

Affluence LIC Fund

Fund Report - May 2020

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Fund Commentary

The ASX 200 Index kept rebounding in May, increasing by 4.4%. The Affluence LIC Fund outperformed the index and increased 6.6%. This was the Fund's second best monthly return in its history, and pleasingly the Fund is now only 1.8% below its all-time high value having recovered the vast majority of the drawdown. Returns since inception for the Fund have averaged 9.3% per annum, including quarterly distributions of 6.0% per annum. The Fund has outperformed the ASX200 Index over all time periods, and these returns have been delivered with significantly lower volatility than the Index.

The markets strong return for May was looking shaky until the last week of the month, with the index in the red until then. The ASX 200 is now up approximately 27% since the March lows, and still the debate between the bulls and bears continues. There is no doubt that Australia has fared much better through the crisis than was widely expected in March. However the earnings outlook over both the short and longer term is still not clear. We don't need to pick sides, and within the portfolio we hold LICs whose managers are strongly in both camps. What these LICs do have in common though, is that they are trading at attractive discounts to NTA.

We were very active during the month, as there was substantial market and individual LIC movements. The market fell quite

heavily at the start of the month, and remained depressed for a period. We started May with a cash balance of approximately 8%, and reduced it to below 3% during the month before trimming some positions in the last week to end May at 10%. We have continued trimming some holdings in early June as the market continues to rise, and as we write this report our cash levels are around 15%.

The underlying portfolio performed very well in May, with the only significant detractor being our index put options which detracted 0.8% from the overall result. Our best performing LICs this month was the L1 Long Short Fund (up 22%), the Monash Absolute Investment Company (up 16%) and Future Generations Investment Company (up 7%).

We are very satisfied with how the portfolio is currently positioned. At the end of May the average weighted discount to NTA for the portfolio is approximately 20%, which is well above average, and we believe the fund is very well positioned for the medium to long term.

At the end of May, the Fund held investments in 31 LICs representing 90% of the Fund and 10% 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 open to all investors with a minimum investment amount of \$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.

Fund Performance

To 31 May 2020	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Distributions	0.0%	6.8%	7.1%	7.7%	6.1%	6.0%	
Change in Unit Price (Capital Growth)	6.6%	3.1%	(1.1%)	0.2%	3.1%	3.3%	
Affluence LIC Fund Total Returns	6.6%	9.9%	6.0%	7.9%	9.2%	9.3%	9.0%
ASX200 Accumulation Index (AI)	4.4%	(6.7%)	1.8%	4.3%	6.0%	6.7%	15.2%
Performance compared to ASX200AI	2.2%	16.6%	4.2%	3.6%	3.2%	2.6%	

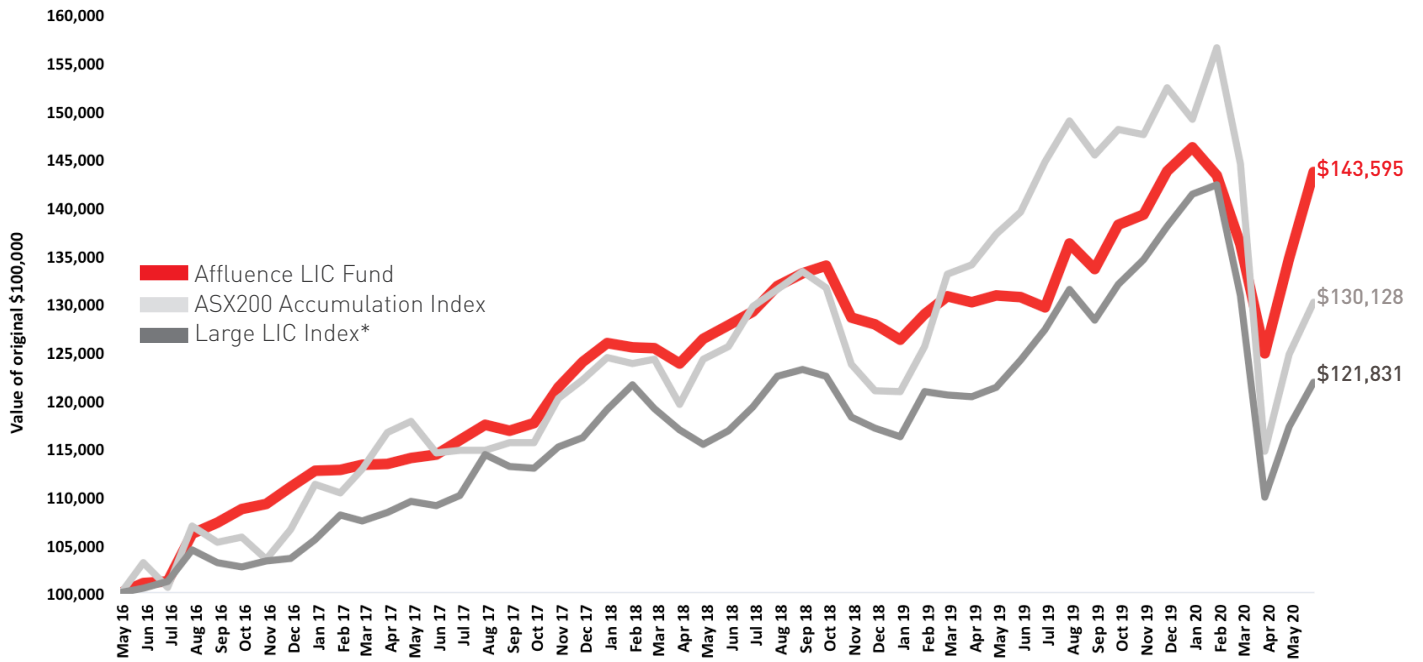
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%								

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

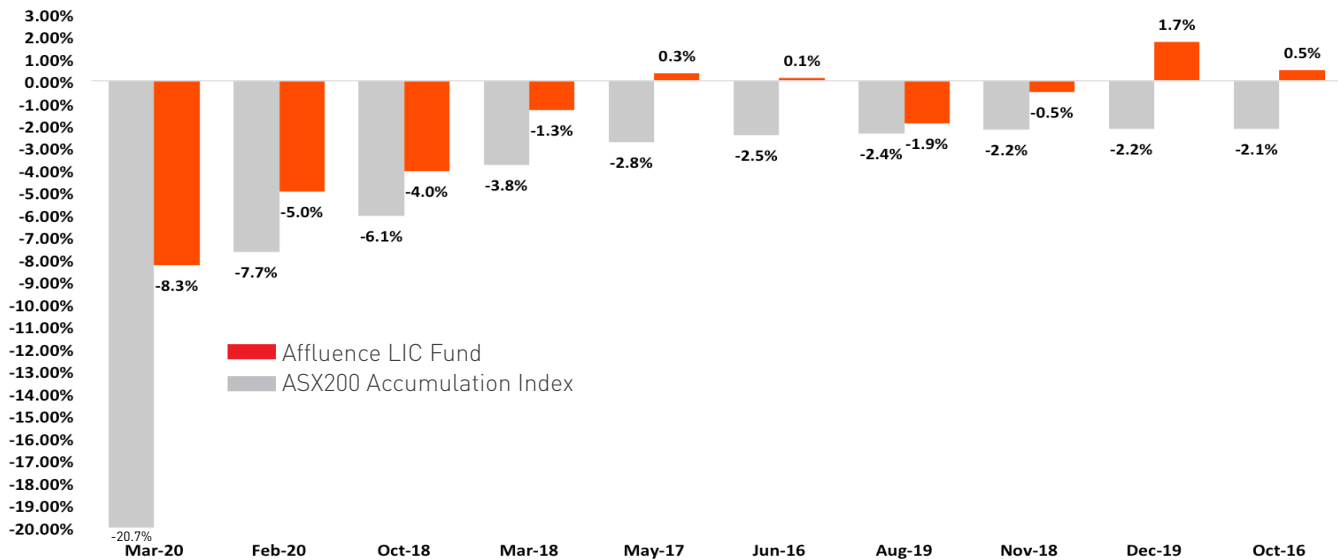
Return on \$100,000 Investment



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

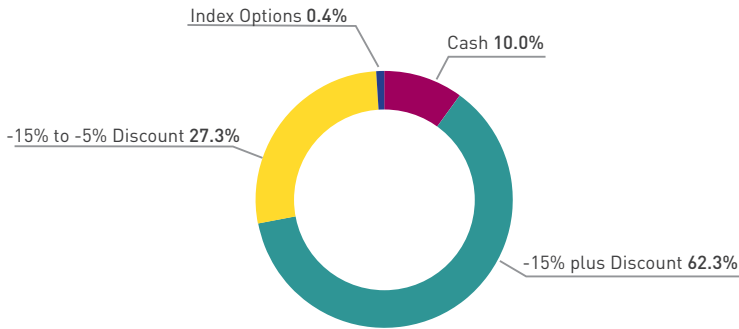
Fund Performance in ASX 200 Worst Months

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.

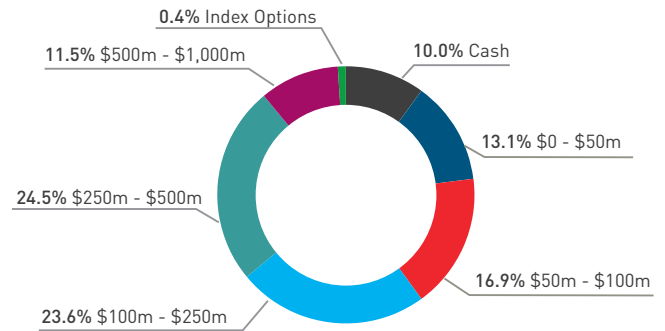


Portfolio Summary

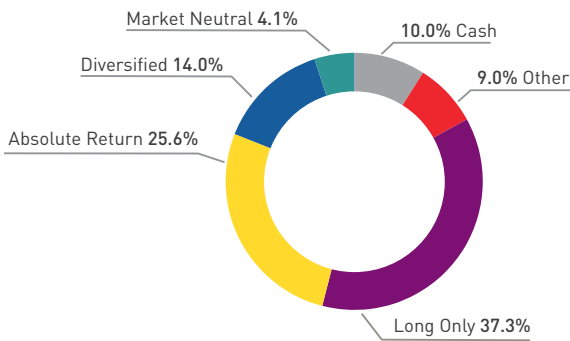
NTA Discount Band



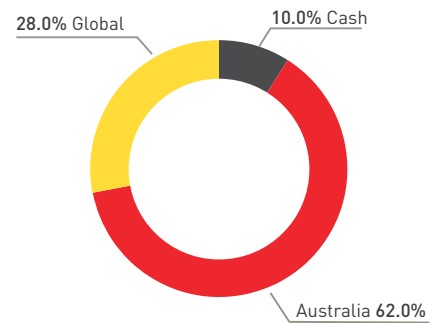
Portfolio by Market Cap



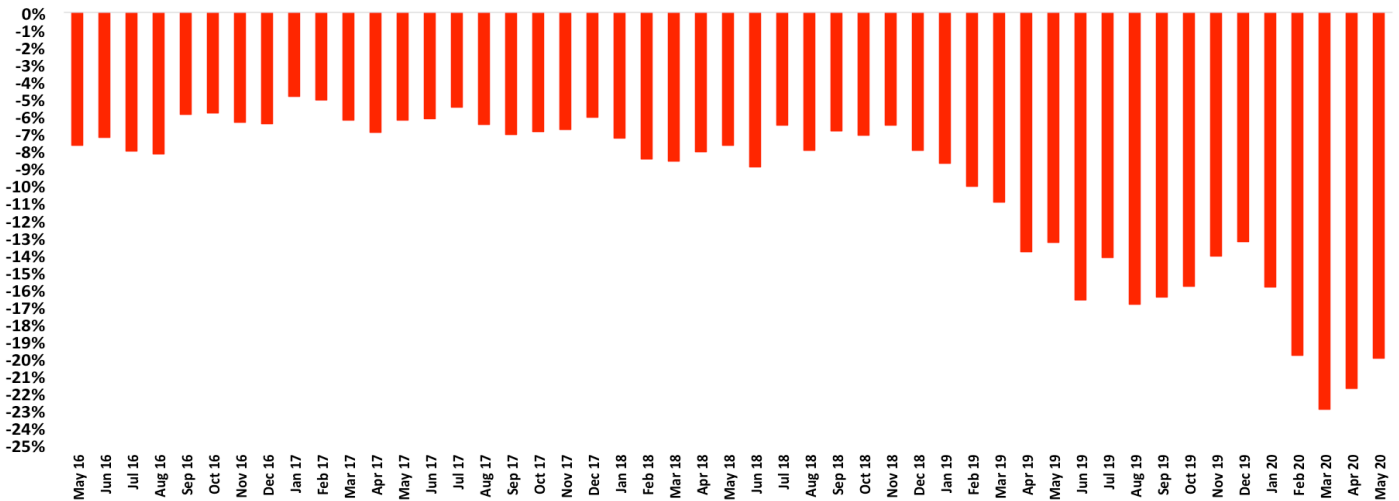
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

- Future Generation Global Fund (FGG)

- Future Generation Investment Fund (FGX)

- L1 Long Short Fund (LSF)

- Blue Sky Alternatives Access Fund (BAF)

- Monash Absolute Investment Company Limited (MA1)

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	\$9.7m
Entry Price	\$1.1418
Exit Price	\$1.1395
Annual Distributions	5.70cpu
Distribution Yield	5.0% 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

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Greg Lander

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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.