



# Affluence LIC Fund

## Fund Report - April 2022

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## Fund Commentary

The Affluence LIC Fund was flat in April, outperforming the ASX 200 Index, which fell by 0.9%. Since the Fund commenced over five years ago, returns have averaged 12.9% per annum, including quarterly distributions of 7.4% per annum. The Fund has outperformed the ASX200 Index over most periods, with significantly lower volatility.

The 2022 roller coaster continued in April (and got wilder in early May) as asset markets adjusted to the new world of high inflation and increasing interest rates. The dispersion in 2022 between markets is vast. For the first four months of 2022, the ASX 200 Index is up 1.4%, the ASX Small Ords is down 5.7%, global equities are down over 12%, and the Nasdaq has fallen 21%. In comparison, the Affluence LIC Fund has decreased by 1.7%, with our global LIC holdings our worst performers. Our cautious approach continued throughout April, with higher than average cash holdings and hedging levels. So far, this has been the correct approach for 2022.

The largest positive contributors in April included index hedges, Tribeca Global Natural Resources Fund (TGF), 360 Capital (TGP) and NGE Capital (NGE). The biggest negative contributors were the two VGI Partners LICs (VG1 and VG8).

Over the past six months, the big winners have been the more traditional industries of energy, materials, and financials. In contrast, many high-flying tech names are now trading at less than half their 2021 highs. In our view, non-profitable tech companies are still nowhere near reasonable valuation metrics. We believe a change in leadership is occurring in equity markets, from tech companies at crazy valuations back to more traditional companies on reasonable fundamentals.

If inflation is brought under control with fewer interest rate increases than

expected, markets may be close to a bottom. On the other hand, persistent inflation may cause central banks to increase rates well above a neutral level, and equity markets could fall a lot further. Our approach, as always, will be to buy more assets as they get cheaper but keep some dry powder available if markets become dislocated. We added several new names to the portfolio in April and early May as we saw value emerging.

At the end of April, the Fund held investments in 29 LICs representing 71% of the Fund, 5% in portfolio hedges and 24% in cash. The average NTA discount for the LIC portfolio at the end of the month was 13%, compared to the 12.4% discount at the end of March.

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 Affluence LIC Fund is currently only available to existing clients. If you hold an investment in any Affluence Fund, you can apply to invest in the Affluence LIC Fund. If you already have an investment in the Fund, you can continue to add to your investment. For existing Affluence clients, applications are accepted monthly, and the minimum initial investment amount is \$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. Click the “Invest Now” button on our website to apply online or download application forms.**

## Fund Performance

To 30 April 2022	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.0%	8.0%	9.0%	8.7%	7.4%	
Change in Unit Price (Capital Growth)	0.0%	3.2%	7.5%	4.0%	5.5%	
<b>Affluence LIC Fund Total Returns</b>	<b>0.0%</b>	<b>11.2%</b>	<b>16.5%</b>	<b>12.7%</b>	<b>12.9%</b>	<b>9.0%</b>
ASX200 Accumulation Index (AI)	(0.9%)	10.2%	9.4%	8.8%	10.3%	14%
<b>Performance compared to ASX200AI</b>	<b>0.9%</b>	<b>1.0%</b>	<b>7.1%</b>	<b>3.9%</b>	<b>2.6%</b>	

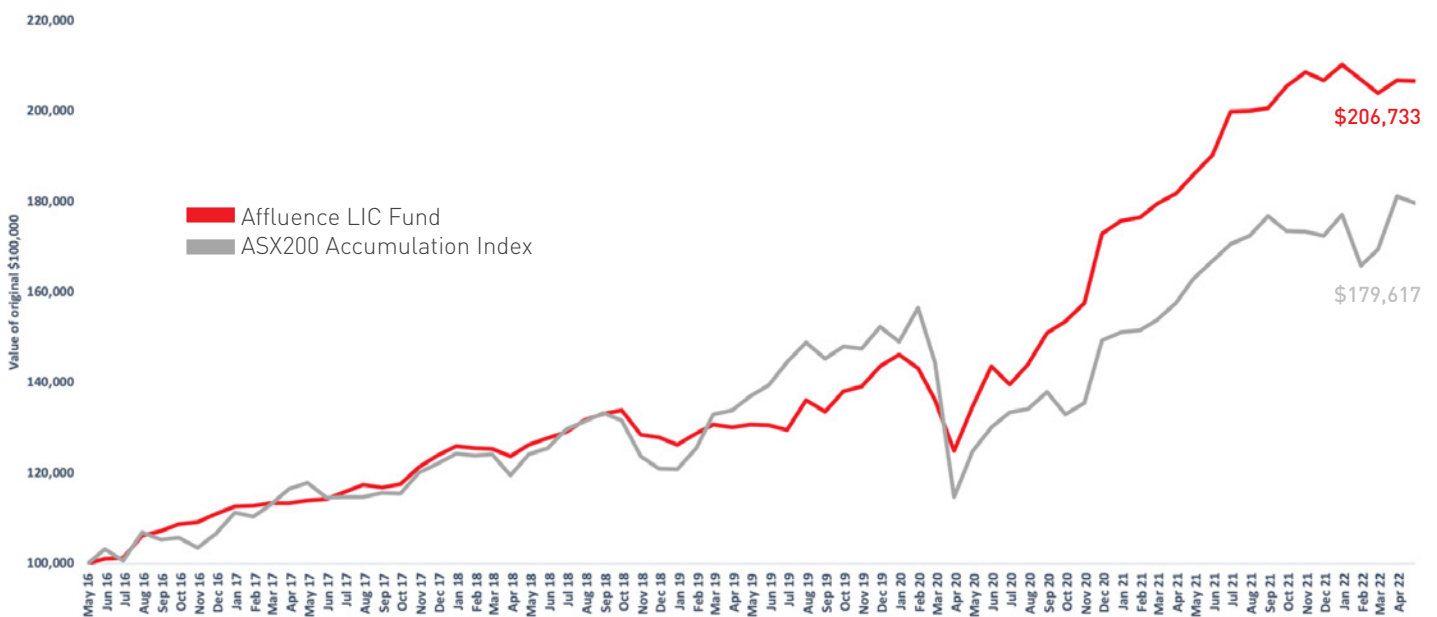
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

# 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%	6.6%	-2.7%	3.2%	4.8%	1.7%	2.7%	9.7%	1.7%	20.2%
2021	0.4%	1.7%	1.3%	2.3%	2.4%	5.1%	0.0%	0.3%	2.4%	1.5%	-0.9%	1.7%	19.6%
2022	-1.6%	-1.4%	1.4%	0.0%									

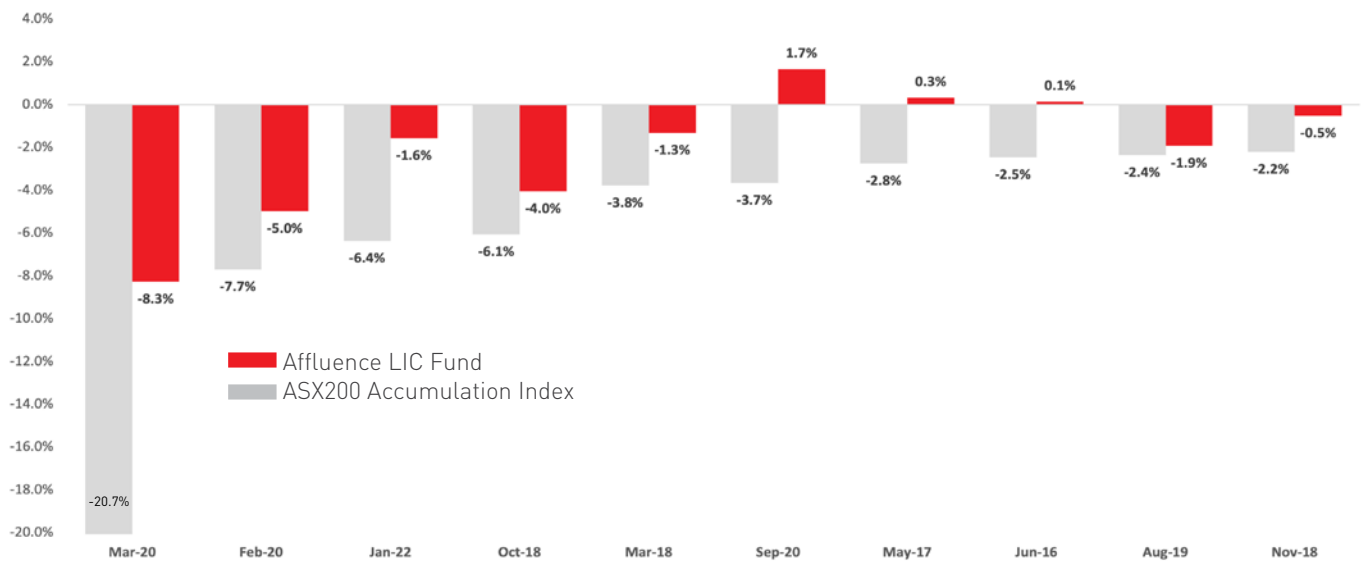
■ Strongest Month   
 ■ Positive Month   
 ■ Stable Month   
 ■ Negative Month   
 ■ Weakest Month

# Return on \$100,000 Investment



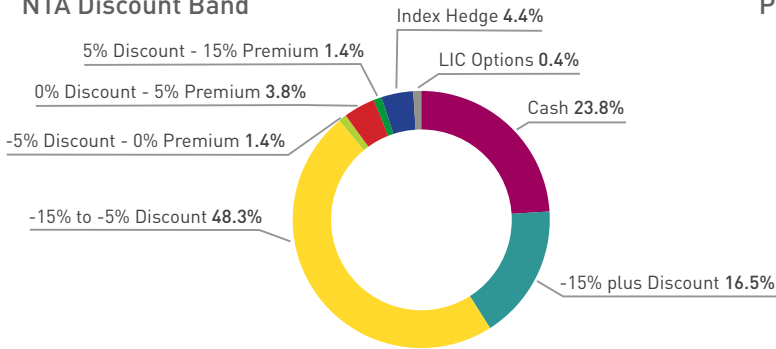
# Fund Performance in ASX 200 Worst Months

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 three of them.

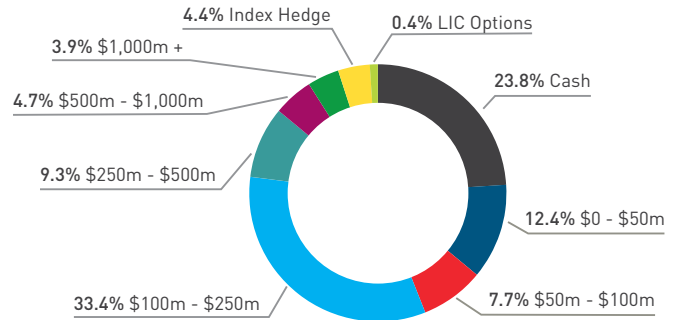


# Portfolio Summary

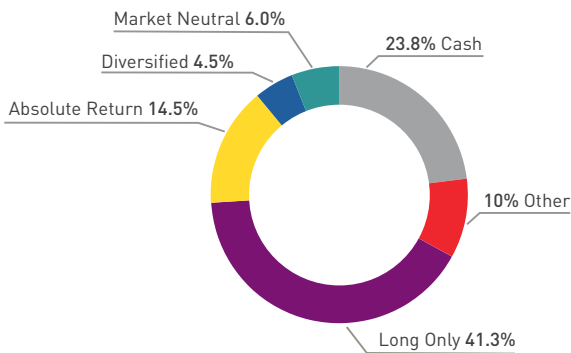
## NTA Discount Band



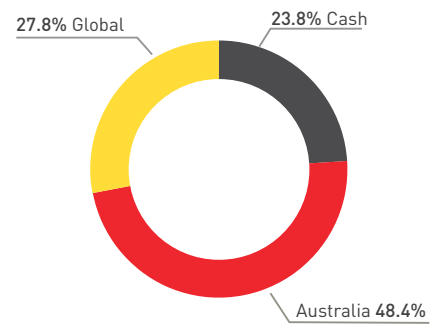
## Portfolio by Market Cap



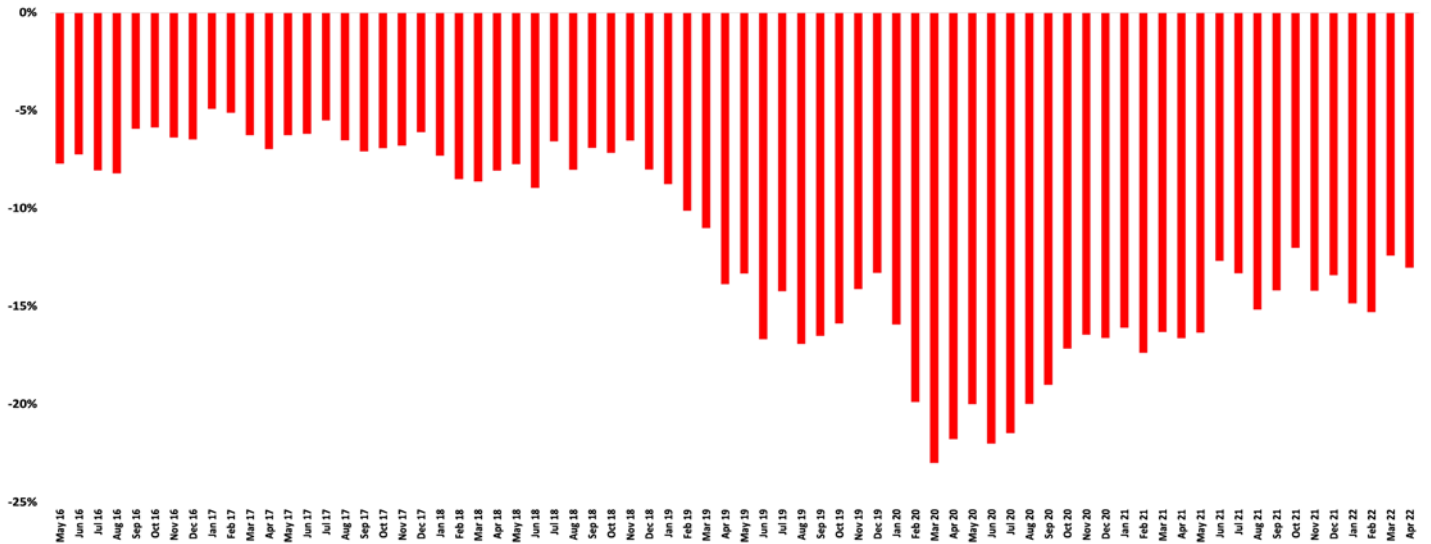
## Equities Strategy



## Geographic Exposure



# Affluence LIC Fund Portfolio - Discount to NTA History



## Five Largest Investments

- Thorney Opportunities Limited (TOP)
- Tribeca Natural Resources Limited (TGF)
- Absolute Equity Performance Fund (AEG)
- Sandon Capital Investments Limited (SNC)
- Platinum Capital (PMC)

**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

Investment Class	Listed Investment Companies
Minimum Investment	\$20,000
Suggested Timeframe	At least 5 years
Benchmark Returns	ASX200 Accumulation Index
Fund Value	\$21.6m
Entry Price	\$1.3781
Exit Price	\$1.3753
Annual Distributions	7.00cpu
Distribution Yield	5.1% 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

CEO/Portfolio Manager

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### Greg Lander

Portfolio Manager

Years in the Industry: 12

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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.