

Affluence Small Company Fund

Fund Report & Overview - September 2023

invest@affluencefunds.com.au

affluencefunds.com.au

1300 233 583

Level 22, 127 Creek Street, Brisbane QLD 4000

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
8.9% per annum	6.9% 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	5.3% p.a.*
Distribution Frequency	Quarterly*
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil*
Performance Fee	12.5% of positive performance*
Entry/Exit Price	\$1.1447 / \$1.1367
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.

The Affluence Small Company Fund is open and available to Wholesale and Sophisticated Investors. If you have any questions please get in touch.

* 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 September 2023	3 Months	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	1.3%	7.0%	8.5%	8.0%	6.5%	6.9%
Change in Unit Price (Capital Growth)	-1.7%	5.2%	4.8%	1.3%	1.5%	1.8%
Affluence Small Company Fund Total Return	-0.4%	12.2%	13.3%	9.3%	8.0%	8.7%
ASX Small Ordinaries Index (Small Ords)	-1.9%	6.8%	2.6%	1.6%	4.3%	5.6%
Performance compared to Small Ords Index	1.5%	5.3%	10.7%	7.6%	3.7%	3.2%

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%	0.5%	-0.7%	-0.3%				4.3%

Strongest Month
 Positive Month
 Stable Month
 Negative Month
 Weakest Month

Fund Commentary*

The Affluence Small Company Fund decreased 0.3% in September, outperforming the ASX Small Ordinaries Index which decreased 4.0%. The Fund has returned 8.7% per annum since inception in April 2016, outperforming the ASX Small Ordinaries Index which has increased by 5.6% per annum.

Global share markets were down more than 4% in September, continuing their slide from August. Once again it was increasing long term bond yields that rattled equity markets, with the US 10 year bond yield reaching 4.8% before retreating back. Bond and equity markets appear to finally be pricing in the “higher for longer” message that central banks have been pushing with regards to interest rate settings, as economic data continues to surprise on the strong side. We continue to position the portfolio conservatively, as we don’t believe the full impact of the last 18 months interest rate increases have been felt by the economy, and equity prices are far from cheap.

The largest positive contributors were Midway (MWY), the CD Private Equity Series and our index hedges.

At the end of September the portfolio included nine unlisted funds (43% of the portfolio), thirteen LICs (19%) and thirteen ASX listed Small Companies (28%). The balance 11% was cash and hedges.

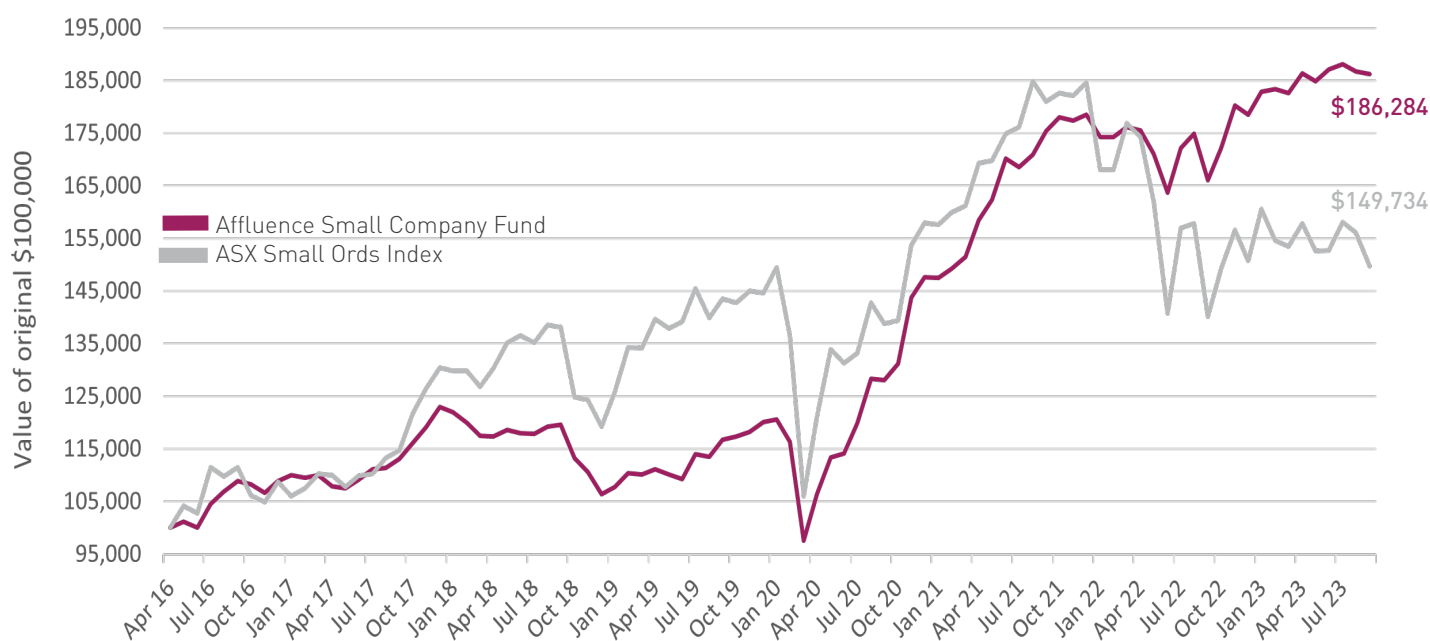
If you would like to know more about the investment portfolio, including our top holdings and weightings, visit the Affluence Small Company Fund page at <https://affluencefunds.com.au/asf/> or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

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 October with units issued effective 1st November.

Click the “Invest Now” button on our website to apply online or download application forms.

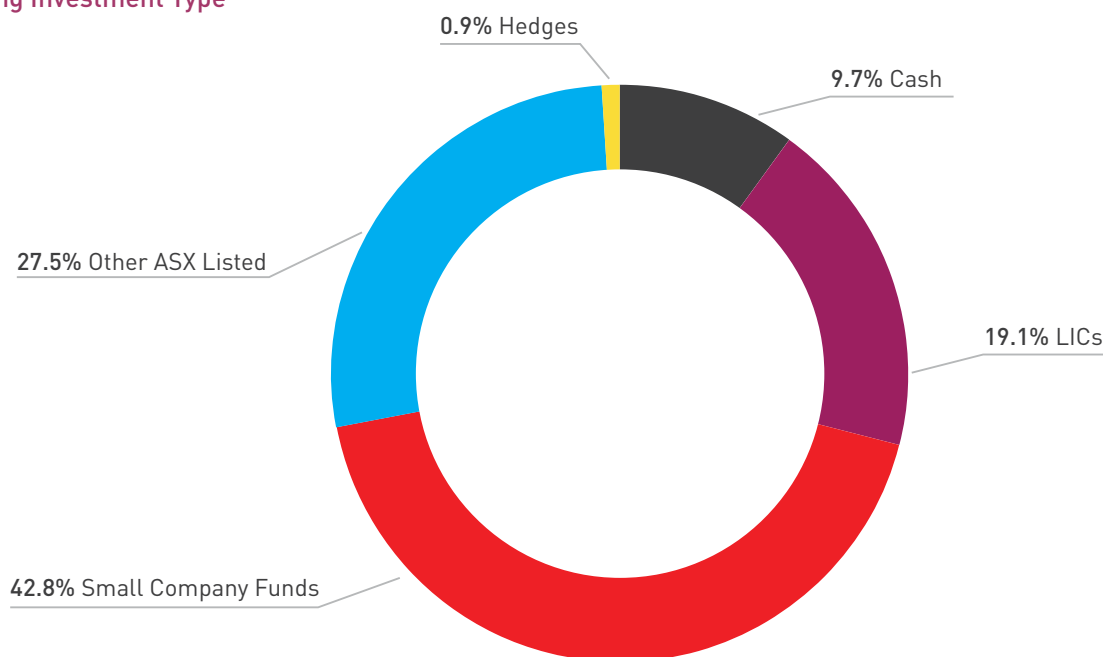
* See notes on the last page for additional information. Distributions are not guaranteed. Past performance is not indicative of future performance.

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

Glenmore Australian Equities Fund

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

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



Daryl Wilson

CEO/Portfolio Manager

Email: daryl.wilson@affluencefunds.com.au

Phone: +61 402 046 883

Office: 1300 233 583



Greg Lander

Portfolio Manager

Email: 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.

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 at least 5% pa paid quarterly. Distributions are not guaranteed and may be paid above or below this amount. Distribution yield is calculated using the most recent distribution available and divided by the current unit price.
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.