



Affluence LIC Fund

Fund Report - April 2020

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Fund Commentary

The ASX 200 Index rebounded in April, increasing by 8.8%. The Affluence LIC Fund performed well and increased 7.9%. This was the best monthly return in the Fund's history, following straight after the brutal March madness. Returns since inception for the Fund have averaged 7.7% per annum, including quarterly distributions of 6.0% per annum. The Fund has outperformed the ASX200 Index over all time periods longer than one month, and these returns have been delivered with significantly lower volatility than the Index.

April's market increase of 8.8% for the ASX 200 was apparently the best month for Australian shares since 1988. At market close on 30 April, the Australian market had increased over 20% since the March lows. I think most investors found the pace and intensity of the rebound surprising. There now appears to be two main groups of professional investors. Those who believe that this rebound is justified by the huge recovery packages released by governments and central banks around the world, as well as Australia's fantastic efforts at 'flattening the curve'. And the second group are those who believe this is a bear market rally (or a 'dead cat bounce'), and markets will retest their recent lows in the months ahead. We are in a third group, and are happy to admit we have no idea where markets will head in the short term. As a very broad estimate, we believe that the ASX 200 at around 5,300 points is in a reasonable range

of fair market value in the current environment. However at times, fair value has little to do with short term market movements when investor emotions take over. Our solution as always is to try and position the portfolio to be resilient in all market conditions.

The underlying portfolio performed very well in April, with the only significant negative being our index put options which subtracted 2.9% from the overall result. While the put option hedges were a reasonable detractor this month, they added 3.4% to the February return and 6.0% to the March return. Over a three month period they have proven to be very valuable, and if there are any more significant market falls in the next two months then the portfolio will continue to be partially protected. Our best performing LICs this month were the L1 Long Short Fund (up 22%), the Regal Investment Fund (up 35%) and Thorney Technologies (up 34%).

The weighted discount to NTA for the portfolio is approximately 22%, which is well above average. Given this has occurred when the overall market is around our estimate of fair value, we believe the fund is very well positioned for the medium to long term.

At the end of April, the Fund held investments in 31 LICs representing 91% of the Fund, 8% in cash and 1% in index put options. If you would like to know more about the investment portfolio, including our

top holdings and weightings, visit the Affluence LIC Fund page at <https://affluencefunds.com.au/alf/> or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

The Fund is open to all investors with a minimum investment amount of \$20,000. The cut-off for applications is the last business day of the month, with units issued effective the first day of the following month.

Fund Performance

To 30 April 2020	1 Month	1 Year	2 Years	3 Years	Inception	Volatility
Distributions	0.0%	6.4%	6.9%	7.5%	6.0%	
Change in Unit Price (Capital Growth)	7.9%	(3.4%)	(3.6%)	(1.8%)	1.7%	
Affluence LIC Fund Total Returns	7.9%	3.0%	3.3%	5.7%	7.7%	8.6%
ASX200 Accumulation Index (AI)	8.8%	(9.1%)	0.2%	1.9%	5.7%	15.2%
Performance compared to ASX200AI	(0.9%)	12.1%	3.1%	3.8%	2.0%	

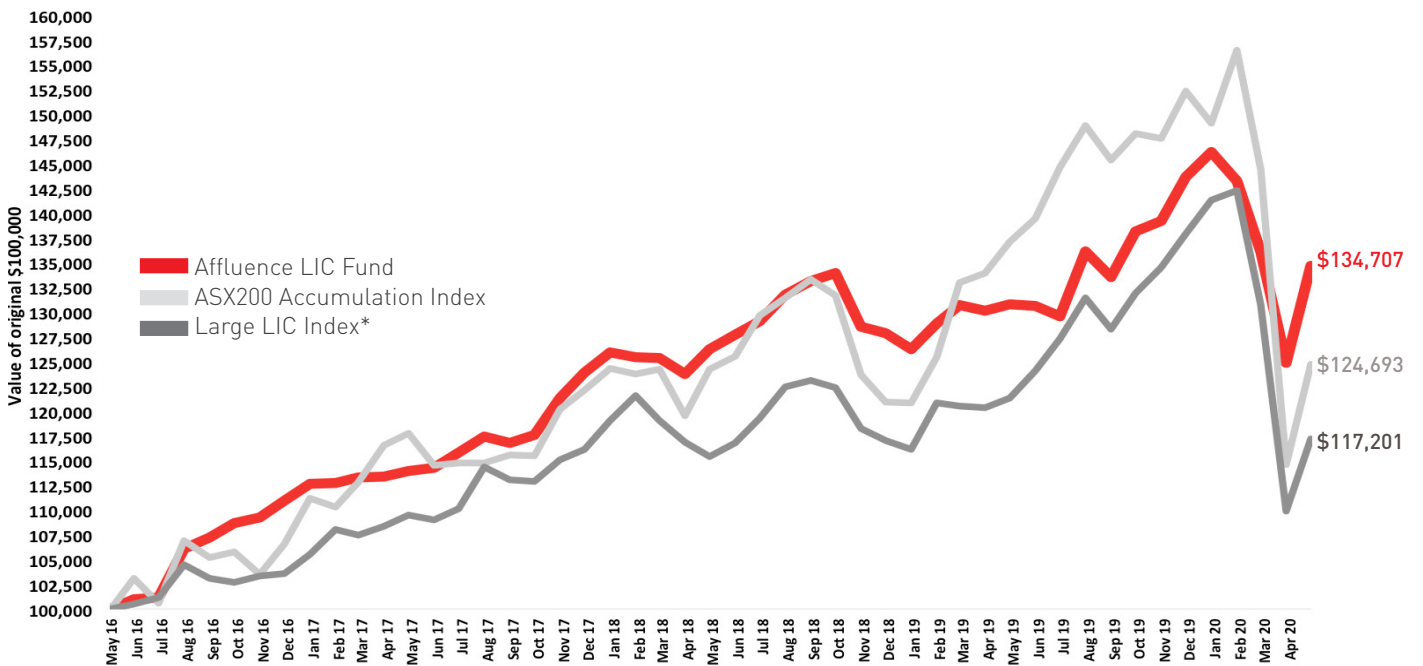
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%	-0.5%	-1.2%	0.3%
2019	2.1%	1.4%	-0.5%	0.5%	-0.1%	-0.8%	5.1%	-1.9%	3.4%	0.8%	3.2%	1.7%	15.8%
2020	-2.0%	-5.0%	-8.3%	7.9%									

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

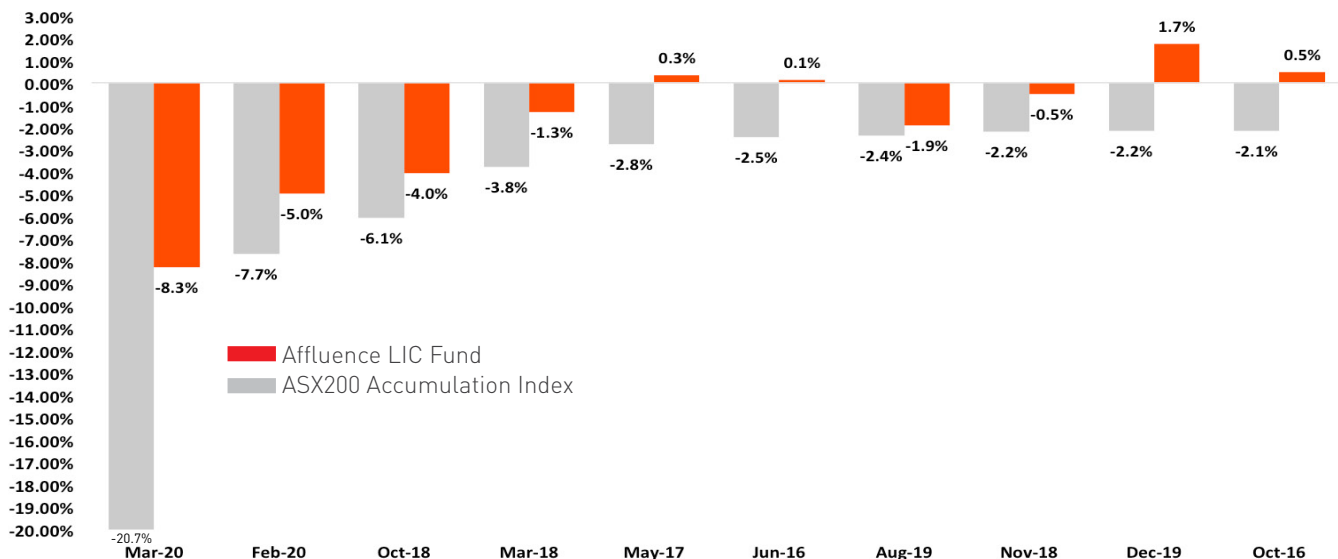
Return on \$100,000 Investment



* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

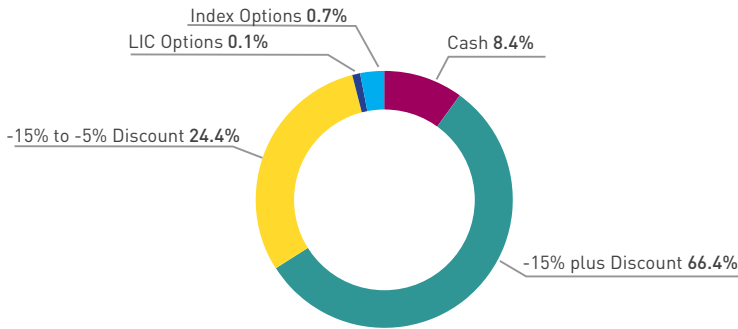
Fund Performance in ASX 200 Worst Months

The below shows the 10 largest monthly falls in the ASX200 Accumulation Index since the Fund commenced, and the performance of the Affluence LIC Fund for that month. The Fund has outperformed the Index in all 10 of the worst months, and delivered positive returns in 4 of them.

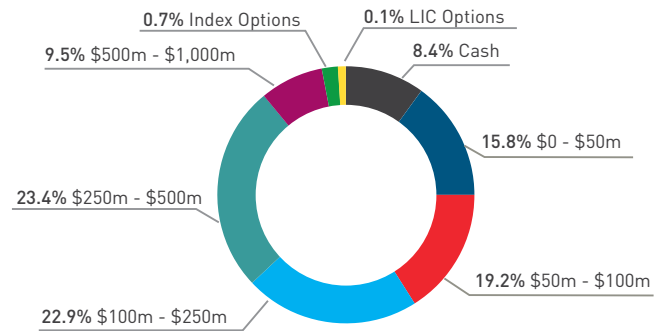


Portfolio Summary

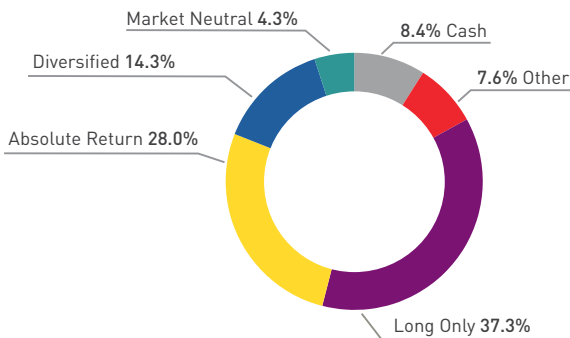
NTA Discount Band



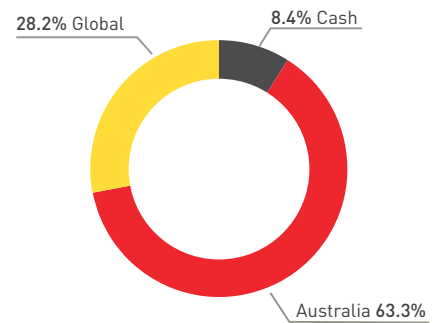
Portfolio by Market Cap



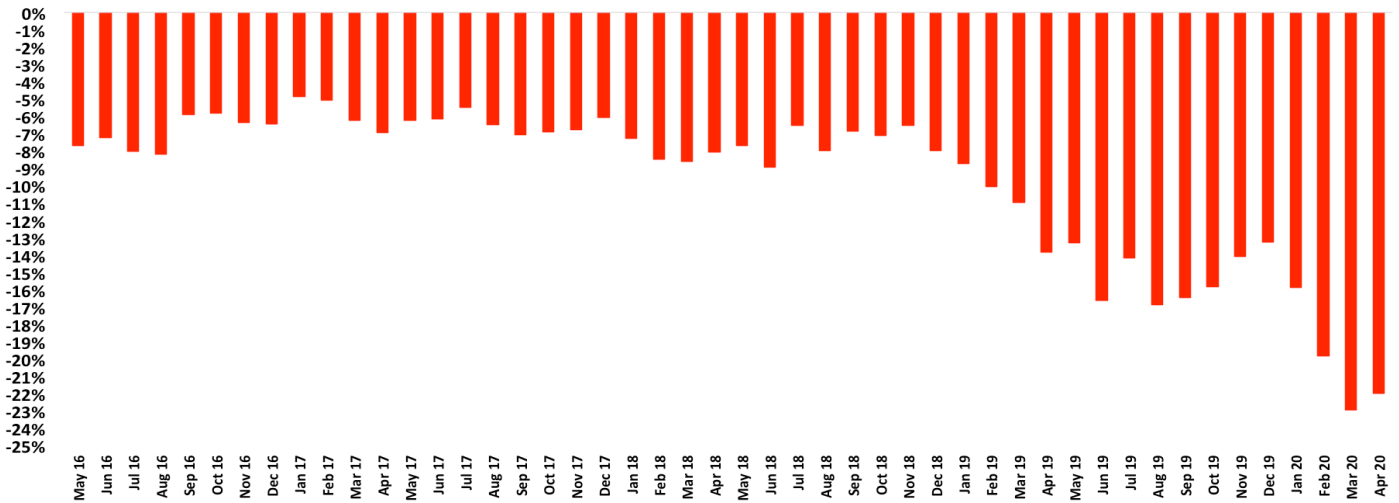
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

- Future Generation Global Fund (FGG)
- Blue Sky Alternatives Access Fund (BAF)
- Future Generation Investment Fund (FGX)
- L1 Long Short Fund (LSF)
- Monash Absolute Investment Company Limited (MA1)

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
Fund Value	\$9.1m
Entry Price	\$1.0711
Exit Price	\$1.0689
Annual Distributions	5.70cpu
Distribution Yield	5.3% p.a.
Distribution Frequency	Quarterly
Applications	Monthly
Withdrawals	Monthly
Management Fees	Nil
Performance Fee	12.5% of positive performance
Buy/Sell Spread	0.10%/0.10%

Meet The Portfolio Managers



Daryl Wilson

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Greg Lander

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Investment Strategy

The Fund provides access to a diversified investment portfolio of ASX Listed Investment Companies as selected by Affluence. We aim to outperform the ASX 200 Accumulation Index over rolling 3 year periods and to deliver these returns with less volatility than the Index.

The Fund aims to invest in LICs that meet one or more of the following criteria; Alpha Generators – LICs that can outperform the market, Discount Capture – LICs trading at an attractive discounts to NTA, or Event Driven – special situations such as IPOs, capital raisings and other corporate activities.

Contact Us

If you have an questions, please contact us:

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This information has been prepared by Affluence Funds Management Limited ABN 68 604 406 297 AFS licence no. 475940 (Affluence) as general information only in relation to the Affluence LIC Fund (Fund). It does not purport to be complete and it does not take into account your investment objectives, financial situation or needs. Prospective investors should consider those matters and read the Product Disclosure Statement (PDS) offering units in the Fund before making an investment decision. The PDS contains important notices and disclaimers, important information about the offer, as well as investment risks. Any forecast or projected information, including financial, is not guaranteed and there is no guarantee of any distribution, investment return or repayment of capital. This information and the information in the PDS is not a recommendation by Affluence or any of its officers, employees, agents or advisers and potential investors are encouraged to obtain independent expert advice before any investment decision.