



# Affluence Small Company Fund

## Fund Report - August 2018

### Fund Commentary

The ASX Small Ordinaries Index increased by 2.5% in August, with the ASX200 Index increasing by 1.4%. The Affluence Small Company Fund increased 1.2%, with the Fund now returning 7.8% per annum since inception in April 2016. The Fund has underperformed its benchmark (ASX Small Ordinaries) since inception, however it has delivered its returns with less volatility of the ASX Small Ordinaries.

Our best performing funds this month was the Deep Value Microcap Fund (up 3.9%) and the Phoenix Opportunities Fund (up 3.8%). The biggest detractor was the Terra Capital Natural Resources Fund which decreased 5.4%.

At the end of August, the Affluence Small Company Fund held

investments in 6 unlisted funds (including the Affluence LIC Fund) representing 94% of the total portfolio, and the balance 6% cash.

We have identified a number of other outstanding small cap managers that we would like to add to the portfolio in the coming months. In order to make these additional investments, we are considering undertaking a small capital raising in the Fund early next year. If you are potentially interested in participating, please let us know so we can add you to our priority wait list.

If you'd like further details of the Affluence Small Company Fund portfolio at any time, just email us and we'll provide it to you.

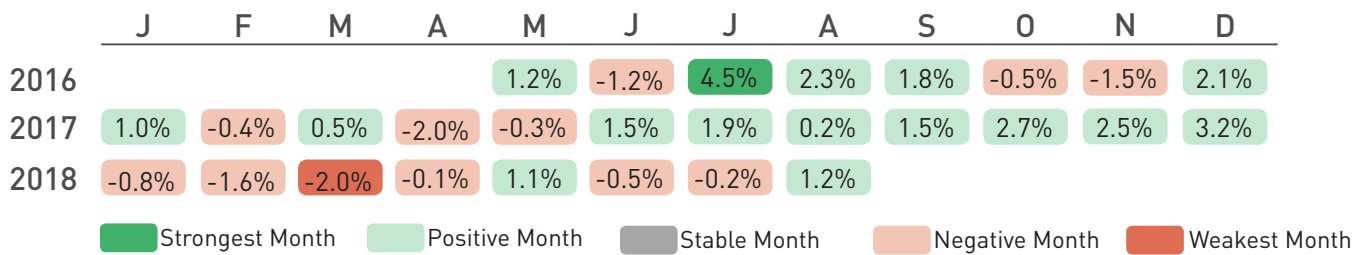
## Fund Performance

To 31 August 2018

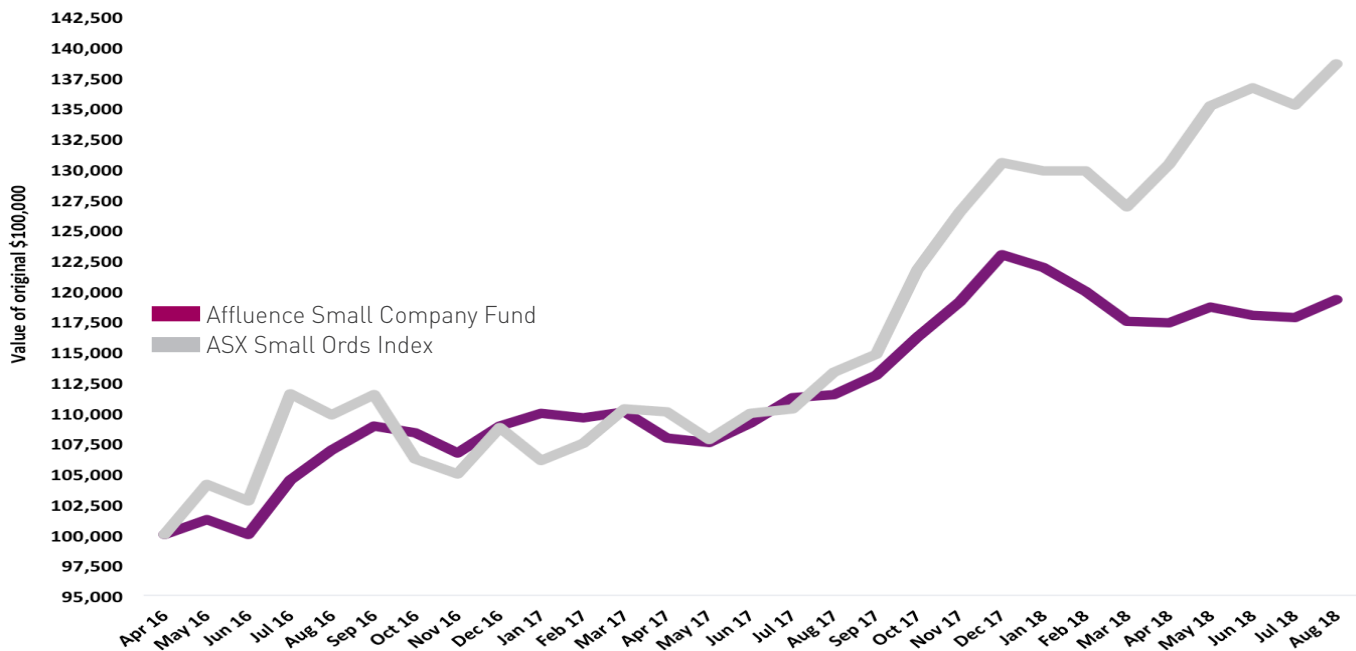
|                                                    | 1 Month       | 6 Months      | 1 Year         | 2 Years       | Inception     | Volatility |
|----------------------------------------------------|---------------|---------------|----------------|---------------|---------------|------------|
| Affluence Small Company Fund                       | 1.2%          | (0.6%)        | 7.0%           | 5.6%          | 7.8%          | 5.8%       |
| ASX Small Ordinaries Index                         | 2.5%          | 6.7%          | 22.3%          | 12.4%         | 15.0%         | 9.9%       |
| <b>Outperformance against ASX Small Ords Index</b> | <b>(1.3%)</b> | <b>(7.3%)</b> | <b>(15.3%)</b> | <b>(6.8%)</b> | <b>(7.2%)</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. Inception date is 21 April 2016.

## Fund Monthly Return History

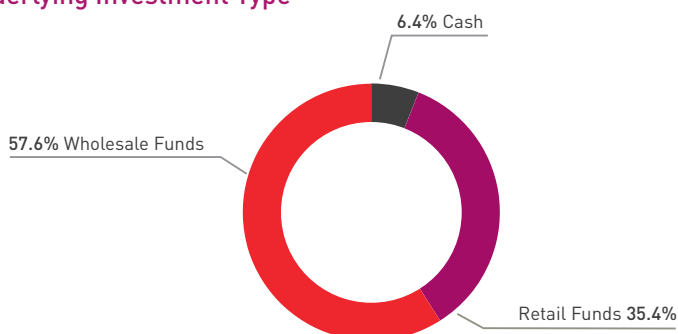


## Return on \$100,000 Investment



## Portfolio Summary

### Underlying Investment Type



## Top 5 Largest Investments

- Phoenix Opportunities Fund
- Affluence LIC Fund
- Deep Value Microcap Fund
- Spheria Australian Microcap Fund
- Terra Capital Natural Resources 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    | Small Company Equities            |
| Minimum Investment  | \$20,000                          |
| Suggested Timeframe | At least 5 years                  |
| Benchmark Returns   | ASX Small Ords Accumulation Index |
| Entry Price         | \$1.0703                          |
| Exit Price          | \$1.0628                          |
| Applications        | Please Contact Us                 |
| 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 Small Company stocks 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 portfolio of Small Company Equities unlisted funds and LIC's as selected by Affluence. We aim to outperform the ASX Small Ordinaries Accumulation Index over rolling 3 year periods and to deliver these returns with lower volatility.

## 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: 18

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### Greg Lander

**Portfolio Manager**

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