



Affluence LIC Fund

Fund Report - May 2022

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Fund Commentary

The Affluence LIC Fund declined by 2.3% in May, slightly outperforming the ASX 200 Index, which fell by 2.6%. Since the Fund commenced over five years ago, returns have averaged 12.3% per annum, including quarterly distributions of 7.3% per annum. The Fund has outperformed the ASX200 Index over most periods, with significantly lower volatility.

All asset markets continue to grapple with the conflicting issues of high inflation, increasing interest rates, war in Ukraine, supply chain delays and the resulting risk of recession and/or stagflation. Over the past month, both the US Federal Reserve and Australian RBA have increased official interest rates, and both gave clear commentary that they plan to continue on this path. As we reiterated last month, we don't believe this is the time to be brave with asset allocation. While we are seeing some new opportunities and adding to these where appropriate, we are still carrying higher than average levels of cash and hedging.

The largest positive contributors in May were our index hedges. The biggest negative contributors were Thorney Opportunities (TOP), Tribeca Global Natural Resources (TGF) and NGE Capital (NGE).

We have added a few new positions recently, and the portfolio is becoming more diverse by asset class. In May, we bought two debt LITs, NB Global Corporate Income (NBI) and Perpetual Credit Income (PCI). NBI is trading at a 20% discount, with the underlying debt securities it owns also trading at a discount. PCI is trading at around a 12% discount. Another of the new holdings is Touch Ventures Limited (TVL). TVL has a formal association with Afterpay (now taken over by Block) and holds cash plus a portfolio of private equity investments in the fintech sector. TVL listed in September 2021 at \$0.40, compared to

the commencing NTA of \$0.26 and then rallied to over \$0.70 by late 2021. Since then, it's all been downhill for the share price. We made a small investment in TVL in May. Our average buy price of around \$0.14 per share is a 50% discount to the NTA. This includes \$0.09 of cash, meaning we are paying around \$0.05 for the private equity investments, compared to a carrying value of \$0.18. While the carrying value of these investments will likely fall, we believe there could be good upside from our buy price.

At the end of May, the Fund held investments in 32 LICs representing 77% of the Fund, 4% in portfolio hedges and 19% in cash. The average NTA discount for the LIC portfolio at the end of the month was approximately 15%, compared to the 13.4% discount at the end of April.

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 May 2022	1 Month	1 Year	3 Years	5 Years	Inception	Volatility
Distributions	0.0%	7.7%	8.9%	8.6%	7.3%	
Change in Unit Price (Capital Growth)	(2.3%)	(1.5%)	6.7%	3.5%	5.0%	
Affluence LIC Fund Total Returns	(2.3%)	6.2%	15.6%	12.1%	12.3%	9.1%
ASX200 Accumulation Index (AI)	(2.6%)	4.8%	7.8%	8.8%	9.6%	14%
Performance compared to ASX200AI	0.3%	1.4%	7.8%	3.3%	2.7%	

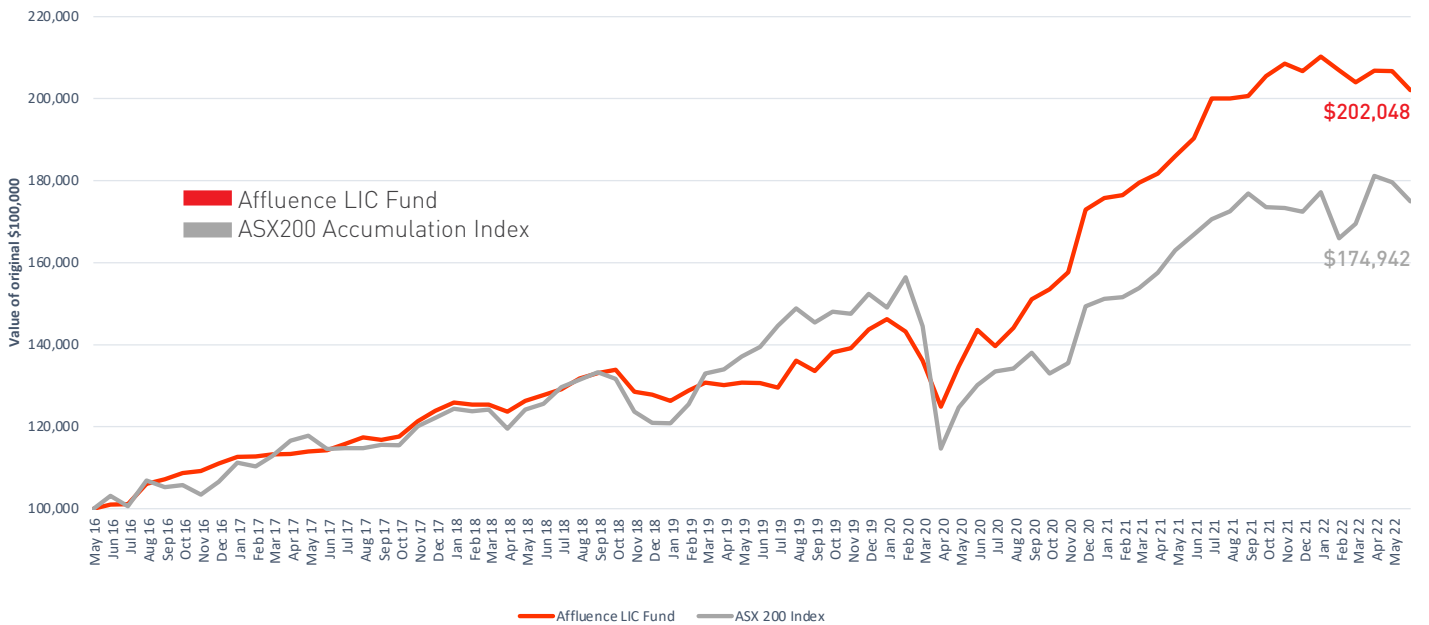
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%	0.0%	-2.3%								

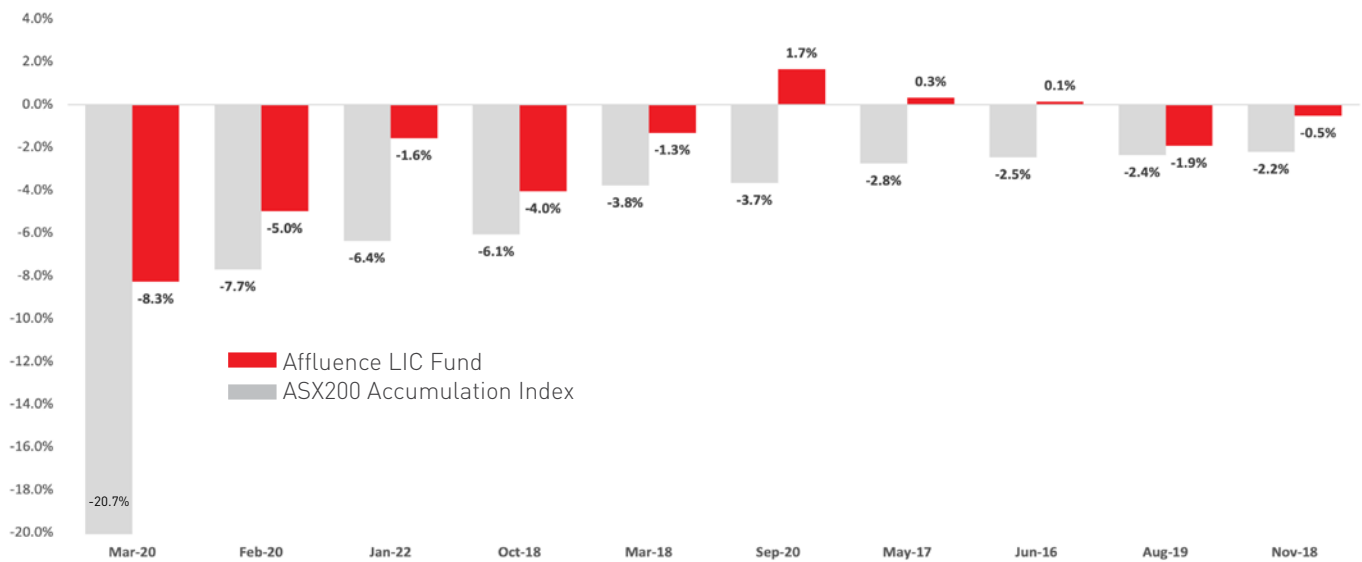
■ Strongest Month
 ■ Positive Month
 ■ Stable Month
 ■ Negative Month
 ■ Weakest Month

Return on \$100,000 Investment



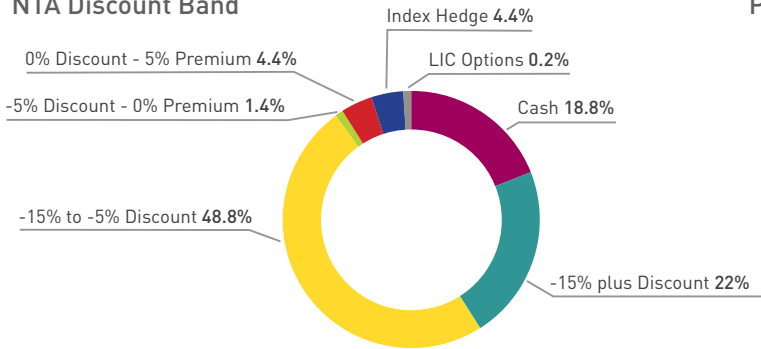
Fund Performance in ASX 200 Worst Months

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.

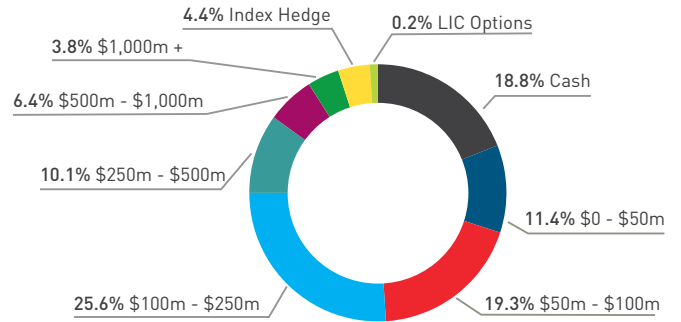


Portfolio Summary

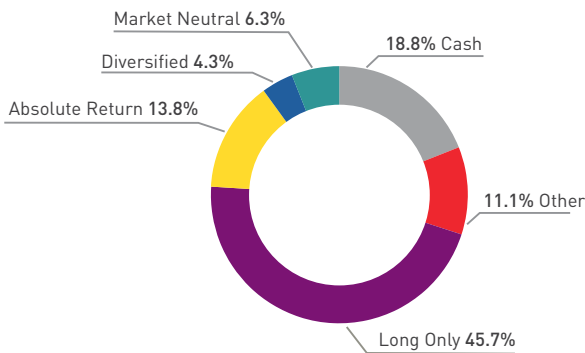
NTA Discount Band



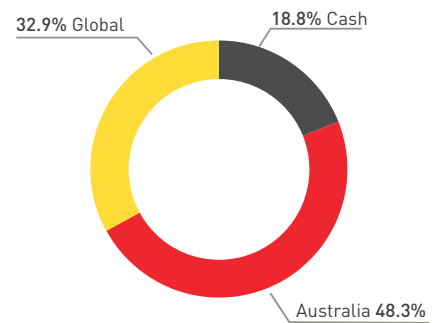
Portfolio by Market Cap



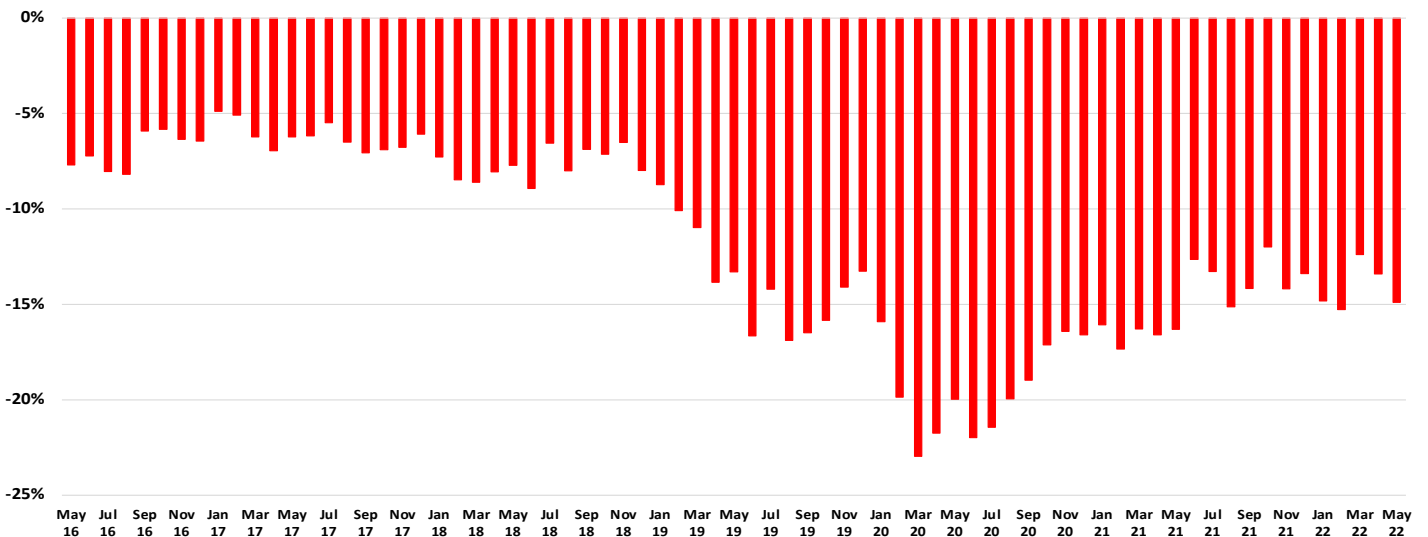
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

Absolute Equity Performance Fund (AEG)

Thorney Opportunities Limited (TOP)

Platinum Capital (PMC)

Sandon Capital Investments Limited (SNC)

Tribeca Natural Resources Limited (TGF)

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	\$1.3468
Exit Price	\$1.3442
Annual Distributions	7.00cpu
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

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

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