



Affluence Investment Fund

Monthly Fund Report - June 2016

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Fund Commentary

As we draw a line under another financial year, we are pleased to have delivered good performance in a very challenging market period. The Fund delivered total returns of 10.1% for FY16. The Morningstar multisector growth index (made up of many similar funds) returned just 4.0% for the year. The ASX200 accumulation index return was just 0.6% for the year, including dividends. Super fund returns for the 2016 financial year are not yet out, but in the 12 months to 31 May the average balanced super fund delivered just 1.6% (according to SuperRatings). It's fairly safe to say the 12-month number to June won't be too far off that.

The key contributors to our better performance were our investments in listed investment companies, property funds and a gold miners fund. Our investments in small cap share funds also did very well. We had very little exposure to larger stocks, which performed very poorly. The difference in performance between small and large cap stocks over the past 12 months has rarely been so wide. We wrote more on this topic and our outlook for large cap stocks in our quarterly outlook. Being underweight to international stocks and holding virtually no bonds also added a lot of value during the year.

Overall our underlying managers performed very well. We held many of our investments for only part of the year as we expanded the portfolio after opening the Fund in November 2015. Had we been fully invested for the entire financial year, performance would have been even better.

While we got many things right this year, we missed the continued growth in listed property. AREITs delivered 24.6% total return and global REITs 19.8% total return in Australian dollar terms. By contrast our unlisted property fund investments delivered strong double digit returns, but not as much as their listed counterparts.

For the month of June it was pleasing once again to see the Affluence Fund deliver a positive performance (+0.7%) while the ASX 200 Accumulation Index was down 2.5%. Amongst our 19 unlisted Fund investments, the worst monthly result was -2.8%, just a touch worse than the market. More than half delivered positive performance. Our LIC investments had a mixed month in June, but still outperformed the market by around 2.5%. The newly listed WAM Leaders Fund was a key positive contributor.

During the month the Pengana Resources Fund, one of our two resource investments, announced the Fund would close permanently and return all capital. The Fund

struggled to gain significant traction over the past few years, a sign of continuing negative sentiment towards the resources sector. It is a shame and we wish the talented managers of this Fund the best of luck in finding a new home. During June we identified a new manager in this space to act as a replacement, which we are particularly excited about.

At the end of June, the Affluence Fund held investments in 19 unlisted funds, which represented 60% of the total portfolio. It also held listed investments in 17 listed investment companies and other securities, representing 20% of the portfolio. The balance of 20% was held in cash. If you'd like further details of the Affluence Fund portfolio at any time, just email us and we'll provide it to you.

If you would like to invest with us and get access to over 30 of Australia's best fund managers, we encourage you to utilise our online application facility. Just follow the link on our website. If you'd like to add to your existing investment, you can either complete the one-page form available on our website, or use the online facility. A reminder, the cut-off for this month's investment intake is July 25th.

If you know anyone that may be interested in the Fund, feel free to let them know.

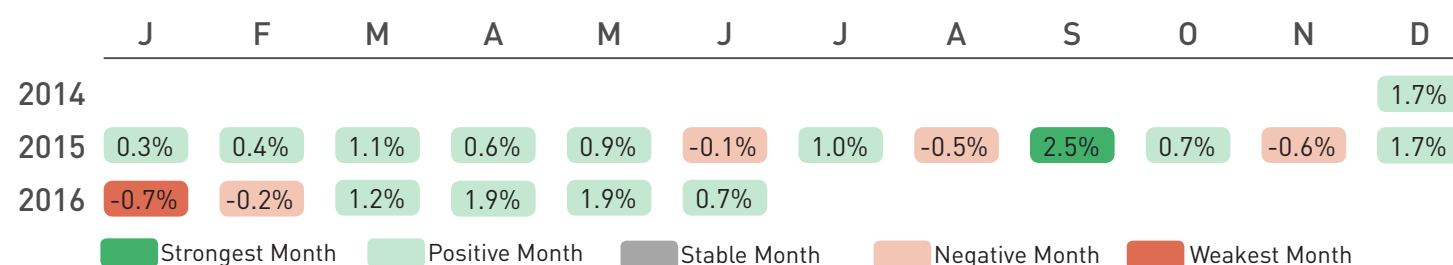
Fund Performance

To 30 June 2016

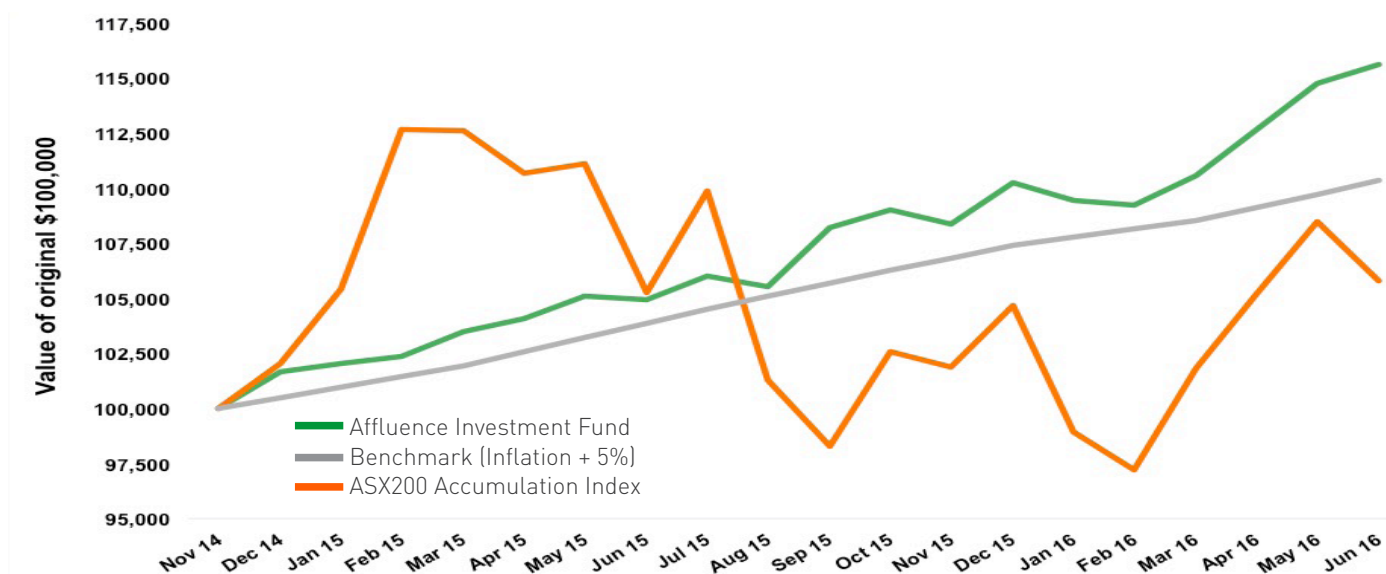
	1 Month	3 Months	6 Months	1 Year	Inception	Volatility
Affluence Investment Fund	0.7%	4.6%	4.8%	10.1%	9.6%	3.2%
Benchmark - Inflation + 5%	0.5%	1.6%	2.7%	6.2%	6.4%	N/A
Outperformance against Benchmark	0.2%	3.0%	2.1%	3.9%	3.2%	N/A
ASX200 Accumulation Index (AI)	(2.5)%	3.9%	1.1%	0.6%	3.6%	13.9%
Outperformance against ASX200AI	3.2%	0.6%	3.8%	9.5%	6.0%	N/A

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 one year are annualised. Inception date is 28 November 2014.

Fund Monthly Return History

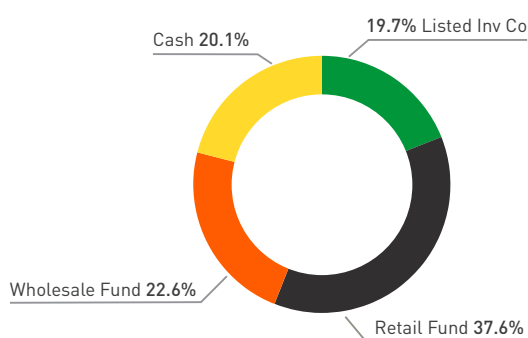


Return on \$100,000 Investment

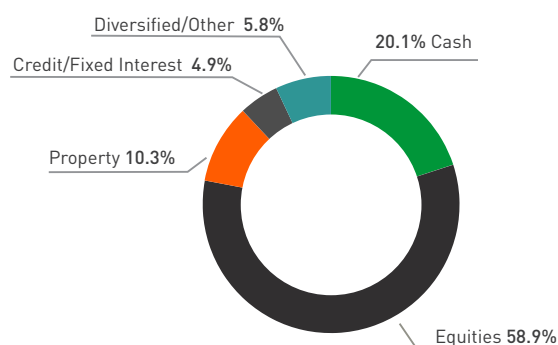


Portfolio Summary

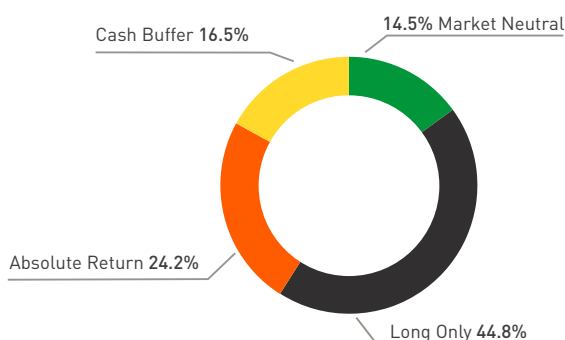
Underlying Investment Types



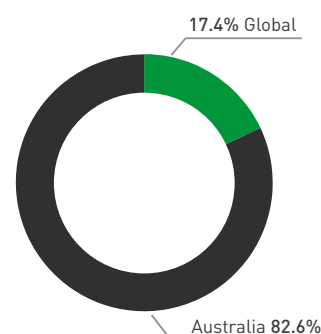
Asset Class



Equities Strategies



Geographic Exposure



Top 10 Largest Investments

Cash	Bronte Capital Amalthea Fund
Cromwell Direct Property Fund	Alexander Credit Opportunities Fund
Phoenix Opportunities Fund	Baker Steel Gold Fund
LHC Capital Australia High Conviction Fund	Ellerston Australian Market Neutral Fund
Wentworth Williamson Fund	Pengana PanAgora Absolute Return 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	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 5 years
Benchmark Returns	Inflation + 5%
Entry Price	\$1.0413
Exit Price	\$1.0340
Annual Distributions	5.1 cpu
Distribution Yield	4.9% p.a.
Distribution Frequency	Monthly
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 quality investments across multiple asset classes, managers, geographies and strategies should be an essential part of any well diversified portfolio.

The Fund provides access to a diversified investment portfolio of the best fund managers as selected by Affluence. We aim to provide a distribution yield of approximately 5% pa paid monthly and a total annualised return of at least inflation plus 5% over rolling 3 year periods. We aim to deliver these returns with less volatility than the stock market.

The Investment Team



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