

Half-Year Financial Report

Affluence LIC Fund

ARSN 634 532 424

31 December 2021

CONTENTS	PAGE
Directors' Report	3
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Report	14

DIRECTORY

Responsible Entity:

Affluence Funds Management Limited
ABN 68 604 406 297
Level 5, 320 Adelaide Street
Brisbane QLD 4000
Tel: 1300 233 583
Fax: +61 7 3054 7082
Website: www.affluencefunds.com.au

Custodian:

Perpetual Corporate Trust Limited
ABN 99 000 341 533
Level 18, 123 Pitt Street
Sydney NSW 2000
Tel: +61 2 9229 9000
Fax: +61 2 9229 9188
Website: www.perpetual.com.au

Auditor:

Pitcher Partners
Level 38, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Tel: +61 7 3222 8444
Fax: +61 7 3221 7779
Website: www.pitcher.com.au

The directors of Affluence Funds Management Limited (**AFM**), the Responsible Entity of the Affluence LIC Fund (**the Fund**), present their report for the half-year ended 31 December 2021.

1. Responsible Entity and Investment Manager

The Responsible Entity acts as trustee, undertakes management and administration duties for the Fund and monitors the Custodian which holds the Fund assets on behalf of unitholders. The Responsible Entity also acts as the Investment Manager and is responsible for the management and performance of the Fund investment portfolio.

AFM has acted as Responsible Entity of the Fund since registration of the Fund with the Australian Securities and Investments Commission as a retail managed investment scheme on 12 July 2019. AFM has also acted as the trustee and investment manager of the Fund since the commencement of the Fund on 5 April 2016.

2. Directors and Secretary

The following persons held office as Directors of AFM during the half-year and up to the date of this report unless otherwise indicated:

- Daryl Wilson, Director & Company Secretary
- Karen Prentis
- Geoff Cannings

3. Principal Activity

The Fund's principal activity is to provide investors with:

- Access to a diversified portfolio, mostly comprising ASX listed investment companies and trusts (LICs).
- A minimum distribution yield of 5% per annum, paid quarterly.
- A total annualised return after all fees and costs in excess of the ASX 200 Accumulation Index (ASX200 Index) over rolling 3-year periods.
- Volatility of returns which is significantly less than the ASX 200 Index, measured over rolling 3-year periods.

4. Review of Operations and Results

The Fund recorded a profit of \$912,133 during the half-year ended 31 December 2021 (2020: \$2,452,573).

The Fund portfolio, through its LIC investments, provides access to Australian and global equities as well as some exposure to other asset classes. The LICs held by the Fund use a broad range of investment styles and investment strategies.

The table below shows the Fund's performance after fees and costs, against the ASX200 Index over various periods to December 2021:

Fund Performance

To 31 December 2021	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	1.2%	8.4%	9.1%	8.4%	7.6%	
Change in Unit Price (Capital Growth)	0.5%	11.2%	9.4%	4.9%	6.4%	
Affluence LIC Fund Total Returns	1.7%	19.6%	18.5%	13.3%	14.0%	9.2%
ASX200 Accumulation Index (AI)	2.7%	17.2%	13.6%	9.8%	10.6%	13.8%
Performance compared to ASX200AI	(1.0%)	2.4%	4.9%	3.5%	3.4%	

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. Past performance is not indicative of future performance.

The Fund delivered total returns (distributions and the change in unit price) of 5.1% for the half-year, compared to the ASX200 Index return of 3.8%. The Fund benefitted from a continuing recovery in most markets since the lows of March 2020.

Returns since the commencement of the Fund have been 14.0% per annum, compared to the ASX200 Index return of 10.6% per annum. Volatility (variability of returns) since commencement has been significantly lower than for the ASX 200 Index.

While many LICs continue to trade at a higher than average discount to their underlying net tangible asset values, we are somewhat cautious on overall market prices. For this reason, at balance date the Fund was conservatively positioned relative to the ASX200 Index.

At balance date, the Fund held investments in 26 LICs, representing 72% of the Fund's assets. The Fund also held 4% in portfolio hedges and 24% in cash.

4. Review of Operations and Results (continued)

Distributions paid/payable to unitholders of the Fund for the half-year were \$463,693 (2020: \$261,613). Distributions payable at balance date were \$243,619 (2020: \$128,945).

The Fund is available for investment to all investors in Australia and New Zealand, with a minimum investment amount of \$20,000. Current information on the Fund including details of the strategy, performance, portfolio, unit pricing and distributions is available on the AFM website at www.affluencefunds.com.au/alf/.

5. Subsequent Events

Since balance date, the Fund has issued an additional 764,608 units at an average price of \$1.42 per unit and redeemed 35,295 units at an average price of \$1.42 per unit.

Other than as noted above, no other matters or circumstances has arisen since 31 December 2021 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

7. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this report.

Signed in accordance with a resolution of the directors of Affluence Funds Management Limited.



Daryl Wilson
Director

31 January 2022

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Affluence LIC Fund
Level 5, 320 Adelaide Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half year ended 31 December 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Pitcher Partners
PITCHER PARTNERS



CHERYL MASON
Partner

Brisbane, Queensland
31 January 2022

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Pitcher Partners is an association of independent firms.

An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

Affluence LIC Fund
Statement of Comprehensive Income
For the half-year ended 31 December 2021

	Dec-2021	Dec-2020
	\$	\$
Investment income		
Distribution income	282,156	161,201
Dividend income	247,143	124,630
Interest income	11	338
Net change in fair value of investments	550,362	2,520,791
Other income	8,071	-
Net investment income	1,087,743	2,806,960
Expenses		
Brokerage	19,390	14,636
Fund administration costs	23,022	13,591
Performance fees	133,198	326,160
Total expenses	175,610	354,387
Profit	912,133	2,452,573
Other comprehensive income	-	-
Total comprehensive income	912,133	2,452,573

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Affluence LIC Fund
Statement of Financial Position
As at 31 December 2021**

	Note	Dec-2021 \$	Jun-2021 \$
Assets			
Cash and cash equivalents		4,638,714	3,531,868
Receivables		467,689	47,408
Investments at fair value through profit or loss	2	15,880,455	14,163,602
Total assets		20,986,858	17,742,878
Liabilities			
Payables		1,002,543	1,684,064
Distributions payable		243,619	584,839
Total liabilities		1,246,162	2,268,903
Net assets		19,740,696	15,473,975
Equity			
Contributed equity	4	16,653,664	12,835,383
Retained earnings/(Accumulated losses)		3,087,032	2,638,592
Total equity		19,740,696	15,473,975

The above balance sheet should be read in conjunction with the accompanying notes.

Affluence LIC Fund
Statement of Changes in Equity
For the half-year ended 31 December 2021

2021	Note	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at the beginning of the half-year – 1 July 2021				
		12,835,383	2,638,592	15,473,975
Total comprehensive income				
		-	912,133	912,133
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	4	4,697,300	-	4,697,300
Reinvestment of distributions	4	438,096	-	438,096
Redemptions	4	(1,317,115)	-	(1,317,115)
Distributions paid/payable	3	-	(463,693)	(463,693)
Total transactions with unitholders				
		3,818,281	(463,693)	3,354,588
Balance at the end of the half-year				
		16,653,664	3,087,032	19,740,696
2020				
Balance at the beginning of the half-year – 1 July 2020				
		9,598,425	(648,385)	8,950,040
Total comprehensive income				
		-	2,452,573	2,452,573
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Units issued				
For cash	4	1,314,668	-	1,314,668
Reinvestment of distributions	4	439,243	-	439,243
Redemptions	4	(1,359,600)	-	(1,359,600)
Distributions paid/payable	3	-	(261,613)	(261,613)
Total transactions with unitholders				
		394,311	(261,613)	132,698
Balance at the end of the half-year				
		9,992,736	1,542,575	11,535,311

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Affluence LIC Fund
Statement of Cash Flows
For the half-year ended 31 December 2021**

	Dec-2021 \$	Dec-2020 \$
Cash flows from operating activities		
Distributions received	-	184,417
Dividends received	237,393	126,124
Interest received	11	338
Other income received	8,071	-
Cash payments in the course of operations	(225,605)	(339,743)
Net cash provided/(used) by operating activities	19,870	(28,864)
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	9,397,668	7,530,043
Payments for investments at fair value through profit or loss	(10,722,062)	(6,242,532)
Net cash used/(provided) in investing activities	(1,324,394)	1,287,511
Cash flows from financing activities		
Proceeds from issue of units	4,095,300	1,425,668
Payment of redemptions	(1,317,114)	(1,359,600)
Payment of distributions	(366,816)	(317,023)
Net cash provided/(used) by financing activities	2,411,370	(250,955)
Net increase in cash and cash equivalents	1,106,846	1,007,692
Cash and cash equivalents at the beginning of the half-year	3,531,868	793,435
Cash and cash equivalents at the end of the half-year	4,638,714	1,801,127

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation

This financial report for the Affluence LIC Fund (**Fund**) is a general purpose financial report for the half-year ending 31 December 2021. It has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report is designed to provide an update on the Fund's financial performance and financial position since the last annual financial report was issued. The financial report does not include all the notes normally included in an annual financial report and needs to be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting periods.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Continuous disclosure

Continuous disclosure updates of the Fund's performance and significant events can be found on the AFM website at www.affluencefunds.com.au/alf/.

2. Investments at Fair Value Through Profit or Loss

	Dec-2021	Jun-2021
	\$	\$
Listed securities at fair value	15,880,455	14,163,602
Investments at fair value through profit or loss	15,880,455	14,163,602

Fair value measurement

For details about the fair value measurement of the Fund's financial instruments refer to note 5.

3. Distributions

The Fund paid distributions of 3.5 cents per unit (2020: 2.85 cents per unit).

	Dec-2021	Dec-2020
	\$	\$
Distributions paid / payable	243,619	128,945

4. Contributed equity

	Number #	Value \$
Movements in contributed equity		
Balance at 1 July 2020	8,631,096	9,598,425
Units issued:		
For cash	1,152,824	1,314,668
Reinvestment of distributions	417,745	439,243
Units redeemed	(1,152,905)	(1,359,600)
Balance at 31 December 2020	9,048,760	9,992,736
Units issued:		
For cash	2,399,071	3,169,001
Reinvestment of distributions	110,776	142,829
Units redeemed	(365,502)	(469,183)
Balance at 30 June 2021	11,193,105	12,835,383
Units issued:		
For cash	3,361,317	4,697,300
Reinvestment of distributions	315,605	438,096
Units redeemed	(948,969)	(1,317,115)
Balance at 31 December 2021	13,921,058	16,653,664

5. Fair value disclosures

Disclosed fair values

The carrying amounts of receivables, payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

Fair value hierarchy

Fair value that is determined by reference to actively trading markets is considered a level 1 fair value measurement as described in AASB 13 *Fair Value Measurement*.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Fair value of investments at fair value through profit or loss

The Fund holds financial instruments measured at fair value which are investments in ASX listed securities.

The fair value measurement for ASX listed securities is considered a level 1 fair value measurement under AASB 7 *Financial Instruments: Disclosures* as it is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund held no other financial instruments at fair value in the current or prior half-year.

5. Fair value disclosures (cont'd)

The Fund's financial assets and financial liabilities measured and recognised at fair value at 31 December 2021 and 30 June 2021 on a recurring basis are as follows:

	Level 1	Level 2
At 31 December 2021		
Financial Assets		
Financial assets at fair value through profit or loss (FVPL)		
Listed securities	15,880,455	-
Total Financial Assets	15,880,455	-
At 30 June 2021		
Financial Assets		
Financial assets at fair value through profit or loss (FVPL)		
Listed securities	14,163,602	-
Total Financial Assets	14,163,602	-

6. Commitments/Contingent liabilities

The Directors of the Responsible Entity are not aware of any material commitments or contingent liabilities.

7. Events occurring after the reporting period

Since balance date, the Fund has issued an additional 764,608 units at an average price of \$1.42 per unit and redeemed 35,295 units at an average price of \$1.42 per unit.

Other than as noted above, no other matters or circumstances has arisen since 31 December 2021 that has significantly affected or may significantly affect:

- The Fund's operations in future financial years; or
- The results of those operations in future financial years; or
- The Fund's state of affairs in future financial years.

In the opinion of the Directors of the Responsible Entity, Affluence Funds Management Limited:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Affluence Funds Management Limited.



Daryl Wilson
Director

31 January 2022

Independent Auditor's Review Report To the Members of Affluence LIC Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Affluence LIC Fund ("the Fund"), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Fund does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners
PITCHER PARTNERS

Mason
CHERYL MASON
Partner

Brisbane, Queensland
31 January 2022