



Affluence LIC Fund

Fund Report - November 2020

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Fund Commentary

The Affluence LIC Fund had its best ever month in November, increasing by 9.7% compared to the ASX200 Index which increased 10.2%.

Returns since inception for the Fund have averaged 12.7% per annum, including quarterly distributions of 7.4% per annum. The Fund has outperformed the ASX200 Index over most time periods, and these returns have been delivered with significantly lower volatility than the Index.

The Australian equity market had its best month in over 30 years, following similar strong gains from US and global equity markets. The catalyst for the strong gains was the announcement by three covid-19 vaccine developers that their proposed vaccine's had performed better than expected in the trials. In addition, the US election result to Joe Biden also reduced uncertainty for investors. The share market rally was dominated by previously oversold value and cyclical stocks being bid up on the possibility of a return to normal conditions, while the recently popular and hyper valued growth stocks were more modest.

Equity markets effectively provided one whole year's worth of returns in one month. There are two ways of thinking about this. The first, is that this is just part of the catch up and recovery from the market selloff earlier in the year. The second, is that this is an explosion of exuberance and investors are showing a disturbing level of risk complacency.

We are undecided. We believe that the US equity market, which is at all time high record levels, is significantly more expensive than most other markets. Australia on the other hand was still approximately 7% below its February highs, and appears more reasonably valued (although still on the expensive side). There are certainly tail winds for equity markets, in the form of low or zero interest rates and significant government stimulus. Our solution is to hold a little extra cash compared to normal, and position the fund in LICs that have one of the following; more of a value style strategy, a near term corporate action catalyst, or an absolute return strategy. We are also being cautious of LICs that hold a significant level of US equities.

The portfolio performed exceptionally in November. Our best performing LICs this month were the L1 Long Short Fund (up 31%), the Cordish Dixon Private Equity funds (up 31%), the Contrarian Value Fund (up 25%), and the Tribeca Global Resources Fund (up 21%). The only negative contributor was our index put options.

The overall discount to NTA for the Fund portfolio at the end of the month was approximately 16% (previous month 17.1%). Corporate activity in the sector continued in November, with a number of LICs announcing or going through windups or takeovers, which continues to put downward pressure

on overall sector discounts to NTA.

At the end of November, the Fund held investments in 21 LICs representing 88% of the Fund and 12% 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 30 November 2020

	1 Month	1 Year	2 Years	3 Years	4 Years	Inception	Volatility
Distributions	0.0%	12.1%	9.5%	8.6%	8.1%	7.4%	
Change in Unit Price (Capital Growth)	9.7%	8.2%	6.8%	3.1%	3.6%	5.3%	
Affluence LIC Fund Total Returns	9.7%	20.3%	16.3%	11.7%	11.7%	12.7%	9.9%
ASX200 Accumulation Index (AI)	10.2%	-2.0%	11.1%	6.9%	8.8%	9.1%	15.2%
Performance compared to ASX200AI	(0.5%)	22.3%	5.2%	4.8%	2.9%	3.6%	

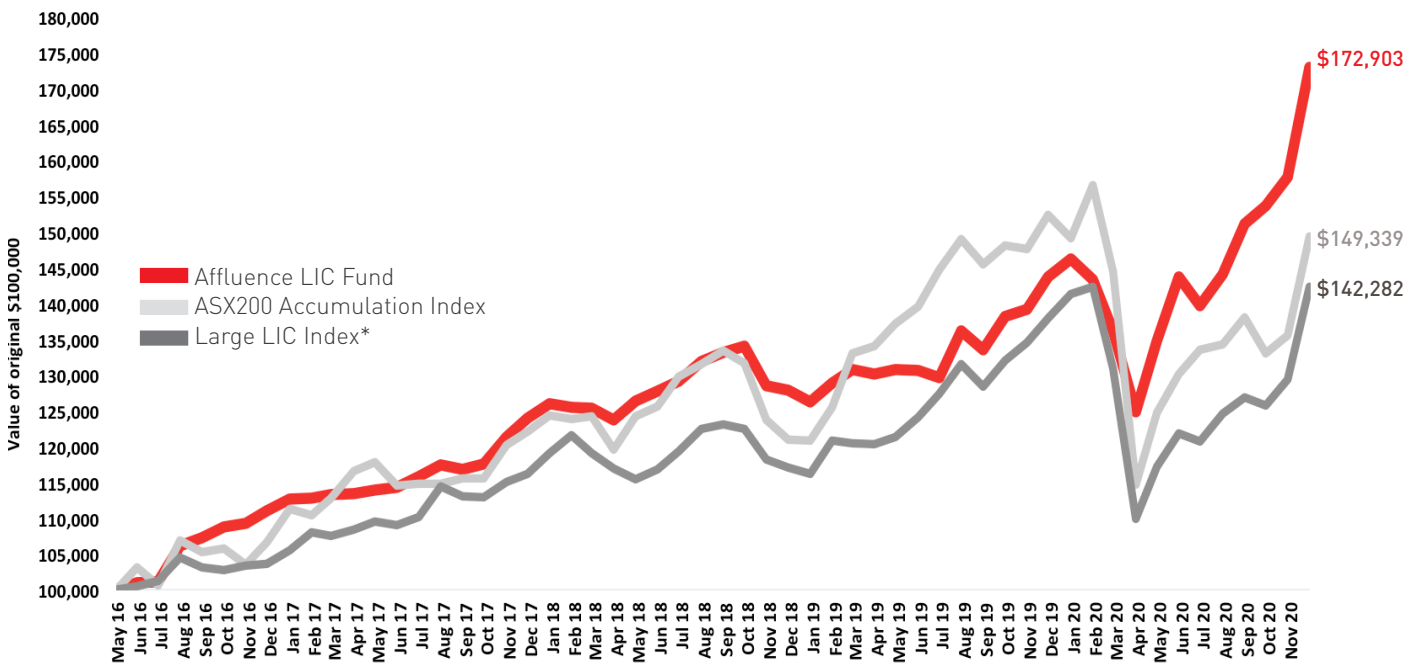
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%	-2.7%	3.2%	4.8%	1.7%	2.7%	9.7%		18.3%

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

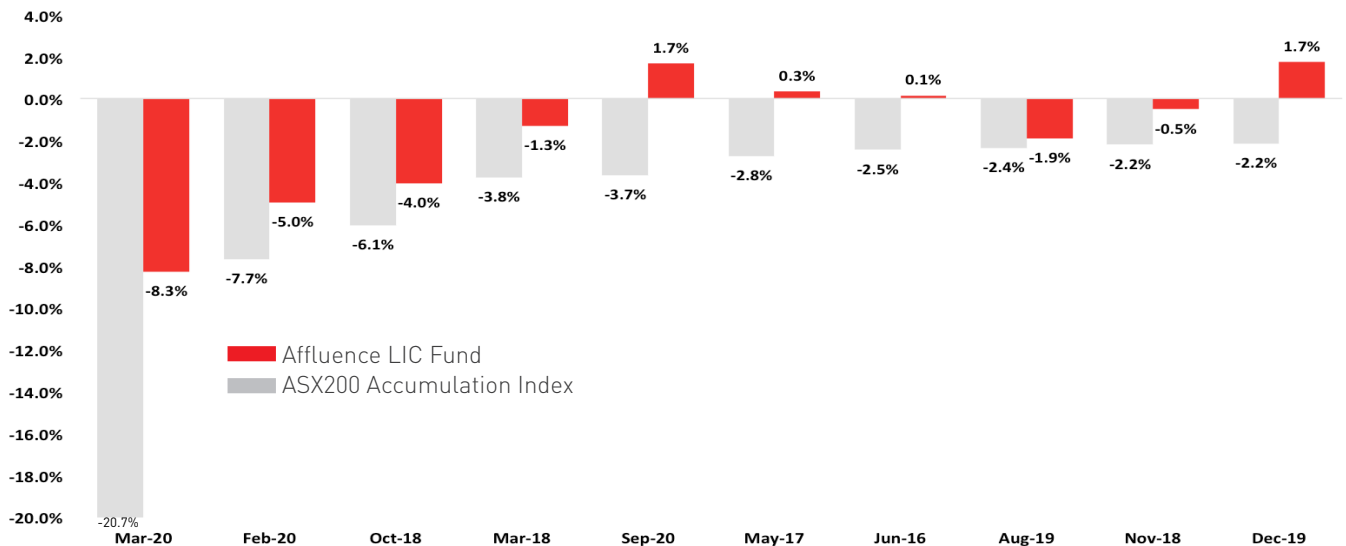
Return on \$100,000 Investment



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

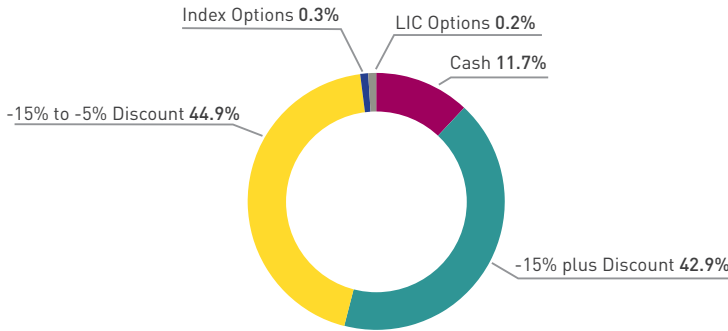
Fund Performance in ASX 200 Worst Months

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.

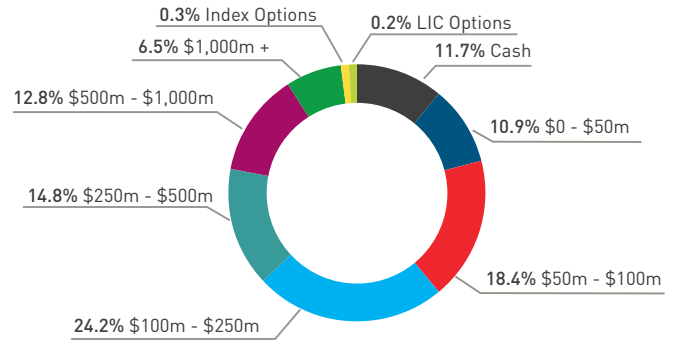


Portfolio Summary

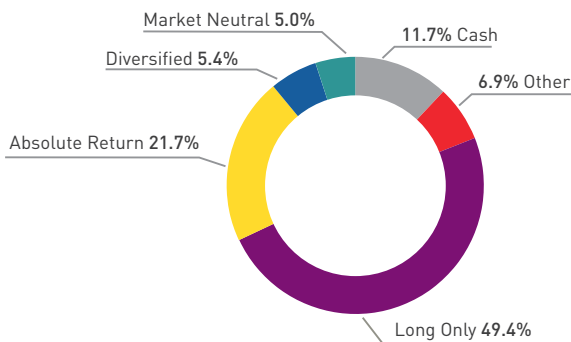
NTA Discount Band



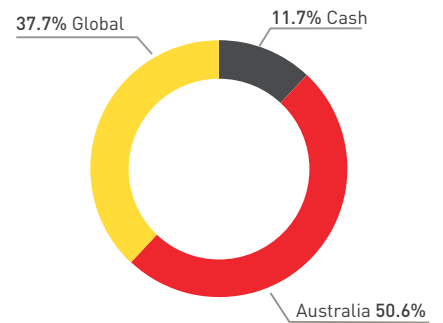
Portfolio by Market Cap



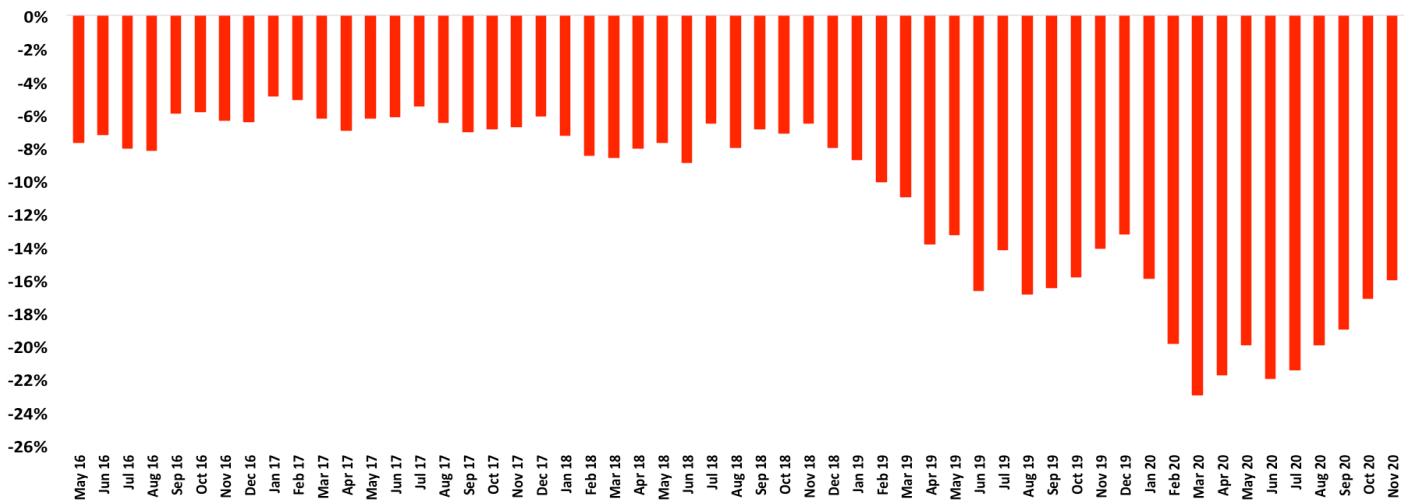
Equities Strategy



Geographic Exposure



Affluence LIC Fund Portfolio - Discount to NTA History



Five Largest Investments

- Thorney Opportunities Limited (TOP)
- Platinum Capital (PMC)
- WAM Alternative Assets (WMA)
- L1 Long Short Fund (LSF)
- Spheria Emerging Companies Limited (SEC)

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	\$11.7m
Entry Price	\$1.2692
Exit Price	\$1.2666
Annual Distributions	5.70cpu
Distribution Yield	4.5% 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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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.