



Affluence LIC Fund

Fund Report - October 2018

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Fund Commentary

The ASX200 index decreased by 6.1% in October, and the ASX Small Ordinaries index was down 9.6%. The Affluence LIC Fund decreased by 4.0% for the month. Returns since inception for the Fund are 10.6% per annum, compared to the ASX 200 Index of 8.9% per annum. These returns have been delivered with approximately half of the volatility of the ASX200 index.

It was a reasonably substantial sell-off in October. Markets hit their lows late in the month, before retracing some of the losses in the last few days. Our biggest positive contributors this month were those LICs that managed to remain relatively stable, including Watermark Global Fund (WGF), Antipodes Global Investment (APL), and Ozgrowth Limited (OZG). Our biggest negative contributors included Bailador Technology Investments (BTI), Thorney Opportunities Limited (TOP), Absolute Equity Performance (AEG) and Forager Australian Shares Fund (FOR). There were relatively few places to hide. By number, the majority of our holdings

outperformed the ASX200 declines, and only a few fell more than the ASX Small Ordinaries.

We entered the month well prepared, with cash levels around 20%. We also held some ASX200 put options, but they never really came into play as the market stabilised just as they were entering the strike zone. If the market does fall below the October lows in the next few months, these options could help to cushion any further declines. We made minimal changes to the portfolio during the month, as October bought a general fall in prices across the sector rather than any standout new opportunities.

We have no special insights on where markets go from here (up, down or sideways). While Australian and global equities are less expensive than they were, we would not yet describe them as cheap. Historically, market corrections of 5-10% are much more common than bigger falls, and this would suggest there's a good chance of prices recovering over the next few months. However, markets are late cycle, and we continue to be cautious

with our portfolio construction. Near the market lows in October, we purchased some ASX200 call options. This will allow the Fund to enjoy some benefits if markets do recover significantly over the next few months while retaining around 20% cash to deploy if we see further falls.

At the end of October, the Fund held investments in 25 Listed Investment Companies representing 76% of the Fund and 23% in cash. As noted earlier, we also held some LIC and index call options, from which the Fund will benefit if markets rally strongly, and some index 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 October 2018

	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
Affluence LIC Fund	(4.0%)	1.8%	5.9%	8.5%	10.6%	5.2%
ASX200 Accumulation Index (AI)	(6.1%)	(0.4%)	2.9%	9.3%	8.9%	9.2%
Performance compared to ASX200AI	2.1%	2.2%	3.0%	(0.8%)	1.7%	

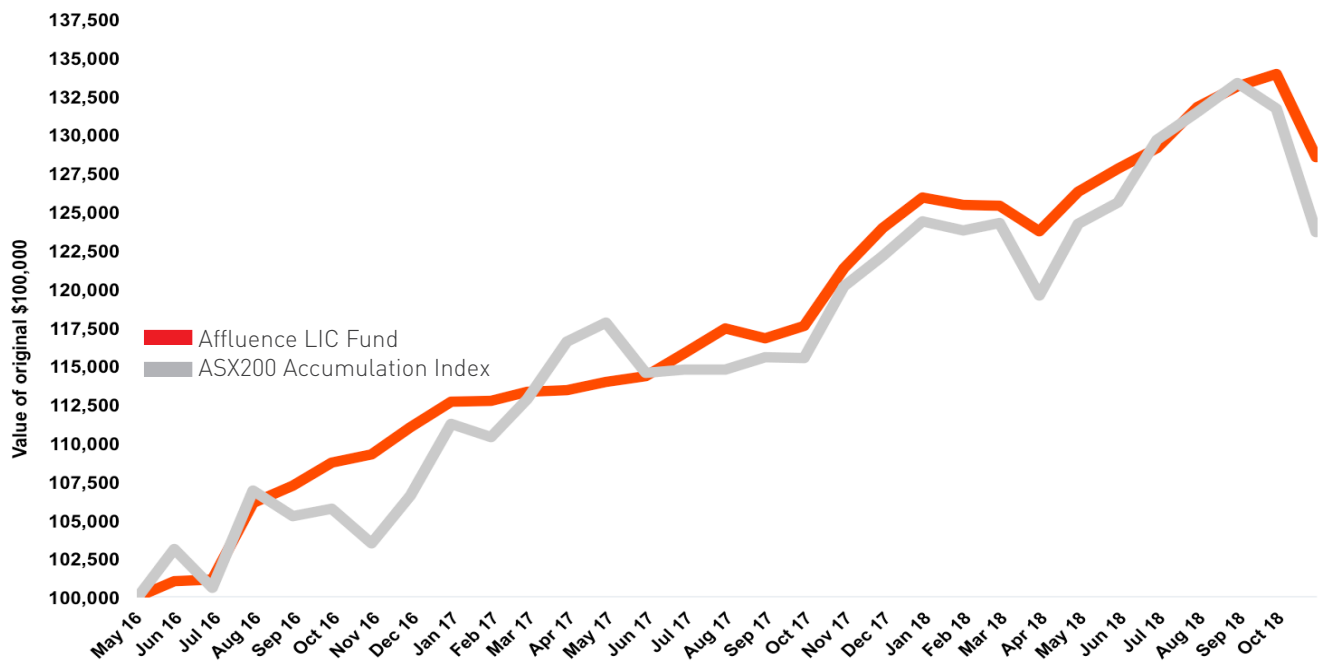
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016.

Fund Monthly Return History

	J	F	M	A	M	J	J	A	S	O	N	D	Year
2016					1.0%	0.1%	4.9%	1.1%	1.4%	0.5%	1.6%	1.5%	12.6%
2017	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%
2018	-0.4%	-0.1%	-1.3%	2.1%	1.2%	1.1%	2.1%	1.0%	0.6%	-4.0%			

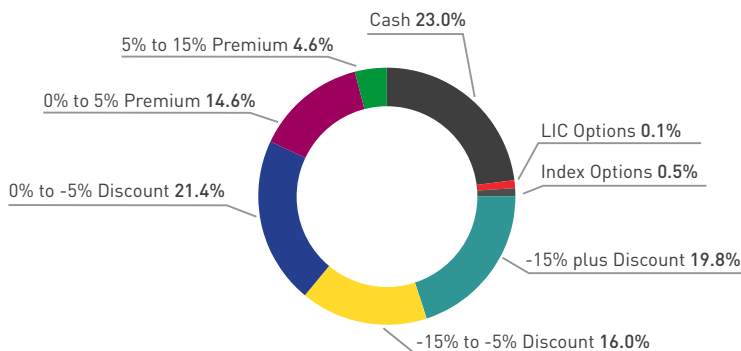
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment

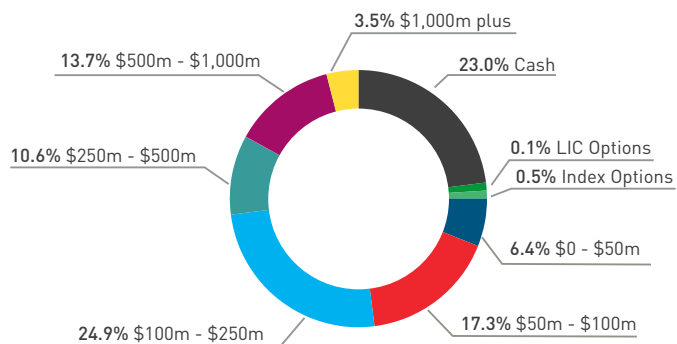


Portfolio Summary

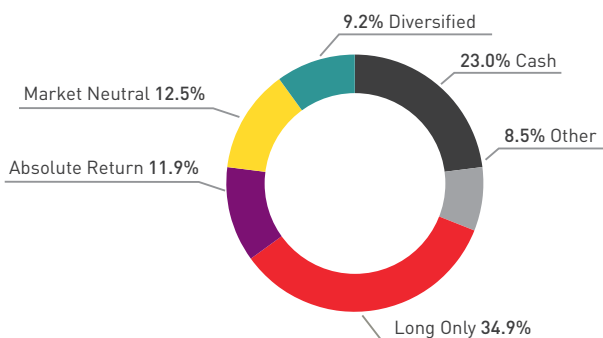
NTA Discount Band



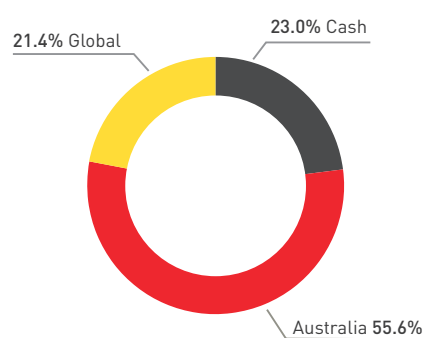
Portfolio by Market Cap



Equities Strategy



Geographic Exposure



Largest Investments

Future Generation Investment Company (FGX)

Antipodes Global Investment Company (APL)

Forager Australian Shares Fund (FOR)

WAM Leaders Fund (WLE)

Future Generation Global Fund (FGG)

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
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 LICs, 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	Listed Investment Companies
Minimum Investment	\$20,000
Suggested Timeframe	At least 5 years
Benchmark Returns	ASX200 Accumulation Index
Entry Price	\$1.1179
Exit Price	\$1.1157
Annual Distributions	5.70cpu
Distribution Yield	5.1% p.a.
Distribution Frequency	Quarterly
Applications	Please Contact Us
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	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:

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Meet The Portfolio Managers



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