



Affluence LIC Fund

Fund Report - August 2022

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Fund Commentary

The Affluence LIC Fund increased by 1.1% in August, just behind the ASX 200 Index which increased by 1.2%. Since the Fund commenced over five years ago, returns have averaged 12.0% per annum, including quarterly distributions of 8.2% per annum. The Fund has outperformed the ASX200 Index over most time periods, with significantly lower volatility.

Australian equity markets fared quite well in August, compared to global and US equity markets which were down approximately 4%. Through August and early September central banks around the world continued to aggressively increase interest rates to fight high inflation. Coupled with surging energy and electricity prices in the northern hemisphere, investors are increasingly becoming worried about the potential for a global recession towards the end of this year and next. Recessions often cause a fall in company earnings, which may lead to further losses in equity and asset markets. We have become a little more cautious in our portfolio positioning, with higher levels of cash and hedging.

The largest positive contributors in August included Ryder Capital (RYD), Absolute Equity Performance (AEG), KKR Credit Income Fund (KKC), in addition to our index hedges. The largest detractors included Touch Ventures Limited (TVL), VGI Partners Global (VG1) and Ellerston Asian Investments (EAI).

At the end of August, the Fund held 31 LICs representing 77% of the Fund, 5% in portfolio hedges and 18% in cash. The average NTA discount for the LIC portfolio at the end of the month was approximately 16%, compared to the 15% discount at the end of July.

We have reopened the Affluence LIC Fund to new investors. 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 31 August 2022	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.0%	10.8%	10.6%	9.1%	8.2%	
Change in Unit Price (Capital Growth)	1.1%	(8.6%)	4.8%	2.8%	3.8%	
Affluence LIC Fund Total Returns	1.1%	2.2%	15.4%	11.9%	12.0%	9.2%
ASX200 Accumulation Index (AI)	1.2%	(3.4%)	5.5%	8.1%	8.8%	14.4%
Performance compared to ASX200AI	(0.1%)	5.6%	9.9%	3.8%	3.2%	

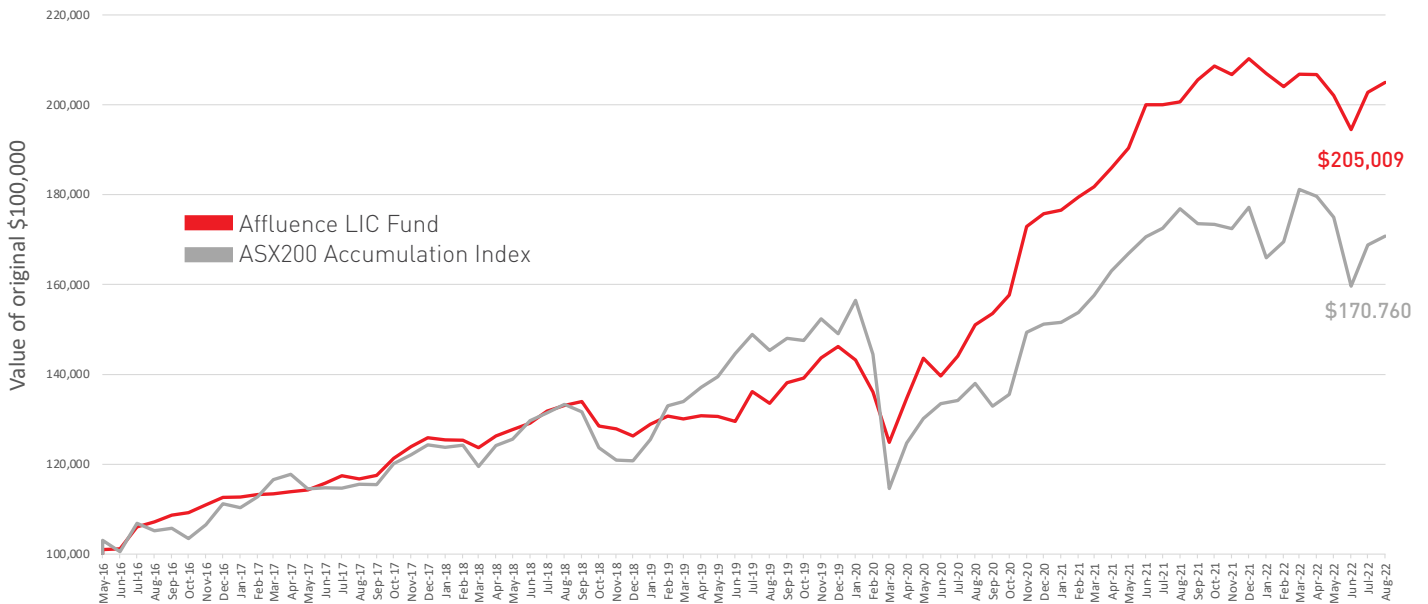
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%	-2.3%	-3.8%	4.3%	1.1%					

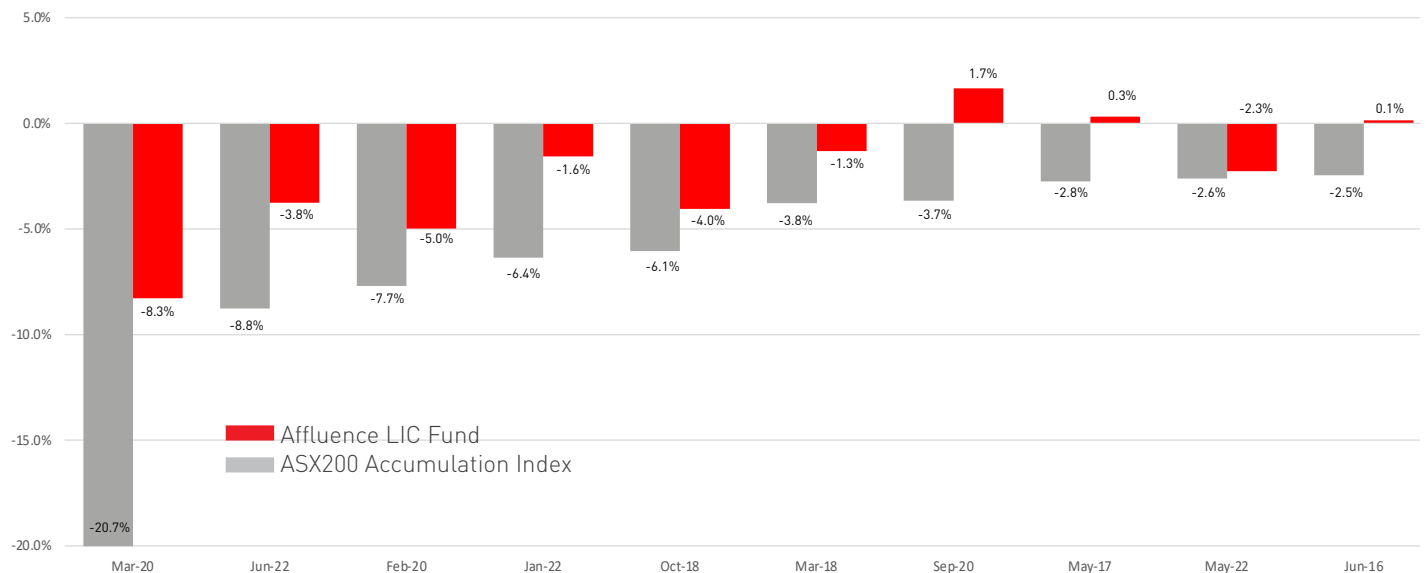
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



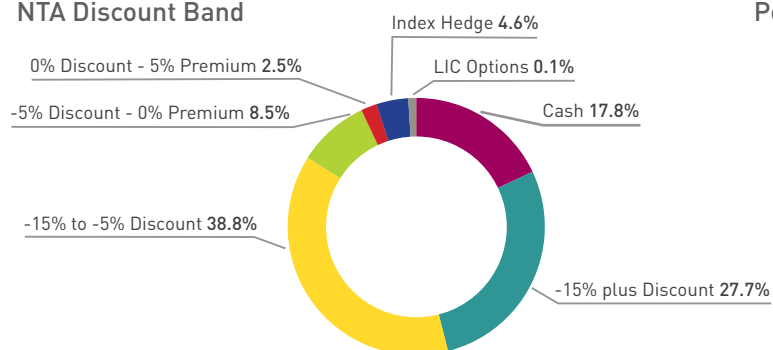
Fund Performance in ASX 200 Worst Months

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.

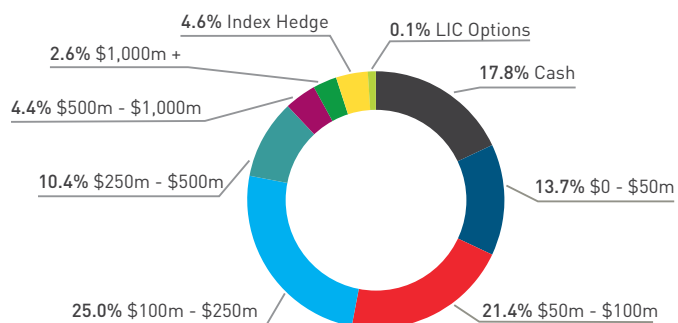


Portfolio Summary

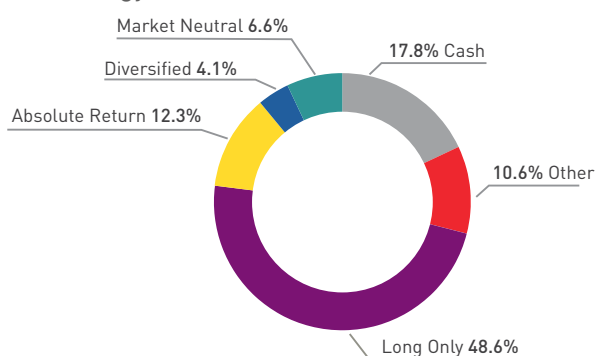
NTA Discount Band



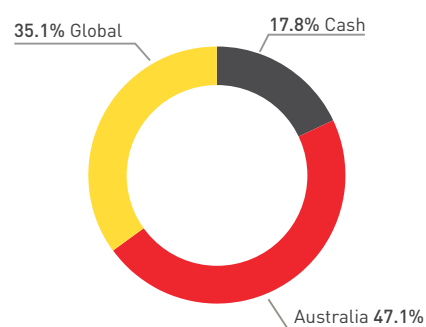
Portfolio by Market Cap



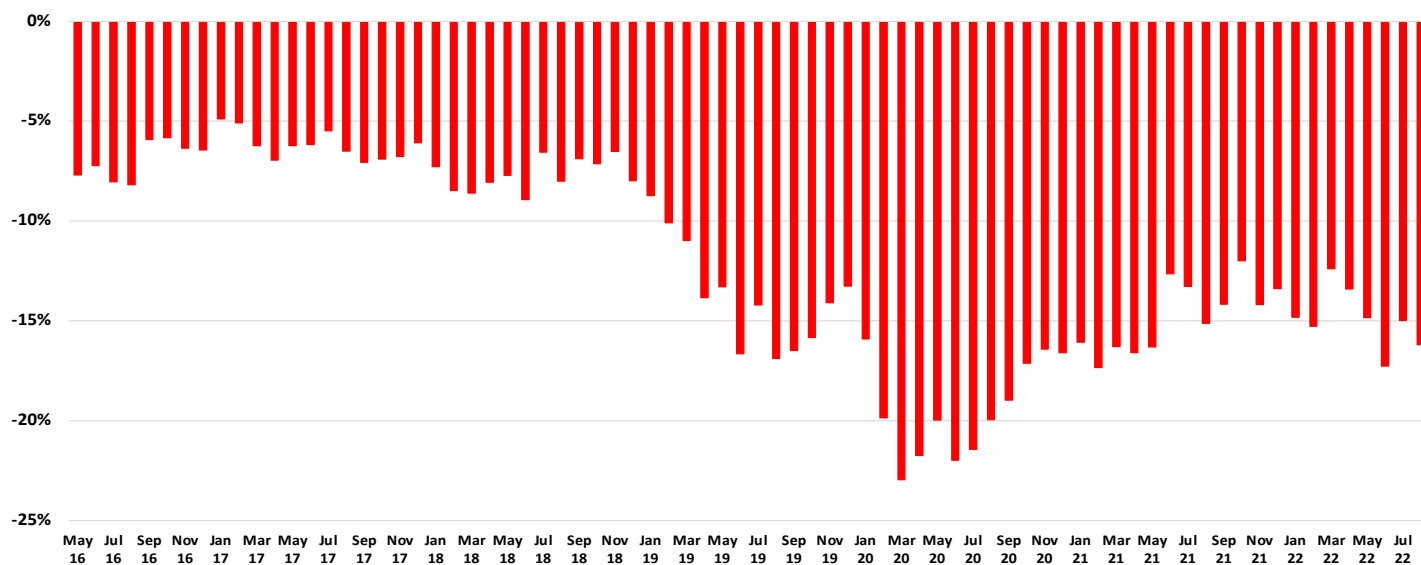
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

Thorney Opportunities Limited (TOP)

Absolute Equity Performance Fund (AEG)

Ellerston Asian Investments (EAI)

Platinum Capital (PMC)

Sandon Capital Investments (SNC)

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	\$20.7m
Entry Price	\$1.2690
Exit Price	\$1.2664
Annual Distributions	7.00cpu
Distribution Yield	5.5% 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

Years in the Industry: 20

Email: daryl.wilson@affluencefunds.com.au

Phone: +61 402 046 883



Greg Lander

Portfolio Manager

Years in the Industry: 12

Email: greg.lander@affluencefunds.com.au

Phone: +61 409 645 893

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:

Phone: 1300 233 583

Email: invest@affluencefunds.com.au

Address: Level 22, 127 Creek Street, Brisbane QLD 4000

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.