



Affluence Investment Fund

November 2024

Invest Differently

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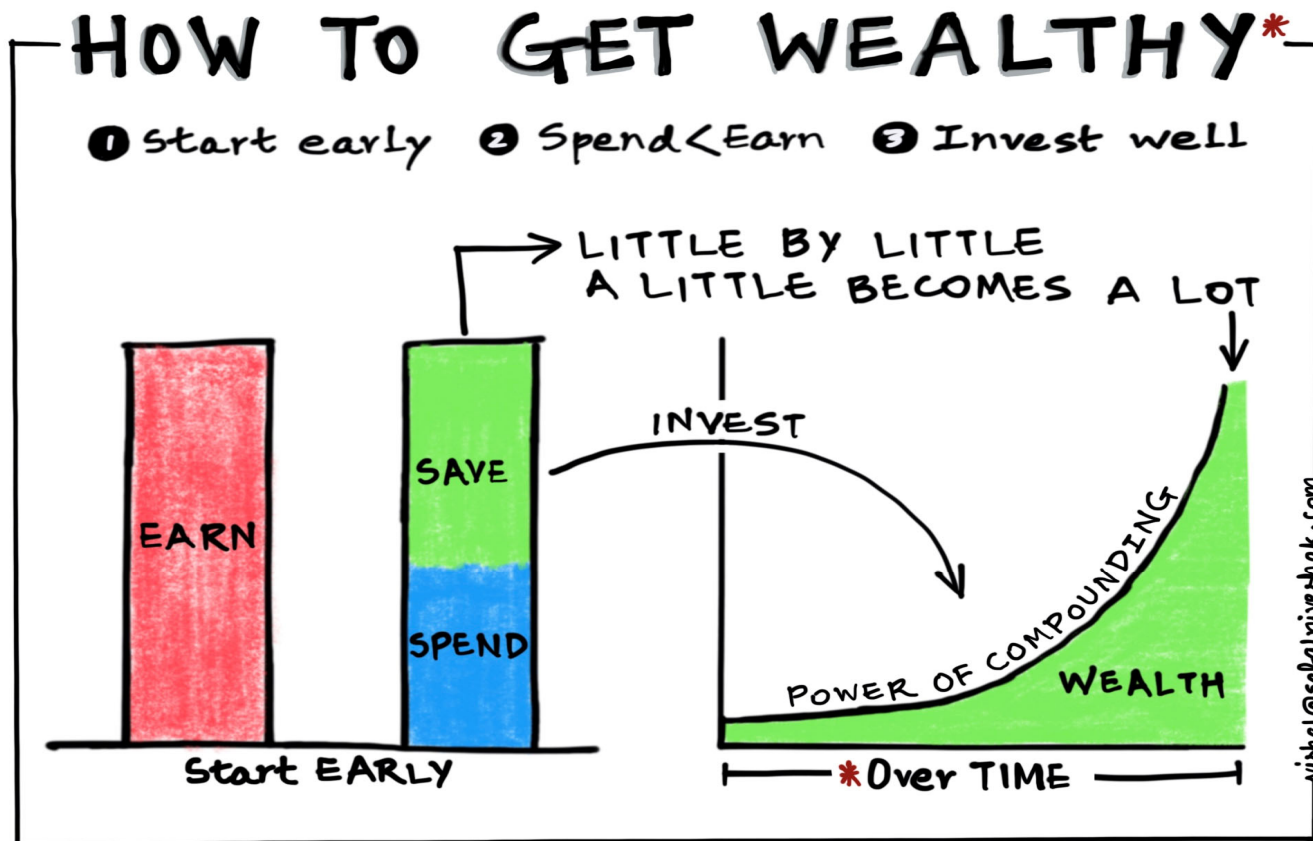
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Current information in relation to each Affluence fund is available at <https://affluencefunds.com.au>.



Affluence Funds are focused on investor outcomes

- All our Funds target:
 - Better than average returns - over three years and longer.
 - Regular income - at least 5% per annum, paid monthly or quarterly.
 - Smoother returns - to help limit the impact of market downturns.



Our interests
are aligned with
our investors

The first money in each
Affluence fund is our own.
We maintain a significant
investment.

We charge only a
performance fee and cap
other costs of running
Affluence Funds at 0.25%p.a.



Choose one or more Affluence Funds that suit you best.

	Affluence Income Trust	Affluence Investment Fund	Affluence LIC Fund	Affluence Small Company Fund
Summary	An income focused fund paying monthly distributions.	All our best ideas in a single, highly diversified fund.	A specialised strategy harvesting discounts & returns from LICs.	Targeting the higher growth potential from small cap equities.
Asset class	Fixed Income	Diversified	Predominantly Equities	Small Cap Equities
Risk profile	Low	Medium	Medium-High	High
Return focus	Income + Capital Preservation	Income + Capital Growth	Income + Capital Growth	Mostly Capital Growth
Target total return *	RBA Cash Rate + 3%	Inflation + 5%	ASX200 Accum. Index	ASX Small Ords Index
Distribution payment frequency *	Monthly	Monthly	Quarterly	Quarterly
Suggested investment timeframe	At least 1 year	At least 3 years	At least 3 years	At least 5 years
Returns achieved *	7.5% per annum (current distribution rate)	7.9% per annum (annualised total returns since inception)	11.4% per annum (annualised total returns since inception)	9.3% per annum (annualised total returns since inception)
Fund Status	Open for investment	Open for investment	Open for investment	Open to wholesale & sophisticated investors
Minimum investment	\$20,000	\$20,000	\$20,000	\$20,000
Applications and withdrawals	Monthly, by the 25 th of each month.	Monthly, by the 25 th of each month.	Monthly, by the last business day.	Monthly, by the 25 th of each month.

* Returns to 31 October 2024. Distributions & returns are not guaranteed. Past performance is not indicative of future performance.



How Affluence Funds are different, and what it means for you

- Access to a core portfolio of boutique managers and differentiated investment strategies.
 - Boutiques have less FUM & better investor alignment. Many are closed to new investors.
 - Differentiated strategies can help with diversification and reduce volatility.
- Supplemented with some specialised investments in areas within our circle of competence.
 - Discounts and other opportunities in Listed Investment Companies (LICs).
 - Listed and unlisted property, with a focus on asset quality and mispricing opportunities.
 - Other discount capture and contrarian opportunities, particularly in listed small caps.
- Targeting reduced volatility, particularly during market corrections.
 - A smoother ride means less worries when markets are bumpy.
- Targeting monthly or quarterly distributions at a minimum 5% per annum.
 - Regular income is very important to many investors. Can be paid in cash or reinvested.
- Alignment of interests between Affluence and investors.
 - We get paid only for performance. Affluence staff co-invest in all Affluence Funds.



Our asset allocation philosophy delivers resilient portfolios

- We reduce risk when rewards for taking risk are low. We increase risk when rewards are high.
- We seek to diversify Fund portfolios in multiple ways.
 - By asset class, manager, investment style and strategy, geography and structure.
- Wide asset allocation ranges, but gradual changes.
 - Low portfolio turnover which improves tax efficiency and limits transaction costs.
- We assess current market values against long term averages and ranges. We tilt towards the best value.
 - We believe value investing works best in the long run.
- We may not invest in a sector/asset class if values are severely stretched and/or returns are unacceptable.
 - We try not to accept below target returns just to diversify.

The resulting portfolios should be able to perform in a variety of market conditions.



Affluence Funds – Outperformance over 3 years and longer.

Returns to 31 Oct 2024	Asset Class	1 Year	3 Years	5 Years	7 Years	Inception
Affluence Income Trust	Fixed Income	7.9%				7.9%
RBA Cash Rate +3%	Cash + 3%	7.6%				7.5%
Affluence Investment Fund	Diversified	11.4%	4.7%	7.7%	7.0%	7.9%
Vanguard Balanced ETF	Diversified	17.1%	2.9%	4.5%	5.4%	5.9%
Affluence LIC Fund	Equities	17.5%	6.3%	12.5%	10.9%	11.4%
ASX200 Accumulation Index	Equities	24.9%	8.0%	8.2%	8.9%	9.6%
Vanguard Growth ETF	Diversified	21.0%	4.9%	6.7%	7.3%	7.9%
Affluence Small Company Fund	Small Equities	18.4%	6.1%	12.6%	9.0%	9.3%
ASX Small Ords Accum. Index	Small Equities	26.6%	-0.6%	4.7%	5.7%	7.1%

Performance data is calculated assuming the reinvestment of distributions and is expressed net of fees and costs, excluding the buy-sell spread. Performance includes distributions and changes in unit prices, but not franking or other tax credits. Returns for periods over 1 year are annualised. Past performance is not indicative of future performance. Current performance data is available at <https://affluencefunds.com.au>.



Affluence Investment Fund (AIF)

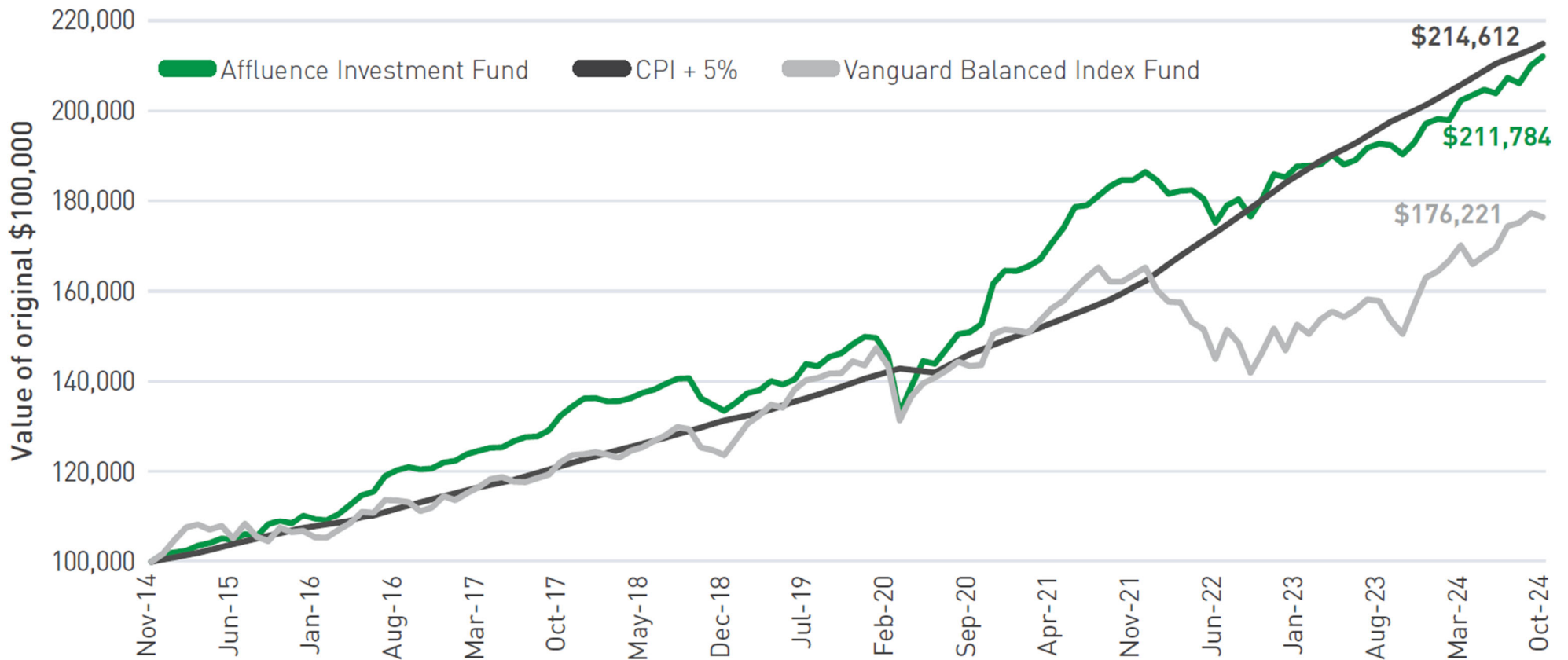
AIF is an unlisted all-weather fund combining our portfolio construction expertise with access to 30+ talented boutique managers plus direct investments with a value focus.

Our investment mandate is very wide. We tilt the portfolio towards the asset classes that we feel are the cheapest.

With monthly distributions and a focus on differentiated investment strategies, AIF can be a very useful portfolio diversifier.

AIF Performance

Return on \$100,000 Investment*



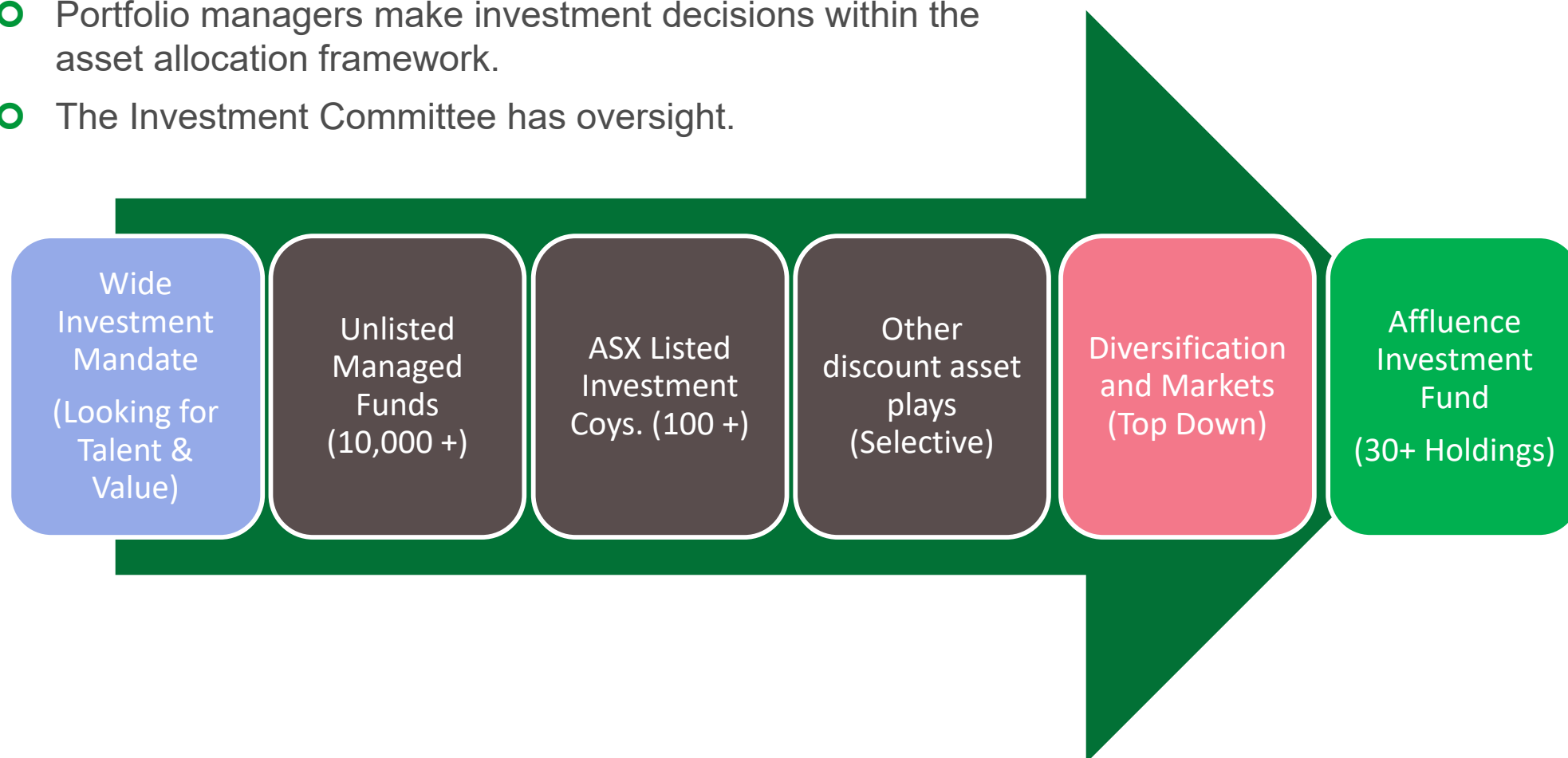
- Significant outperformance vs an equivalent passive investment. Exceptional risk metrics.
- Our CPI+5% target has been a very difficult benchmark over the past 3 years.
- In our view, the current Affluence Investment Fund portfolio shows exceptional value.

* Returns to 31 October 2024. Distributions & returns are not guaranteed. Past performance is not indicative of future performance.



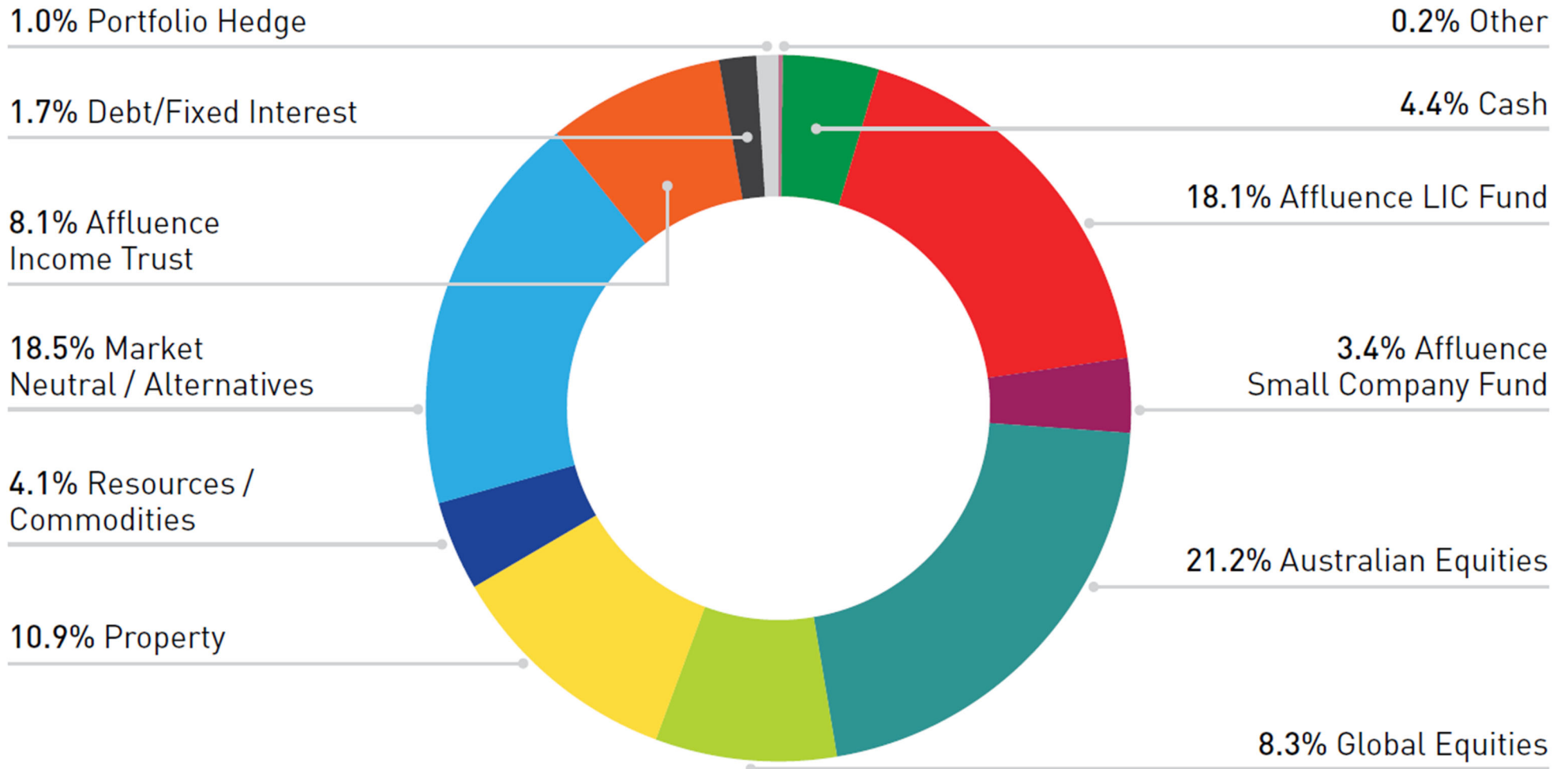
How we construct the Affluence Investment Fund portfolio

- We are free to find the best investment opportunities regardless of structure, including unlisted managed funds (wholesale/retail), mandates, LICs and other discounted asset plays.
- We overlay our views on market valuations and our diversification goals to produce a portfolio of 30+ investments.
- Portfolio managers make investment decisions within the asset allocation framework.
- The Investment Committee has oversight.



Affluence Investment Fund - current asset allocation

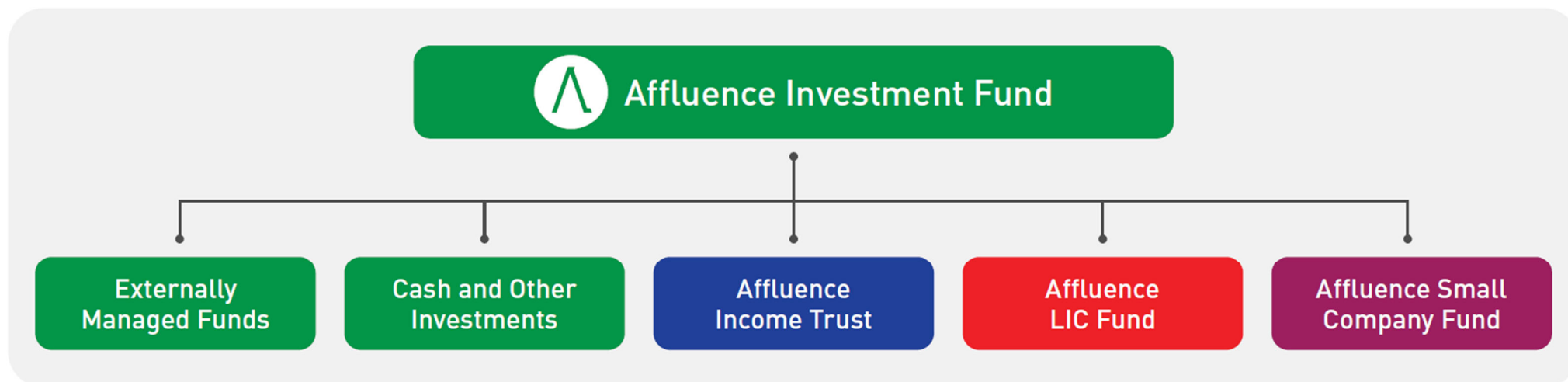
- A blend of defensive and growth assets, with a strong value bias.



Data at 31 October 2024. Underlying funds are categorised based on their dominant asset class/strategy.



Affluence Investment Fund – Top 10 investments



Ten Largest Investments

- | | |
|---|--|
| 01 Affluence LIC Fund | 06 Arnott Opportunities Trust |
| 02 Affluence Income Trust | 07 Cromwell Phoenix Opportunities Fund |
| 03 Bronte Capital Amalthea Fund | 08 Affluence Small Company Fund |
| 04 Totus Capital Alpha Fund | 09 Ellerston GEMS |
| 05 Samuel Terry Absolute Return Fund | 10 Cromwell Phoenix Global Opportunity Fund |



Themes reflected in the Affluence Investment Fund portfolio

What We Are Excited About

01

Our fixed income exposure through the Affluence Income Trust is providing the fund with strong, consistent returns. Given where the RBA cash rate is, and the opportunity in private credit, we believe this gives the fund excellent risk adjusted returns.

02

Our exposure to LICs through the Affluence LIC Fund are attractively priced. The Affluence LIC Fund portfolio discount to NTA was approximately 24% at the end of October, higher than even 31 March 2020 during the covid crisis. We believe this level of discount to NTA is unsustainable, and the fund is well positioned to outperform over the medium term.

03

We hold a range of ASX listed REITs at attractive valuations. All of our holdings are trading at large discounts to NTA, and most are paying very healthy cash distributions. We believe there are likely to be more write-downs on the underlying portfolios, however not to the levels implied by the current share prices.

04

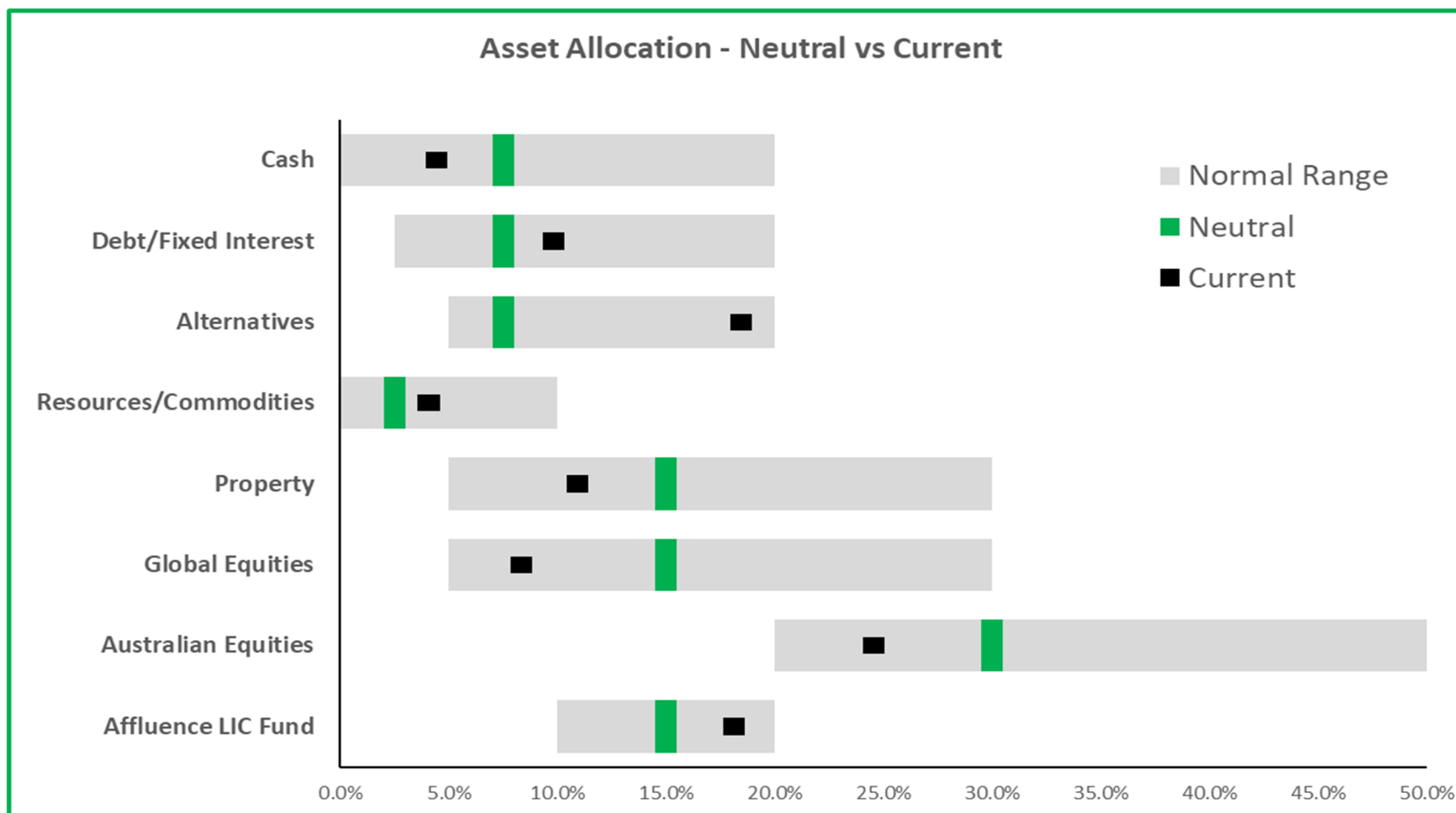
Both our Australian and global equities exposure have a small to mid cap bias. Over the past couple of years large caps both globally and in Australia have materially outperformed small and mid caps. We believe that at some point reversion to the mean will reduce this deficit, and the fund will benefit from this.

- **Higher for longer.** Value stocks will fare better with interest rates at more normal levels.
- **Valuation multiples.** Prices being paid for large, quality stocks are excessive. Be careful.
- **Inflation resurgence.** Global Government excesses will likely reignite inflation.



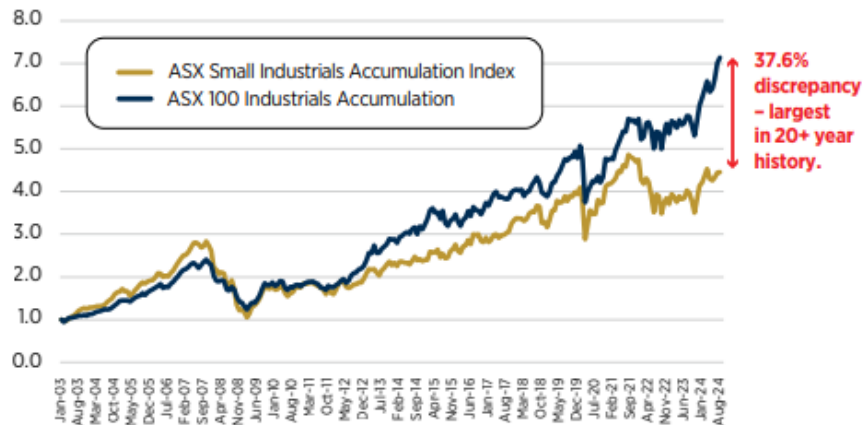
Current asset allocation vs our neutral settings

- **The goal: An all-weather portfolio that can deliver in differing market conditions**
 - Vastly diversified by asset class, investment strategy, style, manager and market sector.
 - Allocations for each asset class can fluctuate within our pre-defined range.
 - We don't try to forecast the future, but instead, assess current market values vs history.



Allocations to small caps & resources show exceptional value.

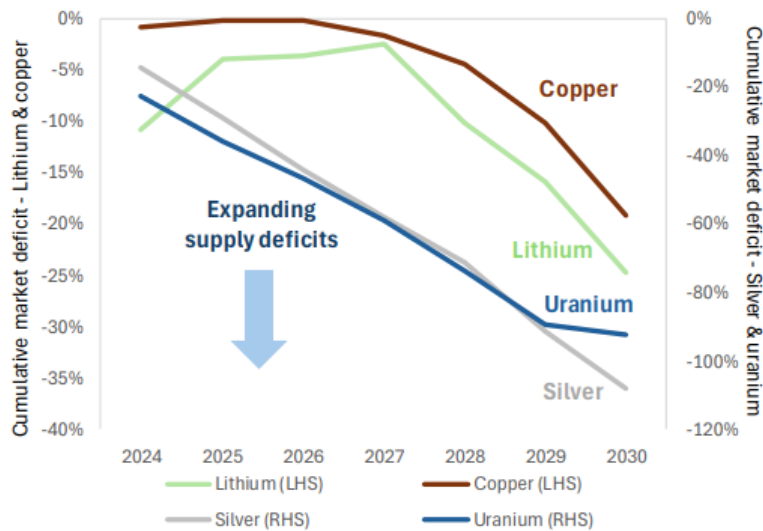
Relative Performance of Small & ASX 100 Industrials indexed to Jan 2003



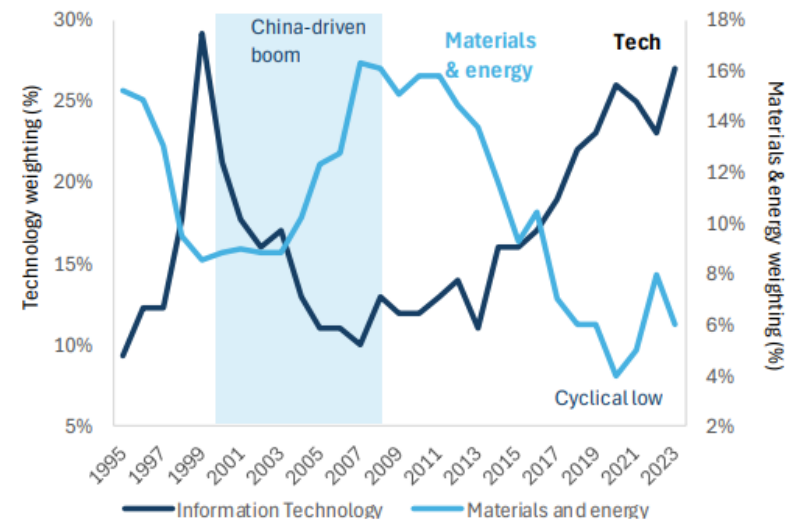
Discount - Small Industrials to ASX 100 Industrials - Indexed from Jan 2022



Severe supply deficits lie ahead
Cumulative deficit as % of supply



Resources weighting in the S&P500 has fallen
Materials & energy vs. Tech



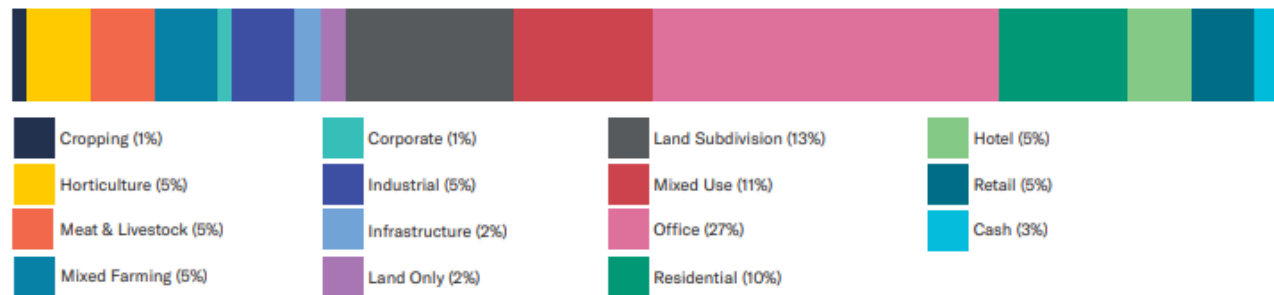
Sources: Salter Brothers, Baker Steel.



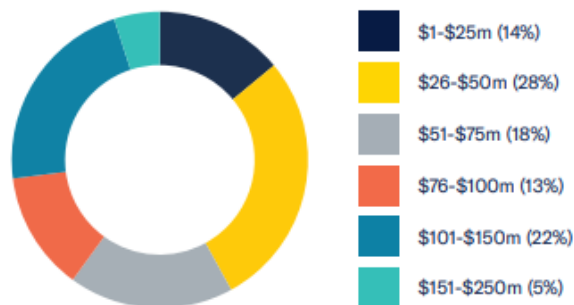
Investment Example - Fixed Income: Merricks Capital Partners

- Commercial real estate debt, including agriculture loans.
- Very diverse Aus/NZ portfolio. Agriculture loans provide additional diversification.
- Unique hedging strategy against adverse credit conditions.
- Historic, and expected returns of 9-10% per annum.

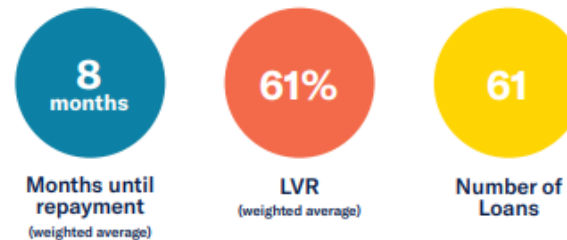
Investment Sub Strategy



Loan Size



Portfolio Characteristics



Investment Example - LIC: CD Funds (ASX: CD1/2/3) *

Manager Cordish Family/K2

Key Person Jonathan Sinex

Strategy US Private Equity

Date Listed Various

Market Cap \$180 million (combined)

Why We Like Them

- Good long term track record.
- US manager aligned and capable.
- Fixed term funds with certain realisation.
- Trading at a 30-35% discounts.

Portfolio Composition	CD1	CD2	CD3
Underlying Fund Managers	9	12	13
Underlying Portfolio Companies (since inception)	96	122	144
Total Realisations since Inception (76%)	70	79	59
Total Remaining Portfolio Companies	26	43	85
Average Age of Remaining Companies	7.4 years	6.7 years	4.5 years

Quality US Private Equity Manager. Continuing significant discounts and fixed termination dates mean attractive returns could be on offer if you're prepared to be patient. The possibility of early portfolio sales could be a catalyst to reduce discounts sooner.

* Investment is held indirectly via the holding in the Affluence LIC Fund.



Investment Example – Discount Capture: US Res Prop (ASX:URF)

Business	Internally managed REIT.	Why We Like It
Property	New York/New Jersey Apartments.	○ Hedge funds control register.
Strategy	Sell over time + return cash.	○ Quality US manager.
Discount	50%, with 45% gearing.	○ Sales program ramping up.
Market Cap	\$220 million.	○ Potential for accelerated sale.



Investment Example - Unlisted property: Tea Tree Opp. Trust

Fund Tea Tree Opportunity Trust.

Property Tea Tree Plaza, Adelaide (50%).

Strategy Buy well and wait.

Valuation 30% below all-time high.

Inv. Period 5 years +.

Why We Like It

- Scentre (Westfield) + Barrenjoey.
- Motivated seller.
- Distribution yield of 9%+.
- Cap rate 8.0% vs 5.4% in 2018.



1 Tea Tree Plaza Main Centre

2 Tea Tree Plus

3 Modbury Hospital Health Precinct

4 Bus interchange with direct access to Adelaide CBD

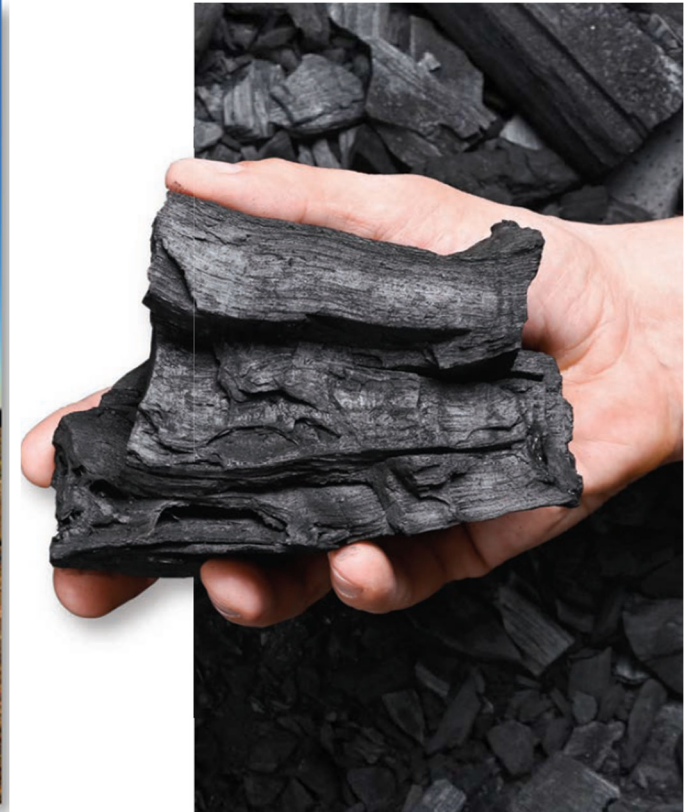


Investment Example - Private Equity: Kiland

Company	Kiland.
Property	Kangaroo Island ex forest.
Strategy	Convert forestry to sheep farm.
Valuation	Excludes development profit.
Inv. Period	3 years +.

Why We Like It

- Quality operators.
- Quality asset on completion.
- Carbon credit/Biochar potential.
- Leverage to other similar projects.



Choosing fund managers: what we look for

Performance,
Consistency



Subjective
Factors

- **Risk and Return**

- Have outperformed a reasonable benchmark over time.
 - Have less volatility and have outperformed in difficult markets OR
 - Perform at different times (uncorrelated) to equities markets.
-

- **People**

- Team stability, investment team history, alignment of interests.
- Display good personal traits (realistic, analytical, competitive).

- **Process**

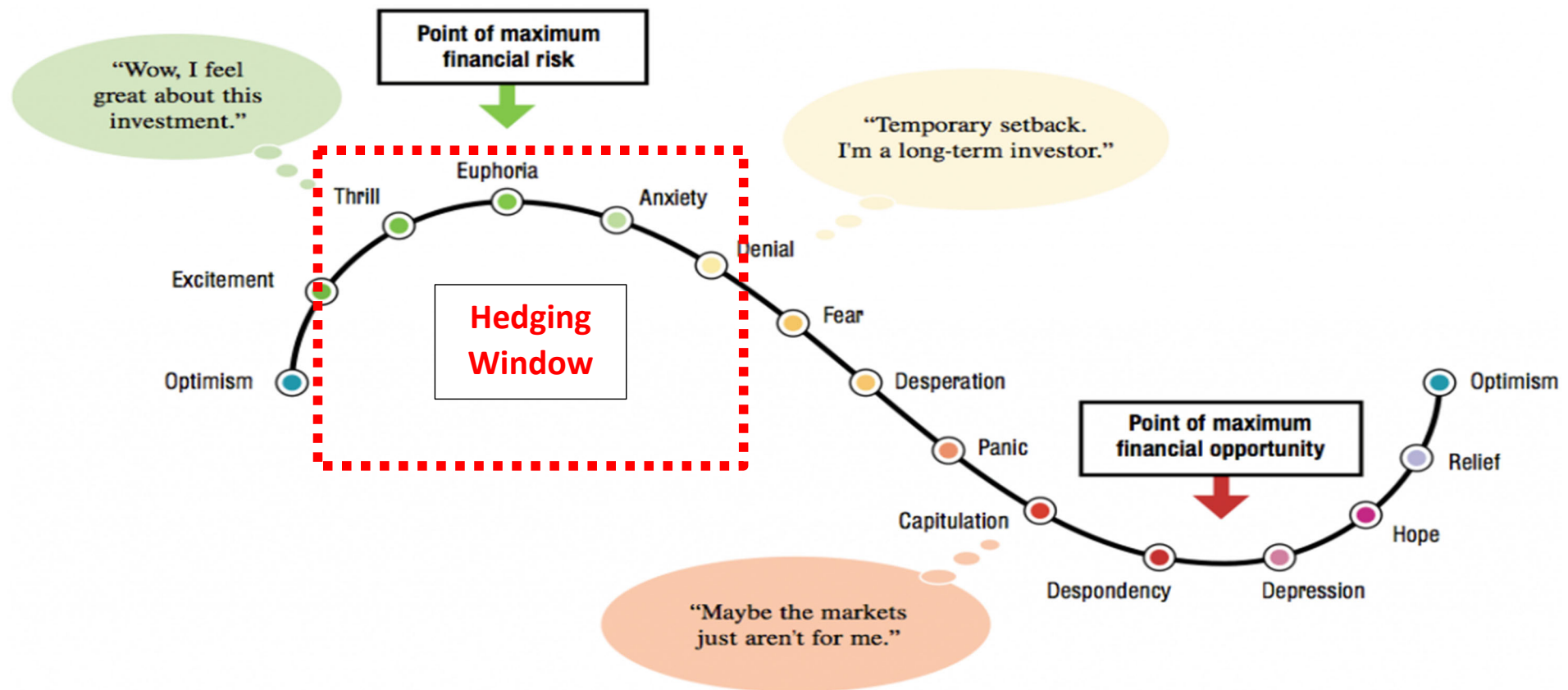
- Repeatable process and demonstrable competitive advantage.
- Demonstrated risk management focus.
- Usually capacity constrained.

- **Operational**

- Appropriate key service providers.
- Fund domiciled in Australia.
- Fees are fair in relation to strategy and capacity.



Strategies to manage risk & limit the impact of market downturns

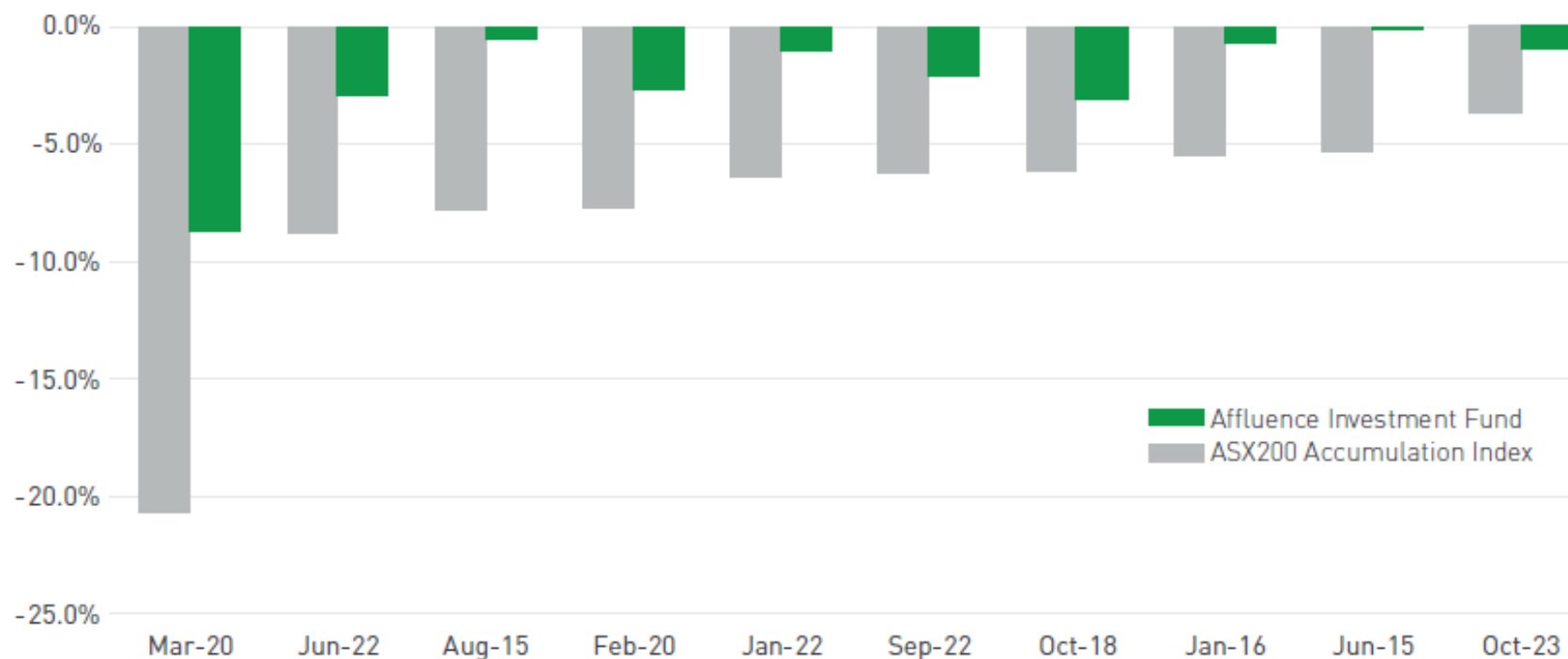


- We aim to be conservative when markets are expensive and aggressive when markets are cheap, while remaining diversified.
- We consider valuations vs long-term averages, available opportunities & other factors.
- Style diversification, unlisted/private assets and discount capture naturally reduce volatility.
- We adjust market exposure using cash, lower beta investments and hedging/put options.

The Fund has typically outperformed in down markets.

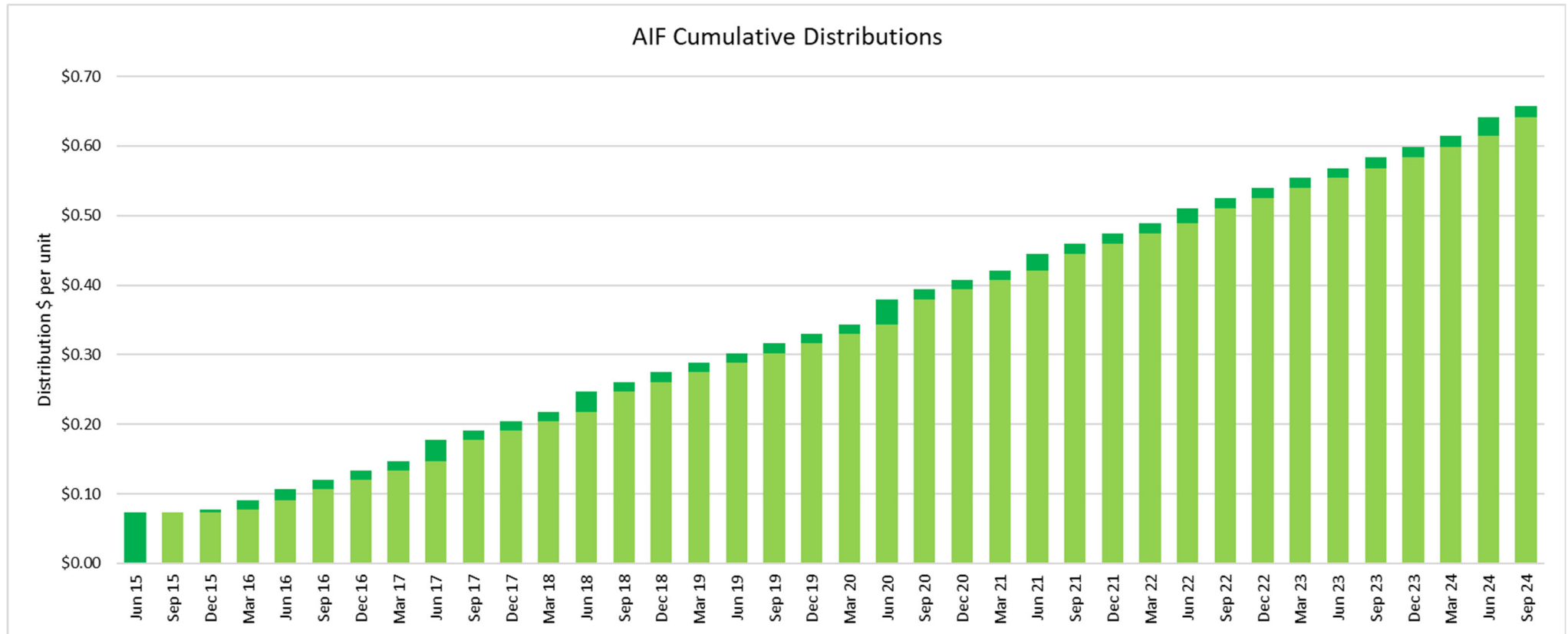
AIF Returns	7.9% pa	ASX200 Returns	8.8% pa
AIF Volatility	5.5%	ASX200 Volatility	13.9%
AIF Sharpe Ratio	1.0	Correlation to ASX200	0.79
AIF Sortino Ratio	1.5	Beta vs ASX200	0.31
AIF Positive Months	75%	Down Capture v ASX200	11%

AIF has outperformed in all 10 worst months for the ASX200 since inception:



Regular distributions are important for many investors

- AIF aims to provide investors with a minimum distribution of 5% per annum.
 - ➔ Since inception, AIF has paid cash distributions averaging 6.4% per annum.
 - ➔ Distributions are paid 10 days after the end of each month (reinvestment available).
 - ➔ In addition, franking credits received from investments are passed through in full at the end of each tax year. These have typically averaged 0.4% to 0.5% per annum.



Affluence Investment Fund Summary

- **Multi asset, multi manager strategy** - Access to the investment process used successfully for generations by family offices and endowment funds. Complements existing portfolios.
- **Multi layered diversification** - The Fund provides access to some exceptional investment managers and direct investments across a range of asset classes and investment strategies.
- **Exclusivity and differentiation** - Successful boutique managers are often hard to find, closed to new investors, limited to wholesale investors or have high minimum investment amounts.
- **Regular income** – Monthly distributions, targeting 5% per annum. Since commencing, the Fund has paid cash distributions in excess of 6% per annum, plus some franking credits.
- **Strong returns, lower volatility** - Returns since the Fund commenced have been superior to passive alternatives, with much lower volatility than equity markets.
- **Attractive return prospects** – Many markets remain expensive. Our value bias, discount capture focus and exposure to specialised strategies means we continue to find attractive opportunities.
- **Alignment of interests** – We co-invest in the Fund. We charge fees based only on Fund performance. We will close the Fund to new investors if we reach investment capacity.

A proven investment strategy, with access to a diversified mix of quality investment managers provides potential for attractive long-term returns.



Affluence Investment Fund key information

Fund	Affluence Investment Fund (ARSN 617 680 654 APIR AFX0001AU)
Strategy	Multi-asset, multi-manager, real return.
Fund Type	Registered Managed Investment Scheme (Australia, New Zealand).
Responsible Entity and Manager	Affluence Funds Management.
Key Investment Objectives	Total annualised returns of CPI + 5% over rolling 3 year periods. Monthly distributions of 5% per annum. Volatility less than half ASX200.
Suggested Investment Timeframe	Minimum 3 years.
Applications and Redemptions	Monthly (cut-off 25 th). Min. application \$20,000. Redemptions paid 10 days after EOM.
Distributions	Monthly (10 th of each month).
Custodian	Perpetual Corporate Trust Limited.
Registry	Registry Direct.
Auditor	Pitcher Partners.
Legal	Hall & Wilcox.
Fees & Costs	Affluence charges no fixed fee. Costs capped at 0.25% of net assets. Performance fee of 12.5% of positive returns, with a high water mark. Underlying Funds also incur fees & costs – see PDS.
Buy/Sell Spread	+/- 0.25%.



What next?

- Learn more about our Funds.
 - Visit <https://affluencefunds.com.au/> to get more information including fund documents, performance reports, monthly updates and portfolio analysis.
 - Got a question? Call us on 1300 233 583, or email invest@affluencefunds.com.au.
- Considering an investment?
 - Read the PDS/TMD or IM for the Fund. Consult your financial advisor if you have one.
 - Apply online or download application and other forms from our website.
 - The minimum initial investment is \$20,000. Minimum additional investment is \$1,000.
 - Applications and withdrawals are accepted monthly.
- Not ready to invest yet? Subscribe to our monthly eNews.
 - Visit <https://affluencefunds.com.au/> to subscribe.
 - We send just one email per month.
 - Fund updates, investment ideas and other things we find interesting.
 - It's 100% free and you can unsubscribe at any time.



Thank you for your time



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