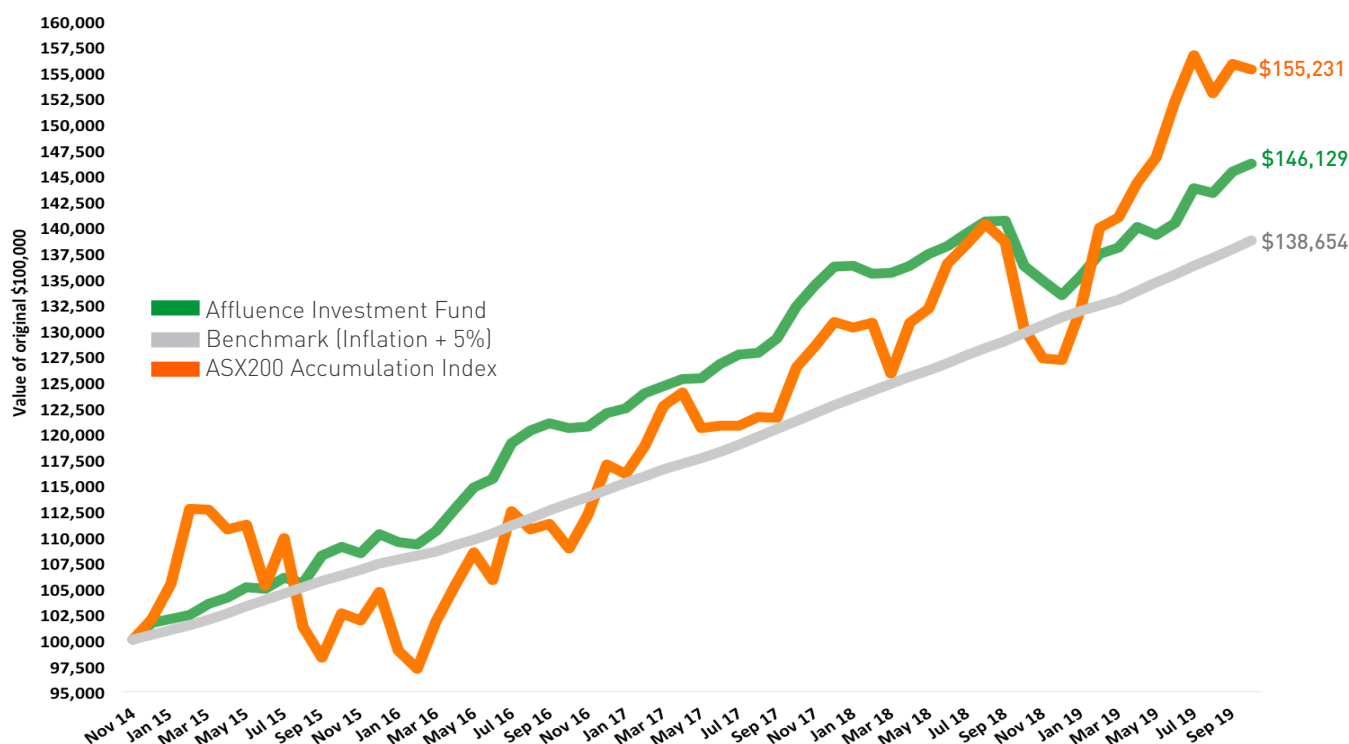
Total returns are net of fees and costs [excluding buy-sell spread] using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%			9.5%

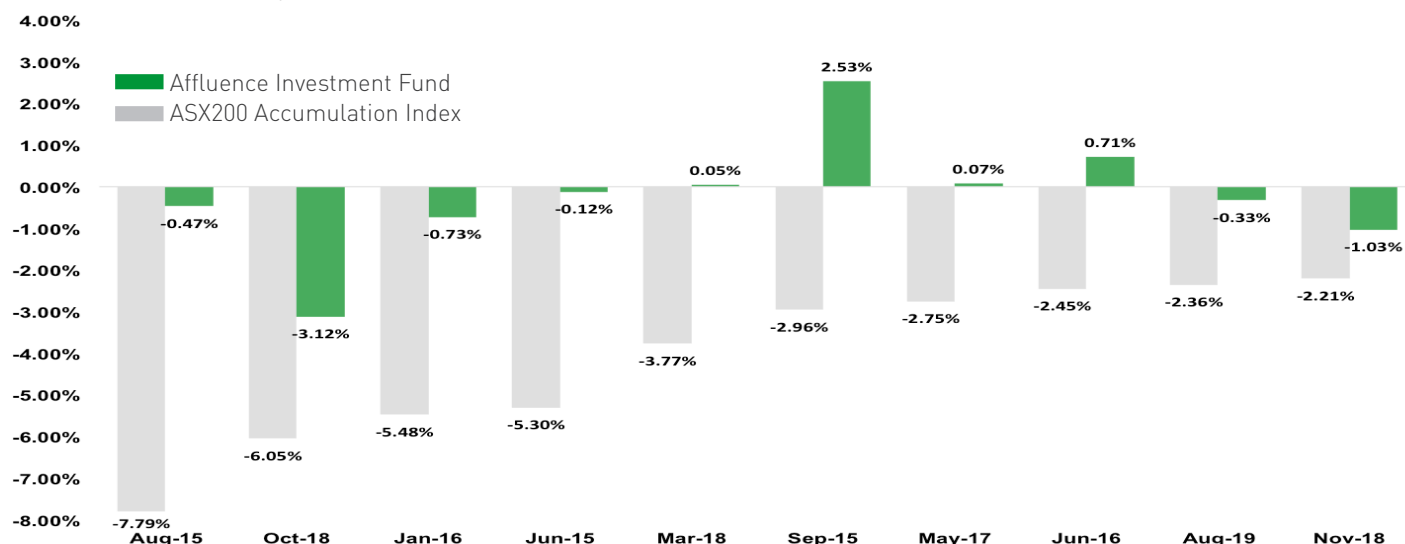
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

## Return on \$100,000 Investment



## Fund Performance vs ASX 200 - Worst Months

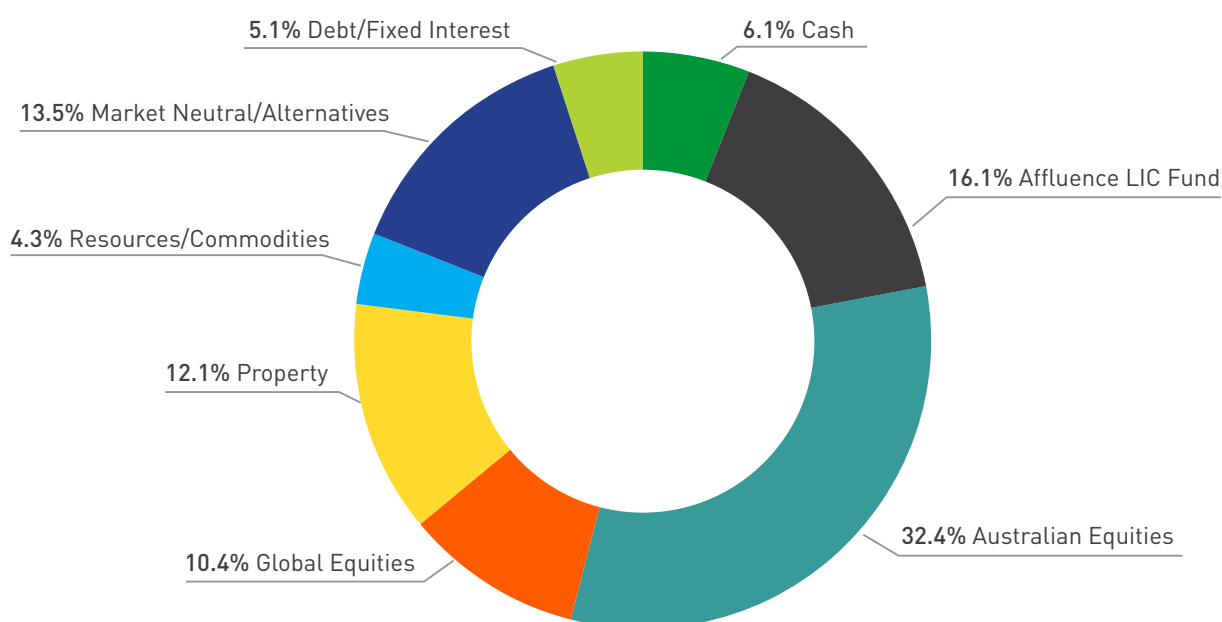
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



## Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	29 LICs	16.1%	10-20%
Australian Equities	16	32.4%	20-50%
Global Equities	6	10.4%	5-30%
Property	7	12.1%	5-30%
Resources/Commodities	3	4.3%	0-10%
Market Neutral/Alternatives	9	13.5%	5-20%
Debt/Fixed Interest	5	5.1%	5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.0%	
Cash	N/A	6.1%	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	Packer & Co Investigator Trust
Phoenix Opportunities Fund	Unibail-Rodamco Westfield
Wentworth Williamson Fund	Cromwell Direct Property Fund
EGP Concentrated Value Fund	Harvest Lane Absolute Return Fund
L1 UK Residential Property Fund III	Totus Capital Alpha 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	\$18.0m
Entry Price	\$1.0785
Exit Price	\$1.0731
Annual Distributions	5.52 cpu
Distribution Yield	5.1% 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



### 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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