

Affluence Small Company Fund

ABN 39 402 544 582 | APIR AFX0240AU

Invest
Differently

Information Memorandum and Updates

This document is dated 17 June 2026 and is issued by Affluence Funds Management Limited ABN 68 604 406 297 (AFM). AFM is the trustee and investment manager for the Affluence Small Company Fund (the Fund) and holds Australian financial services licence no. 475940.

This document includes the information memorandum dated 1 April 2019 (IM) and important investor updates issued since the IM. Each of the updates should be read in conjunction with the IM.

The information in this document is up to date at the time of preparation. However, some information can change from time to time. Further information on the Fund including monthly reports is available at www.affluencefunds.com.au/asf/.

The information in this document is general in nature and does not take into account your objectives, financial situation or needs. Therefore, before deciding whether to acquire or continue to hold an investment, you should carefully consider the IM and any updates and assess, with or without your financial advisor, whether the Fund fits your objectives, financial situation or needs.

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Continuous Disclosure Update – September 2021

Change to Key Service Provider

Effective from 1 September 2021, Section 2.3 of the IM is replaced with the following:

2.3 Key Service Providers

AFM has the power to delegate certain activities and has engaged service providers to perform some of those functions. Certain service providers who perform core functions are designated as key service providers.

The only key service provider is Registry Direct Limited ABN 35 160 181 840, who was appointed effective 1 September 2021 to provide certain unit administration and registry software services for the Fund. Prior to that date, Boardroom Pty Limited acted as the Registrar.

Services are provided in accordance with a registry services agreement between AFM and the Registrar. The services agreement sets out the Registrar's obligations to the Fund. AFM monitors the performance of the Registrar on an ongoing basis to determine their compliance with the agreed obligations.

The Registrar is not a related party of AFM, nor does AFM believe that there are any material arrangements with the Registrar that are not on commercial terms or at arm's length.

Investment applications forms (and cheques if applicable) can be posted to:

Affluence Funds Management
GPO Box 112, Brisbane QLD 4001

Change to Customer Service Contact Details

Effective from 1 September 2021, Section 8.1 of the IM is replaced with the following:

8.1 Customer Service

AFM has appointed Registry Direct Limited as the Fund's Registrar. You can set up a user account with Registry Direct which allows you to administer aspects of your investment online.

To enquire about the Fund or your investment, you should contact AFM. See Section 11 for AFM contact details. You can contact AFM by phone between 8:30 am and 5:00pm (Brisbane time), on any Brisbane business day.

Change to Contact Details

Effective from 1 September 2021, Section 11 of the IM is replaced with the following:

11 Corporate Directory

Trustee and Investment Manager

Affluence Funds Management Limited
ABN 68 604 406 297, AFSL 475940
Level 22, 127 Creek Street
BRISBANE QLD 4000

Web: www.affluencefunds.com.au

Telephone: 1300 233 583
(in Australia) +61 7 3010 9276 (international)

Facsimile: +61 7 3054 7082

Email: invest@affluencefunds.com.au

Post: GPO Box 112, BRISBANE QLD 4001

Registrar

Registry Direct Limited
ABN 35 160 181 840
Level 6, 56 Pitt Street
SYDNEY NSW 2000

Web: www.registrydirect.com.au

Telephone: 1300 556 635

Email: registry@registrydirect.com.au

Continuous Disclosure Update – October 2023

Changes to the Investment Strategy of the Fund

For some time after the Fund commenced in 2016, the majority of exposure to ASX Small Companies was achieved by way of investments in unlisted funds run by Underlying Managers.

From late 2020, the investment strategy of the Fund was amended slightly, to allow a portion of the portfolio to be invested directly in ASX Small Companies, in addition to the investments in unlisted funds. We also discontinued the portfolio allocation to the Affluence LIC Fund and instead commenced investing directly in a small number of LICs, with a focus on our highest conviction ideas. These changes were communicated in the monthly Fund report for November 2020. We made those changes due to the extraordinary opportunity set that was available in ASX Small Companies and LICs at that time.

In making the decision to invest a part of the portfolio directly in ASX Small Companies, we focused on two specific areas (in addition to LICs), which aligned with our circle of competence. Those areas of focus were discounted asset plays (including REITs) and listed fund managers. This change in strategy has proven to be beneficial to the Fund, and was a significant factor in the Fund outperforming the ASX Small Ords Index by approximately 10% per annum for the 3 year period to 30 September 2023.

As a result of the market correction underway since early 2022, we have seen smaller companies substantially underperform larger companies. In general, the smaller the company, the greater the underperformance. This has been the case almost irrespective of the underlying fundamentals of specific companies. As a result, we are seeing a wide range of

very attractive opportunities in ASX Small Companies, particularly in the areas where we believe we are best qualified to invest. Accordingly, AFM has recently resolved to make a further change to the investment strategy of the Fund.

The investment strategy has been amended to ensure the Fund always remains predominantly invested in “managed funds and other investment entities”. This means that at least 50% of the non-cash assets of the Fund must be invested in unlisted or listed funds, ETFs or LICs. This will in turn allow for up to 50% of the Fund to be invested directly in ASX Smaller Companies (rather than via funds, ETFs or LICs).

The asset class ranges set out in Section 3.5 of the PDS and below are unchanged, since they are measured with reference to the predominant underlying asset held, regardless of whether it is held directly or via an underlying investment entity.

Asset Class (% of Fund)	Min	Max
ASX Small Companies	50%	100%
Other ASX Listed Securities	0%	50%
Cash	0%	50%
Other Assets	0%	20%

We believe this change in investment strategy will provide more flexibility to be able to take advantage of opportunities now and in the future.

If you have any questions in relation to the Fund or the investment strategy, you can contact us on 1300 233 583 or via email at invest@affluencefunds.com.au.

Continuous Disclosure Update – June 2026

Change to Application and Withdrawal Cut-Off Time

From June 2026, the cut-off time for applications and withdrawals will change from 4.00pm (Sydney time) on the 25th day of each month to the last business day of each month.

Effective from 17 June 2026, the IM is varied as follows:

On page 5, under the heading “Monthly Applications”, the first sentence is replaced with the following:

The application cut-off date is the last Business Day of each month.

On page 5, under the heading “Monthly Withdrawal”, the first sentence is replaced with the following:

- The withdrawal cut-off date is the last Business Day of each month.

On page 7, under the heading “Key dates”, the first line is replaced with the following:

Cut off for applications/withdrawals Last Business Day of each month.

On page 13, under the heading “3.6.4 Liquidity”, the second bullet point is replaced with the following:

Withdrawals are paid approximately 20 days after each cut-off date, to provide time to redeem Fund investments if necessary.

On page 18, under the heading “5.4.1 Application Cut Off Times”, the second and third paragraphs are replaced with the following:

Applications are processed monthly. The application cut-off time is the Last Business Day of each month. We recommend you apply well in advance of the cut-off date in case any additional information is required to finalise your application.

If all required information and application funds are received by the cut-off date, you will be issued units as at the first day of the following month. An investment confirmation will be sent to you by the Registrar approximately 10 days after the end of the month.

On page 19, under the heading “5.5.1 Withdrawal Cut Off Times”, the fourth paragraph is deleted and the first paragraph is replaced with the following:

Withdrawals are processed monthly. The withdrawal cut-off time is the Last Business Day of each month.



Affluence Small Company Fund

Information Memorandum

Dated 1 April 2019 | APIR AFX0240AU

Issued By Affluence Funds Management Limited

ABN 68 604 406 297 | AFSL 475940

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Contact Us

For the answer to any questions you have regarding this Fund, please contact your financial adviser or Affluence Funds Management Limited.



1300 233 583



invest@affluencefunds.com.au



www.affluencefunds.com.au

Important Notice and Disclaimer

Affluence Funds Management Limited ABN 68 604 406 297 ("AFM" or "Affluence") holding Australian Financial Services Licence number 475940 is the trustee and investment manager of the Affluence Small Company Fund ("the Fund") and is the issuer of this Information Memorandum ("IM") and the units offered in this IM. This IM is dated 1 April 2019.

This IM is intended to provide potential investors with information only and does not constitute a product disclosure statement or other disclosure document required by the Corporations Act 2001 (Cth) (Corporations Act). This IM has not been lodged with the Australian Securities and Investments Commission (ASIC) or any other government body. ASIC takes no responsibility for the contents of this IM.

The offer made under this IM is only available for persons who receive this IM as a hard copy or electronically within Australia and who qualify as wholesale clients (as defined in section 761G(7) of the Corporations Act) or sophisticated investors (as defined in section 761GA of the Corporations Act) (collectively, Eligible Investors). AFM will not issue Units in the Fund to a person unless it is satisfied the person is an Eligible Investor.

Neither AFM, nor its related entities, directors, officers, employees or advisors make any promise or representation, or gives any guarantee as to the success of the Fund, income or capital return, taxation consequences of investing, distributions or the amount you will receive on withdrawal.

This IM does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund. This IM must be read in conjunction with the Fund's Constitution, a copy of which is available (free of charge) by contacting AFM by phone on 1300 233 583 or e-mail at invest@affluencefunds.com.au. To the extent there are any inconsistencies between the Constitution and this IM, the Constitution will prevail.

An investment in the Fund is subject to investment and other risks including those specific risks set out in Section 4.

The information contained in this IM is general information only and does not take into account your objectives, financial situation or needs. You should read this IM carefully and assess whether the information is appropriate for you in respect of your objectives, financial situation and needs. If you have a financial or other advisor, we encourage you to talk to them before making an investment decision.

AFM consents to the use of this IM by operators of an administration service or an investor directed portfolio service such as a wrap account, master trust or nominee service (IDPS) that include the Fund on their investment menu.

The information in this IM is up to date at the time of preparation. However, some information can change from time to time. No representation or warranty, express or implied, is given by AFM or any other person as to the accuracy, reliability or completeness of the information contained in this IM. Information may be updated from time to time and made available at www.affluencefunds.com.au/asf/.

A paper copy of any updated information will be provided to you by AFM free of charge upon request.

This IM may be accessed at www.affluencefunds.com.au/asf/. If you have received this IM electronically, AFM will provide a paper copy free of charge to you upon request to AFM by calling 1300 233 583 or e-mailing invest@affluencefunds.com.au.

The IM contains forward looking statements relating to future matters which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied by such statements.

AFM may change any of the terms and conditions of this IM with, in the case of material changes, 30 days notice to investors.

Welcome

Thank you for your interest in the Affluence Small Company Fund.

The Fund provides access to a portfolio of Underlying Managers who primarily invest in ASX Small Companies through unlisted managed funds. We define ASX Small Companies as all ASX listed equity securities outside the S&P/ASX 100 Index.

In addition to ASX Small Companies, the portfolio includes an allocation to ASX listed investment companies through the Affluence LIC Fund, which is managed by AFM. The Fund is also likely to have some exposure through unlisted managed funds to other ASX listed securities and global companies.

The Underlying Managers use a range of different investment styles and investment strategies.

Prices of smaller companies can be more volatile than larger more liquid companies, particularly in market corrections. But there is also evidence that small company fund managers are more likely to outperform larger company fund managers over time. We believe this provides one of the best available opportunities for higher than average long-term returns.

Small companies typically have little analyst coverage, as institutions are unable to deploy meaningful amounts of capital and therefore cannot justify investing in research. This means many smaller companies are under-researched or relatively undiscovered. This can give rise to situations where they trade well below their intrinsic value. Smaller companies also tend to have more opportunities to grow faster than their larger counterparts, which can further improve long term returns.

We target total returns (distributions plus increase in Unit Price) in excess of the ASX Small Ordinaries Index over rolling 5 year periods. We also aim for the Fund to deliver a distribution yield of at least 5% per annum, paid quarterly. In this way, we seek to grow the capital value of your investment over time while also providing a regular income stream.

The Fund's investment philosophy is designed around our core investment values:

- To achieve better than average results, you must invest differently.
- Value investing can deliver excellent long-term returns.
- Investing in markets where there is less competition makes it easier to achieve above-average results.
- Being aware of long-term cycles and seeking to time investments can significantly improve performance.

- A focus on lowering the volatility of returns through diversification provides comfort for investors.
- Long-term success requires a long-term focus, which in turn requires patience and discipline.

The Fund began investing in April 2016 and was first opened to investors in April 2019.

We charge no up-front or ongoing fixed fees for managing the Fund. Instead, we only charge a performance fee, based on the total returns of the Fund. In addition, we bear any administration costs of the Fund above 0.25% per annum. The Underlying Managers we invest with also charge fees for their services.

As with all investments, there are risks. We try to minimise these where possible, but there are no guarantees as to the success of the Fund, income or capital return, taxation consequences of investing, distributions or the amount you will receive on withdrawal.

If you are a patient investor with at least a 5 year investment horizon, we encourage you to consider investing alongside us in the Affluence Small Company Fund. In doing so, please read this IM carefully and consult your financial or other adviser if you have one, to ensure the Fund is appropriate for your objectives, financial situation and needs.

Yours faithfully,



Daryl Wilson
CEO/Portfolio Manager



Greg Lander
Portfolio Manager

1. Key Features

The table below provides a summary of the key features of the Fund. It is not intended to be exhaustive. For more detailed information, refer to the relevant Section of the IM. You should read this IM in its entirety to make an informed decision about whether to invest in the Fund.

Feature	Section
Fund	2.2
<p>The Affluence Small Company Fund is an unregistered managed investment scheme.</p> <p>ABN 39 402 544 582 APIR AFX0240AU</p>	
Commencement Date	2.2
<p>April 2016</p>	
Trustee and Investment Manager	3.1
<p>Affluence Funds Management Limited (AFM, Trustee, Investment Manager, we or us). ABN 68 604 406 297 AFSL 475940</p>	
Investment Objective	3.3
<p>The Fund aims to provide you with:</p> <ul style="list-style-type: none"> • Access to a diversified portfolio of predominantly ASX Small Companies. • A total annualised return (distributions plus increase in Unit Price) after all fees and costs in excess of the ASX Small Ordinaries Index over rolling 5 year periods. • A minimum distribution yield of 5% per annum, paid quarterly. • Volatility of returns which is less than the ASX Small Ordinaries Index, measured over rolling 5 year periods. 	
Investment Strategy	5.2
<p>The Fund provides access to a portfolio of Underlying Managers who primarily invest in ASX Small Companies through unlisted managed funds.</p> <p>In addition to ASX Small Companies, the portfolio includes an allocation to the Affluence LIC Fund, which is managed by AFM. The Fund is also likely to have some exposure through unlisted managed funds to other ASX listed securities and global companies.</p> <p>The Underlying Managers use a range of different investment styles and investment strategies.</p> <p>AFM use a number of processes to identify potential investments.</p>	
Investment Timeframe	3.5, 3.6
<p>You may wish to consider an investment in the Fund after consulting your financial or other adviser if you are a patient, long term investor with a potential investment timeframe of at least 5 years.</p>	
Investment Portfolio and Investment Limits	3.5, 3.6
<p>The Fund is likely to hold a range of investments at any given time, predominantly focused on ASX Small Companies.</p> <p>The Fund predominantly invests through unlisted managed funds. The Fund may also invest in other listed or unlisted investments and cash. The Fund may also invest in exchange traded options and exchange traded funds from time to time, to provide exposure to certain asset classes and for hedging purposes.</p> <p>The Fund has investment limits and other processes in place to help manage risk.</p>	

Feature		Section
Risks of Investing in the Fund	<p>As with all investments, an investment in the Fund is subject to risks. If these risks eventuate, they may result in a reduction in the value of your investment in the Fund and/or a reduction or cessation of distributions. Distributions are not guaranteed, nor is the return of your capital.</p> <p>The returns of the Fund will be impacted by market cycles, particularly movements in the prices of ASX Small Companies. Other key risks include volatility and asset class concentration risk, economic and market risk, legal and regulatory risk, manager and key person risk and liquidity risk.</p> <p>AFM aims where possible to actively manage risks. However, some risks are outside our control.</p>	4
Reporting and current Fund information	<p>As an investor in the Fund, you will receive:</p> <ul style="list-style-type: none"> • A monthly Fund report commenting on the Fund's performance and portfolio. • Quarterly distribution advices and annual investment statements. • An annual tax statement to assist in preparing your tax return. <p>Fund reports and other updates are published on the Fund's web page at www.affluencefunds.com.au/asf/.</p>	8.2
Eligible Investors	<p>Units in the Fund will only be offered to 'wholesale clients' as defined in section 761G (7) of the Corporations Act and 'sophisticated investors' as defined in section 761GA of the Corporations Act.</p>	5.1
Minimum Amounts ¹	<p>The following minimum amounts apply to direct investors in the Fund:</p> <p>A minimum initial investment of \$20,000.</p> <p>Minimum additional investments of \$1,000.</p> <p>A minimum withdrawal of \$10,000.</p> <p>A minimum balance of \$10,000.</p>	5.4, 5.5
Unit Price	<p>Unit Prices are calculated monthly.</p>	5.3
Monthly Applications	<p>The application cut-off time is 4.00pm (Sydney time) on the 25th day of each month.</p> <p>Applications received prior to the application cut-off time will be processed as at the first day of the following month.</p>	5.4.1
Monthly Withdrawals	<p>The withdrawal cut-off time is 4.00pm (Sydney time) on the 25th day of each month.</p> <p>Withdrawal requests received prior to the withdrawal cut-off time will usually be paid to you approximately 20 days after the end of the month.</p> <p>In extreme cases, withdrawals may be limited or suspended.</p>	5.5

1. AFM reserves the right to vary minimum amounts. IDPS investors should contact their IDPS operator for minimum transaction and balance requirements, reinvestment policies, fees and other cost information.

Feature		Section
Distributions	<p>Distributions are paid quarterly and are able to be reinvested. Distributions will include an entitlement to any franking credits received by the Fund on its investments.</p> <p>If no option is chosen on the application form or no bank account details are provided for payment, distributions will be automatically reinvested. Distributions are not guaranteed, nor is the return of your capital.</p>	5.6
Management Fees	AFM does not charge a fixed ongoing fee for management of the Fund.	6
Performance Fee	AFM is entitled to receive a performance fee of 12.5% of any cumulative positive total returns delivered to investors in the Fund after recovery of any previous underperformance. The performance fee is calculated and paid monthly in arrears from the assets of the Fund.	6
Other Costs	<p>Administrative costs of the Fund (excluding fees) of up to 0.25% per annum of net asset value are paid by or recovered from the Fund by AFM. Any excess above this amount is borne by AFM. The Fund may also incur abnormal costs from time to time.</p> <p>Underlying Managers charge fees and recover costs on investments made by the Fund. These are estimated to range between 1.20% and 3.10% per annum (including performance fees) of the net asset value of the Fund, depending on the performance of the investments and asset allocation of the Fund. These fees are not charged directly to you or the Fund, but are reflected in the performance of the investments of the Fund.</p>	6
Indirect Cost Ratio	<p>The total of fees plus other costs paid directly and indirectly by the Fund (the indirect cost ratio) will depend on the performance fees charged by AFM and Underlying Managers, which in turn is based on the performance of the Fund and investments respectively.</p> <p>Fees and costs are estimated and are subject to change.</p>	6
Buy/Sell Spread	<p>The buy and sell spreads represent AFM's estimate of the relevant transaction costs associated with implementing applications and withdrawals. They may change from time to time.</p> <p>A buy spread of 0.35% is added to the Unit Price for applications.</p> <p>A sell spread of 0.35% is subtracted from the Unit Price for withdrawals.</p>	5.3.3, 6.3.8
Entry/Exit Fees	There are no entry or exit fees.	

How to Invest

Eligible Investors

You can apply online at www.affluencefunds.com.au/asf.

OR

Complete the relevant forms in the Application Pack.

Application Instructions



Read the IM

You should read the IM in full and assess, with or without a financial or other advisor, whether the Fund is appropriate for you given your objectives, financial situation and needs. Application Forms and Investor Identification Forms are contained within the Application Pack which is provided with this IM. Alternatively, forms may be obtained from www.affluencefunds.com.au/asf/ or by calling AFM on 1300 233 583.



To add to an existing Fund investment

To add to an existing investment, complete the Application Form – Additional Investment.



New investors complete the Eligibility Form and the appropriate Application Form

If the applicant has not invested in the Fund previously, complete the relevant Eligibility Form and Application Form. Refer to the Application Pack for detailed instructions.



New investors must provide Identification Documents

If the applicant has not invested in an Affluence fund previously, they must provide certified copies of the relevant Identification Documents. Refer to the Application Pack for detailed instructions.



Pay the investment amount by cheque or direct deposit

Cheque

Cheques should be either Australian bank cheques or drawn on an Australian domiciled account in the name of the applicant and made out to AFFLUENCE FUNDS MANAGEMENT LIMITED ATF ASF APPLICATIONS.

Direct Deposit

If you would like to make payment by direct deposit, instructions and bank account details can be found on the Application Form.



Post your forms (and cheque if applicable)

Mail to the Fund's registrar: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Key dates¹

Cut off for applications/withdrawals

25th of each month²

Unit pricing

Last Business Day of each month

Distribution payments

10th of the month after each quarter²

Investment confirmations dispatched

10th of each month²

Withdrawal payments

20th of each month²

1. All dates are indicative and subject to change.

2. Or the prior Business Day if this date is not a Business Day.

Incomplete applications

If for any reason, AFM is unable to process your application (e.g. if the application form is incorrectly completed or we have not received all required identification documents or the application monies in full), we may at our absolute discretion delay your application and request you to rectify any deficiencies in your application or return your application monies.

2. Fund Overview

2.1 Fund Structure

The Fund is an Australian unit trust and an unregistered managed investment scheme.

The Fund is governed by a constitution (see Section 9.1), this IM, the Corporations Act and other laws such as the general law relating to trusts.

Investors in the Fund are issued with units. Each unit gives the investor a beneficial interest in the assets of the Fund. We may issue more than one class of units in the Fund with differing rights. As at the date of this IM there are only ordinary class units on issue.

If AFM considers it to be in the best interests of investors in the Fund, AFM may apply to register the Fund with ASIC at a future date, and to make it available to retail investors (as defined in the Corporations Act).

If AFM considers it to be in the best interests of investors in the Fund, AFM may list the Fund on the ASX at a future date. Fund investors would then have the 'market' determine security price rather than units being purchased and sold in accordance with the Fund's unit pricing policy. If this were to occur, AFM intends to offer all current investors the opportunity to redeem units at the then current Unit Price, prior to listing. Upon listing, applications and withdrawals from the Fund would cease with all purchases and sales of units occurring by trading on the ASX.

2.2 Trustee and Investment Manager

AFM is the trustee and investment manager of the Fund. We hold AFS licence no. 475940, issued by ASIC, which authorises us to operate the Fund.

AFM was founded in 2015 by Daryl Wilson. Entities associated with Daryl Wilson and Greg Lander hold a material interest in AFM.

Daryl and Greg are the key persons managing the Fund. Both Daryl and Greg spend the majority of their time managing the investment portfolios of the Fund and other AFM managed funds. There have been no adverse regulatory findings against AFM, Daryl Wilson or Greg Lander.

2.2.1 Daryl Wilson - CEO/Portfolio Manager

Daryl has overall responsibility for investment and funds management activities at AFM. Daryl was responsible for setting up the Fund in 2016 and is co-manager of the Fund investment portfolio.

Daryl has experience across all aspects of funds management including investment, operations and capital raising.

Prior to forming AFM, Daryl was a Director of Cromwell Property Group, an ASX-listed property and fund manager, for over 15 years.

From 2008 until 2015, Daryl was responsible for Cromwell's unlisted funds management business, which created and managed investment funds worth over \$1 billion and delivered impressive returns for the thousands of investors in these funds.

Daryl holds a Bachelor of Commerce, a Diploma of Financial Planning and is a member of the Institute of Chartered Accountants.

2.2.2 - Greg Lander - Portfolio Manager

Greg joined AFM in 2015. Greg is co-manager of the Fund investment portfolio. He is primarily responsible for analysing new investment opportunities, asset allocation, fund analysis, performance reporting, and investment management.

Prior to joining AFM, Greg was employed by Cromwell Property Group for over 9 years. During this time, he held a range of positions including fund analyst, transactions analyst and investment strategist.

Greg holds a Bachelor of Applied Science (Property Economics) and is a registered property valuer.

2.3 Key Service Providers

AFM has the power to delegate certain activities and has engaged service providers to perform some of those functions. Certain service providers who perform core functions are designated as key service providers.

At the date of this IM the only key service provider was Boardroom Pty Limited who was appointed as the Registrar to manage the Fund unit registry.

The Registrar is an Australian subsidiary of Boardroom Limited, which is listed on the Singapore Exchange.

Boardroom Pty Limited is Australian domiciled, is one of Australia's leading providers of registry and associated professional services and has been providing these services in Australia for over 30 years.

The Registrar provides unit administration and registry services for the Fund including processing application, withdrawal and distribution payments. Services are provided in accordance with a registry services agreement between AFM and the Registrar. The services agreement sets out the Registrar's obligations to the Fund. AFM monitors the performance of the Registrar on an ongoing basis to determine their compliance with the agreed obligations.

The Registrar is not a related party of AFM, nor does AFM believe that there are any material arrangements with the Registrar that are not on commercial terms or at arm's length.

2.4 Current Fund Information

Up to date information on the Fund including details of the Fund strategy, performance, portfolio, unit pricing and distributions can be found on the Fund page of the AFM website at www.affluencefunds.com.au/asf/.

Additional information on Fund and investor reporting is in Section 8.

3. Investment Objective and Process

3.1 Investment Objective

The Fund aims to provide you with:

- Access to a diversified portfolio of predominantly ASX Small Companies.
- A total annualised return (distributions plus increase in Unit Price) after all fees and costs in excess of the ASX Small Ordinaries Index over rolling 5 year periods.
- A minimum distribution yield of 5% per annum, paid quarterly.
- Volatility of returns which is less than the ASX Small Ordinaries Index, measured over rolling 5 year periods.

In setting the Fund's investment objectives, we seek to provide you with an attractive combination of:

- Total returns which exceed that of the ASX Small Ordinaries Index.
- Access to some of the best small company investment managers in Australia.
- Reasonable, consistent distributions.

3.2 Investment Philosophy

The Fund's investment philosophy is designed around our core investment values:

- To achieve better than average results, you must invest differently.
- Value investing can deliver excellent long-term returns.
- Investing in markets where there is less competition makes it easier to achieve above-average results.
- Being aware of long-term cycles and seeking to time investments can significantly improve performance.
- A focus on lowering the volatility of returns through diversification provides comfort for investors.
- Long-term success requires a long-term focus, which in turn requires patience and discipline.

We have a strong value and contrarian focus. While

the Fund will hold investments that pursue different strategies, it is likely the portfolio will always have a bias towards value investing.

3.3 Investment Strategy

The Fund provides access to a portfolio of Underlying Managers who primarily invest in ASX Small Companies through unlisted managed funds. We define ASX Small Companies as all ASX listed equity securities outside the S&P/ASX 100 Index.

In addition to ASX Small Companies, the portfolio includes an allocation to ASX listed investment companies and trusts (LICs) through the Affluence LIC Fund, which is managed by AFM. The Fund is also likely to have some exposure through unlisted managed funds to other ASX listed securities and global companies.

The Underlying Managers use a range of different investment styles and investment strategies.

Prices of smaller companies can be more volatile than larger more liquid companies, particularly in market corrections. But there is also significant evidence that small company fund managers are more likely to outperform larger company fund managers over time. We believe this provides one of the best available opportunities for higher than average long-term returns.

Small companies typically have little analyst coverage, as institutions are unable to deploy meaningful amounts of capital and therefore cannot justify investing in research. This means many smaller companies are under-researched or relatively undiscovered. This can give rise to situations where they trade well below their intrinsic value. Smaller companies also tend to have more opportunities to grow faster than their larger counterparts, which can further improve long term returns.

The Fund can also hold cash and may invest in other listed or unlisted investments. The Fund may also invest in exchange traded options and exchange traded funds from time to time, to provide exposure to certain asset classes and for hedging purposes.

The key dependency underpinning the investment strategy is the research, analysis, skill and experience of AFM and the key investment staff.

3.4 Investment Process

AFM seeks to achieve the Fund's investment objective by choosing attractively priced investments overseen by quality Underlying Managers. We use a number of processes to identify potential investments, including screening for historical performance, volatility and other criteria. We use many information sources to assist in this process.

An investment assessed as having potential for inclusion in the portfolio must pass through a number of hurdles. These include an analysis of historical performance, due diligence, a review of key service providers and a qualitative assessment of the

Underlying Manager and their investment style.

In assessing suitable investments, AFM will place particular emphasis on the factors displayed below. If the outcome of these processes is positive, the investment is considered acceptable for inclusion within the investment portfolio.

Underlying Managers and investments chosen for the portfolio need not meet all the below criteria, and some criteria carry higher weightings than others.

When making an assessment, AFM gives greater weight to qualitative factors than quantitative factors. This invariably means there is a degree of subjective judgment involved.

1

QUANTITATIVE ASSESSMENT OF THE MANAGER'S HISTORICAL PERFORMANCE

We prefer managers who:

- Have outperformed a fair benchmark over a reasonably long timeframe.
- Have outperformed to a greater degree in down markets compared to an appropriate benchmark.
- Have delivered acceptable total returns over a reasonably long timeframe.

+

2

QUALITATIVE: MANAGER OPERATES IN THE RIGHT ENVIRONMENT

People - We prefer managers who:

- Are operating in a boutique environment.
- The investment team have an extensive history together and are responsible for the track record.
- Have a stable team around them.
- Display appropriate personal traits.
- Have a significant personal investment in the strategy and/or manager.

Process - We prefer managers who:

- Have a repeatable investment process.
- Have a strong risk management focus.
- Have a demonstrable competitive advantage (niche asset class, wide asset allocation discretion, unconstrained strategy).
- Strategy is capacity constrained.

Operational - the investment must:

- Use appropriate key service providers.
- Be domiciled in Australia.

3.5 Asset Allocation

The Fund may invest in a wide range of assets, including cash, listed and unlisted trusts, listed and unlisted companies, and other listed and unlisted securities. These investments may provide access to a wide range of investment strategies and investment styles.

The Fund invests primarily through unlisted managed funds. We measure asset allocation with reference to the predominant underlying asset class held by each fund. The Fund's range of allocations to each asset class as a percentage of the total assets are set out below.

Asset Class (% of Fund)	Min	Max
ASX Small Companies	50%	100%
Other ASX listed securities	0%	50%
Cash	0%	50%
Other Assets	0%	20%

Asset allocation will change over time within the asset allocation ranges depending on AFM's views of the relative value of investments, compared to alternatives. When constructing a portfolio, AFM seeks to tilt the portfolio towards those investments that we have the highest conviction can deliver the best risk adjusted returns.

The weighting of each asset class the Fund holds can at times change significantly due to factors outside AFM's control such as market movements or changes in the price of an individual investment. Where such changes occur and the Fund moves outside its asset allocation ranges or an investment limit, AFM will seek to re-balance the portfolio as soon as practicable, provided it is not, in AFM's reasonable opinion, detrimental to the Fund.

AFM does not expect the investment strategy, asset allocation ranges or investment limits to change. If there are significant changes then you will be given 30 days notice of any such changes and the reasons for it.

The portfolio includes an allocation to the Affluence LIC Fund, which is managed by AFM. The Affluence LIC Fund is a managed investment scheme that invests predominantly in LICs. The Affluence LIC Fund typically holds 20 to 35 investments in addition to cash and may also use exchange traded derivatives to provide exposure to certain asset classes from time to time and to manage risk.

Through this investment, the Fund can access a portfolio of listed investments run by quality investment managers. The Affluence LIC Fund also

seeks additional returns through purchasing LICs trading at greater than average discounts to net asset value and selling when the discount to net asset value is removed or reduced.

At the date of this IM, the allocation to the Affluence LIC Fund is 20% of the total assets of the Fund.

AFM waives or sets-off any additional fees in respect of the Fund investment in the Affluence LIC Fund, so that investors only bear the fees set out in Section 6.

3.6 Risk Management

AFM has investment limits and other processes in place to manage risk. Some of these are outlined below. Not all risk can be eliminated. Further detail about the risks of investing in the Fund is set out in Section 4.

AFM may change investment limits from time to time.

3.6.1 Managing Volatility

The prices of ASX Small Companies can be volatile, particularly in market corrections. AFM seeks to achieve volatility of returns which is less than the ASX Small Ordinaries Index, measured over rolling 5 year periods, by:

- Maintaining a diversified investment portfolio including some investments which may outperform in falling markets.
- Seeking to invest with some Underlying Managers who have demonstrated a capacity to outperform a fair benchmark in unfavourable market conditions.
- Holding some portfolio protection from time to time by investing in derivatives such as exchange traded put options.
- Having the ability to hold up to 50% cash.

3.6.2 Diversification

From the date of this IM, it is our intention to expand the number of investments held by the Fund. To ensure appropriate diversity of Underlying Managers, from 1 July 2019 no more than 20% of the Fund will be invested with any one external Underlying Manager, excluding other funds managed by AFM.

3.6.3 Offshore Listed Entities

The Fund generally does not invest in funds domiciled outside Australia, although some investments do access or have exposure to offshore assets, markets, currencies or funds. AFM take this into account when assessing potential investments.

3.6.4 Liquidity

Although the Fund is likely to hold some cash and liquid investments, a substantial proportion of the portfolio comprises investments in unlisted funds which offer liquidity only monthly. The Fund may also invest in some assets which offer liquidity less often. For this reason, AFM does not expect to be able to realise at least 80% of the Fund assets at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

To appropriately manage liquidity through the investment cycle:

- The Fund processes applications and withdrawals monthly.
- Withdrawals are paid approximately 25 days after each cut-off date, to provide time to redeem Fund investments if necessary.
- AFM targets at least 50% of Fund assets to be held in cash or investments that can be realised within 25 days of the next withdrawal cut-off date.
- AFM targets at least 80% of Fund assets to be held in cash or investments that can be realised within 90 days of the next withdrawal cut-off date.

3.6.5 Leverage

The Fund does not borrow directly.

Some investments the Fund holds will have exposure to leverage, through borrowings, derivatives or short selling. The Fund does not have any limits on underlying leverage either across all underlying investments or for individual investments.

In assessing a potential investment, we take into account the level of any leverage used by the Underlying Managers and the potential impact of that leverage on returns, risk and volatility of the investment.

The risks to the Fund in its exposure to leverage via its underlying investments are set out in Section 4.3.7.

3.6.6 Derivatives

The Fund may use derivatives to provide exposure to certain asset classes from time to time and to manage risk. Derivatives used are exchange traded options and exchange traded funds.

To ensure appropriate risk management:

- The notional value of derivatives held by the Fund (the maximum loss the derivatives expose the Fund to) will be limited to no more than 10% of

the net assets of the Fund.

- Net derivative positions which require any future commitment must be backed by cash, outstanding settlements or assets that can be readily converted to cash in a timeframe sufficient to meet all potential obligations.
- Processes are in place to monitor derivatives exposure for the Fund and investments to ensure an understanding of total capital at risk.

The Fund may also have exposure to derivatives through some investments. The Fund does not have any limits on the types of derivatives or level of exposure to derivatives used by underlying investments. However, in assessing a potential investment, we take into account the type and level of exposure to derivatives on returns, risk and volatility of the investment.

The risks to the Fund in using derivatives are set out in Section 4.3.5.

3.6.7 Short Selling

The Fund does not engage in short selling.

The Fund may have exposure to short selling through some investments. The Fund does not have any limits on the level of short selling either across the Fund or for individual investments. However, in assessing a potential investment, AFM will take into account the level of any short selling and the potential impact of those activities on returns, risk and volatility of the investment.

The risks to the Fund in its exposure to short selling via its underlying investments are set out in Section 4.3.8.

4. Investment Risks

4.1 Risk Objective

An investment in the Fund is subject to various risks. The risks outlined in this Section are not exhaustive, but we consider them to be the key risks of investing in the Fund. If these risks eventuate, they may result in a reduction in the value of your investment in the Fund and/or a reduction or cessation of distributions.

Where applicable, information is included on how we aim to manage risks. However risks cannot be avoided altogether, and some risks are completely outside our control.

You should read and consider the entire IM, your attitude towards risk in general and other factors such as your age and where other parts of your wealth are invested when considering an investment in the Fund. You should also consider obtaining professional investment advice that is tailored to your investment objectives, financial situation and particular needs.

The returns of the Fund will be impacted by market cycles, particularly movements in the prices of ASX Small Companies. Distributions and returns are not guaranteed nor is the return of your capital.

4.2 General Risks

These risks relate to many different types of investments, including the Fund.

4.2.1 Economic and Market Risk

The performance of the Fund will be impacted by changing economic and market conditions. These may include movements in interest rates, currency exchange rates, securities (stock) markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

4.2.2 Legal and Regulatory Risk

Changes in laws, regulations or government policy could have a negative impact on the performance of the Fund.

4.2.3 Fund Risk

Risks associated with most managed funds include that the Fund could terminate before the end of the recommended investment period, fees and expenses charged for managing the Fund could change, and the trustee, investment manager or key investment staff could change.

Also, investing in the Fund could give different results than investing in the same investments individually because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors.

4.3 Specific Risks

These risks relate specifically to investing in the Fund.

4.3.1 Volatility and Asset Class Concentration Risk

The Fund is expected to have exposure to many investments and Underlying Managers and will, therefore, provide some diversification.

However, the investments will be heavily weighted towards ASX Small Companies and will be impacted by overall returns from ASX Small Companies, which can be volatile.

While AFM aims to manage this volatility using the strategies set out in Section 3.6.1, returns are likely to vary substantially over time.

The Fund investment strategy requires patience and a long-term focus from both AFM and investors in the Fund. For these reasons, AFM considers the Fund is best suited to investors who are a patient, with an investment timeframe of at least 5 years.

4.3.2 Individual Investment Risk

Individual investments the Fund makes, and the underlying securities those investments own or are exposed to, can and do rise and fall in value for many reasons. A change in the value of any Fund investment will impact the value of a unit in the Fund.

We seek to manage this risk by limiting maximum allocations to any one investment, diversifying appropriately and taking expected volatility into account when assessing investments.

4.3.3 Manager and Key Person Risk

An investment in the Fund means that an investor is delegating relevant investment decisions to AFM.

The success of the Fund therefore depends on the competency of AFM and its ability to identify investment opportunities which achieve the Fund's objective.

AFM relies on a small investment team. In addition, Daryl Wilson is a key person for the purposes of AFM's AFSL.

How the Fund performs depends partly on the performance of AFM and key investment staff, and to a degree, the Underlying Managers. There is a risk that the Fund will not, in any period, perform as well as similar funds or achieve the investment objective.

Also, AFM, key investment staff or Underlying Managers could change, and this could impact the performance of the Fund.

4.3.4 Asset Allocation Risk

The Fund has wide asset allocation ranges. This provides significant discretion to us in making investments and is intended to allow us to take advantage of what we believe are the best investment opportunities at any given time. However, this brings with it a wider range of potential outcomes for the Fund, including the risk of worse performance compared to similar but more constrained funds run by other managers.

We seek to limit this risk by seeking significant diversification through a range of Underlying Managers.

4.3.5 Derivative Risk

The Fund or Underlying Managers may use derivatives such as exchange traded options to manage risk or to gain exposure to certain assets.

A derivative is a financial instrument that derives its value from the price of another asset. Losses may occur when there is an adverse movement in the price or value of the asset underlying the derivative.

Other risks associated with using derivatives include the value of the derivative failing to move in line with the value of the underlying asset, reduced liquidity in the derivative, or the holder or a counterparty not being able to meet payment obligations when they arise.

We utilise the risk management procedures set out in section 3.6.6 to assist in managing exposure to, and the risks associated with, derivatives.

4.3.6 Currency Risk

The Fund may hold some investments that have exposure to foreign currencies through assets, earnings or borrowings held in foreign countries.

The values of these investments may be impacted by currency fluctuations.

Changes in foreign currency rates could have both positive and negative impacts on the Fund.

Currency hedging strategies may be used by the Fund or Underlying Managers to reduce these risks, but the Fund would rarely use such strategies and the impact of foreign exchange fluctuations cannot be completely eliminated.

4.3.7 Leverage Risk

The Fund does not expect to borrow directly. However, some investments will have direct or indirect exposure to borrowings and/or other strategies such as short selling or the use of derivatives, which increase leverage.

Borrowing or leverage enhances the potential for both increases and reductions in distributions and Fund returns.

Risks associated with borrowing or leverage include falls in asset values or income are exacerbated, failure to refinance or repay debt when due, breaches of loan terms leading to adverse actions by a lender or facility provider, increases in interest rates and failure of a counterparty to meet their obligations under a contract.

AFM takes into account the level of any underlying borrowings or leverage and the potential impact of leverage on returns, risk and volatility when assessing any investment.

4.3.8 Short Selling Risk

The Fund will not engage in short selling directly. However, the Fund may have exposure to short selling through some of its investments.

Short selling is a strategy that aims to generate returns from a fall in the value of an investment. This strategy can be used with a view to producing positive investment returns irrespective of the direction of markets. This can assist to reduce market risk and protect investment returns.

Risks associated with short selling include the potential for large losses in proportion to the money invested, counterparty risk, and high implementation and holding costs.

In assessing and monitoring an investment, we consider the level of any short selling and the potential impact of those activities on returns, risk and volatility of the investment.

4.3.9 Liquidity Risk

The Fund usually holds a substantial portion of its portfolio in funds that are not exchange traded. Each of these funds offer applications and withdrawals at specified times. This may be daily, weekly, monthly or less often. Some of these funds also require minimum notice periods for withdrawals.

In addition, some exchange traded investments the Fund holds may not be actively traded or may only usually be traded in relatively small volumes. Such securities may not be bought or sold quickly or in higher volumes, without some adverse impact on the price obtained.

There is also a risk that one or more investments might suspend withdrawals.

All these risks could impact portfolio liquidity. A reduction in portfolio liquidity can impact the ability of the Fund to satisfy withdrawal requests, particularly in periods of market volatility or when a large volume of withdrawals are requested.

We monitor the liquidity of investments and utilise the risk management procedures set out in section 3.6.4 to assist in managing portfolio liquidity.

4.3.10 Withdrawal Risk

The Fund offers applications and withdrawals monthly. Factors such as a reduction in portfolio liquidity or distributions, adverse market movements or an increase in withdrawal requests can negatively impact the ability of the Fund to provide withdrawals.

Also, since the withdrawal price is calculated based on the Unit Price at the time a withdrawal is processed, not on the day the withdrawal request is received, the withdrawal price may be higher or lower than the withdrawal price at the time the withdrawal request was made.

We seek to manage withdrawal risk by monitoring and managing portfolio liquidity, encouraging investors to take a long-term view, reducing the volatility of returns and seeking a wide spread of investors into the Fund to limit the impact if one or a few investors wish to withdraw.

4.3.11 Operational Risk

Interruptions in business resources such as information technology or other factors such as a failure of operational controls may impact day to day operation of the Fund. This could result in processing delays and temporary or permanent impacts on the performance of the Fund.

AFM seeks to reduce this risk by having procedures in place to monitor and manage human resource, information technology and financial business risks.

4.3.12 Underlying Manager and Service Provider Risk

AFM and most Underlying Managers appoint a number of service providers to carry out certain activities.

Losses may arise from the actions of one or more of these service providers or Underlying Managers failing to perform assigned functions, failure to act, failure to deliver on contractual obligations, misconduct, fraud or insolvency and this may impact the performance of the Fund.

4.3.13 Litigation Risk

The Fund may be involved in disputes or litigation. A material dispute or legal action could adversely affect the value of the assets or the income of the Fund.

4.3.14 Counterparty Risk

There is a risk that a counterparty to a transaction or contract (including an Underlying Manager or a service provider) may fail to perform their agreed obligations or tasks and this could lead to losses for the Fund.

5. Investing and Withdrawing

5.1 Eligible Investors

The Fund is only open to 'wholesale clients' and 'sophisticated investors' for the purposes of the Corporations Act (Eligible Investors).

An investor is a wholesale client for the purposes of section 761G (7) of the Corporations Act, where any one of the following applies:

- The investor's investment is \$500,000 or more.
- The investor provides an accountant's certificate stating that the investor has net assets of at least \$2.5 million or has earned at least \$250,000 income in each of the last two financial years.
- The investor is a 'professional investor' (including those that hold an AFSL, are APRA regulated or have at least \$10 million worth of assets).

The investor is a 'sophisticated investor' for the purposes of section 761GA of the Corporations Act if AFM is satisfied on reasonable grounds that the investor has suitable previous experience in financial products, subject to certain conditions.

Notwithstanding the above, AFM will not accept applications from any person, corporation or entity (whether directly or through a custodian, nominee or trustee) which cannot acquire or hold units in the Fund without violating laws or regulations applicable to it or would cause the Fund to be in breach of the laws or regulations which apply to it.

The Application Pack includes details of the information we will require to accept your investment. Applications will not be accepted from any person who is not assessed by AFM as being an Eligible Investor.

5.2 Investment Timeframe

The Fund investment strategy requires patience and a long-term focus from both AFM and investors in the Fund. The returns of the Fund will be impacted by market cycles, particularly movements in the prices of ASX Small Companies. For these reasons, you may wish to consider an investment in the Fund after consulting your financial or other adviser if you are a patient, long term investor with a potential investment timeframe of at least 5 years.

5.3 Unit Pricing

The value of a unit in the Fund will vary as the value of the Fund's assets and liabilities rises and falls. The number of units issued to you on application for units in the Fund and the number of units redeemed when you withdraw money from the Fund will depend on the Unit Price calculated for the relevant day.

You can obtain Unit Prices online at www.affluencefunds.com.au/asf/, by contacting your financial or other adviser or by contacting AFM.

If you invested via an IDPS, you can obtain Unit Prices from the IDPS operator.

5.3.1 Unit Pricing Methodology

Issue and withdrawal prices for units in the Fund are usually calculated each month in accordance with the Constitution and our unit pricing discretions policy. You can request, free of charge, a copy of that policy and the record of any discretions exercised outside of the policy by contacting AFM.

Unit Prices are calculated by:

- Determining the net asset value of the Fund, which is calculated by deducting the value of the Fund's liabilities from the value of its assets, calculated in accordance with the Constitution and unit pricing discretions policy.
- For the issue price, dividing the net asset value of the Fund by the number of units on issue and adding the buy spread.
- For the withdrawal price, dividing the net asset value of the Fund by the number of units on issue and subtracting the sell spread.

Exchange traded assets are usually valued at their most recent market value, using independent pricing sources, where available.

Generally investments that are not exchange traded will be valued based on information provided by the Underlying Manager of that investment including published unit prices.

Some investments that are not exchange traded may calculate unit prices less frequently than daily (for example, weekly, monthly or quarterly). If that is the case, the value of the investment will be calculated by AFM based on the most recent information available from the Underlying Manager.

Underlying Managers may or may not use independent fund administrators or valuation service providers. AFM does not require Underlying Managers to use independent service providers.

The Fund's assets may include accrued income not yet received from investments. The Fund's liabilities may include Fund costs and fees accrued, but not yet paid.

5.3.2 Valuation Policy

The Fund does not employ the services of an independent valuation service provider. However, AFM has established and follows robust valuation procedures and related party/conflict of interest procedures. AFM believes the risk of a lack of independence in valuing the Fund's assets together with any related party conflicts that may arise are appropriately addressed by AFM's valuation procedures and related party/conflict of interest procedures.

5.3.3 Buy/Sell Spreads

The unit issue price includes a buy spread. The unit withdrawal price includes a sell spread. The buy and sell spreads reflect the amount of transaction costs AFM estimates will be incurred in buying and selling the Fund's assets as a result of an application or withdrawal.

The purpose of the buy and sell spreads is to ensure that those investors transacting in the Fund's units proportionately bear the costs of buying and selling assets as a result of their transaction.

The buy and sell spreads are retained by the Fund to pay for transaction costs and are not paid to AFM. As the buy and sell spreads reflect AFM's estimate of transaction costs, they are subject to change from time to time. Refer to Section 6.3.8 for further information.

5.4 Applications

5.4.1 Application Cut Off Times

Application forms along with application funds and any required identification documents should be sent to the Registrar.

Applications are processed monthly. The application cut-off time is 4.00pm (Sydney time) on the 25th of each month. This provides sufficient time for any application

cheques to be cleared prior to the end of the month. We recommend you apply well in advance of the cut-off date in case any additional information is required to finalise your application.

If all required information and application funds are received by the cut-off time, and application funds have been cleared prior to the end of a month, you will be issued units as at the first Business Day of the following month. An investment confirmation will be sent to you by the Registrar approximately 10 days after the end of the month.

Application forms and investment funds received after the cut-off time are taken to be received on the next Business Day and will be processed the following month.

Your application monies are held in a trust account until your units are issued. Any interest earned on application funds is paid to the Fund.

5.4.2 How To Apply

You can apply online or complete the relevant application form within the Application Pack available from AFM at www.affluencefunds.com.au/asf/. If you have not previously invested in a fund managed by AFM, you may also be required to provide certified copies of relevant identification documents.

Initial investments must be a minimum of \$20,000. Payment of application funds can be made by way of cheque or electronic funds transfer

Additional investments of at least \$1,000 can be made by completing an additional investment application form and returning it, along with payment via cheque or electronic funds transfer.

An application will not be accepted until payment has been received in full in cleared funds.

Refer to the Application Pack for further information on how to apply.

AFM reserves the right to establish higher or lower minimum investment amounts or minimum balances than those stated in this IM, or to accept or decline part or all of any application.

To assist in maintaining MIT status for tax purposes, AFM does not intend to allow any Australian resident investor and their associates to hold 20% or more or any individual non-resident investor and their associates to hold 10% or more of the units on issue in the Fund at any time.

5.4.3 IDPS Investors

If you are investing indirectly through an IDPS the application process will be different. Please contact your IDPS operator to find out how to apply to invest in the Fund.

5.5 Withdrawals

5.5.1 Withdrawal Cut Off Times

Withdrawals are processed monthly. The withdrawal cut-off time is 4.00pm (Sydney time) on 25th of each month.

Withdrawal funds will usually be paid to you on approximately the 20th of the month after acceptance. This helps to ensure we have time to sell Fund assets (if required) to fund withdrawals. We recommend you submit your withdrawal form well in advance of the cut-off time in case any additional information is required.

Withdrawal forms received after the cut-off time are taken to be received on the next business day and will be processed the following month.

By way of example, if a correctly completed withdrawal form is received anytime between 26th February and 25th March, payment of the withdrawal is likely to be made on approximately 20th April.

5.5.2 How to Withdraw

To make a withdrawal, you should complete a withdrawal request form available from www.affluencefunds.com.au/asf/. Completed withdrawal request forms should be sent to the Registrar.

Where a correctly completed withdrawal request form and any other required information is received before the cut-off time, you will receive the withdrawal Unit Price calculated for that month.

The minimum withdrawal amount is \$10,000 or a lesser amount at AFM's discretion. If a withdrawal would result in you having a remaining holding valued at less than \$10,000 then we may redeem your entire holding at our discretion.

5.5.3 IDPS Investors

If you are investing indirectly through an IDPS the withdrawal process will be different. Please contact your IDPS operator to find out how to withdraw from the Fund.

5.5.4 Withdrawals May Be Suspended

In exceptional circumstances (for example periods of prolonged and substantial market volatility leading to valuation uncertainty) or if AFM believes it is in the best interests of investors to do so for other reasons,

withdrawals may be limited or suspended, potentially for long periods of time.

Where withdrawals are limited, you may only be able to withdraw a portion of your investment. Where withdrawals are suspended, you will have no right to withdraw from the Fund.

Any variation in withdrawal rights will be communicated at www.affluencefunds.com.au/asf/.

5.6 Distributions

The Fund earns income such as dividends, distributions and interest from its investments.

The Fund aims to deliver a minimum distribution yield of 5% per annum of the average monthly Unit Price over rolling 12 month periods. AFM will estimate the amount available for distribution on a regular basis and aims to pay distributions quarterly taking into account that estimate.

If the Fund makes significant taxable capital gains on the sale of assets, the distribution may be greater than the targeted amount. Refer to Section 7 for information on the taxation of distributions and taxation of an investment in the Fund generally.

Distributions are calculated in cents per unit and are paid to you quarterly in arrears based on the number of units you hold at the end of the quarter. Distributions are not guaranteed and may be reduced or ceased if unforeseen events occur. The key risks which may impact distributions are outlined in Section 4.

Distributions will normally be paid to you by electronic funds transfer approximately 10 days after the end of each quarter. If you prefer, distributions can be reinvested in the Fund by nominating that option on the application form or otherwise advising the Registrar in writing. Where no bank account details are provided in the application form, distributions will automatically be reinvested.

The price of units issued on reinvestment of distributions does not include any buy spread. This is because no transaction costs are incurred by the Fund on the reinvestment of distributions.

AFM may cease the reinvestment option at any time. You will be notified if this occurs. If that is the case, subsequent distributions will be paid to you in cash and not reinvested.

5.7 Transferring Units

You may transfer your units in the Fund by completing a transfer form signed by both the transferor and the transferee. Transfer forms are available from www.affluencefunds.com.au/asf/. Completed transfer forms should be sent to the Registrar.

We reserve the right to decline transfer requests at our absolute discretion including when a transfer is not completed correctly, is not stamped, if any non-MIT Australian resident investor and their associates would hold 20% or more of the units in the Fund, if any individual non-resident investor and their associates would hold 10% or more of the units in the Fund, or where the transferee is not an Eligible Investor.

A transfer of units is likely to have tax implications. You should discuss this with your tax adviser before requesting a transfer.

5.8 Information and Privacy

5.8.1 Privacy Statement

An application to invest in the Fund requires you to provide personal information.

AFM and service providers may collect, hold and use your personal information in order to assess an application, service your needs, send marketing communications about other AFM investment opportunities, provide facilities and services to investors, AFM or the Fund and for other purposes permitted under the Privacy Act 1988 (Cth). Under tax, company and anti-money laundering laws we may be required to pass on certain information to other organisations, such as the Australian Taxation Office.

If you do not provide the information requested or provide AFM with incomplete or inaccurate information, your application may not be able to be processed efficiently, or at all. Information may be disclosed to your financial adviser and to AFM's agents and service providers on the basis that they deal with such information in accordance with AFM's privacy policy.

Personal information may also be used by AFM to administer, monitor and evaluate products and services, gather, aggregate and report statistical information, assist you with any queries and take measures to detect and prevent fraud and other illegal activity. AFM may also be allowed or obliged to disclose information by law.

If you have concerns about the completeness or accuracy of the information AFM has about you or would like to access or amend personal information held by AFM, you can contact AFM's privacy officer using the

contact details in Section 11. A copy of AFM's privacy policy can be obtained from www.affluencefunds.com.au/asf/ or from the privacy officer.

Further information can be obtained by contacting:

The Privacy Officer
Affluence Funds Management
Phone: 1300 233 583 or +61 7 3010 9276
Fax: +61 7 3054 7082

5.8.2 AML/CTF Legislation

AFM is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation.

As a requirement of AML/CTF legislation, we need to identify all investors (including individuals, companies, trusts and SMSFs) noted on the application form prior to the issue or transfer of units in the Fund. We must also identify anyone acting on your behalf (including under a power of attorney). We cannot issue units until all required information has been received and satisfactorily verified.

This means that we require you to provide personal information and documentation in relation to your identity when you first invest in the Fund. AFM may also need to obtain additional information from you to process your application, withdrawal or other transactions or at other times during your investment period.

In some circumstances, AFM may need to re-verify information.

We may delay or refuse any request or transaction, including suspending the issue, transfer or withdrawal of units in the Fund, if we are concerned that a request or transaction may breach any obligation of, or cause AFM to commit or participate in an offence under AML/CTF legislation. AFM will incur no liability to any investor if it does so.

5.8.3 FATCA

The Fund is registered with the United States Internal Revenue Service (IRS) for Foreign Account Tax Compliance Act (FATCA) purposes. FATCA is a US tax law with the purpose of improving tax information reporting to the IRS regarding US persons, in respect of their Australian investments.

As a result, AFM may require you to provide certain information regarding your identification and will undertake certain due diligence procedures to enable us to comply with FATCA obligations. This information is required when you first invest in the Fund and may be required at other times.

We are required to report annually in relation to relevant investors' financial information.

5.8.4 OECD CRS Information

Australia has adopted the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This enables Common Reporting Standard (CRS) information to be exchanged between jurisdictions' tax authorities where relevant legislation has been adopted.

AFM is required to collect certain information about you and provide it to the ATO. The ATO may pass this information on to tax authorities in other jurisdictions who have adopted the CRS. The requirements are similar to those which exist under FATCA, however, there are a larger number of countries in respect of which the ATO may provide information to the respective tax authorities.

6. Fees & Other Costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask AFM or your financial or other advisor.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website www.moneySMART.gov.au has a managed funds calculator to help you compare the costs of fees between different funds.

6.1 Fees & Other Costs

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Taxes are set out in Section 7 of this IM.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of Fee or Cost	Amount	How & when paid
<i>Fees when your money moves in or out of the Fund</i>		
Establishment fee:		
The fee to open your investment	Nil	Not applicable.
Contribution fee:		
The fee on each amount contributed to your investment	Nil	Not applicable.
Withdrawal fee:		
The fee on each amount you take out of your investment	Nil	Not applicable.
Exit fee:		
The fee to close your investment	Nil	Not applicable.

Type of Fee or Cost	Amount	How & when paid
<i>Management Costs - The fees and costs for managing your investment</i>		
Performance fee	AFM is entitled to receive a performance fee of 12.5% of the positive returns of the Fund. Any previous negative returns must be recovered before the fee is payable.	Accrued and payable to AFM monthly in arrears from the assets of the Fund.
Administration costs	Normal administration costs are capped at 0.25% per annum of the net asset value of the Fund (before the deduction of any accrued performance fees). AFM has agreed to bear normal administration costs above this amount.	These costs are payable from Fund assets as incurred and are reflected in the Unit Price.
	Abnormal expenses (such as investor meetings) may also be recovered from the Fund in addition to the capped expenses recovery.	These costs (if any) are payable from Fund assets as incurred and are reflected in the Unit Price.
Indirect Costs	Fees and costs of the underlying investments the Fund makes are estimated at between 1.20% and 3.10% per annum (including Underlying Manager performance fees) of the net asset value of the Fund, depending on the performance of the investments and asset allocation of the Fund. None of these amounts are payable to AFM.	Indirect costs are not charged directly to you or the Fund but are reflected in the performance of the investments of the Fund.
<i>Service Fees*</i>		
Switching fee:		
The fee for changing investment options	Nil	Not applicable.

*Advice fees agreed between you and your financial adviser may apply to your investment in the Fund. See Section 6.3.12 for further information.

If you invest via an IDPS, the IDPS operator will be the registered holder of units and may charge you fees that are different or in addition to the Fund fees detailed in this section. You should refer to the offer document for the relevant IDPS for more information.

All fees set out in the table are inclusive of the net effect of GST (less any reduced input tax credits) and stamp duty.

6.2 Example of Annual Fees and Costs

The table below gives an example of how the fees and costs for this product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

The fees in the example are based on actual results for the year ended 30 June 2018. The Fund delivered a net return to investors (distributions plus increase in Unit Price after all fees and costs) of 8.1% for this period. This is not a forecast of the future performance of the Fund. Section 6.3.3 includes information about the level of performance fees payable to AFM at differing Fund returns.

The total management costs you pay, in particular the performance fee payable to AFM, will depend on the returns of both the Fund and the investments the Fund holds.

Type	Amount (%)	Amount (\$) based on a balance of \$50,000 plus a contribution of \$5,000 during the year
Contribution Fee	0%	For every additional \$5,000 you put in, you will be charged \$0 ² .
PLUS Management Costs ¹	4.50%	And, for every \$50,000 you have in the Fund, you will be charged \$2,251 each year.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put an additional \$5,000 during that year then for that year, you would be charged fees of \$2,251 ⁴ . What it costs you will depend on the fund you choose and the fees you negotiate ³ .

1. This is the Fund's indirect cost ratio (ICR). It represents the ratio of the Fund's management costs to the Fund's total average net assets for the previous financial year. Management costs of 4.50% which is \$2,251 on a \$50,000 investment comprise three components:

- Performance fee paid to AFM of 1.16% which is \$579 on a \$50,000 investment.
- Administration costs paid by the Fund of 0.25% which is \$125 on a \$50,000 investment.
- Indirect costs of 3.09% (including performance fees on investments) which is \$1,547 on a \$50,000 investment. Indirect costs are not charged to you directly or the Fund. Rather, they are reflected in the performance of the Fund investments. Indirect costs are not paid to AFM.

2. This does not include the buy/sell spread which is incorporated into the Unit Price. The buy spread of 0.35% on a \$5,000 investment is \$18.

3. This includes costs incurred on Fund investments. However, it does not include all the fees incurred by the Fund on its investments. For example, it does not include abnormal costs which may be payable from time to time. The ICR will change over time as the management costs of the Fund and the investment portfolio changes.

4. This example assumes the contribution of \$5,000 is made on the last day of the period.

6.3 Additional Explanation of Fees and Costs

6.3.1 How Fees Are Charged

No fees are charged directly against your investment. The Fund pays fees and costs both directly and indirectly through the investments it makes. These fees and costs are therefore paid indirectly by you in proportion to your investment in the Fund.

6.3.2 AFM Management Fees

We do not charge any fixed ongoing fees for managing the Fund.

6.3.3 AFM Performance Fees

AFM may be entitled to receive a performance fee. The performance fee (if any) is calculated and payable monthly in arrears out of the assets of the Fund. The performance fee amount is calculated as 12.5% of the Fund's positive returns, after allowance for costs and recovery of any previous negative returns.

The Fund return is calculated:

- Inclusive of any distributions declared during the period.
- Prior to accruing any performance fee for the relevant month.

Over or under performance is calculated in respect of each month.

The performance of the Fund is calculated by taking the net asset value per unit on the last business day of each month (the closing net asset value per unit), subtracting the value on the last business day of the preceding month (the opening net asset value per unit) and adding the amount of distributions paid per unit during the period. The result is then divided by the opening net asset value per unit to determine the performance in percentage terms (positive or negative).

The performance amount is calculated by multiplying the performance of the Fund by the average daily value of the net assets of the Fund during the period.

If the result is a negative amount, it is added to any negative amounts carried forward from previous periods and represents the carried forward under performance. In this case, no performance fee is payable in respect of that period. If the result is a positive amount, any carried forward under performance from previous periods is subtracted.

If this results in a negative amount, then that represents the carried forward under performance. In this case, no performance fee is payable in respect of that period.

If the result is a positive amount, that amount is multiplied by 12.5% and represents the performance fee payable in respect of that period.

The performance fee charged will depend on the total returns of the Fund. An example of performance fees at various levels of Fund performance and assuming no prior underperformance are estimated below. This information is provided to allow you to assess the potential impact of Fund performance on management costs and is not a forecast of the future performance of the Fund.

Fund net return ¹	AFM perform. fee	Net return to investor
15.00%	1.88%	13.12%
12.50%	1.56%	10.94%
10.00%	1.25%	8.75%
7.50%	0.94%	6.56%
5.00%	0.63%	4.37%
2.50%	0.31%	2.19%
0.00%	0.00%	0.00%
-2.50%	0.00%	-2.50%

¹ Assumed return net of costs and fees to Underlying Managers.

6.3.4 AFM Performance Fee Example

This example is provided for information purposes only, to illustrate the calculation of the performance fee. Actual results are likely to vary significantly from those set out in this example.

The example calculation includes the following assumptions for a hypothetical monthly performance fee calculation:

- The closing net asset value per unit was \$1.0050.
- The opening net asset value per unit was \$1.0000.
- Distributions of \$0.005 per unit were paid during the month.
- The average daily value of the net assets of the Fund during the month was \$20,000,000.
- Carried forward underperformance from previous periods was \$50,000.

The performance of the Fund for the month is 1.0%, calculated as:

$$\frac{(\text{Closing NAV} - \text{Opening NAV} + \text{Distributions})}{\text{Opening NAV}}$$

$$\frac{(\$1.0050 - \$1.0000 + \$0.0050)}{\$1.0000}$$

The performance fee is \$18,750, calculated as:

((Fund performance * average daily NAV) – previous underperformance) * 12.5%

((1.0% * 20,000,000) – 50,000) * 12.5% = \$18,750

6.3.5 AFM Removal Fee

In the event AFM is removed as Trustee of the Fund, AFM is entitled to receive payment of any fees it has previously deferred and any accrued performance fees on the date that AFM ceases to be Trustee.

6.3.6 Administration Costs

Administration costs cover the day-to-day fees and expenses and other abnormal/non-recurring fees incurred in administering the Fund. They may be paid directly by the Fund or paid by AFM and reimbursed from the Fund.

AFM is entitled under the Constitution to be reimbursed for all expenses, liabilities and abnormal costs incurred in the proper performance of its duties under the Constitution. This includes (but is not limited to) costs relating to:

- Establishing the Fund including the preparation, promotion and distribution of any disclosure document.
- The acquisition or proposed acquisition of any asset of the Fund.
- Maintaining or improving any asset of the Fund.
- Professional services of custodians, registrars, auditors, accountants, lawyers, valuers or other experts.
- Convening and holding any meeting of investors.
- Arranging finance, borrowing or refinancing debt.
- The issue of any units.
- Any GST expense not able to be claimed.

To limit the impact of administration costs on investors, AFM has agreed to bear any normal ongoing costs above 0.25% per annum of the Fund's net asset value (before the deduction of any accrued performance fees).

AFM reserves the right to recover any abnormal expenses (such as costs of investor meetings) from the Fund in addition to the capped administration costs. Whilst it is not possible to estimate such expenses with certainty, we anticipate the events which may give rise to such expense will rarely occur. Based on actual costs from the establishment of the Fund until the date of this IM, abnormal expenses are estimated at 0% per annum of the Fund's net asset value.

6.3.7 Indirect Costs

Indirect costs include any amount that may reduce the amount or value of the income or capital of an investment in a managed investment product, excluding any direct fees charged to an investor, any buy/sell spread applied and transactional and operational costs incurred by the Fund.

Underlying Managers of investments the Fund makes charge fees and recover certain costs which are an indirect cost. Fees charged by Underlying Managers vary. They are generally charged on a monthly or quarterly basis and are payable in arrears. These fees and costs are not charged to you or the Fund directly; rather, they are reflected in the performance of the Fund investments.

The level of performance fees charged by Underlying Managers on investments held by the Fund depends on many factors including the mix of investments held by the Fund and the performance of each investment against that investments benchmark. It is not possible to accurately forecast future performance or future performance fees for Underlying Managers, but in general, the higher the Fund returns, the higher the aggregate performance fees for these Underlying Managers are likely to be.

AFM expects total indirect costs to be between 1.20% and 3.10% per annum of the net asset value of the Fund, depending on the mix of portfolio investments and the level of performance fees payable. These indirect costs are not paid to AFM.

6.3.8 Transaction and Operational Costs

Transactional and operational costs include brokerage, buy-sell spread, bid-ask spread, settlement and clearing costs, any buy/sell spread charged on unlisted investments and any stamp duty or other transaction costs payable on an investment.

The Fund charges a buy spread of 0.35% on applications and a sell spread of 0.35% on withdrawals which partially offset these transactional and operational costs. Further information about the buy and sell spreads is in Section 5.3.3.

Transactional and operational costs other than the buy/sell spread are deducted directly from the Fund's assets and reflected in the net return after fees and other costs are applied. Actual transactional and operational costs are likely to vary from year to year as they are impacted by a number of highly variable drivers as well as changing investment and market conditions.

6.3.9 Related Party Fees and Services

AFM or other related parties may provide other services, such as custody, accounting and unit pricing services to the Fund in the future. Should that occur, AFM or that related party may charge fees for those services at commercial market rates. At the date of this IM, no fees are charged to the Fund for any such services.

6.3.10 Changes to AFM Fees and Expenses

AFM may change the fees and expense recoveries referred to in this IM. AFM will provide at least 30 days notice to you of any proposed increase in fees or expense recoveries or the introduction of new fees.

6.3.11 Waiver or Deferral of AFM Fees

AFM may, at its discretion:

- Partially or fully waive any fees to which it is entitled.
- Defer its entitlement to fees to which it would otherwise be entitled and may claim these in the event it is removed as trustee of the Fund.

As at the date of this IM, AFM has not deferred its entitlement to any fees.

The maximum fees chargeable by AFM as set out in the Constitution are the same as those outlined in this Section.

6.3.12 Advice Fees

You may agree with your financial adviser that an advice fee will be paid by you for personal financial planning services your financial adviser provides to you in relation to your investment in the Fund. You and your financial adviser determine the amount of any advice fee. This advice fee is additional to the fees shown in this IM and is paid by you to the Australian financial services licensee responsible for your financial adviser (or your financial adviser directly if they are the licensee). It is not paid to or by AFM.

6.3.13 Other Payments and Benefits

Your financial adviser may receive payments and/or other benefits from the Australian financial services licensee or organisation under which they operate. These payments and benefits are not paid by AFM or the Fund.

7. Taxation Information

7.1 Taxation Overview

There are tax implications when investing, disposing and receiving income from the Fund. The taxation information in this IM is based on Australian tax legislation at the date of this IM.

The information is of a general nature and does not consider your personal circumstances. It should not be regarded as tax advice. Tax treatment may vary according to individual circumstances and you are advised to seek your own tax advice in respect of an investment in the Fund.

Tax liabilities are the responsibility of each individual investor and we are not responsible for taxation or penalties incurred by you.

The taxation information in this IM does not consider the treatment of IDPS investors. IDPS investors should consult their tax adviser in relation to investing through an IDPS.

7.2 How the Fund is Taxed

The Fund is an Australian resident trust for tax purposes.

AFM intends to limit the Fund's investment activities to ensure that the Fund is treated as a 'flow through' entity for the purposes of Australian tax law.

7.2.1 Net Taxable Income

On the basis that the investors in the Fund are entitled to all the distributable income of the Fund, the Fund itself does not pay tax on the taxable income of the Fund. The Fund investors will be allocated a proportional share of the taxable income of the Fund based on their share of the distributable income.

The taxable income may include dividends (grossed up for franking credits), interest, net capital gains on the sale of investments and other income.

7.2.2 Capital Gains

The Fund qualifies as a MIT and has elected to treat gains and losses on the sale of eligible investments on capital account. This means certain gains and losses are taxed under the capital gains tax regime. Broadly, where the Fund disposes of an asset it has held for more than 12 months it may be eligible for discount capital gains concessions.

7.2.3 Treatment of Losses

If the Fund makes a total net tax loss or net capital loss in any tax year, these losses cannot be passed on to Fund investors. They may instead be used to offset taxable income and capital gains in subsequent years, subject to satisfaction of certain conditions.

7.2.4 Goods and Services Tax (GST)

The issue and redemption of units in the Fund is not subject to GST. However, most expenses incurred by the Fund will attract GST at the rate of 10%. The Fund is only entitled to claim a reduced rate of GST input tax credits on some expenses.

7.3 Australian Resident Investors

This information is relevant to you if you are an Australian resident investor and hold your units as a long-term investment on capital account.

7.3.1 Distributions and Net Taxable Income

AFM provides you with an annual tax statement after the end of each tax year. This tax statement includes details of your total distributions and the components of those distributions. This includes any distributions reinvested or amounts that you were entitled to but had not yet received as at the end of the tax year.

The relevant taxable amounts should be included in your tax return for that tax year.

The tax implications for you will be dependent on the components of the distributions and your personal situation. Some of these components are discussed below.

7.3.2 Foreign Income

Income received by the Fund from sources outside Australia may be subject to tax in the country of source. You may be entitled to a proportionate share of tax credits in respect of your share of any foreign tax paid.

7.3.3 Capital Gains

Capital gains information will be included in the annual tax statement to ensure you can calculate your capital gain position.

The Fund does not make allowance in the Unit Price for any tax on unrealised capital gains or losses accruing when investments are valued.

7.3.4 Other Distribution Components

Distributions from the Fund may include tax deferred income or a return of capital. Such amounts are not taxable to you when distributed but will result in adjustments to the cost base of your units for capital gains tax purposes.

These adjustments could result in an increased capital gain or a reduced capital loss when the units are subsequently disposed of by you.

7.3.5 Tax Credits

Distributions from the Fund may include an entitlement to franking credits or other tax credits received by the Fund. The entitlement to franking credits will be dependent on satisfying the holding period rules.

These amounts are included in the annual tax statement and should be included in your tax return. These amounts may be available to offset any tax liability or refunded to you if the tax credits exceed your total tax liability.

7.3.6 Tax on Disposal of Units

Depending on your personal circumstances, you may be liable for tax on any capital gains realised on the disposal of your units in the Fund.

You must determine your own capital gain/loss position on the disposal of units in the Fund. In doing so, you will need to adjust the capital gains cost base of your units for any tax deferred distributions received from the Fund. You may be entitled to discount capital gain concessions where units in the Fund have been held for more than 12 months.

7.3.7 Quoting a TFN or ABN

You are encouraged to quote a Tax File Number (TFN) or claim a TFN exemption when completing an application form to invest in the Fund. Collection of TFN's is authorised and their use and disclosure strictly regulated by the tax laws and the Privacy Act 1988.

Alternatively, you may quote an Australian Business Number (ABN) if relevant.

If you choose not to provide a TFN, TFN exemption or ABN, we will be required to deduct withholding tax at prescribed rates from certain components of your distributions.

7.3.8 Social Security

An investment in the Fund may impact Government income and assets test calculations and could therefore affect your entitlement to social security pensions or other benefits. You should obtain professional advice concerning the particular social security implications

for your circumstances.

7.4 Non-Resident Investors

The taxation information in this Section is relevant to you if you are a non-resident investor who holds your units as a long-term investment on capital account. This information only deals with Australian tax legislation and does not consider the tax treatment in your country of residence.

As a non-resident, you should seek independent tax advice before investing, taking into account your particular circumstances, the tax law in your country of residence and any relevant taxation agreement between Australia and your country of residence.

The following comments are general in nature and assume the Fund continues to qualify as a MIT, which allows AFM to apply concessional withholding tax rates on distributions to non-residents. To help ensure the Fund continues to qualify as a MIT, we intend to limit the amount that any individual non-resident investor holds, or has the right to hold in the Fund, to under 10% of the value of units, number of units, or entitlement to distributions of the Fund.

7.4.1 Tax on Income

AFM is required to withhold tax at varying rates on any Australian taxable income distributed by the Fund to a non-resident investor.

Generally, withholding tax of 10% will apply to the Australian interest component of distributions.

Withholding tax of 30% will apply to distributions of unfranked dividends (other than dividends from a foreign source), though this rate may be reduced by the application any taxation agreement between Australia and the country in which you reside.

AFM is also required to withhold tax on a non-resident investor's behalf in respect of any other Australian taxable income distributed by the Fund. Other Australian taxable income includes taxable income except for interest, dividends, capital gains not related to taxable Australian property, and non-Australian source income.

For investors that are tax residents in countries that hold a tax Information Sharing Agreement (ISA) with Australia, a final withholding tax rate of 15% currently applies to this other Australian taxable income.

For investors that are tax residents in countries that do not hold an ISA with Australia, the final withholding tax rate for other Australian taxable income is 30%.

These taxes are 'final' Australian withholding taxes. This means that you are not required to lodge an Australian tax return and expenses cannot be claimed against these types of taxable income.

7.4.2 Tax on Disposal of Units

A non-resident investor will only make a taxable capital gain on the disposal of units in the Fund where together with associates they hold 10% or more of the units in the Fund and more than 50% of the value of the fund is attributable to Australian real property.

7.5 AMIT Tax Regime

A regime referred to as the Attribution Managed Investment Trust (AMIT) regime is in place for the taxation of certain trusts.

AFM expects to make an election to apply the AMIT regime to the Fund.

Under the AMIT regime investors are attributed the taxable income, tax offsets and credits on a fair and reasonable basis consistent with their interest in the Fund based on the Constitution.

The AMIT regime seeks to ensure that the character of income and gain received by the Fund is retained in the hands of the investors.

In any tax year in which the AMIT regime applies, the Fund will provide you with an annual AMIT Member Annual Statement (AMMA Statement). This is similar to an annual tax statement. The AMMA Statement will set out the amount which has been attributed to you, its components and other relevant tax information.

8. Investment Services

8.1 Customer Service

AFM has appointed Boardroom Pty Limited as the Fund's Registrar. You can set up a user account with Boardroom which allows you to administer aspects of your investment online.

To enquire about your investment, you should contact Boardroom. See Section 11 for Boardroom contact details. You can contact Boardroom by phone between 8:30am and 5:00pm (Sydney time) on any business day.

To enquire about the Fund, you should contact AFM. See Section 11 for AFM contact details. You can contact AFM by phone between 8:30 am and 5:00pm (Brisbane time), on any Brisbane business day.

8.2 Communicating with You

8.2.1 Reporting

You will receive the following communications from the Registrar, unless you elect otherwise:

- An acknowledgement following receipt of your application.
- An investment confirmation within 10 days following the issue of units.
- A distribution advice within 5 days following the payment of a distribution.
- An investment statement within 30 days after the end of each financial year.
- A tax statement within 2 months after the end of each financial year.

AFM prepare a monthly fund report which is available at www.affluencefunds.com.au/asf/.

8.2.2 IDPS Investors

An IDPS investor will not receive statements, tax information or other information directly. You should receive equivalent information from the operator of the IDPS. Up to date access to Fund information is also available at www.affluencefunds.com.au/asf/.

8.3 Complaints Handling

The Constitution sets out the procedure by which AFM is to receive, consider, investigate and respond to complaints by investors who are dissatisfied with the management or administration of the Fund.

If you wish to make a complaint, AFM can be contacted via:

Phone: 1300 233 583 or +61 7 3010 9276

Email: invest@affluencefunds.com.au

In writing: Affluence Funds Management
GPO Box 111
Brisbane, QLD 4001 AUSTRALIA

Fax: +61 7 3054 7082

AFM will acknowledge any complaint in writing immediately. AFM will within 45 days investigate, properly consider and decide what action (if any) to take or offer regarding the complaint and communicate its decision to you.

AFM may, at its discretion, give any of the following remedies to a complainant:

- Information and explanation regarding the circumstances giving rise to the complaint.
- An apology.
- Compensation for loss incurred by the investor as a direct result of the breach (if any).
- Such other remedies as AFM considers appropriate.

IDPS investors should contact their IDPS operator in the first instance with any complaints in relation to an investment in the Fund.

9. Additional Information

9.1 Constitution

The Constitution, this IM, the Corporations Act and other laws (such as the general law relating to trusts) govern the relationship between investors and AFM.

The Constitution sets out the basis upon which AFM is appointed trustee of the Fund. The trustee or the appointed custodian holds the assets of the Fund on trust for the investors subject to the provisions of the Constitution, the Corporations Act and other relevant laws.

A number of the provisions of the Constitution have been dealt with elsewhere in this IM. Other important provisions of the Constitution are set out below. A copy of the Constitution can be inspected at AFM's office, or can be requested by contacting AFM.

As an investor, you have the following rights under the Constitution:

- The right to share in any distributions.
- The right to attend and vote at meetings of investors.
- The right to participate in the proceeds of winding up of the Fund.

In relation to AFM's powers, duties and liabilities as manager of the Fund, the Constitution:

- Allows AFM to refuse applications for units, in whole or in part, at AFM's discretion and without giving reasons.
- Allows AFM to set a minimum investment to be made in the Fund.
- Provides that, unless the Corporations Act or other law provides otherwise or AFM acts fraudulently, negligently or in breach of trust involving a failure to show the degree of care and diligence required of it having regard to the powers, authorities or discretions conferred on it by the Constitution, AFM is not liable for any loss suffered in any way relating to the Fund.
- Allows AFM to change the Constitution, but requires investors' approval if the change would adversely affect the rights of investors.

9.2 Disclosure of Interests

No expert or any firm in which an expert is a partner has any interest in the offer under the IM and no amounts have been paid or agreed to be paid (other than normal fees) to any expert or any firm in which they are a partner, for services rendered by the expert or the firm in connection with the offer under this IM.

9.3 Interests and Fees of Other Parties

Other than as set out below or elsewhere in the IM, no director of AFM or any person named in the IM as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the IM has, within the 2 year period prior to the date of this IM, had an interest in the promotion of the Fund and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any director or proposed director either to induce him to become, or to qualify as, a director, or otherwise for services rendered in connection with the promotion of the Fund.

9.4 Consents

Boardroom has given and has not, before the date of this IM, withdrawn its consent to be named in this IM in the form and context in which its name appears. Boardroom has not been involved in the preparation of this IM. It has not authorised or caused the issue of this IM and takes no responsibility for the contents of this IM other than the references to its name.

9.5 Ethical Considerations

Decisions made by us about whether to buy, hold or sell investments are based primarily on economic and investment factors.

Environmental, social and ethical considerations and labour standards are taken into account only where they may have a material impact on the value of an investment.

9.6 Conflicts of Interest

AFM has established internal policies and procedures to ensure that any conflicts of interest in relation to the Fund are adequately identified and appropriately managed.

Where AFM considers that a particular conflict of interest is likely to have a materially adverse effect on investors, we will seek to implement adequate arrangements to mitigate, prevent and/or minimise (where practicable) the conflict of interest.

9.7 Related Party Transactions

9.7.1 Related Party Agreements

AFM as the trustee for the Fund may appoint related entities to provide some services to the Fund.

Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties. Where material transactions occur, investors should consider the capability and sustainability of those related party arrangements and the potential for conflicts of interest.

AFM has, and complies with, written policies with regard to related party transactions. The policies cover, amongst other things, the assessment and approval process for related party transactions as well as how the risk of any actual or perceived conflict of interest as a result of a related party transaction is managed. All related party transactions require AFM to take into account clearly identified governance policies and guidelines and only approve transactions if they are considered to be on arm's length terms. Otherwise, unless another exception is available under the Corporations Act, the transaction would be subject to approval by Fund investors.

At the date of this IM, entities related to AFM, Daryl Wilson and Greg Lander held units in the Fund. AFM, its employees, officers and related entities may subscribe for, acquire or redeem, units in the Fund on the same terms as other investors.

At the date of this IM the Fund held an investment in the Affluence LIC Fund, a managed investment scheme for which AFM is the manager/trustee. The Fund may invest in other managed investment schemes of which AFM is the manager/trustee. To the extent that it does so, AFM waives or sets-off the additional management or performance fees to it in respect of such investments so that investors only bear the fees set out in Section 6.

9.7.2 Fund Service Providers

AFM may appoint a related party to provide accounting, unit pricing and other administrative services to the Fund. Any appointment, if made, will not be exclusive and AFM may engage external service providers to undertake some or all of the functions noted in their relevant agreements.

Any appointment of a related party will be done in accordance with AFM's policies and will be made on arm's length commercial terms at market rates or lower.

The value of any financial benefit received by a related party for administrative services is expected to be in the form of fees received from the Fund. Fees are set and reviewed annually having regard to the nature and scope of work performed and taking into account similar fees charged by other managers and service providers, and the cost of providing the services.

As appropriate, AFM will provide ongoing updates of material service engagements and financial benefits that are paid to related parties through updates to investors. Any updates can be found on the AFM website at www.affluencefunds.com.au/asf/.

10. Glossary

Affluence LIC Fund	The Affluence LIC Fund, ABN 52 848 325 376.
AFM, Trustee, Investment Manager, we or us	Affluence Funds Management Limited ABN 68 604 406 297, AFSL 475940.
AFSL	Australian financial services licence.
AMIT	Attribution Managed Investment Trust.
ASIC	Australian Securities & Investments Commission.
ASX	The Australian Securities Exchange.
ASX 100 Index	The S&P/ASX 100 index, which is designed to measure the performance of the 100 largest eligible stocks listed on ASX by float-adjusted market capitalisation.
ASX 300 Index	The S&P/ASX 300 index, which is designed to measure the performance of the 300 largest eligible stocks listed on ASX by float-adjusted market capitalisation.
ASX Small Companies	ASX listed equity securities excluding those in the ASX 100 Index.
ASX Small Ordinaries Index	The S&P/ASX Small Ordinaries index, which is designed to measure the performance of approximately 200 companies included in the ASX 300 index, but not in the ASX 100 index.
Business day	A day that is not Saturday, Sunday or a public holiday in Sydney, Australia.
Buy spread	An amount added to the Unit Price for applications (excluding distribution reinvestments) which represents AFM's estimate of the relevant transaction costs associated with investing application funds.
Constitution	The constitution of the Fund dated 5 April 2016 (as amended from time to time).
Corporations Act	The Corporations Act 2001 (Cth) and the regulations in force as amended.
Eligible Investor	The definition of eligible investor is set out in Section 5.1.
Fund	The Affluence Small Company Fund, ABN 39 402 544 582.
IDPS	An investor directed portfolio service such as a wrap, master trust or platform.
IM	This information memorandum.
Indirect Cost Ratio	A measure of the total fees and costs paid by an investor in the Fund excluding unexpected, abnormal or one-off costs. The ratio is usually expressed as an annualised percentage of the net asset value of the Fund.
Investment	An investment held by the Fund.
MIT	Managed Investment Trust.
Net asset value	The value of all the Fund's assets less all the Fund's liabilities, determined in accordance with the Constitution.
Offer	The offer set out in this IM.
Registrar or Registry	Boardroom Pty Limited ABN 14 003 209 836.
Sell spread	An amount subtracted from the Unit Price for withdrawals which represents AFM's estimate of the relevant transaction costs associated with implementing withdrawals.
Underlying Manager	The manager of an Investment.
Unit Price	The value calculated by dividing the net asset value of the Fund by the number of units on issue.

11. Corporate Directory

Trustee and Investment Manager

Affluence Funds Management Limited
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Registrar

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