

Affluence Small Company Fund

Fund Report & Overview - June 2023

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Fund Features

| | |
|---|---|
| ✓ | Fund has outperformed ASX Small Ords* |
| ✓ | Quarterly Distributions* |
| ✓ | Diversified access to smaller companies |
| ✓ | Eligible Investors only* |

Performance Since Inception (April 2016)*

| | |
|----------------------|----------------------|
| Total Returns | Distributions |
| 9.1% per annum | 6.8% per annum |

Key Statistics

| | |
|------------------------|--------------------------------|
| Investment Class | Small Companies |
| Minimum Investment | \$20,000 |
| Suggested Timeframe | At least 5 years |
| Target Returns | ASX Small Ords Index |
| Annual Distributions | 6.00 cpu* |
| Distribution Yield | 5.1% p.a.* |
| Distribution Frequency | Quarterly* |
| Applications | Monthly |
| Withdrawals | Monthly |
| Management Fees | Nil* |
| Performance Fee | 12.5% of positive performance* |
| Entry/Exit Price | \$1.1650 / \$1.1568 |
| Buy/Sell Spread | 0.35% / 0.35% |

Investment Objective

The Fund aims to outperform the ASX Small Ordinaries Index over rolling 5 year periods and to deliver these returns with less volatility than the index.

Investment Strategy

The Fund invests with managers who specialise in investing in ASX Small Companies, primarily through unlisted managed funds. In addition, the Fund may also invest directly into ASX Small Companies, ASX listed LICs and have exposure to some global equities.

Why Use The Fund?

Portfolio Use

The Fund is designed to be used as a smaller part of an investment portfolio for those investors seeking **Capital Growth** and **Income Distributions** with a longer investment timeframe, at least a **High** risk/return profile and needing access to capital **Monthly** or less often.

Access to Differentiated Strategy

The Fund provides access to a wide range of small companies that may complement investors' portfolios.

Key Risks

As with all investments, the Fund is subject to risks. The returns of the Fund will be impacted by market cycles, particularly movements in the prices of ASX Small Companies. Other key risks include volatility and asset class concentration risk, economic and market risk, legal and regulatory risk, manager and key person risk and liquidity risk.

* See notes on the last page for additional information. Distributions are not guaranteed. Past performance is not indicative of future performance.

Fund Performance*

| To 30 June 2023 | 3 Months | 1 Year | 3 Years | 5 Years | 7 Years | Inception |
|---|----------|--------|---------|---------|---------|-----------|
| Distributions | 1.3% | 5.8% | 8.4% | 7.5% | 6.2% | 6.8% |
| Change in Unit Price (Capital Growth) | 1.2% | 8.5% | 9.5% | 2.2% | 3.1% | 2.3% |
| Affluence Small Company Fund Total Return | 2.5% | 14.3% | 17.9% | 9.7% | 9.4% | 9.1% |
| ASX Small Ordinaries Index (Small Ords) | (0.5%) | 8.4% | 5.2% | 2.3% | 5.8% | 6.1% |
| Performance compared to Small Ords Index | 3.0% | 5.9% | 12.8% | 7.4% | 3.5% | 3.1% |

Fund Monthly Return History*

| | J | F | M | A | M | J | J | A | S | O | N | D | Year |
|------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2016 | | | | | 1.2% | -1.2% | 4.5% | 2.3% | 1.8% | -0.5% | -1.5% | 2.1% | 8.9% |
| 2017 | 1.0% | -0.4% | 0.5% | -2.0% | -0.3% | 1.5% | 1.9% | 0.2% | 1.5% | 2.7% | 2.5% | 3.2% | 12.9% |
| 2018 | -0.8% | -1.6% | -2.0% | -0.1% | 1.1% | -0.5% | -0.2% | 1.2% | 0.3% | -5.3% | -2.3% | -3.9% | -13.5% |
| 2019 | 1.3% | 2.4% | -0.2% | 1.0% | -0.9% | -0.8% | 4.3% | -0.4% | 2.9% | 0.5% | 0.8% | 1.6% | 12.9% |
| 2020 | 0.4% | -3.5% | -16.2% | 9.6% | 6.5% | 0.7% | 5.0% | 7.1% | -0.2% | 2.4% | 9.6% | 2.6% | 22.9% |
| 2021 | -0.1% | 1.2% | 1.5% | 4.6% | 2.4% | 4.9% | -0.9% | 1.4% | 2.7% | 1.5% | -0.4% | 0.7% | 21.0% |
| 2022 | -2.4% | 0.0% | 1.0% | -0.3% | -2.5% | -4.3% | 5.2% | 1.6% | -5.0% | 3.7% | 4.7% | -1.0% | 0.0% |
| 2023 | 2.4% | 0.3% | -0.4% | 2.0% | -0.8% | 1.3% | | | | | | | 4.8% |

Strongest Month
 Positive Month
 Stable Month
 Negative Month
 Weakest Month

Fund Commentary*

The Affluence Small Company Fund increased 1.3% in June, outperforming the ASX Small Ordinaries Index which was flat. The Fund has returned 9.1% per annum since inception in April 2016, outperforming the ASX Small Ordinaries Index which has increased by 6.1% per annum.

Australian and global equity markets increased in June, even as central banks continue to increase interest rates. For the FY23 financial year the ASX 200 Index was up 14.8%, the ASX Small Ords up 8.4%, the S&P 500 up 19.6% and the NASDAQ up an incredible 25%. However, the starting point in July 2022 was after a significant correction in the previous 6 months. We think of this 'new period' having commenced from 31 December 2021, which is when markets started pricing in interest rate rises and acknowledged inflation had become entrenched. Over the past 18-month period only the ASX 200 is in positive territory, with the ASX Small Ords down -17%, the S&P 500 down -4% and the NASDAQ down 12%.

The largest positive contributors were Fleetwood Ltd (FWD) and the Samuel Terry Absolute Return Fund.

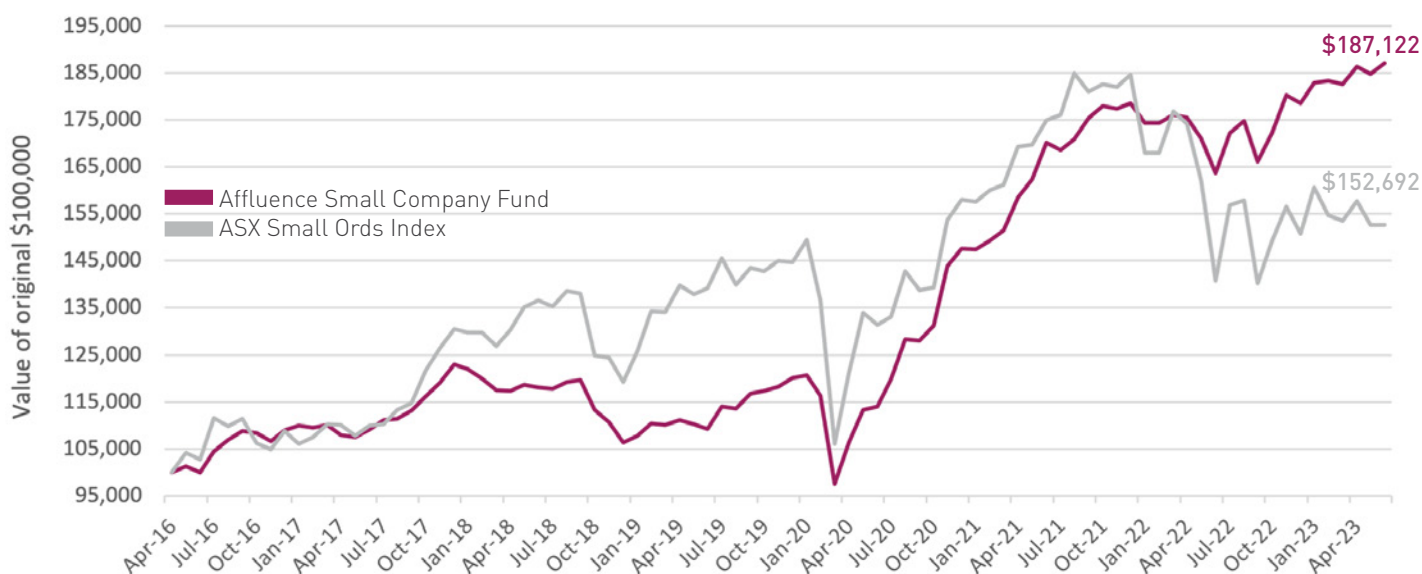
At the end of June the portfolio included eight unlisted funds (43% of the portfolio), eleven LICs (18%) and ten ASX listed Small Companies (27%). The balance 13% was cash and hedges.

If you would like to know more about the investment portfolio, including our top holdings and weightings, visit the Affluence Small Company Fund page at <https://affluencefunds.com.au/asf/> or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

The Affluence Small Company Fund is open to Wholesale and Sophisticated Investors. Applications are accepted monthly, and the minimum initial investment amount is \$20,000. The cut-off for applications is the 25th July with units issued effective 1st August. Click the "Invest Now" button on our website to apply online or download application forms.

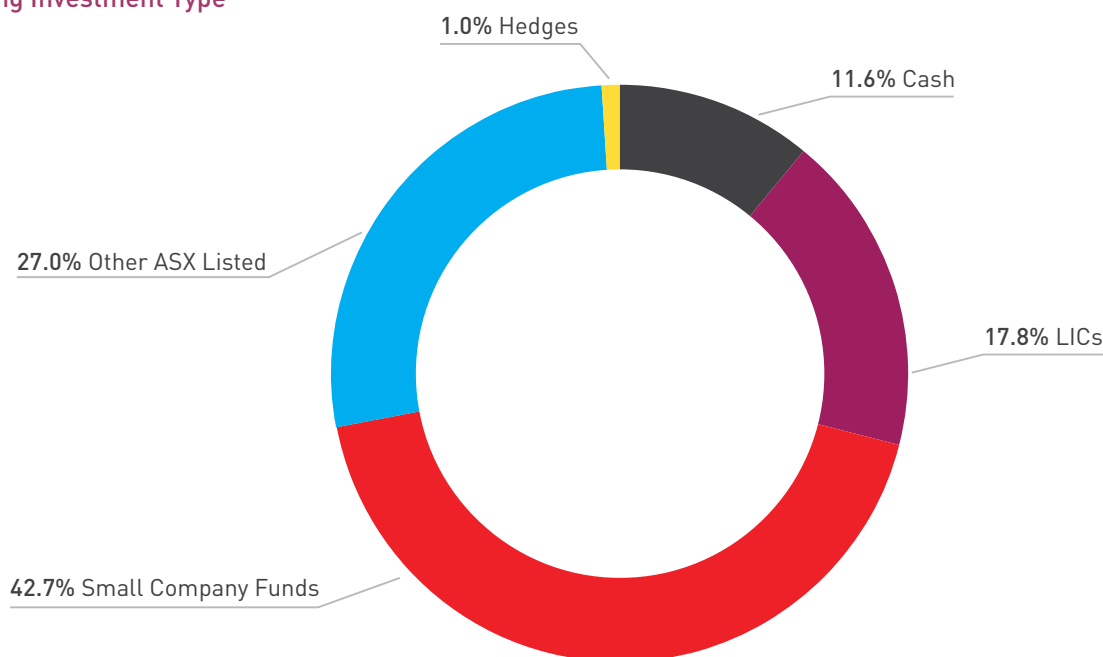
* See notes on the last page for additional information. Distributions are not guaranteed. Past performance is not indicative of future performance.

Return on \$100,000 Investment*



Portfolio Summary

Underlying Investment Type



Five Largest Investments

Samuel Terry Absolute Return Fund

Kiland Limited (KIL)

Phoenix Opportunities Fund

Centennial Level 18 Fund

Midway (MWY)

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| Is the Fund right for you? | Does it suit your portfolio? | Why invest with Affluence? |
|---|--|--|
| <p>The Affluence Small Company Fund aims to invest primarily in ASX Small Companies (those outside the ASX100 Index). We believe there is more opportunity for smaller companies to grow their earnings. As they grow, price-earning multiples can also increase. We also believe it is easier for talented specialist investment managers to find mispriced opportunities in this sector.</p> <p>The Fund invests in ASX Small Companies directly and via specialist boutique investment managers.</p> <p>We believe that ASX Small Companies represent an attractive investment opportunity. But they can also be volatile and fall more than other investments in severe market downturns.</p> | <p>The Fund is designed to be used as a smaller part of an investment portfolio for Eligible Investors seeking Capital Growth and Income Distributions with a longer investment timeframe, at least a High risk/return profile and needing access to capital Monthly or less often.</p> <p>The Fund has outperformed its benchmark (ASX Small Ordinaries Index) with lower volatility since inception.</p> <p>As with all investments, the Fund is subject to risks. The value of an investment will go up and down over time, the Fund's returns will vary, future returns may differ from past returns, and returns are not guaranteed. This means that there is always the chance that you could lose money on an investment in the Fund.</p> | <p>We pride ourselves on the quality of our products and alignment with investors.</p> <p>We were the first investors in each of our funds. A significant proportion of our own and extended families wealth is invested in Affluence funds.</p> <p>We charge no fixed management fee for any of our funds. Instead, we charge a performance fee of 12.5% of positive returns⁴. This encourages us to focus on generating strong returns, while managing risk and limiting losses. If our investors do well, we will do well.</p> <p>We believe managing less money than average provides us with significant advantages. So we don't aim to be the biggest manager. We do aim to be one of the best. We are proud of our performance record to date.</p> |

Portfolio Managers



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The Affluence Small Company Fund is available to Wholesale and Sophisticated investors. If you have any questions about Affluence, the Fund or our investment team, please get in touch.

1. This information has been prepared by Affluence Funds Management Limited ABN 68 604 406 297 AFS licence no. 475940 (Affluence) as general information only in relation to the Affluence Small Company Fund (Fund). It does not purport to be complete and it does not take into account your investment objectives, financial situation or needs. Prospective investors should consider those matters and read the Information Memorandum (IM) offering units in the Fund before making an investment decision. The IM is available at <https://affluencefunds.com.au/asf/> and contains important notices and disclaimers, important information about the offer, as well as investment risks. Any forecast or projected information, including financial, is not guaranteed and there is no guarantee of any distribution, investment return or repayment of capital. This information and the information in the IM is not a recommendation by Affluence or any of its officers, employees, agents or advisers and potential investors are encouraged to obtain independent expert advice before any investment decision. The offer to invest in the Fund is only available to persons who qualify as wholesale clients (as defined in section 761G(7) of the Corporations Act) or sophisticated investors (as defined in section 761GA of the Corporations Act) (collectively, Eligible Investors). Affluence will not issue units in the Fund to a person unless it is satisfied the person is an Eligible Investor.
2. Performance data for the Fund is expressed net of fees and costs (excluding the buy-sell spread). Performance calculations assume the reinvestment of distributions. Returns for periods of more than 1 year are annualised. Past performance is not indicative of future performance. The inception date of the Fund is 1 April 2016.
3. The Fund aims to pay distributions of approximately 5% pa paid quarterly. Distributions are not guaranteed and may be paid above or below this amount.
4. Affluence do not charge any fixed fee for managing the Fund. Affluence charge a performance fee equal to 12.5% of positive returns. Fees are also payable to the managers of underlying investments and there are expenses associated with the Fund and its underlying investments. Fees and costs related to underlying investments are not paid by the Fund directly, but are reflected in the performance of those investments.