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INVESTORS!

Affluence Investment Fund

Fund Report - March 2017

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Fund Commentary

In March the ASX 200 increased by 3.3%, and returned 20.5% over 12 months and 4.4% per annum over 2 years. Over these same periods the Affluence Investment Fund increased by 0.6% in March, 12.7% over 12 months and 9.8% per annum over 2 years. Since inception in December 2014 the Fund has returned 9.9% per annum, ahead of the benchmark (inflation plus 5%) of 6.8% per annum and the ASX 200 of 9.1% per annum.

Our strong contributors this month were the Terra Capital Natural Resources Fund (up 8.5%), the India Avenue Equity Fund (up 5.7%), and the Smallco Broadcap Fund and Smallco Investment Fund (up 4.2% and 4.1% respectively). Detractors included our small holding the Baker Steel Gold Fund, which is not surprising given the strong equity markets, and the Brookfield Prime Property Fund. The Brookfield fund was up strongly in February, and gave part of the increase back this month. In early April, Brookfield (the manager and largest unit holder of the fund) announced a proposal to acquire all the remaining units in the

fund. This should result in a good performance from this investment in April.

During March we made a number of investments, increasing our exposure to some existing Funds and adding three new ones. One of the new asset managers is Harvest Lane. The Harvest Lane Absolute Return Fund specialises in merger arbitrage. The team selectively acquires companies subject to takeover and other corporate activity. This means returns are not necessarily dependent on the market. We find this combination attractive, but like all new managers, we commenced with a very small allocation from our investment portfolio and will build on this over time if the manager delivers the results we expect.

In recent months as markets have climbed, we have started to adopt a more defensive positioning for the Fund. At month end, around 15% of the portfolio was in cash. A further 24% was invested in market neutral and long/short strategies, which have the potential to outperform

substantially in down markets. Another 11% are property-related investments, mostly lowly geared and designed to deliver reasonable yield. We have limited exposure to volatile sectors and managers.

An investment in the Affluence Investment Fund will provide you with access to over 25 unlisted funds, and over 20 LIC's and other listed entities. If you'd like further details of the Affluence Investment Fund portfolio at any time, just email us and we'll provide it to you.

If you would like to invest with us and get access to a diverse range of Australia's best fund managers, we encourage you to utilise our online application facility. Just follow the link on our website. If you'd like to add to your existing investment, you can either complete the one-page form available on our website, or use the online facility. A reminder, given the Anzac day holiday, the cut-off for this month's applications is 24th April.

Fund Performance

To 31 March 2017

	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
Income Distributions	0.4%	2.5%	5.8%	7.6%	6.5%	
Capital Growth	0.2%	0.5%	6.9%	2.2%	3.4%	
Total Return	0.6%	3.0%	12.7%	9.8%	9.9%	3.2%
Benchmark - Inflation + 5%	0.6%	3.7%	7.4%	7.0%	6.8%	
Outperformance against Benchmark	0.0%	(0.7%)	5.3%	2.8%	3.1%	

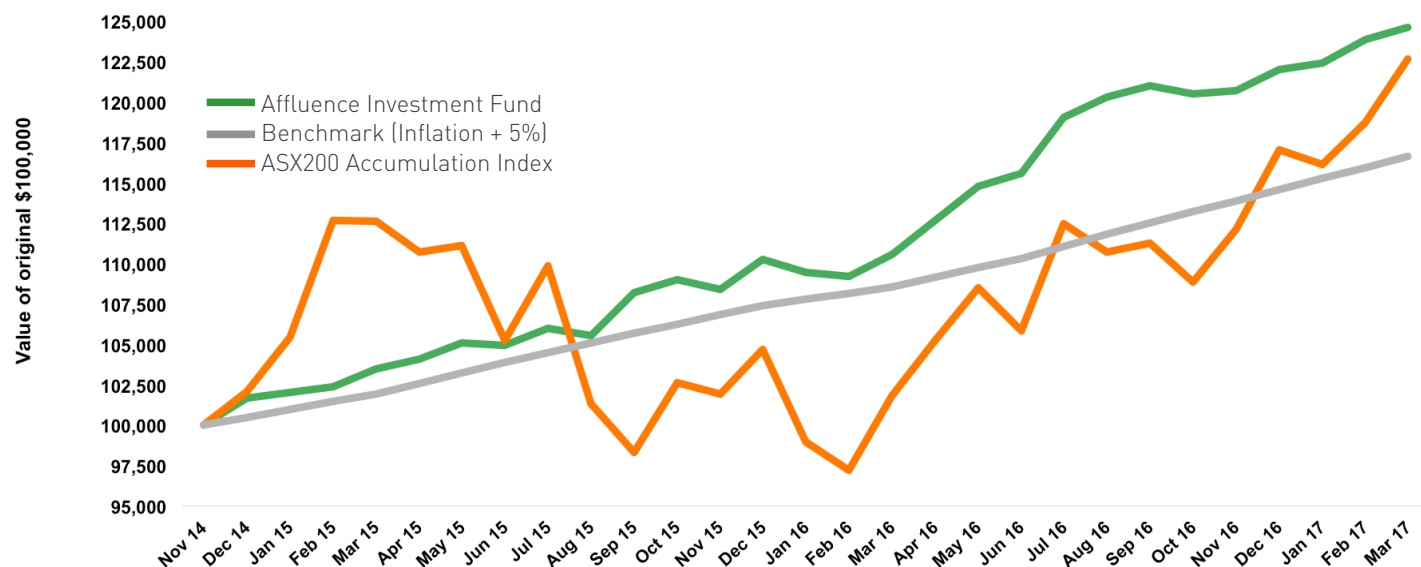
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 28 November 2014. The Fund aims to pay distributions of approximately 5% pa paid monthly. At times distributions may be paid above or below this. The Fund currently distributes 5.25 cents per annum, which is 4.9% on the current unit price.

Fund Monthly Return History

	J	F	M	A	M	J	J	A	S	O	N	D	Year
2014												1.7%	N/A
2015	0.3%	0.4%	1.1%	0.6%	0.9%	-0.1%	1.0%	-0.5%	2.5%	0.7%	-0.6%	1.7%	8.4%
2016	-0.7%	-0.2%	1.2%	1.9%	1.9%	0.7%	3.0%	1.1%	0.6%	-0.4%	0.2%	1.1%	10.7%
2017	0.3%	1.2%	0.6%										

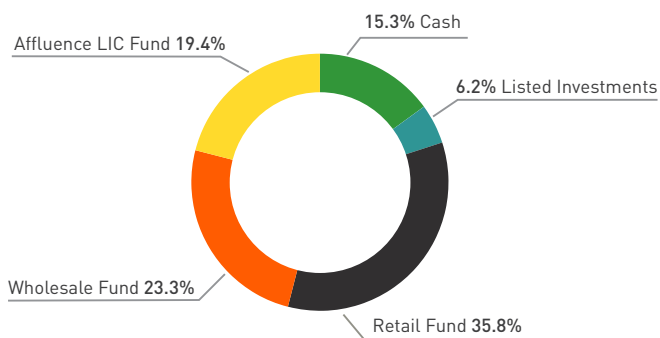
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment

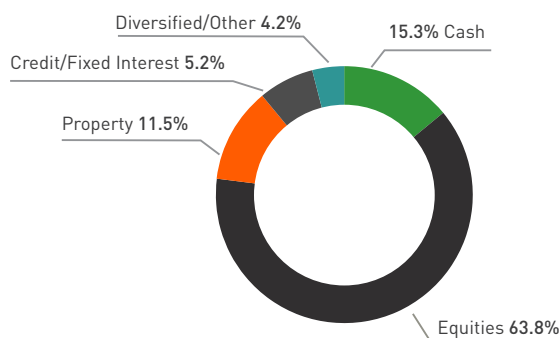


Portfolio Summary

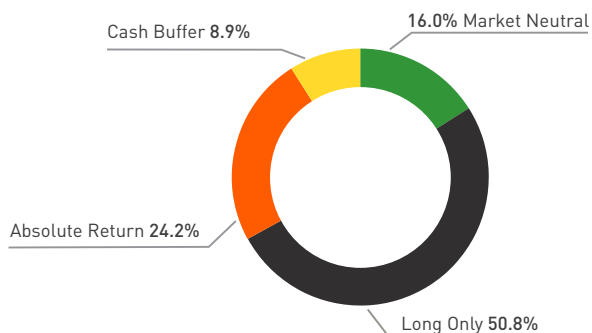
Underlying Investment Types



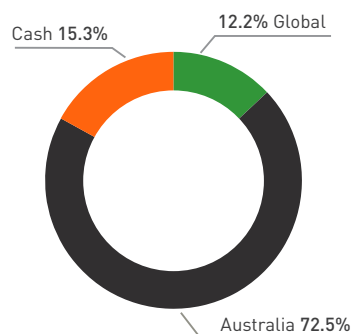
Asset Class



Equities Strategies



Geographic Exposure



Top 10 Largest Investments

Cash	KIS Asia Long Short Fund
Affluence LIC Fund	Alexander Credit Opportunitie
Cromwell Direct Property Fund	Brookfield Prime Property Fund
Phoenix Opportunities Fund	Bronte Capital Amalthea Fund
Wentworth Williamson Fund	Ellerston Australian Market Neutral Fund

What Makes This Fund Different

Traditional Fund Managers	Affluence - Invest Differently
Follow The Herd: Traditional managers are too scared to fail, so they don't succeed. Most don't outperform the index.	Actively Pursue Out-performance: From our fee structure alignment to our investment methodology, our strategy targets positive returns and low volatility.
Restricted Product Selection: Commonly places clients into their own managed funds or choose from a restricted list of 'approved' funds.	Best Of Breed: We will seek the best fund managers, and combine them in a way which cushions against market corrections.
Traditional Asset Classes: Manage large amounts in traditional asset classes (e.g. ASX200 equities), which minimises chances of excess performance.	Unique Strategies: We prefer managers who operate in specialised markets with less funds under management and a competitive advantage.
High, Fixed Fees: Take fees regardless of performance.	No Fixed Fees: Our fees are 100% performance based.

Key Statistics

Investment Class	Diversified
Minimum Investment	\$20,000
Suggested Timeframe	At least 3 years
Benchmark Returns	Inflation + 5%
Fund Value	\$4.3m
Entry Price	\$1.0820
Exit Price	\$1.0744
Annual Distributions	5.25 cpu
Distribution Yield	4.9% p.a.
Distribution Frequency	Monthly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	0.35%/0.35%

Investment Strategy

We believe that exposure to quality investments across multiple asset classes, managers, geographies and strategies should be an essential part of any well diversified portfolio.

The Fund provides access to a diversified investment portfolio of the best fund managers as selected by Affluence. We aim to provide a distribution yield of approximately 5% pa paid monthly and a total annualised return of at least inflation plus 5% over rolling 3 year periods. We aim to deliver these returns with less volatility than the stock market.

Contact Us

If you have any questions, please do not hesitate to contact us:

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