

# **Half-Year Financial Report**

## **Affluence Investment Fund**

ARSN 617 680 654

31 December 2023

<b>CONTENTS</b>	<b>PAGE</b>
Directors' Report	3
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Report	14

## **DIRECTORY**

### **Responsible Entity:**

Affluence Funds Management Limited  
ABN 68 604 406 297  
Level 22, 127 Creek Street  
Brisbane QLD 4000  
Tel: 1300 233 583  
Fax: +61 7 3054 7082  
Website: [www.affluencefunds.com.au](http://www.affluencefunds.com.au)

### **Custodian:**

Perpetual Corporate Trust Limited  
ABN 99 000 341 533  
Level 18, 123 Pitt Street  
Sydney NSW 2000  
Tel: +61 2 9229 9000  
Fax: +61 2 9229 9188  
Website: [www.perpetual.com.au](http://www.perpetual.com.au)

### **Auditor:**

Pitcher Partners  
Level 38, Central Plaza One  
345 Queen Street  
Brisbane QLD 4000  
Tel: +61 7 3222 8444  
Fax: +61 7 3221 7779  
Website: [www.pitcher.com.au](http://www.pitcher.com.au)

The directors of Affluence Funds Management Limited (**AFM**), the Responsible Entity of the Affluence Investment Fund (**the Fund**), present their report for the half-year ended 31 December 2023.

## 1. Responsible Entity and Investment Manager

The Responsible Entity acts as trustee, undertakes management and administration duties for the Fund and monitors the Custodian which holds the Fund assets on behalf of unitholders. The Responsible Entity also acts as the Investment Manager and is responsible for the management and performance of the Fund investment portfolio.

AFM has acted as Responsible Entity, trustee and Investment Manager of the Fund since 19 August 2015.

## 2. Directors and Secretary

The following persons held office as Directors of AFM during the half-year and up to the date of this report unless otherwise indicated:

- Daryl Wilson, Director & Company Secretary
- Karen Prentis
- Geoff Cannings

## 3. Principal Activity

The Fund's principal activity is to provide investors with:

- Access to a diversified portfolio of underlying investments, predominantly in listed and unlisted funds.
- A minimum distribution yield of 5% per annum, paid monthly.
- A total annualised return of at least inflation plus 5% (**Target Return**) over rolling 3-year periods.
- A total return of at least 5% better than the S&P/ASX 200 accumulation index (**ASX200 Index**) in any year the ASX200 Index posts a negative return.

The Fund also aims to deliver volatility of returns which is less than 50% of the ASX200 Index, measured over rolling 3-year periods.

## 4. Review of Operations and Results

The Fund recorded a profit of \$1,980,568 during the half-year ended 31 December 2023 (2022: \$2,458,609).

The table below shows the Fund's performance after fees and costs, against the target return of inflation + 5% over various periods since inception:

### Fund Performance

To 31 December 2023	3 Months	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	1.4%	5.5%	5.8%	6.2%	6.3%	6.4%
Change in Unit Price (Capital Growth)	1.1%	0.9%	0.4%	1.9%	0.8%	1.3%
<b>Affluence Investment Fund Total Return</b>	<b>2.5%</b>	<b>6.4%</b>	<b>6.2%</b>	<b>8.1%</b>	<b>7.1%</b>	<b>7.7%</b>
Vanguard Balanced Index Fund	6.1%	10.9%	2.5%	5.7%	5.2%	5.5%
Vanguard Growth Index Fund	6.5%	13.4%	5.0%	7.9%	6.9%	7.1%
Benchmark - Inflation + 5%	2.3%	9.8%	10.6%	9.0%	8.4%	8.0%

The Fund delivered total returns (distributions and the change in unit price) of 4.2% for the half-year, compared to the target return of 4.6%. The Fund benefitted from a recovery in most equity markets during the half year.

Since commencing in December 2014, the Fund has returned 7.7% per annum. Volatility (variability of returns) has been relatively low since commencement, at 5.6%.

At 31 December 2023, the Fund held investments in over 30 unlisted funds, which represented 81% of the total portfolio. Listed investments made up 11% of the portfolio, with 1% in portfolio hedges. The remaining 7% was cash.

The Fund retains relatively high exposure to assets that we consider to be below long-term fair value. Over recent years returns from value investing have significantly lagged those from high-growth assets. That trend started to reverse in 2022, with the value style outperforming growth for the first time in many years. We expect this new trend will continue over coming periods, which continues to make us optimistic about the future potential for the Fund portfolio.

**4. Review of Operations and Results (continued)**

Distributions paid/payable to unitholders of the Fund for the half-year were \$1,299,936 (2022: \$1,175,096). Distributions payable at balance date were \$217,432 (2022: \$201,543).

The Fund is available for investment to all investors in Australia and New Zealand, with a minimum investment amount of \$20,000. Current information on the Fund, including details of the strategy, performance, portfolio, unit pricing and distributions, is available on the AFM website at [www.affluencefunds.com.au/aif/](http://www.affluencefunds.com.au/aif/).

**5. Subsequent Events**

No matters or circumstances have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

**7. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this report.

Signed in accordance with a resolution of the directors of Affluence Funds Management Limited.



Daryl Wilson  
Director

05 February 2024

The Directors  
Affluence Investment Fund  
Level 22, 127 Creek Street  
BRISBANE QLD 4000

### **Auditor's Independence Declaration**

In relation to the independent auditor's review for the half-year year ended 31 December 2023, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

*Pitcher Partners*  
PITCHER PARTNERS

*Mason*  
CHERYL MASON  
Partner

Brisbane, Queensland  
05 February 2024

**Affluence Investment Fund  
Statement of Comprehensive Income  
For the half-year ended 31 December 2023**

	Dec-2023	Dec-2022
	\$	\$
<b>Investment income</b>		
Distribution income	556,990	961,996
Dividend income	19,292	154,495
Interest income	67,511	51,268
Net change in fair value of investments	1,588,618	1,391,951
Other income	64,856	1,973
<b>Net investment income</b>	<b>2,297,267</b>	2,561,683
<b>Expenses</b>		
Brokerage	7,849	8,502
Fund administration costs	59,526	55,738
Performance fees	249,324	38,834
<b>Total expenses</b>	<b>316,699</b>	103,074
<b>Profit</b>	<b>1,980,568</b>	2,458,609
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>1,980,568</b>	2,458,609

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Affluence Investment Fund**  
**Statement of Financial Position**  
**As at 31 December 2023**

	Note	Dec-2023 \$	Jun-2023 \$
<b>Assets</b>			
Cash and cash equivalents		3,148,517	4,787,264
Receivables	2	1,303,730	2,074,461
Investments at fair value through profit or loss	3	44,254,433	40,687,663
<b>Total assets</b>		<b>48,706,680</b>	<b>47,549,388</b>
<b>Liabilities</b>			
Payables	4	466,535	900,557
Distributions payable		217,432	200,475
<b>Total liabilities</b>		<b>683,967</b>	<b>1,101,032</b>
<b>Net assets</b>		<b>48,022,713</b>	<b>46,448,356</b>
<b>Equity</b>			
Contributed equity	6	47,536,458	46,642,733
Retained earnings / (Accumulated losses)		486,255	(194,377)
<b>Total equity</b>		<b>48,022,713</b>	<b>46,448,356</b>

The above balance sheet should be read in conjunction with the accompanying notes.

Affluence Investment Fund  
Statement of Changes in Equity  
For the half-year ended 31 December 2023

2023	Note	Contributed equity \$	Retained earnings / (Accumulated losses) \$	Total equity \$
<b>Balance at the beginning of the half-year – 1 July 2023</b>		<b>46,642,733</b>	<b>(194,377)</b>	<b>46,448,356</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>1,980,568</b>	<b>1,980,568</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	6	2,872,545	-	2,872,545
Reinvestment of distributions	6	371,770	-	371,770
Rebate of fees	6	22,234	-	22,234
Redemptions	6	(2,372,824)	-	(2,372,824)
Distributions paid/payable	5	-	(1,299,936)	(1,299,936)
<b>Total transactions with unitholders</b>		<b>893,725</b>	<b>(1,299,936)</b>	<b>(406,211)</b>
<b>Balance at the end of the half-year</b>		<b>47,536,458</b>	<b>486,255</b>	<b>48,022,713</b>
<b>2022</b>				
<b>Balance at the beginning of the half-year – 1 July 2022</b>		41,136,724	(1,176,236)	39,960,488
<b>Total comprehensive income</b>		<b>-</b>	<b>2,458,609</b>	<b>2,458,609</b>
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	6	5,958,509	-	5,958,509
Reinvestment of distributions	6	471,391	-	471,391
Rebate of fees	6	-	-	-
Redemptions	6	(1,497,893)	-	(1,497,893)
Distributions paid/payable	5	-	(1,175,096)	(1,175,096)
<b>Total transactions with unitholders</b>		<b>4,932,007</b>	<b>(1,175,096)</b>	<b>3,756,911</b>
<b>Balance at the end of the half-year</b>		<b>46,068,731</b>	<b>107,277</b>	<b>46,176,008</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**Affluence Investment Fund**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2023**

	Dec-2023 \$	Dec-2022 \$
<b>Cash flows from operating activities</b>		
Distributions received	778,009	1,497,976
Dividends received	7,292	163,369
Interest received	67,511	51,268
Other income received	27,602	-
Cash payments in the course of operations	(214,613)	(66,632)
<b>Net cash provided by operating activities</b>	<b>665,801</b>	<b>1,645,981</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments at fair value through profit or loss	4,971,970	5,347,837
Payments for investments at fair value through profit or loss	(6,344,850)	(8,634,577)
<b>Net cash used in investing activities</b>	<b>(1,372,880)</b>	<b>(3,286,740)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	2,352,365	5,045,834
Payment of redemptions	(2,372,824)	(1,497,893)
Payment of distributions	(911,209)	(916,111)
<b>Net cash provided by/(used in) financing activities</b>	<b>(931,668)</b>	<b>2,631,830</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,638,747)</b>	<b>991,071</b>
Cash and cash equivalents at the beginning of the half-year	4,787,264	4,981,701
<b>Cash and cash equivalents at the end of the half-year</b>	<b>3,148,517</b>	<b>5,972,772</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**1. Basis of preparation**

This financial report for the Affluence Investment Fund (**Fund**) is a general purpose financial report for the half-year ending 31 December 2023. It has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report is designed to provide an update on the Fund's financial performance and financial position since the last annual financial report was issued. The financial report does not include all the notes normally included in an annual financial report and needs to be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2023.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets. The fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such it is expected that a portion of the portfolio will be released within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting periods.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

*Continuous disclosure*

Continuous disclosure updates of the Fund's performance and significant events can be found on the AFM website at [www.affluencefunds.com.au/aif/](http://www.affluencefunds.com.au/aif/).

**2. Receivables**

	Dec-2023	Jun 2023
	\$	\$
Distributions receivable	191,307	768,785
Dividends receivable	12,000	-
Unsettled trades	1,048,523	1,297,336
Other receivables	51,900	8,340
<b>Receivables</b>	<b>1,303,730</b>	<b>2,074,461</b>

**3. Investments at Fair Value Through Profit or Loss**

	Dec-2023	Jun-2023
	\$	\$
Listed securities at fair value	5,964,219	6,388,218
Unlisted securities at fair value	38,215,214	34,299,445
Unlisted equity securities awaiting issue	75,000	-
<b>Investments at fair value through profit or loss</b>	<b>44,254,433</b>	<b>40,687,663</b>

**Fair value measurement**

For details about the fair value measurement of the Fund's financial instruments refer to note 7.

**4. Payables**

	Dec 2023	Jun 2023
	\$	\$
Units not yet issued	265,449	785,630
Other payables	201,086	114,927
<b>Payables</b>	<b>466,535</b>	<b>900,557</b>

**5. Distributions**

The Fund paid distributions of 2.925 cents per unit (2022: 3.06 cents per unit).

	Dec-2023	Dec-2022
	\$	\$
<b>Distributions paid / payable</b>	<b>1,299,936</b>	<b>1,175,096</b>

## 6. Contributed equity

	Number #	Value \$
<b>Movements in contributed equity</b>		
Balance at 1 July 2022	36,860,249	41,136,724
Units issued:		
For cash	5,422,644	5,958,509
Reinvestment of distributions	430,195	471,391
For services (performance fees)	-	-
Units redeemed	(1,370,841)	(1,497,893)
<b>Balance at 31 December 2022</b>	<b>41,342,247</b>	<b>46,068,731</b>
Units issued:		
For cash	2,436,326	2,734,783
Reinvestment of distributions	322,624	361,361
For services (performance fees)	14,560	16,382
Units redeemed	(2,273,698)	(2,538,524)
<b>Balance at 30 June 2023</b>	<b>41,842,059</b>	<b>46,642,733</b>
Units issued:		
For cash	2,573,990	2,872,545
Reinvestment of distributions	334,316	371,770
For services (performance fees)	19,790	22,234
Units redeemed	(2,136,500)	(2,372,824)
<b>Balance at 31 December 2023</b>	<b>42,633,655</b>	<b>47,536,458</b>

## 7. Fair value disclosures

### *Disclosed fair values*

The carrying amounts of receivables, payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

### *Fair value hierarchy*

Fair value that is determined by reference to actively trading markets is considered a level 1 fair value measurement as described in AASB 13 *Fair Value Measurement*.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

### *Fair value of investments at fair value through profit or loss*

The Fund holds financial instruments measured at fair value which are investments in both ASX listed securities and unlisted trusts.

The fair value measurement for ASX listed securities is considered a level 1 fair value measurement under AASB 7 *Financial Instruments: Disclosures* as it is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value measurement for unlisted trust investments are considered level 2 fair value measurements. These investments comprise unlisted equity securities of various managed investment trusts which invest in various asset classes and utilise different investment strategies. The Fund uses the disclosed unit prices of these trusts to determine the fair value of the equity securities investments as these unit prices are predominantly dependent on the fair value of the underlying investments they hold.

The Fund held no other financial instruments at fair value in the current or prior half-year.

**7. Fair value disclosures (cont'd)**

The Fund's financial assets and financial liabilities measured and recognised at fair value at 31 December 2023 and 30 June 2023 on a recurring basis are as follows:

	Level 1	Level 2
<b>At 31 December 2023</b>		
<b>Financial Assets</b>		
Financial assets at fair value through profit or loss (FVPL)		
Listed securities	5,964,219	-
Unlisted securities	-	38,215,214
Unlisted equity securities awaiting issue	-	75,000
<b>Total Financial Assets</b>	<b>5,964,219</b>	<b>38,290,214</b>

**At 30 June 2023**

**Financial Assets**

Financial assets at fair value through profit or loss (FVPL)

Listed securities	6,388,218	-
Unlisted securities	-	34,299,445
Unlisted equity securities awaiting issue	-	-
<b>Total Financial Assets</b>	<b>6,388,218</b>	<b>34,299,445</b>

**8. Related Parties**

**(a) Unit holdings**

The Fund held 5,858,791 units (30 June 2023: 5,692,377 units) in the Affluence LIC Fund (**ALF**) at balance date.

The Fund held 465,555 units (30 June 2023: 276,921 units) in the Affluence Small Company Fund (**ASF**) at balance date.

The Fund held 3,262,456 units (30 June 2023: nil) in the Affluence Income Trust (**AIT**) at balance date.

**(b) Transactions with Responsible Entity and associates**

	Dec-2023	Dec-2022
	\$	\$
Performance fees	249,325	38,834

The Responsible Entity does not charge any fixed ongoing fee for management of the Fund. The Responsible Entity charges a performance fee of 12.5% of cumulative positive total returns of the Fund after recovery of any previous underperformance. The performance fee is calculated monthly and paid by the Fund quarterly in arrears.

**9. Commitments/Contingent liabilities**

The Directors of the Responsible Entity are not aware of any material commitments or contingent liabilities.

**10. Events occurring after the reporting period**

No matters or circumstances have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- The Fund's operations in future financial years; or
- The results of those operations in future financial years; or
- The Fund's state of affairs in future financial years.

In the opinion of the Directors of the Responsible Entity, Affluence Funds Management Limited:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Affluence Funds Management Limited.



Daryl Wilson  
Director

05 February 2024

## Independent Auditor's Review Report to the Members of Affluence Investment Fund

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Affluence Investment Fund, the "Fund" which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Fund does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PITCHER PARTNERS



CHERYL MASON  
Partner

Brisbane, Queensland  
05 February 2024