



Affluence LIC Fund

Fund Report - May 2019

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Fund Commentary

The Affluence LIC Fund decreased by 0.1% in May, in what was a very divergent month for equity markets. In Australia the ASX 200 Index increased 1.7% while the ASX Small Ordinaries Index decreased by 1.2%. Global share markets decreased by 5.8% in local currency (approximately 4% decrease in AUD). Returns since inception for the Fund are 9.1% per annum, compared to the ASX 200 Index of 11.4% per annum. These returns have been delivered with approximately half of the volatility of the ASX200 index.

Overall discounts to NTA in the LIC sector moderated during the month. Investors in the sector began to return after the surprise election result meant that the threat of franking credit refunds being banned disappeared. Our Larger LIC Index (AFI, ARG and MLT) reflected this, with the discount to NTA tightening by 1% in May. While the overall discount to NTA is still large than average, it is pleasing to see this measure heading in a more positive direction.

Along with the disparity in the performance of global markets, the overall result for ALF disguises some much larger moves for individual LICs. The Fund's biggest positive

contributors in May were Bailador Technology (BTI) up 11.4%, and Spheria Emerging Companies (SEC) up 5.6%. These strong performers were offset by the biggest negative contributors, which were Blue Sky Alternatives Access Fund (BAF) down 8.2%, and L1 Long Short Fund (LSF) down 7.7%. To be fair, neither the best or worst performers were due to underlying portfolio performance, but rather a change in discount to NTA driven by investor sentiment. We trimmed our positions in BTI and SEC as prices increased, and likewise we have been increasing our holdings in BAF and LSF as prices fell.

At the end of May, the Fund held investments in 31 LICs representing 87% of the Fund and 13% 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 May 2019

	1 Month	1 Year	2 Years	3 Years	Inception	Volatility
Affluence LIC Fund	(0.1%)	2.3%	6.9%	9.0%	9.1%	5.0%
ASX200 Accumulation Index (AI)	1.7%	11.1%	10.4%	10.6%	11.4%	9.2%
Performance compared to ASX200AI	(1.8%)	(8.8%)	(3.5%)	(1.6%)	(2.3%)	

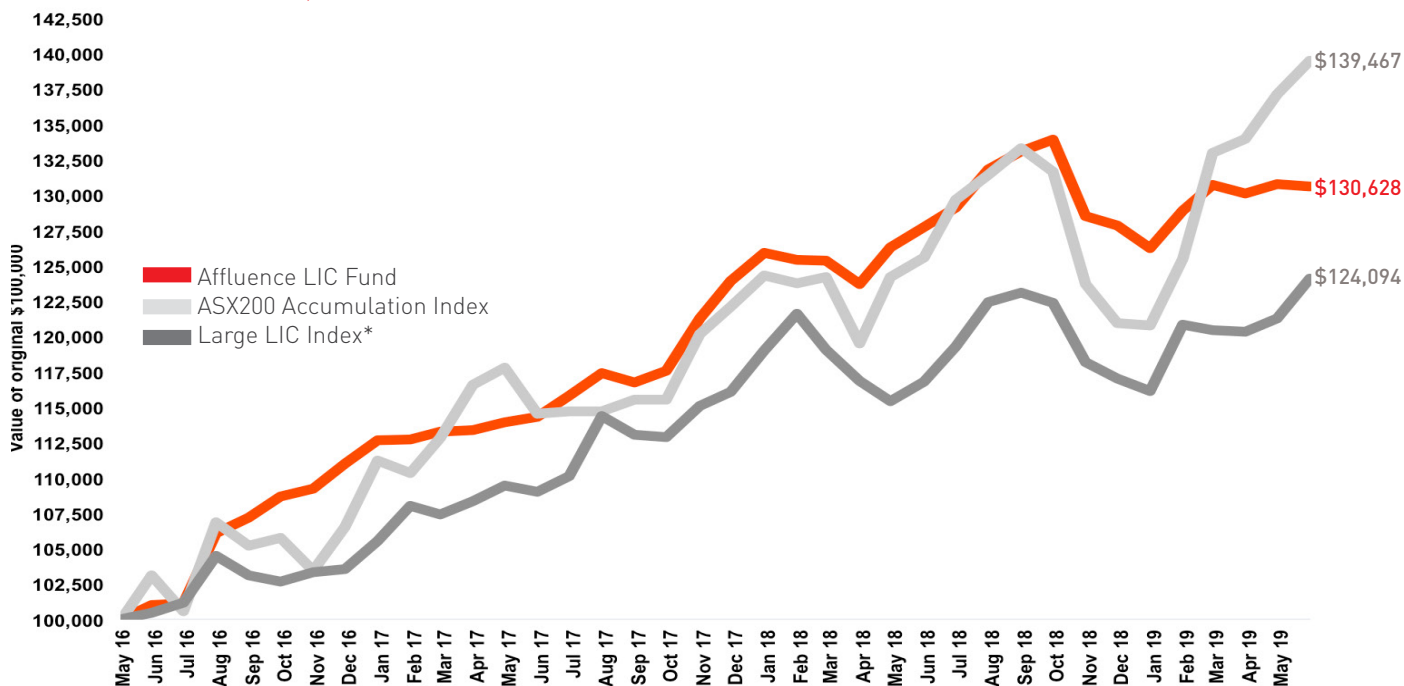
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016.

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%								3.5%

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

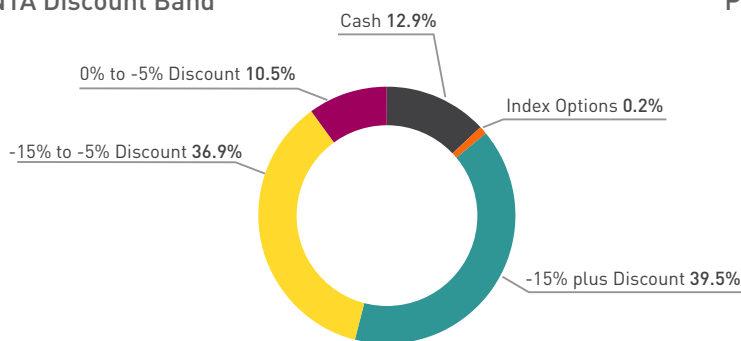
Return on \$100,000 Investment



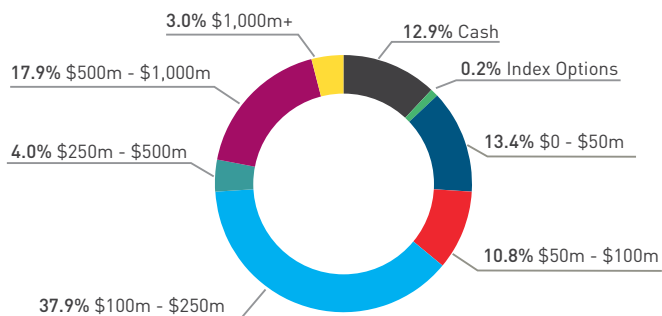
* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

Portfolio Summary

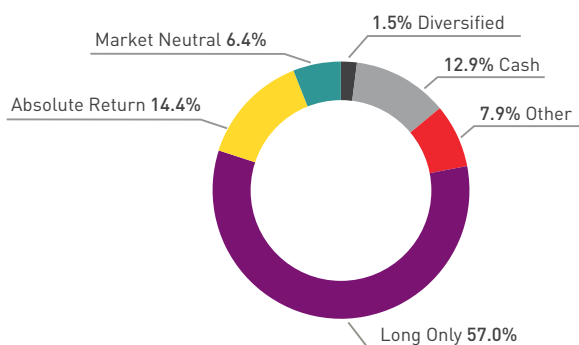
NTA Discount Band



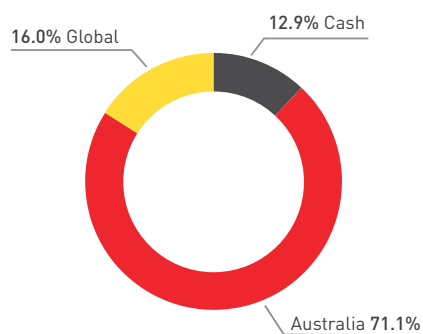
Portfolio by Market Cap



Equities Strategy



Geographic Exposure



Largest Investments

WAM Leaders (WLE)

L1 Long Short Fund (LSF)

Spheria Emerging Companies Limited (SEC)

Blue Sky Alternatives Access Fund (BAF)

WAM Microcap Limited (WMI)

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	\$1.1073
Exit Price	\$1.1051
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 an questions, please contact us:

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Meet The Portfolio Managers



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