

Half-Year Financial Report

Affluence Investment Fund

ARSN 617 680 654

31 December 2024

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DIRECTORY

Responsible Entity:

Affluence Funds Management Limited
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Website: www.affluencefunds.com.au

Custodian:

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Fax: +61 2 9229 9188
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Auditor:

Pitcher Partners
Level 38, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Tel: +61 7 3222 8444
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Website: 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 2024.

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 \$1,805,559 during the half-year ended 31 December 2024 (2023: \$1,980,568).

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 2024	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
Distributions	1.3%	6.2%	5.8%	6.3%	6.2%	6.5%	6.4%
Change in Unit Price (Capital Growth)	-0.7%	1.0%	-1.5%	0.8%	0.3%	1.1%	1.3%
Affluence Investment Fund Total Return	0.6%	7.2%	4.3%	7.1%	6.5%	7.6%	7.7%
Vanguard Balanced Index Fund	1.5%	10.4%	2.9%	4.6%	5.5%	5.9%	6.0%
Benchmark - Inflation + 5%	1.9%	8.1%	10.3%	9.1%	8.5%	8.0%	8.0%

The Fund delivered total returns (distributions and the change in unit price) of 3.7% for the half-year, compared to the target return of 3.4%. The Fund benefitted from a continued advance in most equity markets during the half year, though the performance of value based investments continued to lag growth stocks.

Since commencing in December 2014, the Fund has returned 7.7% per annum. Volatility (variability of returns) has been relatively low since commencement, at 5.4%.

At 31 December 2024, 57% of the portfolio was invested in unlisted funds, 18% in the Affluence LIC Fund, 8% in the Affluence Income Trust, 4% in the Affluence Small Company Fund. The Fund also held 7% in listed investments, 1% in portfolio hedges and 5% in 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. We expect this trend to reverse in future years, which continues to make us optimistic about the 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 \$1,308,508 (2023: \$1,299,936). Distributions payable at balance date were \$214,234 (2023: \$217,432).

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/.

5. Subsequent Events

No matters or circumstances have arisen since 31 December 2024 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

14 February 2025

Level 38, 345 Queen Street
Brisbane, QLD 4000

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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 2024, 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



CHERYL MASON
Partner

Brisbane, Queensland
14 February 2025

**Affluence Investment Fund
Statement of Comprehensive Income
For the half-year ended 31 December 2024**

	Dec-2024	Dec-2023
	\$	\$
Investment income		
Distribution income	527,584	556,990
Dividend income	-	19,292
Interest income	46,791	67,511
Net change in fair value of investments	1,427,231	1,588,618
Other income	118,534	64,856
Net investment income	2,120,140	2,297,267
Expenses		
Brokerage	2,443	7,849
Fund administration costs	61,301	59,526
Performance fees	250,837	249,324
Total expenses	314,581	316,699
Profit	1,805,559	1,980,568
Other comprehensive income	-	-
Total comprehensive income	1,805,559	1,980,568

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 2024

	Note	Dec-2024 \$	Jun-2024 \$
Assets			
Cash and cash equivalents		1,371,837	2,016,253
Receivables	2	232,629	1,211,927
Investments at fair value through profit or loss	3	47,084,516	45,402,746
Total assets		48,688,982	48,630,926
Liabilities			
Payables	4	694,723	326,429
Distributions payable		214,234	509,554
Total liabilities		908,957	835,983
Net assets		47,780,025	47,794,943
Equity			
Contributed equity	6	46,855,287	47,367,256
Retained earnings		924,738	427,687
Total equity		47,780,025	47,794,943

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 2024

2024	Note	Contributed equity \$	Retained earnings / (Accumulated losses) \$	Total equity \$
Balance at the beginning of the half-year – 1 July 2024				
		47,367,256	427,687	47,794,943
Total comprehensive income				
		-	1,805,559	1,805,559
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	6	1,566,809	-	1,566,809
Reinvestment of distributions	6	457,784	-	457,784
Rebate of fees	6	36,073	-	36,073
Redemptions	6	(2,572,635)	-	(2,572,635)
Distributions paid/payable	5	-	(1,308,508)	(1,308,508)
Total transactions with unitholders				
		(511,969)	(1,308,508)	(1,820,477)
Balance at the end of the half-year				
		46,855,287	924,738	47,780,025
2023				
Balance at the beginning of the half-year – 1 July 2023				
		46,642,733	(194,377)	46,448,356
Total comprehensive income				
		-	1,980,568	1,980,568
<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)
Total transactions with unitholders				
		893,725	(1,299,936)	(406,211)
Balance at the end of the half-year				
		47,536,458	486,255	48,022,713

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 2024

	Dec-2024 \$	Dec-2023 \$
Cash flows from operating activities		
Distributions received	737,914	778,009
Dividends received	38,259	7,292
Interest received	46,791	67,511
Other income received	116,738	27,602
Cash payments in the course of operations	(297,995)	(214,613)
Net cash provided by operating activities	641,707	665,801
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	3,445,262	4,971,970
Payments for investments at fair value through profit or loss	(2,966,201)	(6,344,850)
Net cash provided by/(used in) investing activities	479,061	(1,372,880)
Cash flows from financing activities		
Proceeds from issue of units	1,953,495	2,352,365
Payment of redemptions	(2,572,635)	(2,372,824)
Payment of distributions	(1,146,044)	(911,209)
Net cash used in financing activities	(1,765,184)	(931,668)
Net decrease in cash and cash equivalents	(644,416)	(1,638,747)
Cash and cash equivalents at the beginning of the half-year	2,016,253	4,787,264
Cash and cash equivalents at the end of the half-year	1,371,837	3,148,517

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 2024. 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 2024.

Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest dollar, unless otherwise indicated.

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/.

2. Receivables

	Dec-2024	Jun 2024
	\$	\$
Distributions receivable	217,043	1,060,972
Dividends receivable	-	38,259
Unsettled trades	-	100,000
Other receivables	15,586	12,696
Receivables	232,629	1,211,927

3. Investments at Fair Value Through Profit or Loss

	Dec-2024	Jun-2024
	\$	\$
Listed securities at fair value	3,282,732	3,419,012
Unlisted securities at fair value	43,801,784	41,033,734
Unlisted equity securities awaiting issue	-	950,000
Investments at fair value through profit or loss	47,084,516	45,402,746

Fair value measurement

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

4. Payables

	Dec 2024	Jun 2024
	\$	\$
Units not yet issued	588,659	201,973
Other payables	106,064	124,456
Payables	694,723	326,429

5. Distributions

The Fund paid distributions of 3.06 cents per unit (2023: 2.925 cents per unit).

	Dec-2024 \$	Dec-2023 \$
Distributions paid / payable	1,308,508	1,299,936

6. Contributed equity

	Number #	Value \$
Movements in contributed equity		
Balance at 1 July 2023	41,842,059	46,642,733
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)
Balance at 31 December 2023	42,633,655	47,536,458
Units issued:		
For cash	1,548,343	1,764,832
Reinvestment of distributions	332,798	377,135
For services (performance fees)	39,721	44,960
Units redeemed	(2,091,682)	(2,356,129)
Balance at 30 June 2024	42,462,835	47,367,256
Units issued:		
For cash	1,373,501	1,566,809
Reinvestment of distributions	402,830	457,784
For services (performance fees)	31,556	36,073
Units redeemed	(2,264,016)	(2,572,635)
Balance at 31 December 2024	42,006,706	46,855,287

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.

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 fair value hierarchy 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.

7. Fair value disclosures (cont'd)

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.

The Fund's financial assets and financial liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024 on a recurring basis are as follows:

	Level 1	Level 2
At 31 December 2024		
Financial Assets		
Financial assets at fair value through profit or loss (FVPL)		
Listed securities	3,282,732	-
Unlisted securities	-	43,801,734
Unlisted equity securities awaiting issue	-	-
Total Financial Assets	3,282,732	43,801,734

At 30 June 2024

Financial Assets

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

Listed securities	3,419,012	-
Unlisted securities	-	41,033,734
Unlisted equity securities awaiting issue	-	950,000
Total Financial Assets	3,419,012	41,983,734

8. Related Parties

(a) Unit holdings

The Fund held 6,638,044 units (June 2024: 6,029,096 units) in the Affluence LIC Fund (**ALF**) at balance date.

The Fund held 4,036,543 units (June 2024: 3,641,601) in the Affluence Income Trust (**AIT**) at balance date.

The Fund held 1,351,702 units (June 2024: 820,876 units) in the Affluence Small Company Fund (**ASF**) at balance date.

(b) Transactions with Responsible Entity and associates

	Dec-2024 \$	Dec-2023 \$
Performance fees	250,837	249,325

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 2024 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 2024 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

14 February 2025

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 2024, 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 material 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 Affluence Investment Fund does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Affluence Investment Fund's financial position as at 31 December 2024 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 Company 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 Company, 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 Fund 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 Company's financial position as at 31 December 2024 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 significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners
PITCHER PARTNERS

Mason

CHERYL MASON
Partner

Brisbane, Queensland
14 February 2025