



Affluence LIC Fund

Fund Report - March 2022

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Fund Commentary

The Affluence LIC Fund increased by 1.4% in March, underperforming the ASX 200 Index, which bounced 6.9%. Since the Fund commenced over five years ago, returns have averaged 13.1% per annum, including quarterly distributions of 7.5% per annum. The Fund has outperformed the ASX200 Index over most periods, with significantly lower volatility.

The first quarter of 2022 has been a roller coaster for investors. January saw markets hastily retreat as inflation became entrenched and interest rate increases more certain. February saw a partial market recovery even in the face of the crisis in Ukraine. Finally, March saw a strong rebound in Australian equity markets, despite increasing risks. There has been a significant divergence this quarter between Australian and global equities. For the 3 months, the ASX 200 Index increased 2.2%, while global markets decreased by 8.4% (in AUD). The US Federal Reserve raised interest rates as expected in March, and subsequent commentary suggests that they will continue to increase rates aggressively throughout this year. Yet, markets have recovered most of their early 2022 losses even as risks continue to grow. This appears counter-intuitive, especially as most markets remain very expensive based on historical averages.

For the quarter, the Affluence LIC Fund decreased by 1.7%, outperforming in January when the index fell, but then underperforming as markets bounced back. At a portfolio level, all of the losses for the quarter were from global LICs. Given the fall over the quarter for global indices, this is not surprising.

Our largest positive contributors in March included the Tribeca Global Natural Resources Fund (TGF), Thorney Opportunities (TOP) and the Absolute Equity Performance Fund (AEG). The largest negative contributors included Platinum Capital (PMC) and our index hedges.

In March, VG1 and VG8 announced the result of their months-long review process to determine how to close the significant gap to NTA. Disappointingly, the best idea the manager (VGI Partners), along with their Boards and consultants, could come up with was to restart the share buybacks that they stopped to undertake the review. We were underwhelmed but not surprised. Coincidentally, VGI Partners finalised a merger with Regal during the month, which likely solidified the decision to prioritise VGI management interests ahead of the LIC shareholders in the short term. While we welcome the oversight of the Regal team once the merger culminates, we fail to see how it will meaningfully improve the VGI team's investment prowess. The positive out of the merger is that we do believe Phil King and Regal management have a very low tolerance for underperforming strategies. We expect that failing a significant performance improvement, both VG1 and VG8 will cease to exist in their current form within two years. We also expect further shareholder activism in the short term. For these reasons, we continue to hold the majority of our position in both stocks, though we will likely be an active trader as NTA discounts fluctuate.

At the end of March, the Fund held investments in 29 LICs representing 75% of the Fund, 5% in portfolio hedges and 20% in cash. The average NTA discount for the LIC portfolio at the end of the month was 13%, compared to the 15% discount at the end of February.

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 31 March 2022 | 1 Month | 1 Year | 3 Years | 5 Years | Inception | Volatility |
|--|---------------|---------------|--------------|--------------|--------------|-------------|
| Distributions | 1.3% | 8.2% | 9.0% | 8.7% | 7.5% | |
| Change in Unit Price (Capital Growth) | 0.1% | 5.6% | 7.7% | 4.1% | 5.6% | |
| Affluence LIC Fund Total Returns | 1.4% | 13.8% | 16.7% | 12.8% | 13.1% | 9.1% |
| ASX200 Accumulation Index (AI) | 6.9% | 15.0% | 10.6% | 9.2% | 10.6% | 14.1% |
| Performance compared to ASX200AI | (5.5%) | (1.2%) | 6.1% | 3.6% | 2.5% | |

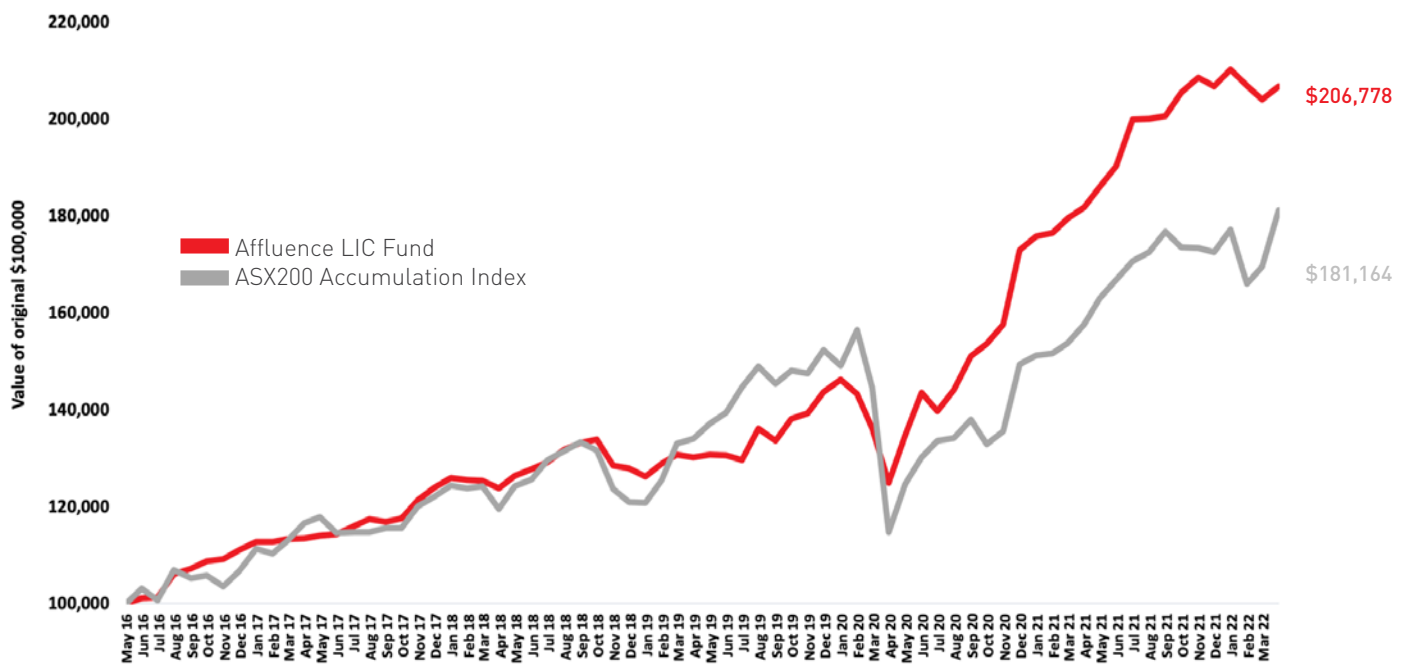
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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% | 0.0% | 0.3% | 2.4% | 1.5% | -0.9% | 1.7% | 19.6% |
| 2022 | -1.6% | -1.4% | 1.4% | | | | | | | | | | |

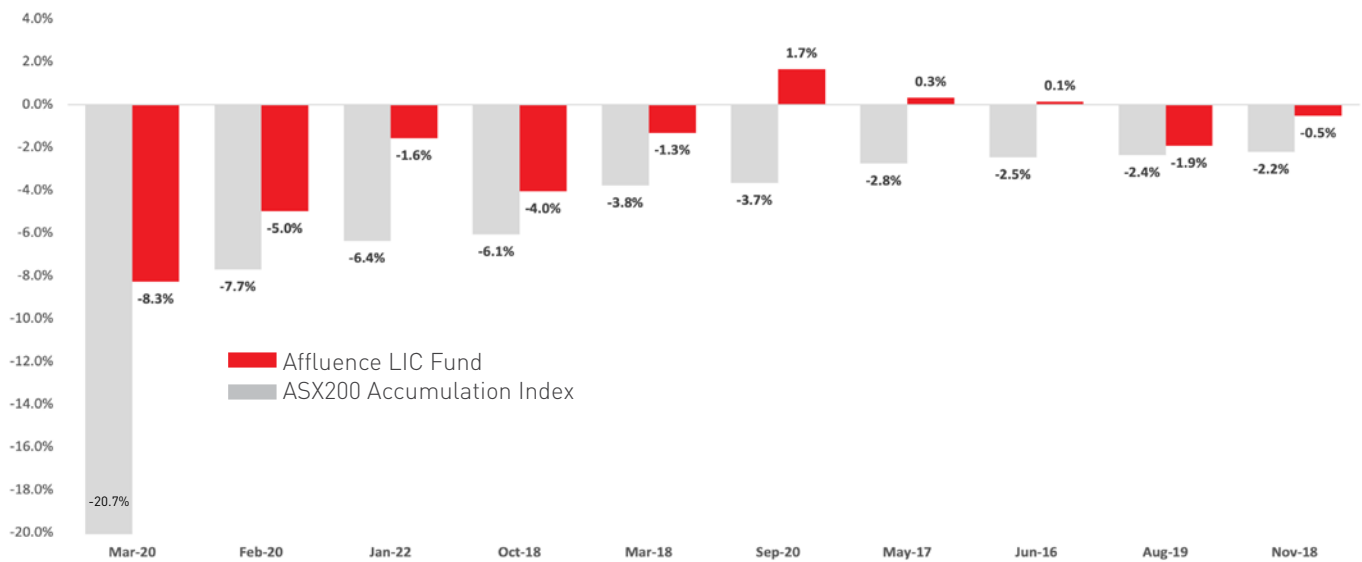
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



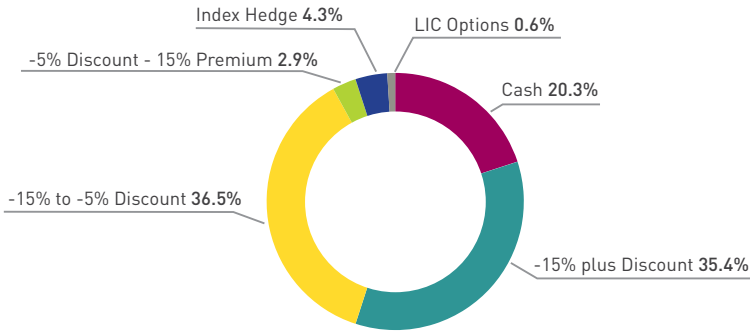
Fund Performance in ASX 200 Worst Months

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.

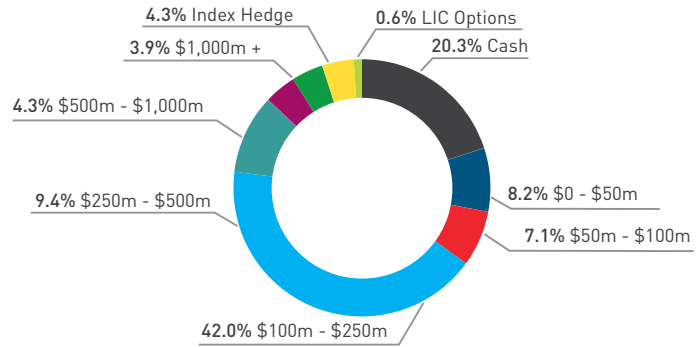


Portfolio Summary

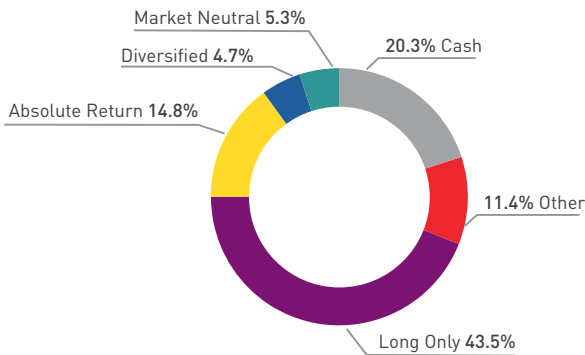
NTA Discount Band



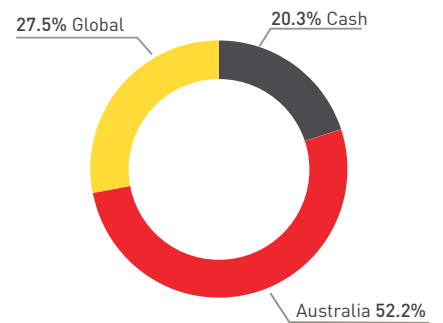
Portfolio by Market Cap



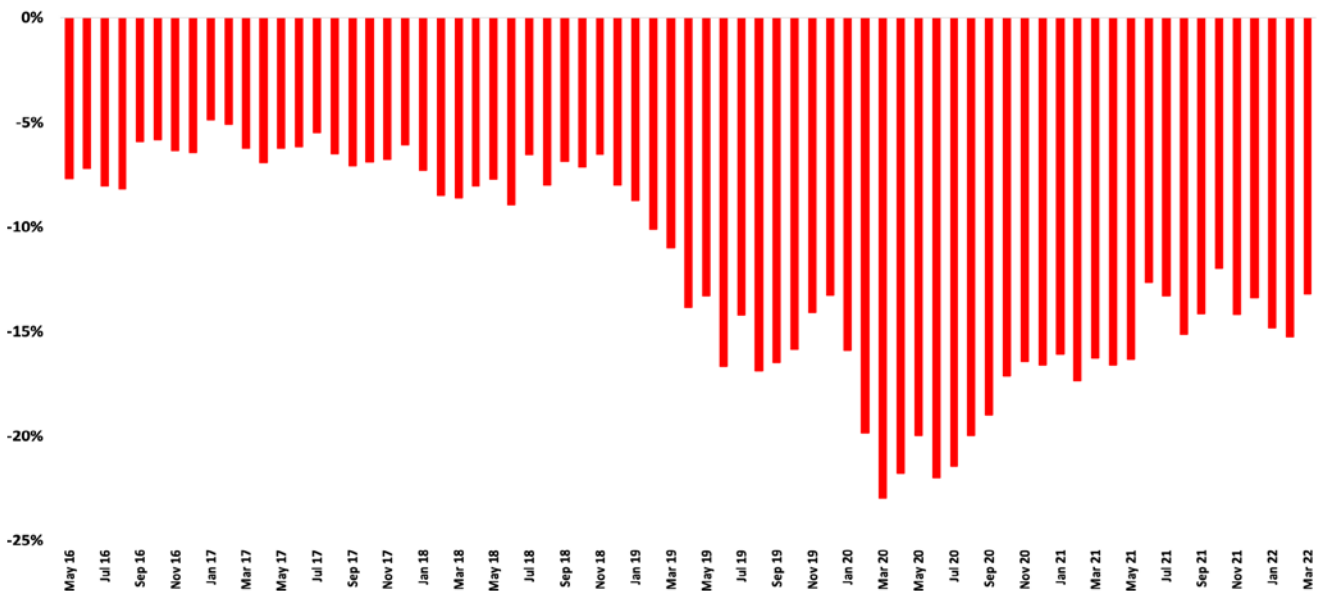
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

- Thorney Opportunities Limited (TOP)

- Tribeca Natural Resources Limited (TGF)

- Sandon Capital Investments Limited (SNC)

- WAM Alternative Assets (WMA)

- Absolute Equity Performance Fund (AEG)

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 | \$21.0m |
| Entry Price | \$1.3784 |
| Exit Price | \$1.3756 |
| 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

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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.