

# Affluence Investment Fund

Fund Report & Overview | April 2025

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## Fund Features

- ✓ Access to 20+ Underlying Managers
- ✓ Monthly Distributions\*
- ✓ Exceptionally Diversified Portfolio

## Performance Since Inception

(November 2014)\*



**7.6%**

Total returns  
per annum



**6.3%**

Distributions  
per annum

## Key Statistics

|                        |                                |
|------------------------|--------------------------------|
| Investment Class       | Multi-Asset                    |
| Minimum Investment     | \$20,000                       |
| Suggested Timeframe    | At least 3 years               |
| Target Returns         | Inflation + 5%                 |
| Fund Size              | \$48.5m                        |
| Annual Distributions   | 6.12 cpu*                      |
| Distribution Yield     | 5.4% p.a.*                     |
| Distribution Frequency | Monthly*                       |
| Applications           | Monthly                        |
| Withdrawals            | Monthly                        |
| Management Fees        | Nil*                           |
| Performance Fee        | 12.5% of positive performance* |
| Entry/Exit Price       | \$1.1426 / \$1.1370            |
| Buy/Sell Spread        | 0.25% / 0.25%                  |

## Investment Objective

The Fund targets a minimum annualised return of inflation plus 5% over rolling three year periods and a minimum distribution of 5% per annum.

## Investment Strategy

The Fund holds a diversified portfolio and can invest across all asset classes. The portfolio includes over 20 different underlying managers and other investments selected by Affluence. The strategy seeks a balance between maximising returns, delivering regular income and lowering volatility.

## Why Use The Fund?

### Portfolio Use

The Fund is designed to be used as a **Core or Satellite** Component of an investment portfolio for those investors seeking **Capital Growth and Income Distributions** with a **Medium** or longer investment timeframe, at least a **Medium** risk/return profile and needing access to capital **Monthly** or less often.

### Access to Differentiated Strategies

The Fund provides access to a wide range of different investment strategies, through boutique investment managers.

### Access to Closed and Wholesale Funds

A significant number of funds in the portfolio are only available to wholesale investors, or closed to new investors.

## Key Risks

As with all investments, the Fund is subject to risks. Key risks include concentration risk, economic and market risk, legal and regulatory risk, manager and key person risk, liquidity risk, leverage risk and currency risk. We aim, where possible, to actively manage risks. However, some risks are outside our control.

## Platform Availability

HUB24   Netwealth   Powerwrap   Mason Stevens   One Answer (NZ Advisers)



\* 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 April 2025                              | 3 Months    | 1 Year      | 3 Years     | 5 Years     | 7 Years     | 10 Years    | Inception   |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Distributions                                 | 1.3%        | 6.2%        | 5.9%        | 6.4%        | 6.3%        | 6.1%        | 6.3%        |
| Change in Unit Price (Capital Growth)         | -1.0%       | -0.2%       | -0.2%       | 2.8%        | 0.5%        | 1.4%        | 1.3%        |
| <b>Affluence Investment Fund Total Return</b> | <b>0.3%</b> | <b>6.0%</b> | <b>5.7%</b> | <b>9.2%</b> | <b>6.8%</b> | <b>7.5%</b> | <b>7.6%</b> |
| Vanguard Balanced Index Fund                  | -1.5%       | 8.8%        | 5.6%        | 5.7%        | 5.4%        | 5.4%        | 5.8%        |
| Benchmark - Inflation + 5%                    | 2.1%        | 7.5%        | 9.5%        | 9.3%        | 8.5%        | 8.1%        | 8.0%        |

## Fund Monthly Return History\*

|      | J     | F     | M     | A    | M     | J     | J    | A     | S     | O     | N     | D     | Year  |
|------|-------|-------|-------|------|-------|-------|------|-------|-------|-------|-------|-------|-------|
| 2014 |       |       |       |      |       |       |      |       |       |       |       | 1.7%  | N/A   |
| 2015 | 0.3%  | 0.4%  | 1.1%  | 0.6% | 0.9%  | -0.1% | 1.0% | -0.5% | 2.5%  | 0.7%  | -0.6% | 1.7%  | 8.4%  |
| 2016 | -0.7% | -0.2% | 1.2%  | 1.9% | 1.9%  | 0.7%  | 3.0% | 1.1%  | 0.6%  | -0.4% | 0.2%  | 1.1%  | 10.7% |
| 2017 | 0.3%  | 1.2%  | 0.6%  | 0.5% | 0.1%  | 1.1%  | 0.7% | 0.1%  | 1.1%  | 2.5%  | 1.6%  | 1.3%  | 11.6% |
| 2018 | 0.1%  | -0.6% | 0.0%  | 0.5% | 0.8%  | 0.5%  | 0.9% | 0.8%  | 0.1%  | -3.1% | -1.0% | -1.0% | -2.0% |
| 2019 | 1.4%  | 1.6%  | 0.4%  | 1.5% | -0.6% | 0.8%  | 2.4% | -0.3% | 1.4%  | 0.5%  | 1.4%  | 1.1%  | 12.3% |
| 2020 | -0.2% | -2.7% | -8.7% | 4.4% | 4.1%  | -0.4% | 2.2% | 2.3%  | 0.3%  | 1.2%  | 5.9%  | 1.8%  | 9.8%  |
| 2021 | 0.0%  | 0.6%  | 0.9%  | 2.2% | 1.9%  | 2.7%  | 0.2% | 1.2%  | 1.2%  | 0.8%  | 0.0%  | 1.0%  | 13.2% |
| 2022 | -1.0% | -1.6% | 0.4%  | 0.1% | -1.0% | -2.9% | 2.2% | 0.8%  | -2.1% | 2.2%  | 3.1%  | -0.3% | -0.6% |
| 2023 | 1.3%  | 0.1%  | 0.2%  | 1.1% | -1.1% | 0.5%  | 1.4% | 0.5%  | -0.2% | -1.0% | 1.4%  | 2.2%  | 6.4%  |
| 2024 | 0.5%  | -0.1% | 2.2%  | 0.6% | 0.6%  | -0.4% | 1.7% | -0.6% | 1.9%  | 0.9%  | -0.7% | 0.4%  | 7.2%  |
| 2025 | 1.7%  | 0.3%  | -0.2% | 0.3% |       |       |      |       |       |       |       |       | 2.0%  |

Strongest Month
  Positive Month
  Stable Month
  Negative Month
  Weakest Month

## Fund Commentary\*

The Affluence Investment Fund increased by 0.3% in April. Since commencing over ten years ago in December 2014, the Fund has returned 7.6% per annum, including 6.3% per annum monthly distributions to investors. The Fund has outperformed its passive alternative over most time frames.

Pleasingly the Affluence Investment Fund has positive returns for the calendar year and has recovered all previous losses. Australian and global equity markets are all still below their recent highs.

The month was dominated by the 'Liberation Day' tariff announcement on April 2, which was much more severe than markets had expected. Australian and global markets sold off savagely, with the ASX200 Index falling to 13% below its February high, and in the US the S&P500 briefly entered a bear market after falling 20% below its recent highs. Somewhat unexpectedly the US bond market also sold off on the announcement, with the 10 year bond rate hitting 4.50%. The Trump administration then predictably performed a massive backflip, sending markets rallying as investors went back to their usual playbook of 'buying the dip'.

We are not convinced this saga is anywhere close to over, and find the markets optimism somewhat perplexing. The outlook for the US economy is undeniably worse, yet markets have shrugged this off. No one knows what the future impacts will be, but we believe that some caution is warranted.

Our largest positive contributors included the Phoenix Opportunities Fund, the Samuel Terry Absolute Return Fund, the Terra Capital Natural Resources Fund and our index hedges. The largest negative contributors were the Fortlake Sigma Opportunity Fund and the Arnott Opportunities Trust.

At month end, 56% of the portfolio was invested in unlisted funds, 19% in the Affluence LIC Fund, 8% in the Affluence Income Trust, 4% in the Affluence Small Company Fund, 8% in listed investments, 1% in portfolio hedges and 5% in cash. If you would like to know more about the investment portfolio, including our top holdings and weightings, visit the Affluence Investment Fund page at <https://affluencefunds.com.au/aif/> or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

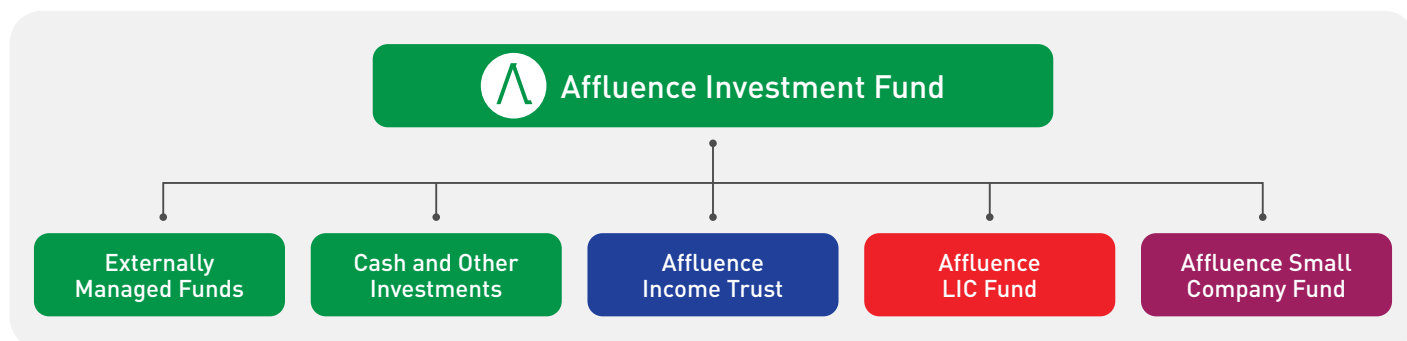
If you would like to invest with us and get access to a diverse range of Australia's fund managers, including over 20 unlisted funds as well as more than 20 LIC's and other listed entities, visit the fund page on our website. There, you can get information on the Fund, apply online or download the application pack. If you'd like to add to your existing investment in the Fund, you can either complete the one-page form available on our website or use the online facility.

**The cut-off for applications this month is 23rd April. Units will be issued effective 1st June.**

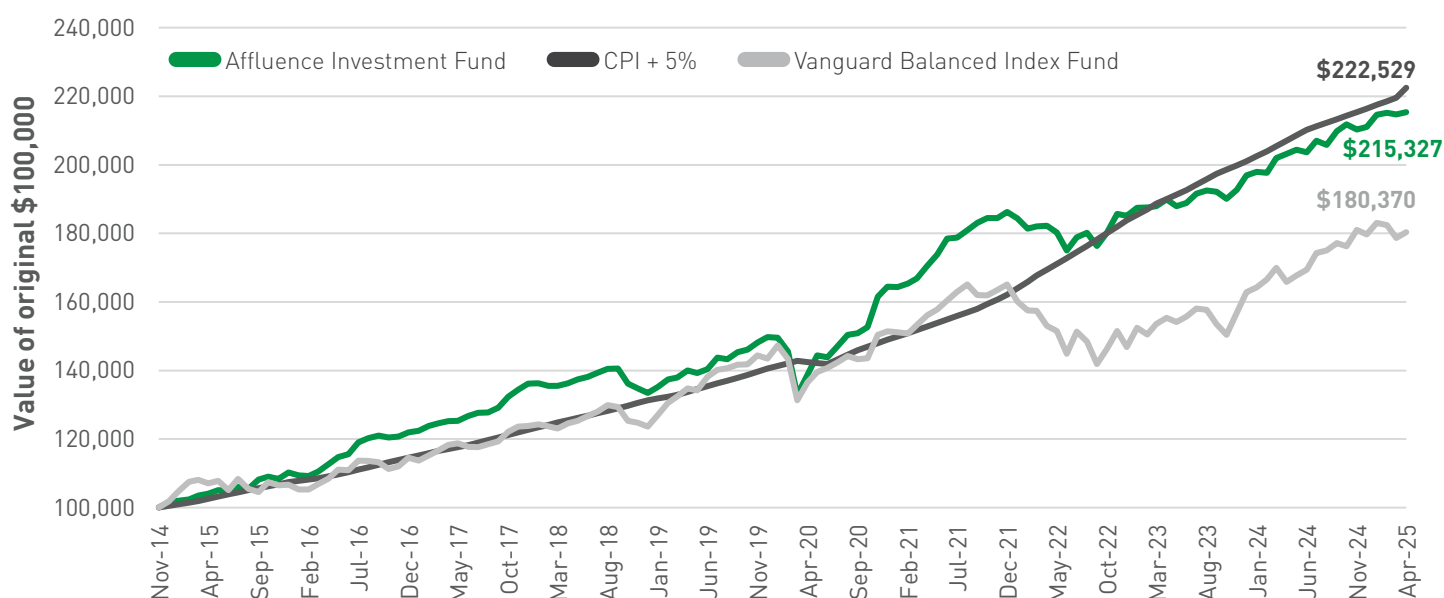
\* See notes on the last page for additional information. Distributions are not guaranteed. Past performance is not indicative of future performance.

## Portfolio Structure

The Affluence Investment Fund is our all-weather fund, bringing together our best ideas across all asset classes. The Fund invests in more than 20 funds managed by some of Australia's best investment managers. In addition, the Fund gains access to fixed income investments through the Affluence Income Trust, to LICs through the Affluence LIC Fund, and to a differentiated small cap equities strategy through the Affluence Small Company Fund.



## Return on \$100,000 Investment\*



## 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 27% at the end of April, 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

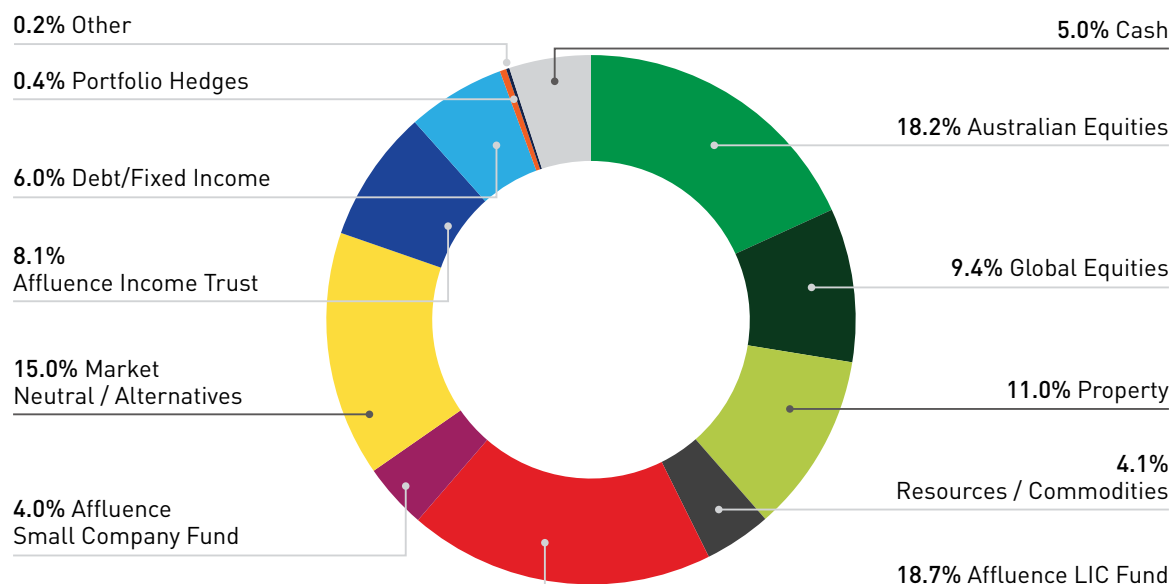
We hold a range of ASX listed REITs at attractive valuations. All of our holdings are trading at large discounts to NTA, and most are paying very healthy cash distributions. We believe there are not likely to be any substantial further write downs on the underlying property portfolios, as we are seeing significantly more transactional evidence to support current valuations.

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.

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## Portfolio Summary



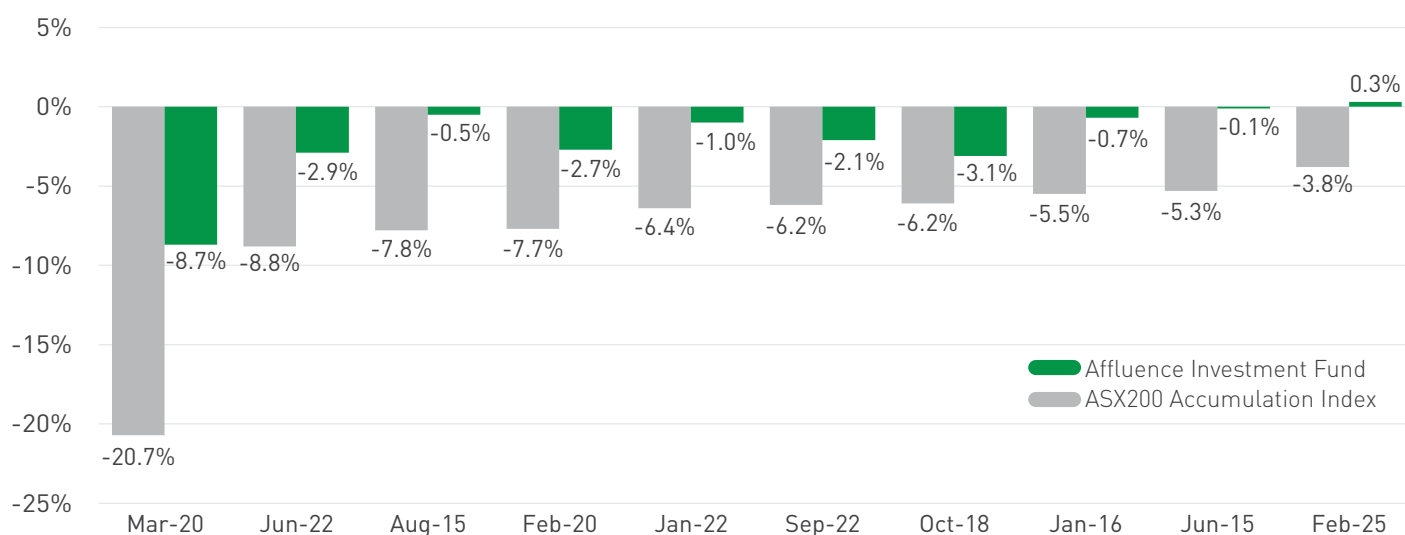
Investments are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings). Australian Equities and Global Equities comprise both long only and long/short strategies.

## Ten Largest Investments

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

## Fund Performance in Falling Markets\*

The graph below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Fund for that same month. The Fund has outperformed the Index in all 10 of the worst months.



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## Is the Fund right for you?

We created the Affluence Investment Fund as a vehicle in which we could invest the majority of our wealth for the long term. The Fund is diversified by asset class, investment strategy, manager and geography.

It is managed with the mindset of a family office or endowment fund. It seeks to achieve above average medium and long-term returns while paying monthly distributions and reducing risk using diversification and other strategies.

We believe that to achieve better than average returns, you need to invest differently. We believe that value investing works best in the long run. We believe that being aware of long-term cycles can significantly improve performance. And we believe that success requires a long term focus, which in turn requires patience and discipline.

If you share those beliefs, the Fund may be suitable for you.

## Does it suit your portfolio?

The Fund is designed to be used as a Core or Satellite Component of an investment portfolio for those investors seeking Capital Growth and Income Distributions with a Medium or longer investment timeframe, at least a Medium risk/return profile and needing access to capital Monthly or less often.

The Fund has achieved its returns with lower volatility than the Australian share market, and has historically outperformed the ASX200 when markets fall significantly.

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.

## Why invest with Affluence?

We pride ourselves on the quality of our products and alignment with investors.

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.

We charge no fixed management fee for any of our funds. Instead, we charge a performance fee of 12.5% of positive returns<sup>4</sup>. This encourages us to focus on generating strong returns, while managing risk and limiting losses. If our investors do well, we will do well.

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.

## Investment Team



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**The Affluence Investment Fund is available to all Australian and New Zealand resident investors. If you have any questions about Affluence, the Fund or our investment team, please get in touch.**

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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 28 November 2014.
3. The Fund aims to pay distributions of at least 5% pa paid monthly. Distributions are not guaranteed and may be paid above or below this amount. Distribution yield is calculated using the most recent distribution annualised 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.
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