



Affluence LIC Fund

Fund Report - March 2019

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Fund Commentary

The Affluence LIC Fund decreased by 0.5% in March, lagging the ASX 200 Index which increased 0.7% for the month. Returns since inception for the Fund are 9.4% per annum, compared to the ASX 200 Index of 10.5% per annum. These returns have been delivered with approximately half of the volatility of the ASX 200 index.

After the sharp falls of last year, the market has staged a remarkable comeback in the first quarter of 2019 with the ASX 200 Index increasing 10.9%, compared to the Affluence LIC Fund increasing 3.1%. The index was boosted by the relief rally in the big four banks following the tame recommendations in the Hayne Report, as well as a surging iron ore price boosting the value of BHP and RIO. The Affluence LIC Fund has limited exposure to these index behemoths, and thus missed out on this significant boost. The other more significant contributor to the difference in performance has been the overall increase in discounts to NTA that the LIC sector is trading at. The largest three LICs (AFI, ARG and MLT), which comprise more than

one third of the entire sector, have moved from an average premium to NTA of 3.2% as at 31 January 2019 to an average discount of 3.2% as at 31 March 2019. This is a 6.4% change in just two months which is extraordinary. We have observed a similar trend for the entire LIC sector, with no distinction being made for manager quality, market cap, Australian vs international, or investment strategy. We have no insight into when these discounts will revert to the mean, or even if they may continue to get larger first and thus continue to be a short term headwind to performance. However, it does set the Fund up in an exciting position moving forward as the average discount to NTA is well above normal. Overall sector changes to discounts and premiums, like all things in investing, are cyclical. This is where the opportunities in the sector comes from, and we have been very active in positioning the portfolio in the most attractive opportunities.

The Fund's biggest positive contributors in March were Thorney Opportunities (TOP) up 3.1%,

Bailador Technology (BTI) up 2.8%, and Hearts & Minds (HM1) up 3.2%. The biggest negative contributors were Tribeca Global Resources (TGF) down 6.6%, Antipodes Global Investment (APL) down 3.6% and NAOS Small Cap Opportunities (NSC) down 5.6%.

At the end of March, the Fund held investments in 31 LICs representing 92% of the Fund and 8% 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 31 March 2019

	1 Month	6 Months	1 Year	2 Years	Inception	Volatility
Affluence LIC Fund	(0.5%)	(2.8%)	5.2%	7.1%	9.4%	5.1%
ASX200 Accumulation Index (AI)	0.7%	1.8%	12.1%	7.2%	10.5%	9.4%
Performance compared to ASX200AI	(1.2%)	(4.6%)	(6.9%)	(0.1%)	(1.1%)	

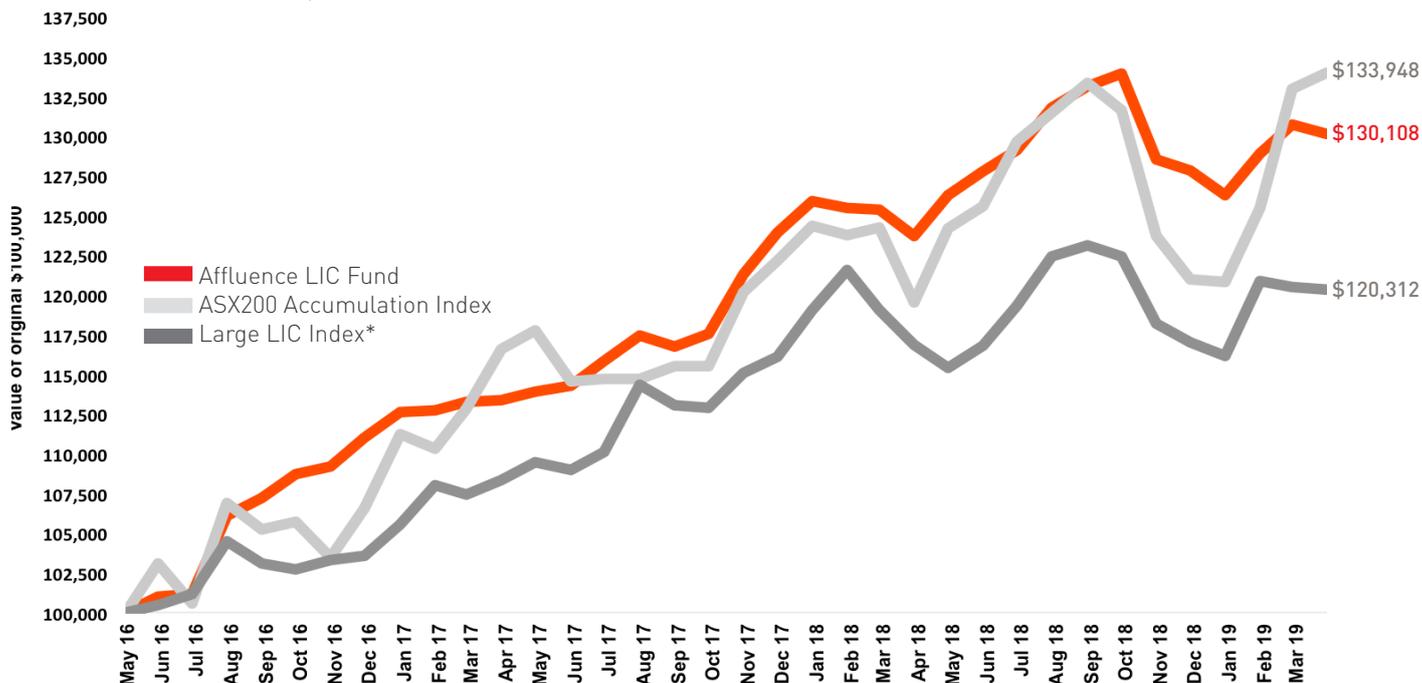
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016.

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%	-0.5%										

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

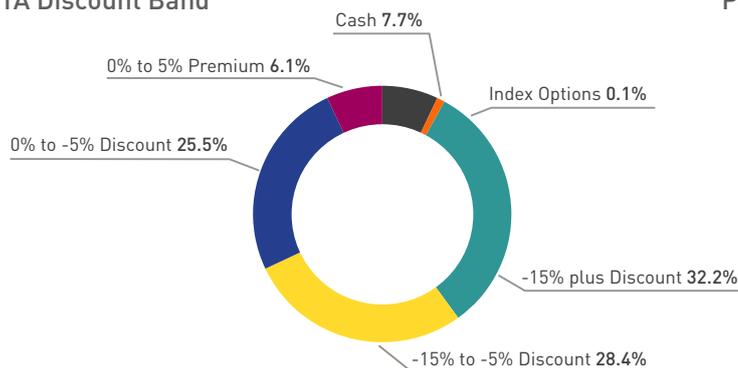
Return on \$100,000 Investment



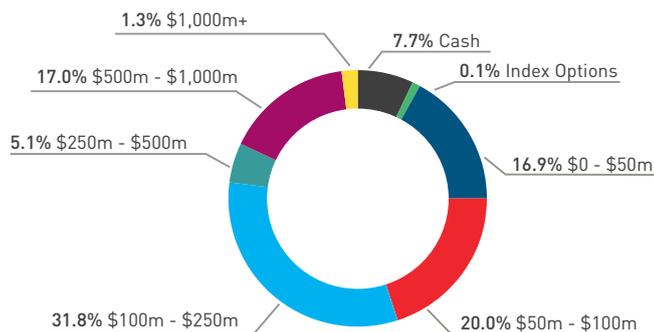
* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

Portfolio Summary

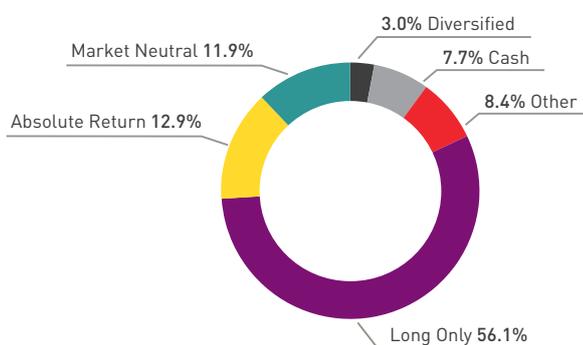
NTA Discount Band



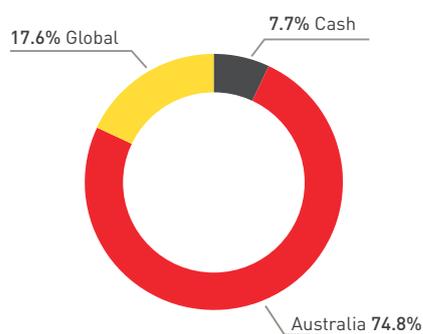
Portfolio by Market Cap



Equities Strategy



Geographic Exposure



Largest Investments

WAM Leaders (WLE)

Blue Sky Alternatives Access Fund (BAF)

L1 Long Short Fund (LSF)

Spheria Emerging Companies Limited (SEC)

Bailador Technology Investments (BTI)

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	\$1.1029
Exit Price	\$1.1007
Annual Distributions	5.70cpu
Distribution Yield	5.2% 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

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