



Affluence Investment Fund

Fund Report - September 2019



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Fund Commentary

The Affluence Investment Fund had a strong month in September and increased by 1.4%. 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).

The best performing sector this month was our Australian equities portfolio, which increased approximately 2.6%. Our largest positive contributors included the Affluence LIC Fund (up 3.4%), the EGP Concentrated Value Fund (up 6.4%), our holding in Unibail Rodamco Westfield (up 6%), and the Cyan C3G Fund (up 8.7%). The largest detractors this month were the Baker Steel Gold Fund (down 6.6%), and our Index Put Options which fell in value as the ASX 200 Index increased.

The Affluence Investment Fund has returned a solid 9.0% for the 9 months of the calendar year. We are pleased to have made reasonable returns after a difficult 2018. While the Fund has lagged the extraordinary returns of the ASX 200 and global equity markets, we believe there is significant latent value in our portfolio, especially within our value equity managers and our holding in the Affluence LIC Fund. The Funds performance was held back in the first 6 months of 2019 by the continuing under performance

of value versus growth managers, as well as the significant increase in LIC discounts to NTA. We view both these trends as similar to a stretching a rubber band. You can stretch a rubber bank quite easily backwards and forwards, until you pull it too tight and it snaps back. Over the past 3 months there have been signs of value managers making a comeback, and we have seen strong performance across the LIC sector. We believe the rubber band is starting to snap back, and we remain very optimistic for the portfolio in general.

At month end, 64% of the portfolio was invested in unlisted funds, 16% in the Affluence LIC Fund, 15% in listed investments and 5% 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 25th October. Units will be issued effective 1st November.

Fund Performance

To 30 September 2019	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Distributions	0.4%	5.3%	6.0%	6.2%	6.0%	6.5%	
Change in Unit Price (Capital Growth)	1.0%	-1.9%	0.1%	0.1%	1.7%	1.5%	
Affluence Investment Fund Total Return	1.4%	3.4%	6.1%	6.3%	7.7%	8.0%	3.5%
Benchmark - Inflation + 5%	0.6%	7.0%	7.0%	7.0%	6.9%	6.9%	
Outperformance against Benchmark	0.8%	-3.6%	-0.9%	-0.7%	0.8%	1.1%	

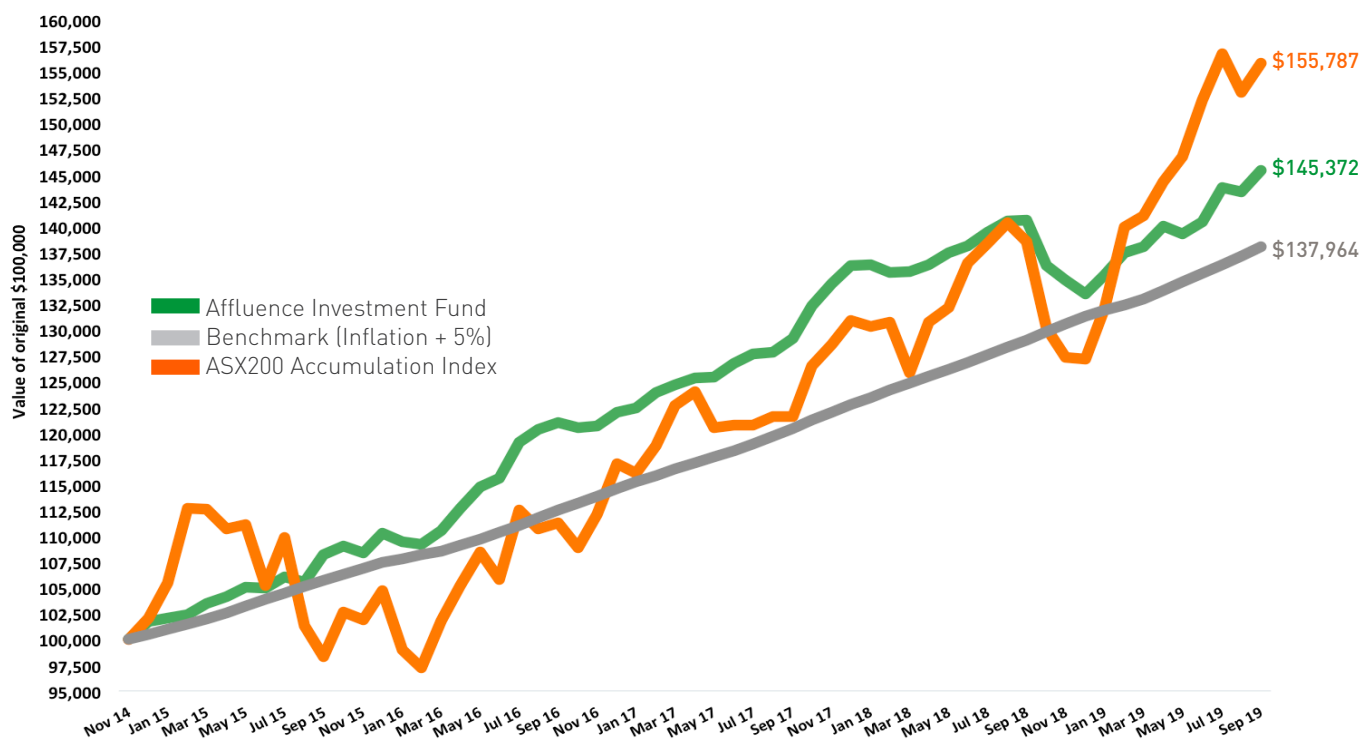
Total returns are net of fees and costs [excluding buy-sell spread] using the mid prices and assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. Inception date is 28 November 2014. The Fund aims to 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%				9.0%

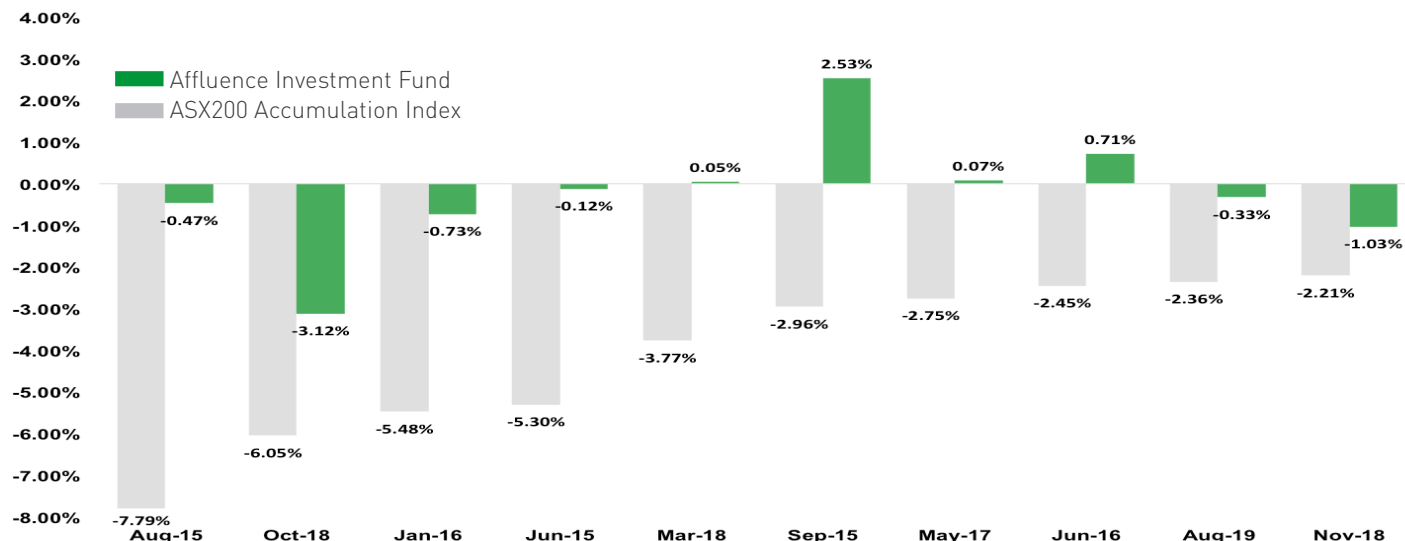
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



Fund Performance vs ASX 200 - Worst Months

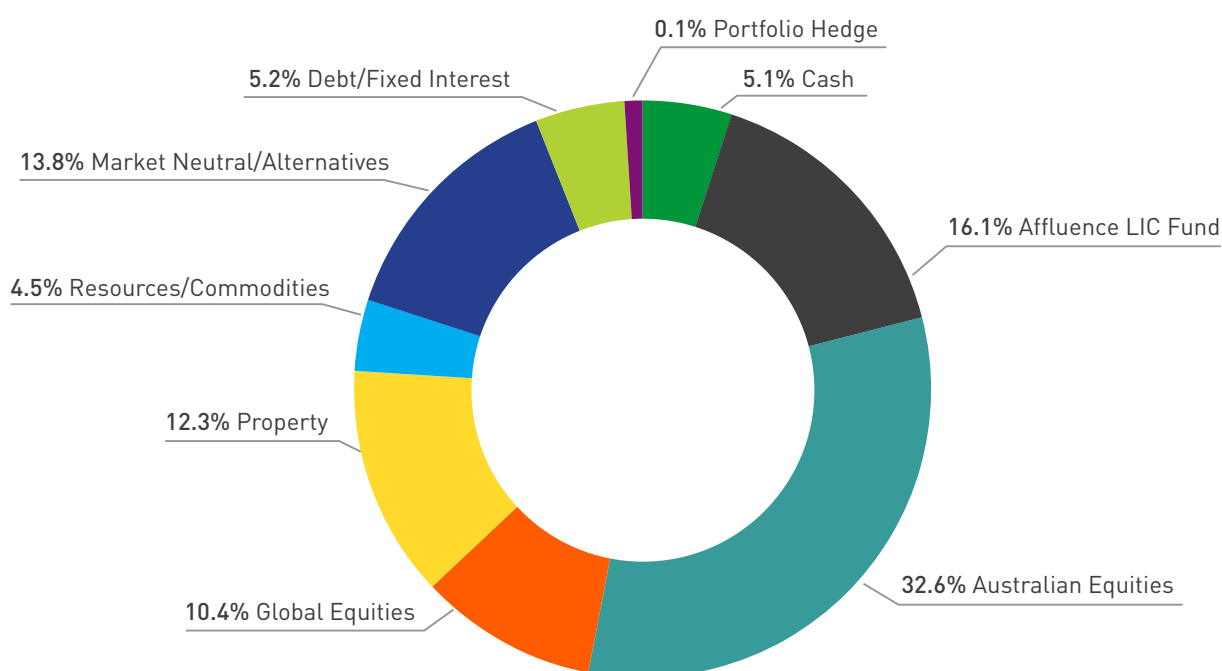
The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence Investment Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.



Asset Allocation Summary

Asset Class	Number of Funds/ Investments	Current	Normal Range
Affluence LIC Fund	29 LICs	16.1%	10-20%
Australian Equities	16	32.6%	20-50%
Global Equities	6	10.4%	5-30%
Property	7	12.3%	5-30%
Resources/Commodities	3	4.5%	0-10%
Market Neutral/Alternatives	9	13.8%	5-20%
Debt/Fixed Interest	5	5.2%	5-20%
Other	N/A	0.0%	0-35%
Portfolio Hedge	N/A	0.1%	
Cash	N/A	5.1%	5-20%
Total		100.0%	

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.

Top 10 Largest Investments

Affluence LIC Fund	Packer & Co Investigator Trust
Phoenix Opportunities Fund	Unibail-Rodamco Westfield
Wentworth Williamson Fund	Cromwell Direct Property Fund
L1 UK Residential Property Fund III	Harvest Lane Absolute Return Fund
EGP Concentrated Value Fund	Totus Capital Alpha 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	\$18.1m
Entry Price	\$1.0775
Exit Price	\$1.0721
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



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Platform Availability:

HUB24 (IDPS)

Netwealth (IDPS)

Powerwrap

Mason Stevens

One Answer (NZ Advisers)

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