

Affluence Small Company Fund

Monthly Fund Report - October 2016



Fund Commentary

The Affluence Small Company Fund decreased by 0.5%, however was well ahead of the ASX Small Ordinaries Index (down 4.7%) and the ASX 200 Index (down 2.1%). The Fund is now ahead of both indexes since inception.

The best performing unlisted fund for the month was the Williamson Wentworth Fund which increased by 2.8%, a very impressive result in a difficult market. The Phoenix Opportunities Fund was flat, and the

other three funds lost between 2% and 3.6%. The LICs were up over 1%, after we sold our position in Thorney Opportunities (TOP) for a solid profit.

At the end of October, the Affluence Small Company Fund held investments in 5 unlisted funds representing 74% of the portfolio, 7 LICs accounting for 18% of the portfolio, with the balance 8% held in cash.

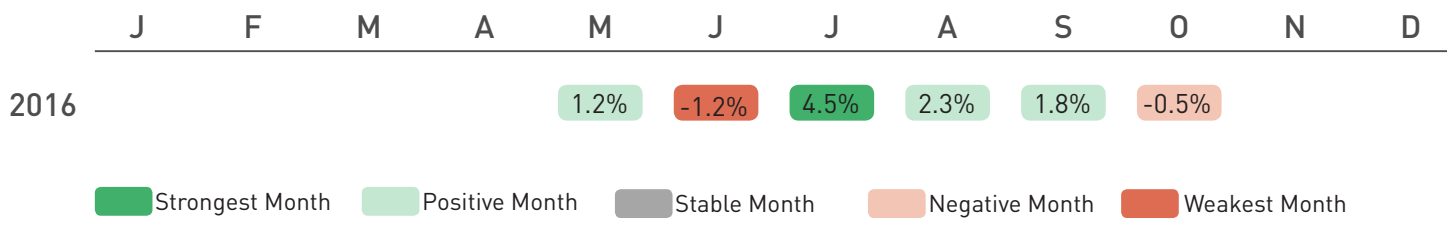
If you'd like further details of the Affluence Small Company Fund portfolio at any time, please let us know.

Fund Performance

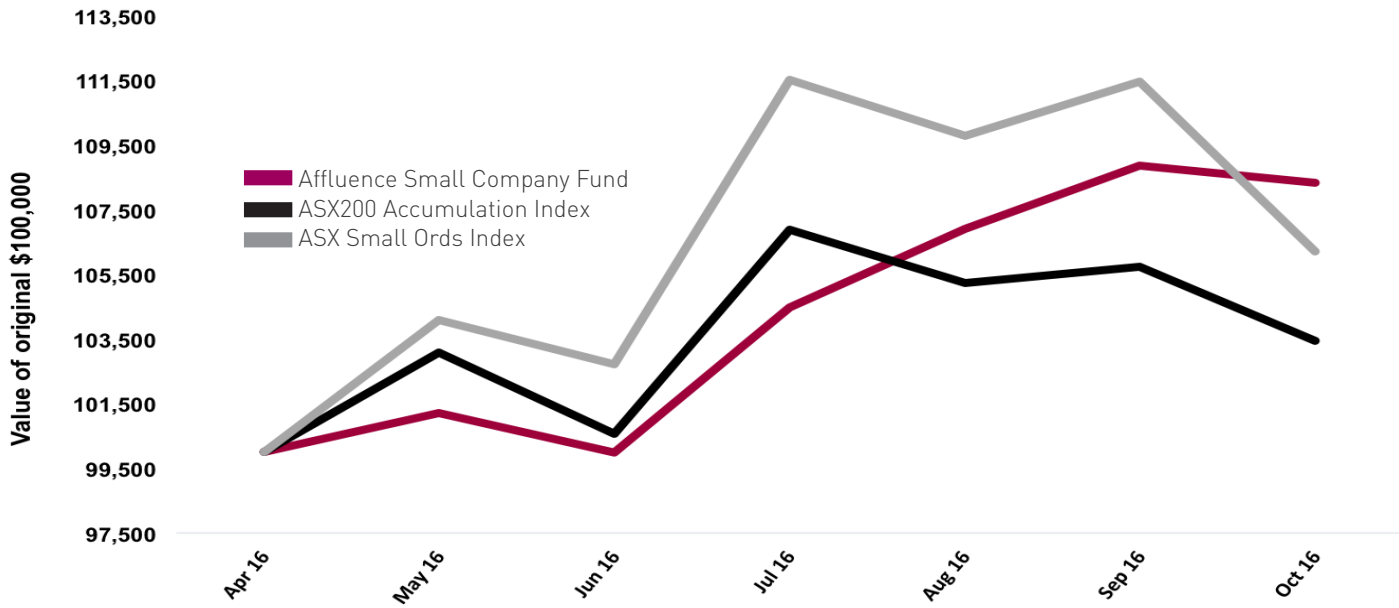
| To 31 October 2016 | 1 Month | 3 Months | 6 Months | Inception | Volatility |
|---|-------------|-------------|-------------|-------------|------------|
| Affluence Small Company Fund | (0.5%) | 3.7% | 8.3% | 8.3% | 7.1% |
| ASX Small Ordinaries Index | (4.7%) | (4.8%) | 6.2% | 6.2% | 16.4% |
| Outperformance against ASX Small Ords Index | 4.2% | 8.5% | 2.1% | 2.1% | |
| ASX200 Accumulation Index | (2.1%) | (3.2%) | 3.5% | 3.5% | 12.0% |
| Outperformance against ASX200 Accumulation Index | 1.6% | 6.9% | 4.8% | 4.9% | |

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. Inception date is 21 April 2016.

Fund Monthly Return History

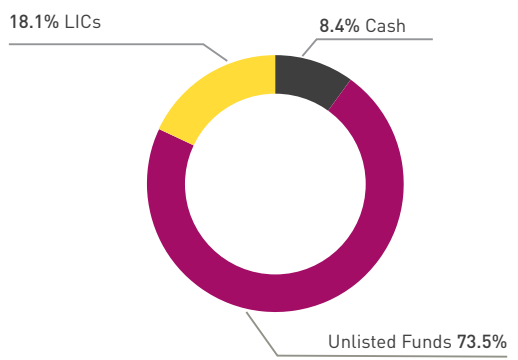


Return on \$100,000 Investment



Portfolio Summary

Asset Class



Top 5 Largest Investments

- Microequities Deep Value Microcap Fund
- Phoenix Opportunities Fund
- Wentworth Williamson Fund
- Forager Australian Shares Fund
- Ausbil Microcap Fund

What Makes This Fund Different

| Traditional Fund Managers | 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 | Small & Micro Cap Equities |
| Minimum Investment | \$20,000 |
| Suggested Timeframe | At least 5 years |
| Benchmark Returns | ASX Small Ords Accumulation Index |
| Entry Price | \$1.0291 |
| Exit Price | \$1.0219 |
| Applications | Monthly |
| Withdrawals | Monthly |
| Management Fees | Nil |
| Performance Fee | 12.5% of positive performance |
| Buy/Sell Spread | 0.35%/0.35% |

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

Investment Strategy

We believe that exposure to Small and Microcap Australian Equities through quality investments across different managers, investment strategies and structures can provide higher risk adjusted returns from this asset class.

The Fund provides access to a diversified investment portfolio of Small and Microcap Australian equities unlisted funds and LIC's as selected by Affluence. We aim to outperform both the ASX Small Ordinaries Accumulation Index and the ASX 200 Accumulation Index over rolling 3 year periods and to deliver these returns with lower volatility.

The Investment Team



Daryl Wilson

CEO / Portfolio Manager
daryl.wilson@affluencefunds.com.au
 0402 046 883



Greg Lander

Portfolio Manager
greg.lander@affluencefunds.com.au
 0409 645 893



Kane Doyle

Investment Associate
kane.doyle@affluencefunds.com.au
 0422 013 860

Affluence Funds Management Limited ABN 68 604 406 297 ("AFM") has prepared this report and is the trustee, and the issuer of units in, the Affluence Investment Fund. The Fund is not currently open for investment but is expected to be during 2017. The information in this report has been prepared without considering your objectives, financial situation or needs. Therefore, in deciding whether to acquire or continue to hold an investment in the Fund, you should consider the PDS and assess, with or without your financial or taxation adviser, whether the product fits your objectives, financial situation or needs.