



Affluence LIC Fund

Fund Report - June 2021

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Fund Commentary

The Affluence LIC Fund finished the financial year strongly, increasing by 5.1% in June compared to the ASX200 Index which increased 2.3%. For the 2021 financial year the Fund returned a stellar 43.2% compared to 27.8% for the ASX 200 Index. Since the Fund commenced over 5 years ago, returns have averaged 14.4% per annum, including quarterly distributions of 7.9% per annum. The Fund has outperformed the ASX200 Index over all time periods, with significantly lower volatility than the Index.

Our best performing LICs this month were our holdings in the CD Private Equity series (CD1, CD2, CD3), Sandon Capital (SNC), and the L1 Long Short Fund (LSF). The only significant negative contributor was our index hedge positions. Our holding in the three CD Private Equity Series LITs (CD1, CD2 and CD3) was the standout this month. At the start of June, these three holdings accounted for approximately 12% of the Fund. During June all three announced strong NTA growth from the underlying portfolios, in addition to large distributions from a combination of underlying portfolio realisations and profits. This resulted in an average 33% return from these holdings, which contributed 3.8% towards the total fund return. At the end of June, these LITs are still trading on an average discount to NTA of approximately 20%.

Australian and global markets continued to hit new all-time highs in

June. As a general guide, the higher markets go and more overvalued we believe them to be, the more conservatively we will position the portfolio, through either higher cash levels or hedging levels. If markets continue to rise, we will likely generate positive returns, just a little lower than they would have been. However, if a major correction does occur, we will be much better prepared for it.

The overall discount to NTA for the Fund portfolio at the end of the month was approximately 13%, tightening from the 16.3% discount at the end of May. There is certainly evidence of discounts to NTA tightening across the board. During the month Washington Soul Pattinson announced a proposed merger with Milton Corporation. Milton (MLT) is the third largest LIC in the Australian market, and the proposed merger has resulted in MLT now trading at a premium to NTA. In addition, WAM Global (WGB) announced a proposed merger with Templeton Global Growth (TGG). This has been on the cards for quite some time, with WAM building up a stake in TGG and agitating for change for the past few years. June also saw the listing of a new LIC called WAM Strategic Value (WAR). The strategy of WAR is similar to the Affluence LIC Fund, in that it seeks to buy LICs at a discount and profit when the discount reduces. The manager raised \$250 million for this LIC, which was the first successful LIC launch in quite

some time. This activity is all positive in the short term for the sector, as it helps to drive a reduction in discounts to NTA and thus helps our Fund returns.

At the end of June, the Fund held investments in 22 LICs representing 77% of the Fund, 5% in portfolio hedges and 18% in cash.

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 now closed to new investors. Only those investors with an existing Affluence investment are able to increase their investment in the Affluence LIC Fund. For existing Affluence investors applications are accepted monthly. 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 to download application forms.

Fund Performance

To 30 June 2021	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	3.8%	9.9%	8.9%	8.0%	7.9%	
Change in Unit Price (Capital Growth)	1.3%	33.3%	6.8%	6.6%	6.5%	
Affluence LIC Fund Total Returns	5.1%	43.2%	15.7%	14.6%	14.4%	9.5%
ASX200 Accumulation Index (AI)	2.3%	27.8%	9.6%	11.2%	10.9%	14.4%
Performance compared to ASX200AI	2.8%	15.4%	6.1%	3.4%	3.5%	

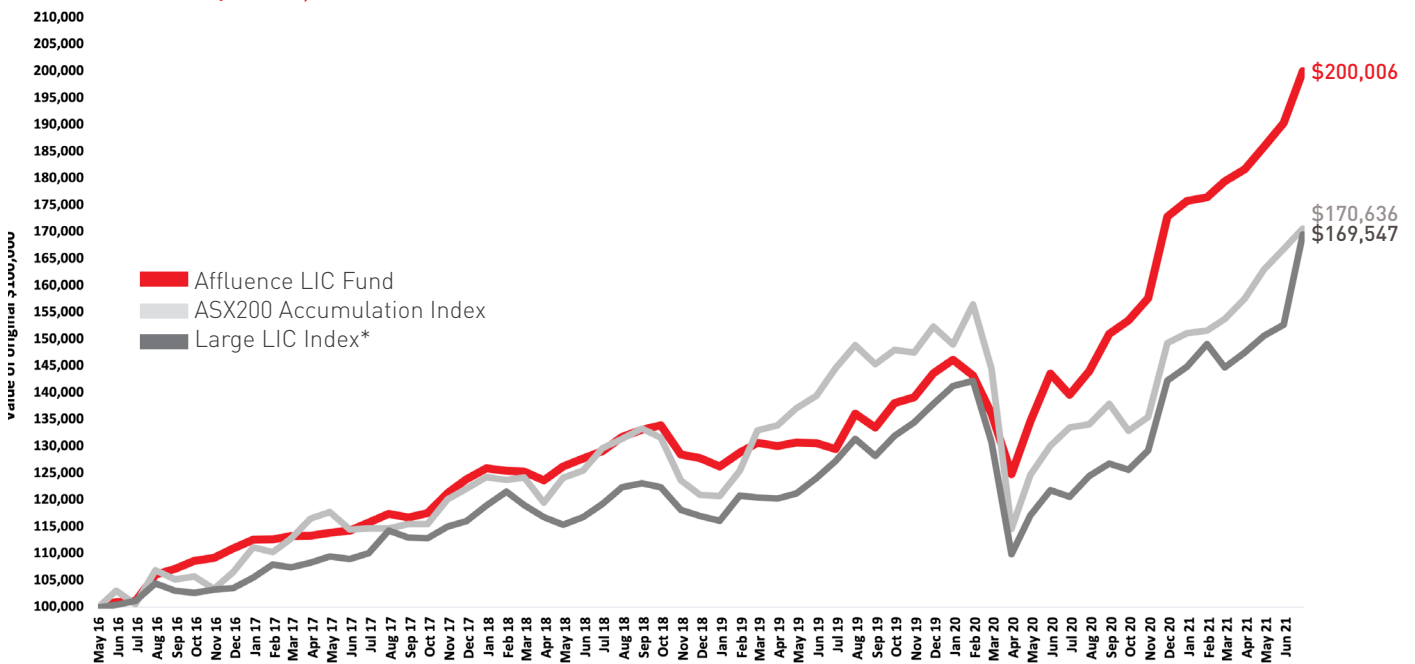
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%							

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

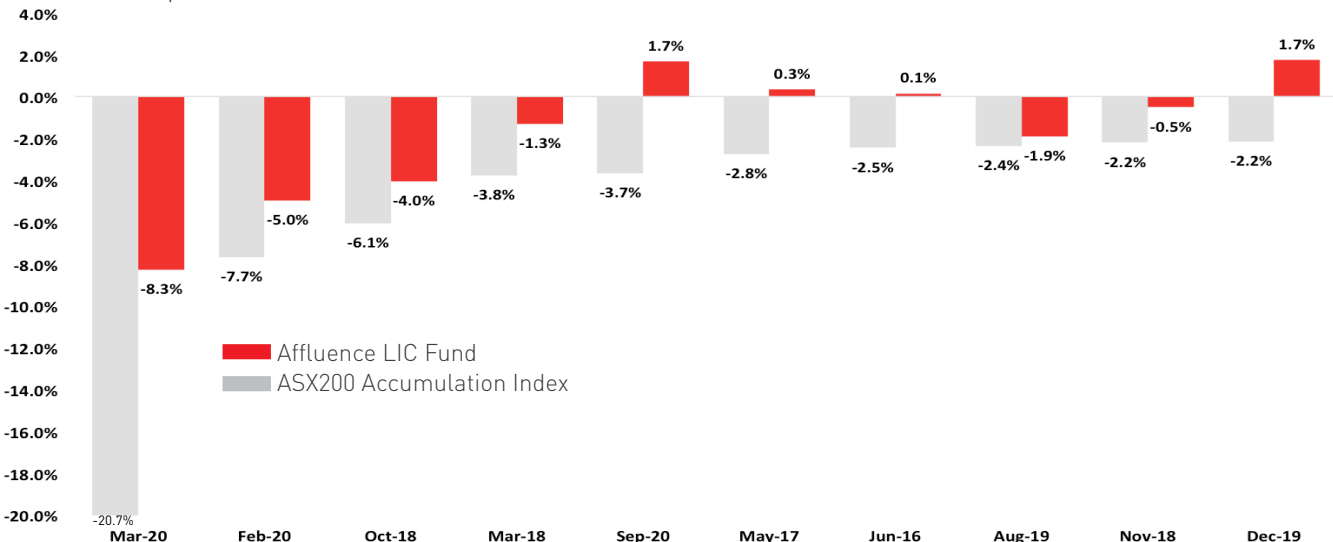
Return on \$100,000 Investment



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

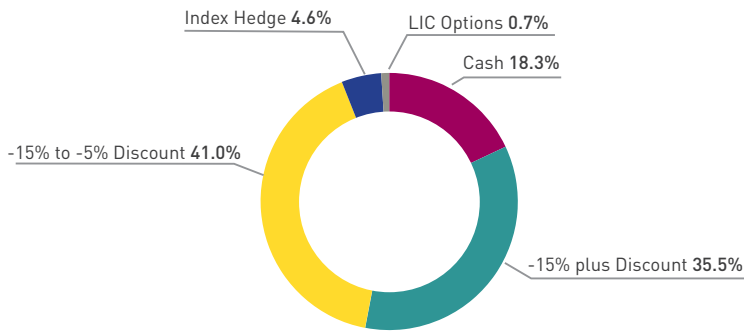
Fund Performance in ASX 200 Worst Months

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.

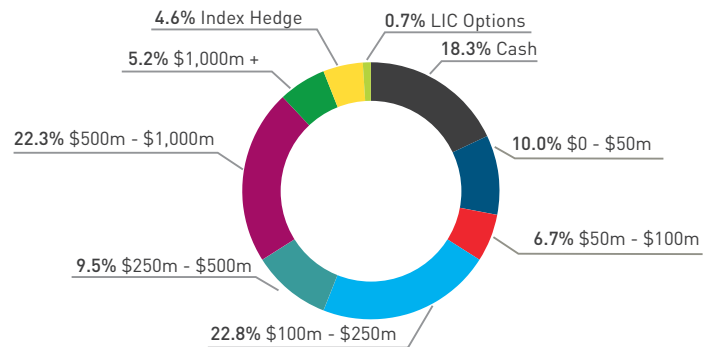


Portfolio Summary

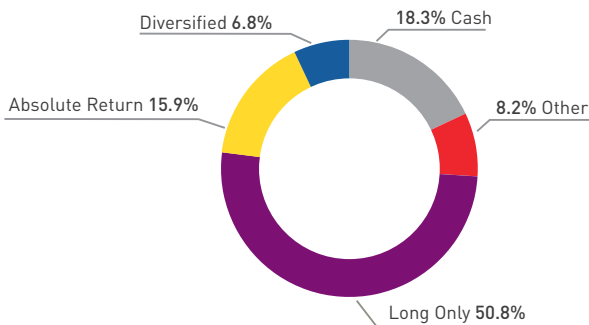
NTA Discount Band



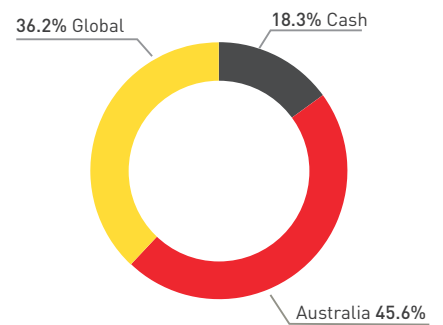
Portfolio by Market Cap



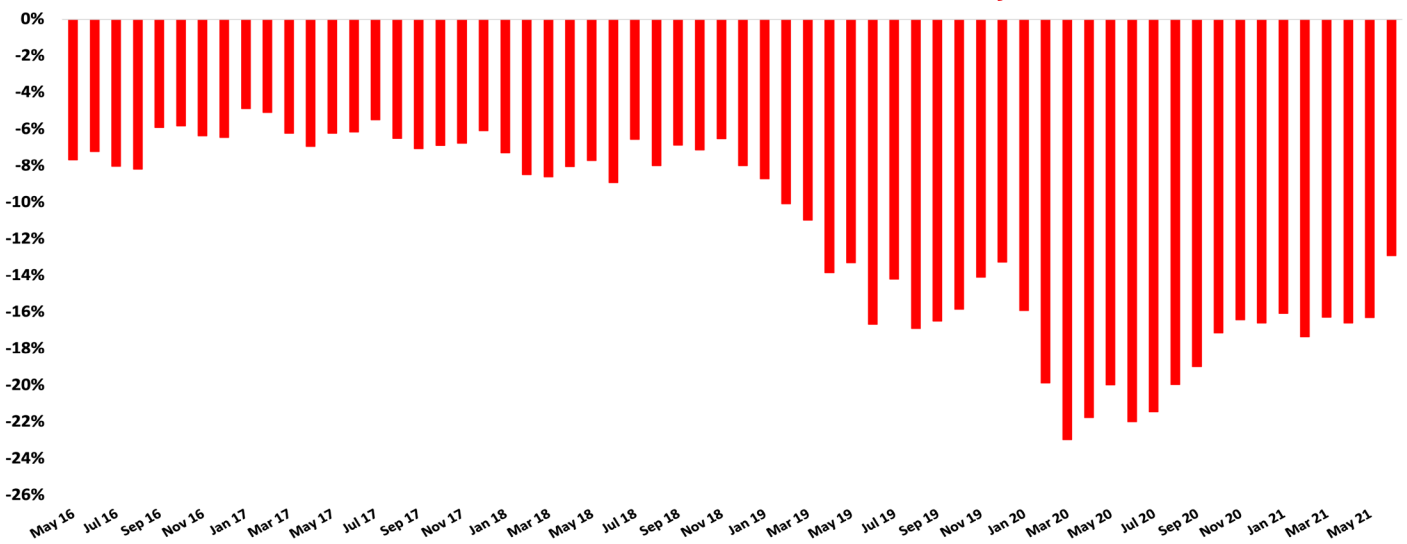
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

- _____
Djerriwarrh Investments (DJW)
- _____
Sandon Capital Investments Limited (SNC)
- _____
Platinum Capital (PMC)
- _____
L1 Long Short Fund (LSF)
- _____
NGE Capital (NGE)

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	\$15.5m
Entry Price	\$1.3838
Exit Price	\$1.3811
Annual Distributions	5.70cpu
Distribution Yield	4.1% 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

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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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