



# Affluence LIC Fund

## Fund Report - December 2018

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## Fund Commentary

The Affluence LIC Fund decreased by 1.2% in December, with the ASX 200 Index decreasing by 0.1% and the ASX Small Ordinaries decreasing 4.2% for the month. The Australian market held up relatively well, with the US S&P 500 falling 9.0% for the month. 2018 was the first time in seven years the ASX 200 has had a negative calendar year. Returns since inception for the Fund are 9.1% per annum, compared to the ASX 200 Index of 7.3% per annum. These returns have been delivered with approximately half of the volatility of the ASX200 index.

The Fund's biggest positive contributors were the Watermark Global Leaders Fund (WGF) up 10.2%, Thorney Technologies Limited (TEK) up 6.5%, and Ryder Capital Limited (RYD) up 3.9%. Watermark Global Leaders (WGF) and Watermark Market Neutral (WMK) both announced company restructures during the month. The proposal is for both LICs to be converted to unlisted structures where investors can redeem at NTA. This is in response to both LICs being relatively small and trading at 10-15% discounts.

The discount to NTA reduced for both on announcement of the proposal. Our biggest negative contributors included Blue Sky Alternatives Fund (BAF), Antipodes Global Investments (APL) and Forager Australian Shares Fund (FOR). We have been purchasing additional BAF and APL at the lower prices.

Towards the end of December and early January, we have been deploying some of the surplus cash we have been holding for the past few months into additional market exposure. While equities could obviously fall further, most global markets have corrected between 10-20% since their August 2018 highs. We believe we are now close to fair value, and a more neutral cash setting is appropriate. The portfolio is well diversified between core investments (those managers who we believe can beat the market over the medium term) and discount capture investments (those LICs that we believe are trading at an attractive discount to NTA).

At the end of December, the Fund held investments in 29 LICs

representing 84% of the Fund and 16% in cash. We also held some call and put options. We believe the Fund remains well positioned to withstand most market conditions.

If you qualify as a wholesale or sophisticated investor and are interested in the Fund, contact us or visit the website to find out more. Alternatively, you can gain access through our Affluence Investment Fund, which currently invests around 15% of its portfolio in the Affluence LIC Fund.

## Fund Performance

To 31 December 2018

	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
<b>Affluence LIC Fund</b>	(1.2%)	(2.2%)	0.3%	5.9%	9.1%	5.2%
<b>ASX200 Accumulation Index (AI)</b>	(0.1%)	(6.8%)	(2.8%)	4.2%	7.3%	9.1%
<b>Performance compared to ASX200AI</b>	<b>(1.1%)</b>	<b>4.6%</b>	<b>3.1%</b>	<b>1.7%</b>	<b>1.8%</b>	

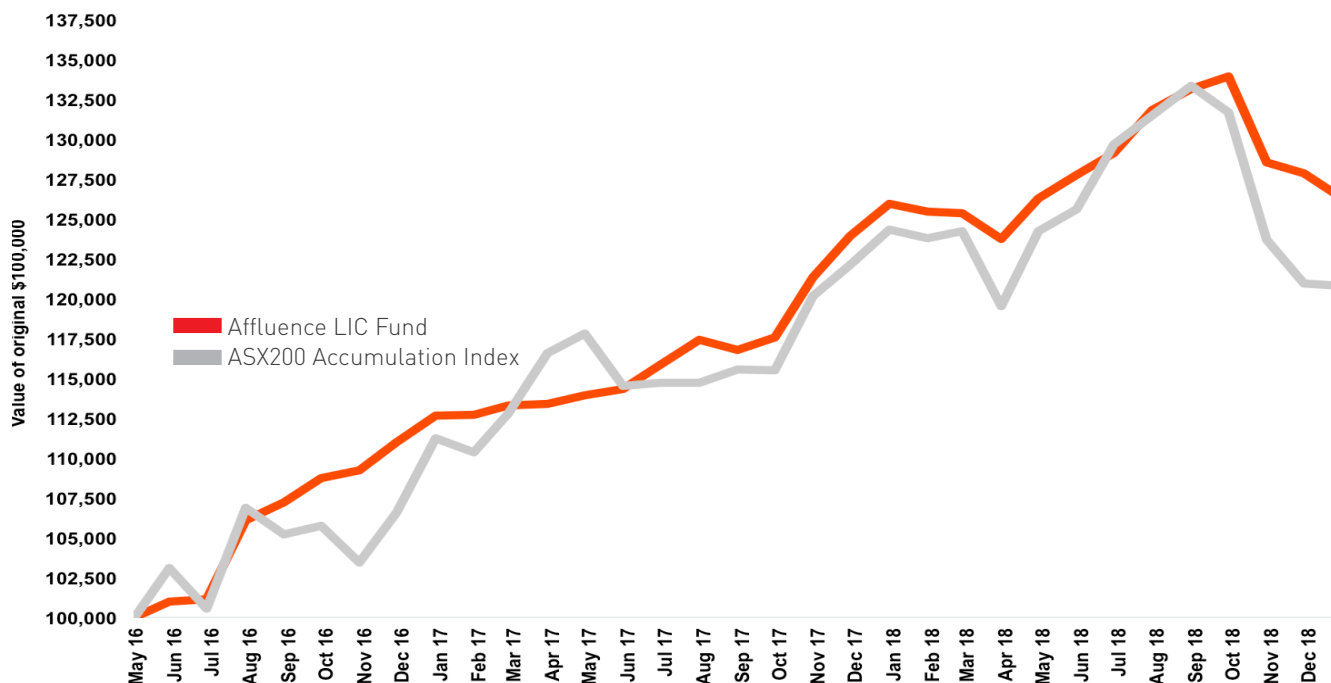
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016.

## Fund Monthly Return History

	J	F	M	A	M	J	J	A	S	O	N	D	Year
<b>2016</b>					1.0%	0.1%	4.9%	1.1%	1.4%	0.5%	1.6%	1.5%	12.6%
<b>2017</b>	0.1%	0.5%	0.1%	0.5%	0.3%	1.3%	1.4%	-0.6%	0.7%	3.2%	2.2%	1.6%	11.8%
<b>2018</b>	-0.4%	-0.1%	-1.3%	2.1%	1.2%	1.1%	2.1%	1.0%	0.6%	-4.0%	-0.5%	-1.2%	0.3%

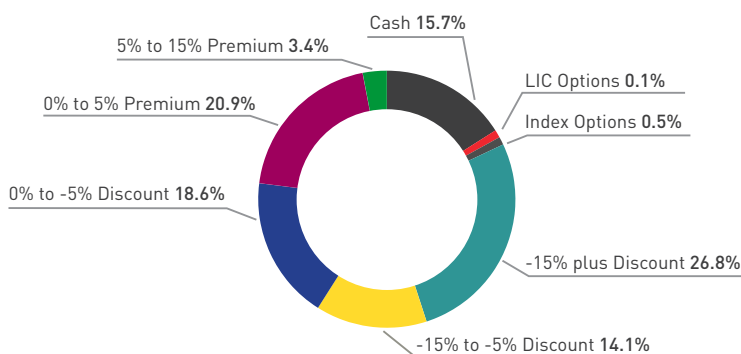
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

## Return on \$100,000 Investment

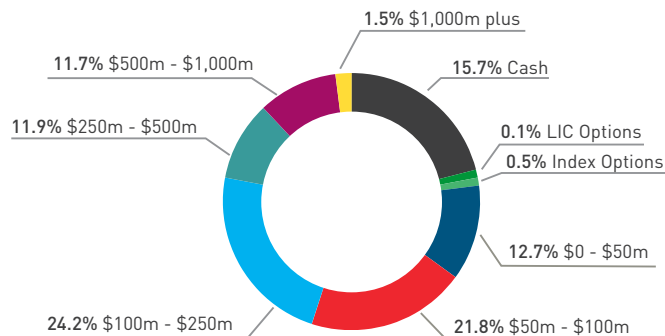


## Portfolio Summary

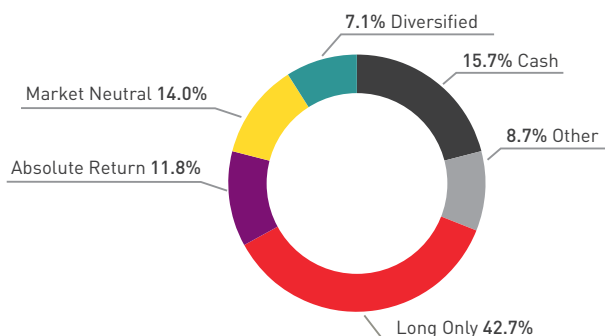
### NTA Discount Band



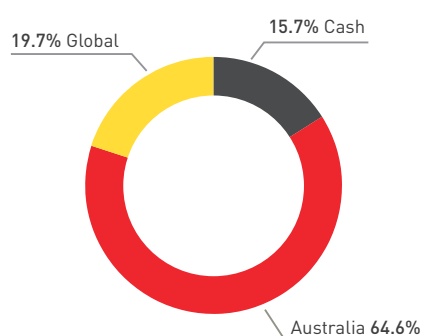
### Portfolio by Market Cap



### Equities Strategy



### Geographic Exposure



## Largest Investments

Future Generation Investment Company (FGX)

Antipodes Global Investment Company (APL)

Absolute Equity Performance Fund (AEG)

Global Value Fund (GVF)

Blue Sky Alternatives Access Fund (BAF)

Want to know more about Listed Investment Companies (LICs)?

Download our free guide to LICs by clicking [here](#).

## What Makes This Fund Different

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

## Key Statistics

<b>Investment Class</b>	Listed Investment Companies
<b>Minimum Investment</b>	\$20,000
<b>Suggested Timeframe</b>	At least 5 years
<b>Benchmark Returns</b>	ASX200 Accumulation Index
<b>Entry Price</b>	\$1.0841
<b>Exit Price</b>	\$1.0819
<b>Annual Distributions</b>	5.70cpu
<b>Distribution Yield</b>	5.2% p.a.
<b>Distribution Frequency</b>	Quarterly
<b>Applications</b>	Please Contact Us
<b>Withdrawals</b>	Monthly
<b>Management Fees</b>	Nil
<b>Performance Fee</b>	12.5% of positive performance
<b>Buy/Sell Spread</b>	0.10%/0.10%

## 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 ASX Listed Investment Companies as selected by Affluence. We aim to outperform the ASX200 Accumulation Index over rolling 3 year periods and to deliver these returns with less volatility than the stock market.

## Contact Us

If you have any questions, please contact us:

**Phone:** 1300 AFFLUENCE (1300 233 583)

**Email:** [invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au)

## Meet The Portfolio Managers



### Daryl Wilson

**CEO/Portfolio Manager**

Years in the Industry: 19

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### Greg Lander

**Portfolio Manager**

Years in the Industry: 12

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