



Affluence LIC Fund

Fund Report - July 2022

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Fund Commentary

Australian and global markets continued their upward trend from late June.

The Affluence LIC Fund increased by 4.3% in July, behind the ASX 200 Index which increased by 5.7%. Since the Fund commenced over five years ago, returns have averaged 12.0% per annum, including quarterly distributions of 8.3% per annum. The Fund has outperformed the ASX200 Index over most time periods, with significantly lower volatility.

The largest positive contributors in July included Thorney Opportunities (TOP), Absolute Equity Performance (AEG), Touch Ventures (TVL) and NBI Corporate Income (NBI). The largest detractor was our hedges against the US equity market.

All eyes continue to be on CPI numbers, with markets generally rallying on any signs that inflation is peaking. If inflation starts to fall, the expectation is that the pace of interest rate rises will slow, limiting the economic damage. We don't believe it's quite that simple. We expect inflation will prove stickier than expected. While headline number will start to fall, it is unlikely to quickly return to the target ranges of 2-3% per annum that are preferred by central banks. This will lead to a conundrum. Do central banks keep raising interest rates to fight inflation, or will they be forced to slow, or even reverse interest rates to stem economic damage? The answer to that question is likely to dictate market returns for the next 12 months. As always, we are prepared for either scenario, with markets likely to remain volatile.

At the end of July, the Fund held investments in 30 LICs representing 85% of the Fund, 4% in portfolio hedges and 11% in cash. The average NTA discount for the LIC portfolio at the end of the month was approximately 15%, compared to the 17.3% discount at the end of June.

We recently hosted a webinar, including

an update on the Fund and a review of the top 10 holdings. You can access the webinar from the Affluence LIC Fund page at <https://affluencefunds.com.au/alf/>. If you would like to know more about the investment portfolio, including our top holdings and weightings, visit the Affluence LIC Fund page or the Members area of our website. You must be registered as an Affluence Member to view the portfolio.

In late July, year end investment statements and tax statements were sent to all investors. If you have registered for access to Registry Direct, these statements are also available to be downloaded from the website.

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 July 2022	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.0%	10.7%	10.5%	9.1%	8.3%	
Change in Unit Price (Capital Growth)	4.3%	(9.3%)	3.7%	2.4%	3.7%	
Affluence LIC Fund Total Returns	4.3%	1.4%	14.2%	11.5%	12.0%	9.2%
ASX200 Accumulation Index (AI)	5.7%	(2.2%)	4.3%	8.0%	8.7%	14.5%
Performance compared to ASX200AI	(1.4%)	3.6%	9.9%	3.5%	3.3%	

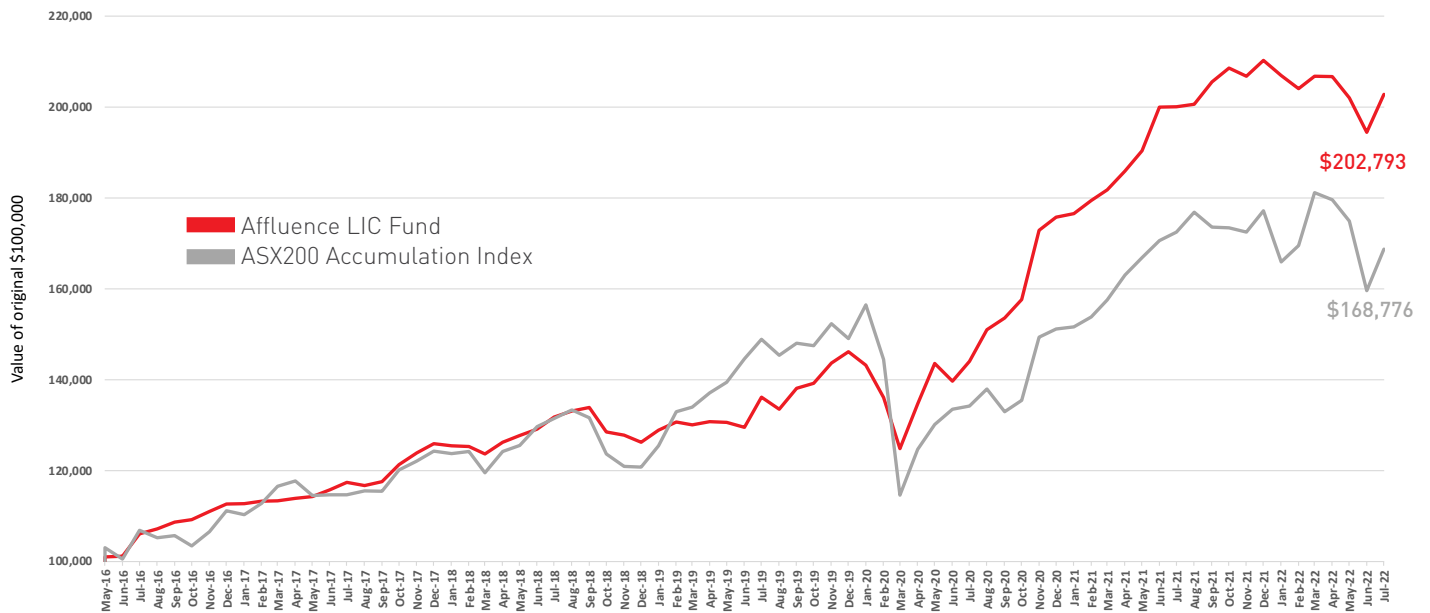
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%						

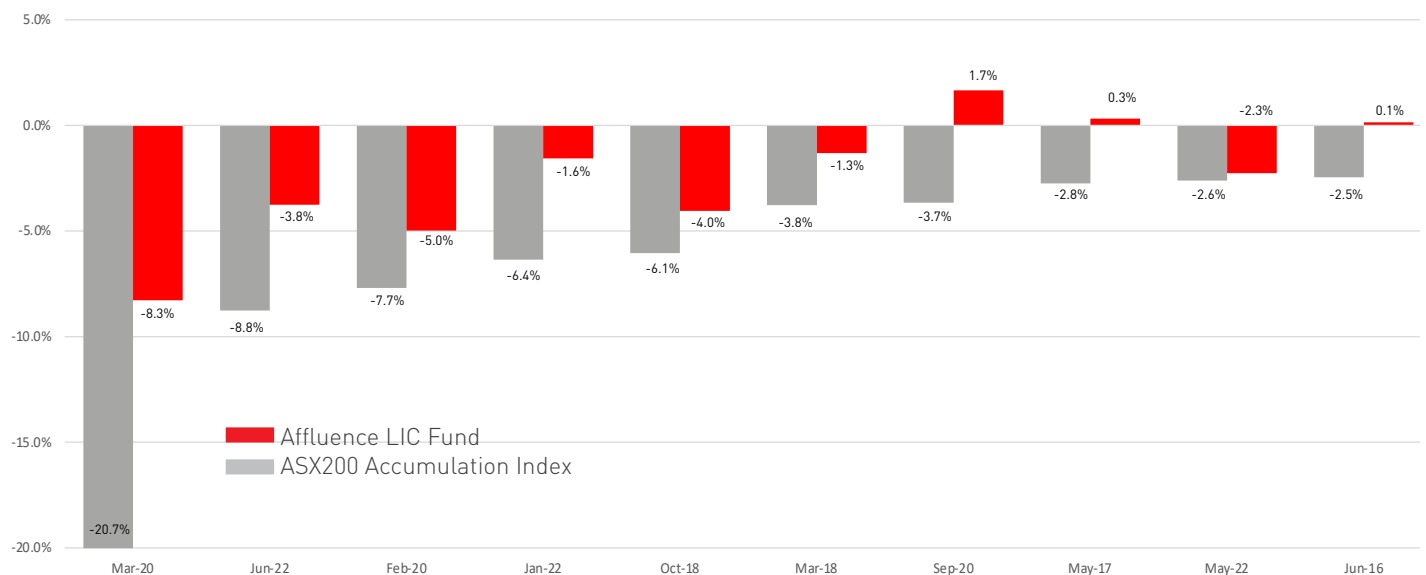
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



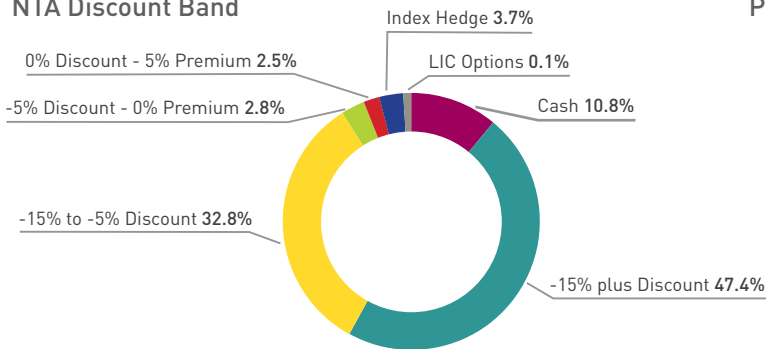
Fund Performance in ASX 200 Worst Months

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.

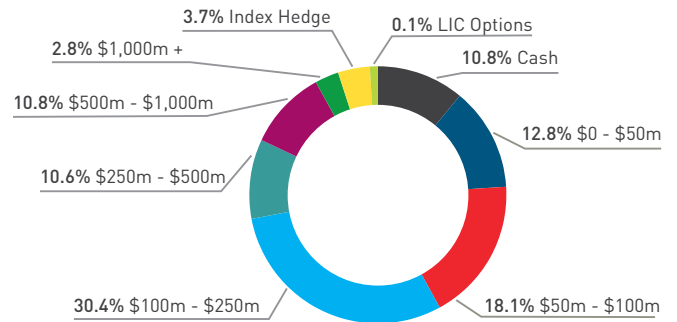


Portfolio Summary

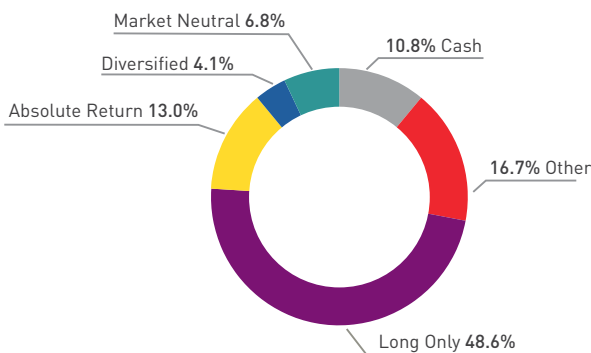
NTA Discount Band



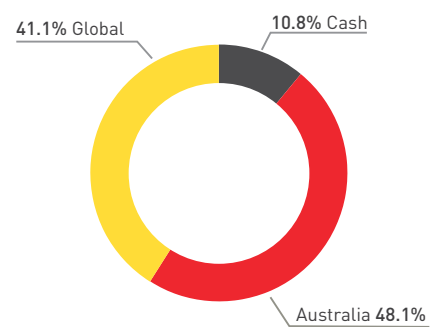
Portfolio by Market Cap



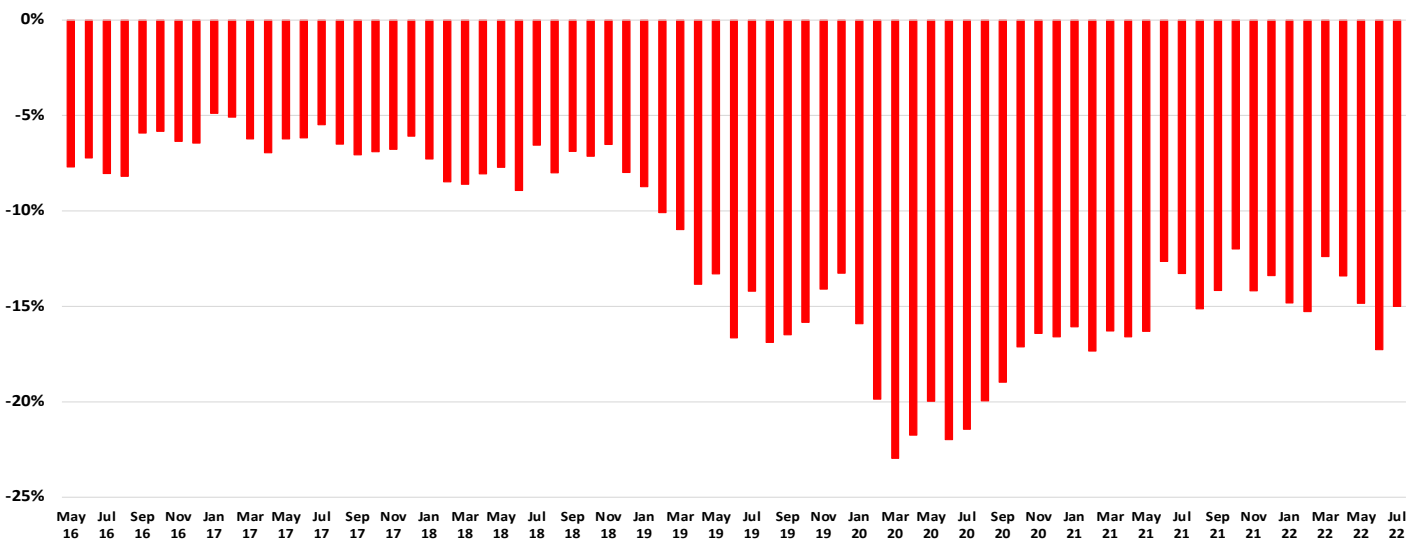
Equities Strategy



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	\$20.3m
Entry Price	\$1.2553
Exit Price	\$1.2527
Annual Distributions	7.00cpu
Distribution Yield	5.6% 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

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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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