



Affluence LIC Fund

Fund Report - February 2019

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Fund Commentary

The Affluence LIC Fund increased by 1.4% in February, lagging the ASX 200 Index which increased 6.0% for the month. The market rallied strongly during the month, with the returns for the last two months erasing the sharp fall of last year. Returns since inception for the Fund are 9.9% per annum, compared to the ASX 200 Index of 10.6% per annum. These returns have been delivered with approximately half of the volatility of the ASX 200 index.

Moving forward, we will include in the ALF performance graph the Large LIC Index as an additional comparison. Unfortunately there is no official LIC sector performance index. Therefore we have created a simple index which is an equal weighted return to the three largest LICs (AFI, ARG and MLT). These LICs have a market capitalisation of over \$16 billion and count for more than one third of the total LIC sector. Given their large size and being widely held by retail investors, we believe the Large LIC Index is a useful indicator for the conditions and performance of the sector.

It was a very soft period for LICs in February, with noticeably fewer buyers in the market. The underlying LIC portfolio NTA's generally increased with the market, however prices didn't increase anywhere near as much, leading to an overall increase in the discount to NTA for the sector. During February the Large LIC Index returned negative -0.3% versus 6.0% for the ASX 200. This effectively translates to the discount to NTA for these LICs increasing by 6% due to softness in the LIC market.

The Fund's biggest positive contributors were NGE Capital (NGE) up 15.6%, Ryder Capital (RYD) up 8.3%, and URB Limited (URB) up 6.1%. The biggest negative contributor was the Absolute Equity Performance Fund (AEG) down 10.8% and our index put options decreased as the market increased. While it can be frustrating for the share price of the LICs to remain flat (or even decline) as the market and underlying NTAs increase, the larger discounts to NTA do present more opportunities which we have been taking advantage of.

At the end of February, the Fund held investments in 35 LICs representing 91% of the Fund and 9% in cash. We also held some call and 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 28 February 2019

	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
Affluence LIC Fund	1.4%	(1.8%)	4.3%	7.4%	9.9%	5.1%
ASX200 Accumulation Index (AI)	6.0%	(0.3%)	7.1%	8.6%	10.6%	9.6%
Performance compared to ASX200AI	(4.6%)	(1.5%)	(2.8%)	(1.2%)	(0.7%)	

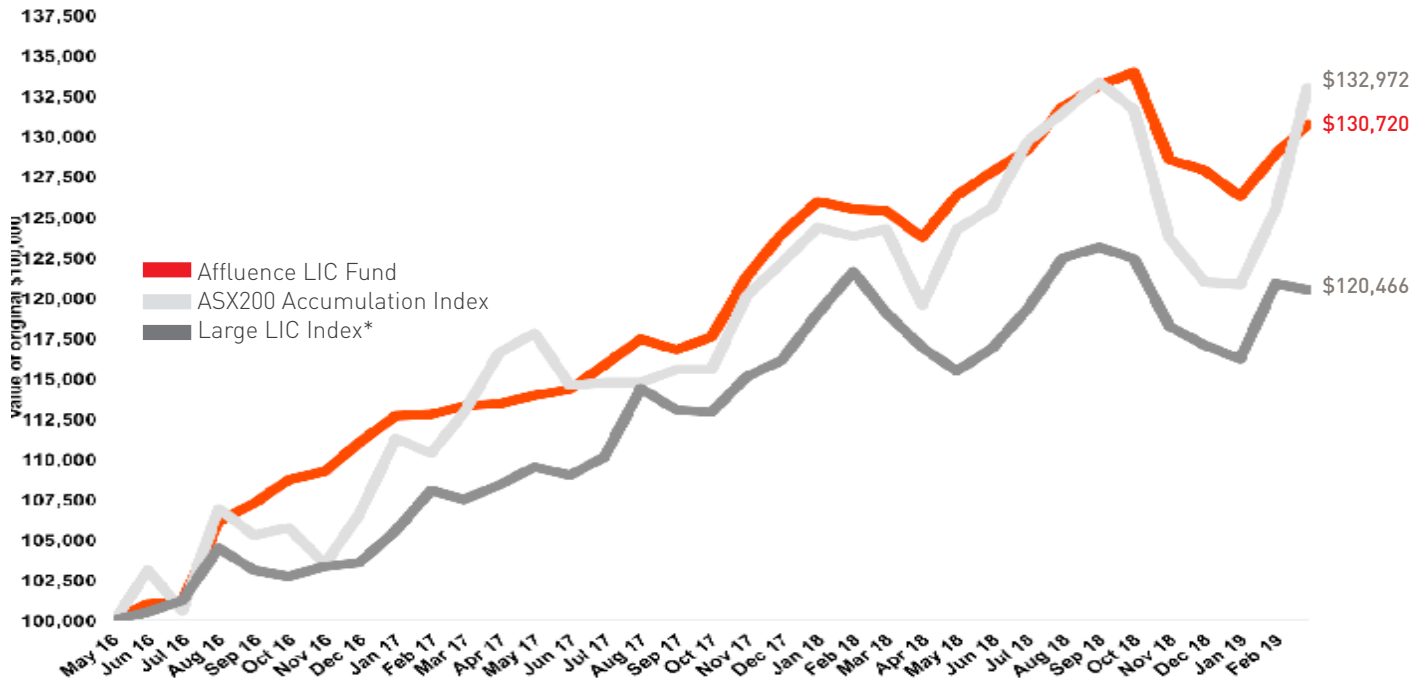
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016.

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%	-0.5%	-1.2%	0.3%
2019	2.1%	1.4%											

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

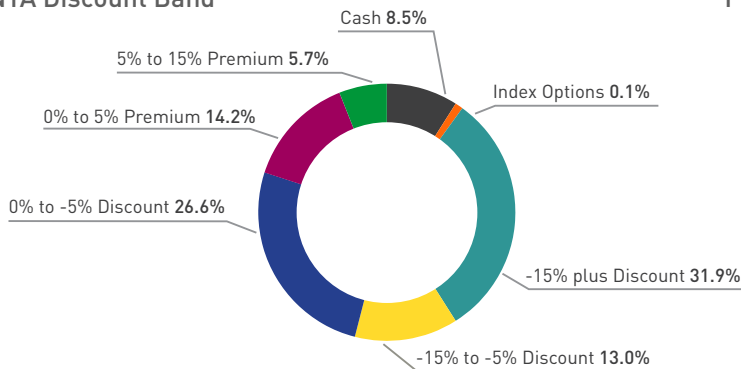
Return on \$100,000 Investment



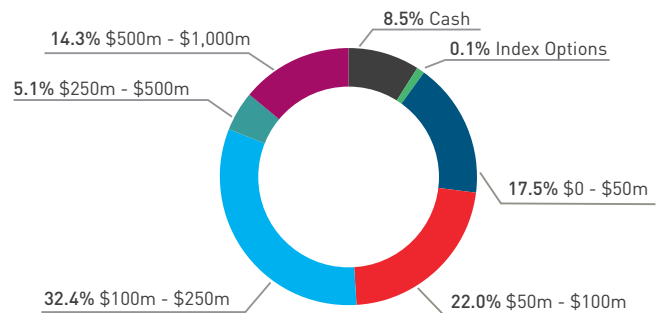
* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

Portfolio Summary

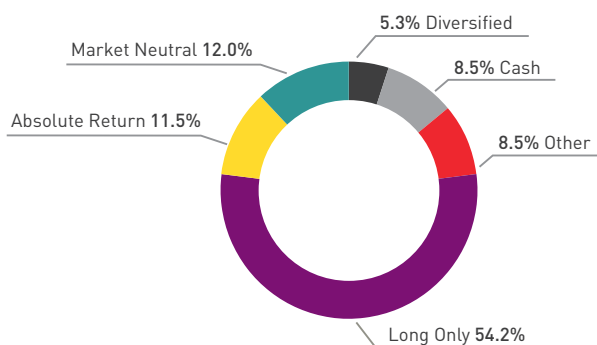
NTA Discount Band



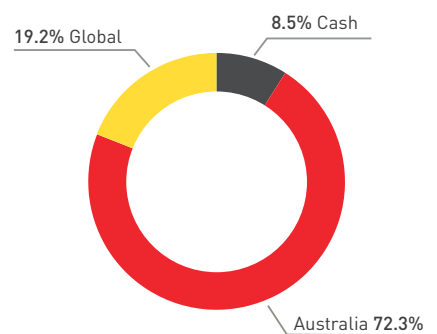
Portfolio by Market Cap



Equities Strategy



Geographic Exposure



Largest Investments

Blue Sky Alternatives Access Fund (BAF)

L1 Long Short Fund (LSF)

Global Value Fund (GVF)

Century Australia Investments (CYA)

URB Investments limited (URB)

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	\$1.1224
Exit Price	\$1.1202
Annual Distributions	5.70cpu
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%

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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