

# Affluence Small Company Fund

## Fund Report & Overview - March 2023

### Fund Features

✓	Fund has outperformed ASX Small Ords
✓	Quarterly Distributions
✓	Performance Fee only
✓	Diversified access to smaller companies

### 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	5.2% p.a.
Distribution Frequency	Quarterly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Entry/Exit Price	\$1.1664 / \$1.1582
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.

### Performance Since Inception (April 2016)

#### Total Returns

9.1%  
per annum

#### Distributions

6.9%  
per annum

### Fund Performance

To 31 March 2023	3 Months	1 Year	3 Years	5 Years	Inception
Distributions	1.3%	8.0%	9.7%	8.1%	6.9%
Change in Unit Price (Capital Growth)	1.0%	(4.3%)	13.5%	1.2%	2.2%
Affluence Small Company Fund Total Return	2.3%	3.7%	23.2%	9.2%	9.1%
ASX Small Ordinaries Index (Small Ords)	1.9%	(13.2%)	13.1%	3.9%	6.4%
<b>Performance compared to Small Ords Index</b>	<b>0.4%</b>	<b>16.9%</b>	<b>10.1%</b>	<b>5.3%</b>	<b>2.7%</b>

## Fund Commentary

The Affluence Small Company Fund decreased 0.4% in March, outperforming the ASX Small Ordinaries Index which fell 0.7%. The Fund has returned 9.1% per annum since inception in April 2016, outperforming the ASX Small Ordinaries Index which has increased by 6.4% per annum.

Early in March markets were shocked by the sudden failure of Silicon Valley Bank and the forced merger of a failing Credit Suisse with its stronger Swiss compatriot UBS. However, through a combination of government and central bank interventions markets were settled and global equity markets ended the month in positive territory. While there were specific non-market related reasons for the failure of both SVB and Credit Suisse, these incidents do demonstrate the increasing risks in markets from the recent and increasing interest rate rises. In Australia, after 10 successive interest rate increases the RBA decided to pause in early April at a rate of 3.6%. It is very likely that the effects of the previous 3.5% increase over the past year are still working their way through the economy, and the full effect will still not be seen in the economic data for some time.

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

At the end of March the portfolio included eight unlisted funds (48% of the portfolio), eight LICs (12%) and seven ASX listed Small Companies (19%). The balance 21% was cash and hedges. The cash level has increased due to a

large inflow in March. We are currently in the process of allocating the cash and we expect it to reduce to more normal levels over the next few months.

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.

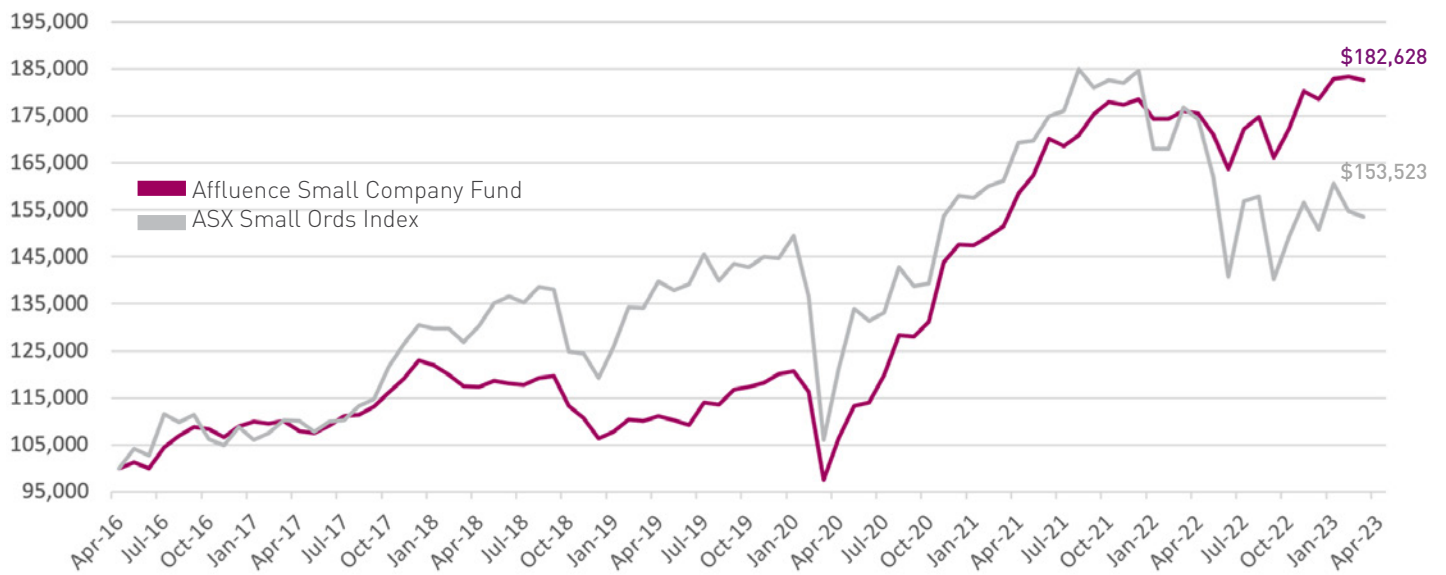
**We have reopened the Affluence Small Company Fund to new investors who are Wholesale and Sophisticated Investors. Applications are accepted monthly, and the minimum initial investment amount is \$20,000. The cut-off for applications is the 25th April with units issued effective 1st May. Click the "Invest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

## 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%										2.3%

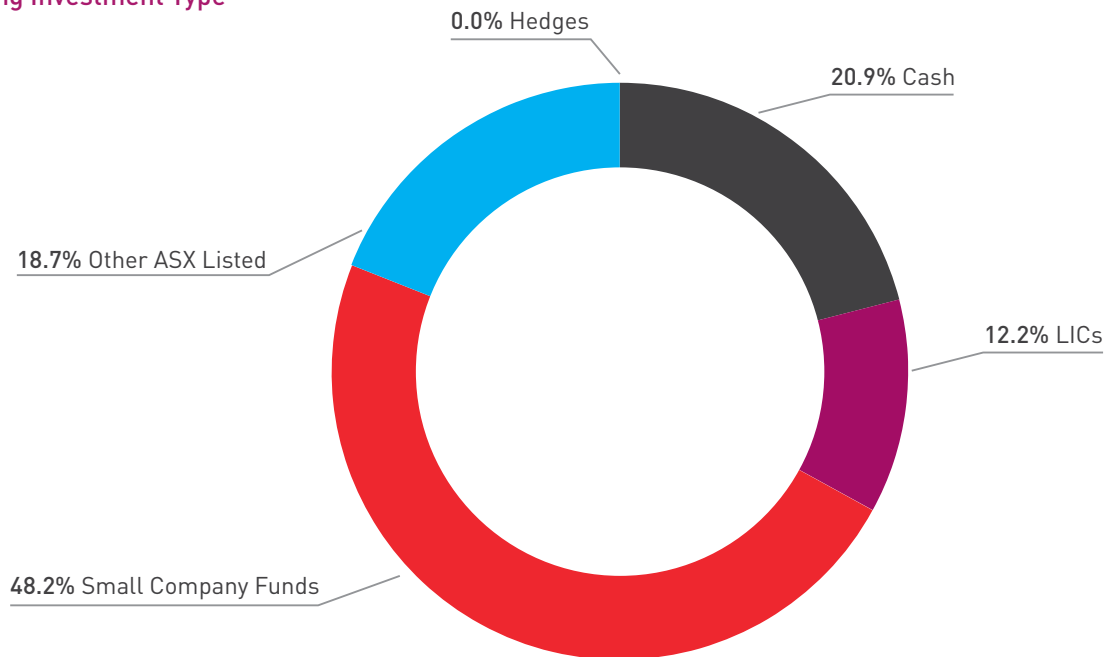
■ Strongest Month  
 ■ Positive Month  
 ■ Stable Month  
 ■ Negative Month  
 ■ Weakest Month

## Return on \$100,000 Investment



## Portfolio Summary

### Underlying Investment Type



## Five Largest Investments

Samuel Terry Absolute Return Fund

Phoenix Opportunities Fund

Kiland Limited (KIL)

Centennial Level 18 Fund

Phoenix Global Opportunities Fund

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 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.</p> <p>The Fund has outperformed its benchmark (ASX Small Ordinaries Index) with lower volatility since inception.</p> <p>As will 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 returns. 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



### Daryl Wilson

CEO/Portfolio Manager

Email: [daryl.wilson@affluencefunds.com.au](mailto:daryl.wilson@affluencefunds.com.au)

Phone: +61 402 046 883

Office: 1300 233 583



### Greg Lander

Portfolio Manager

Email: [greg.lander@affluencefunds.com.au](mailto:greg.lander@affluencefunds.com.au)

Phone: +61 409 645 893

Office: 1300 233 583

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.

[invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au)  
[affluencefunds.com.au](http://affluencefunds.com.au)  
 1300 233 583

Level 22, 127 Creek Street, Brisbane QLD 4000

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 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.