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# Affluence LIC Fund

## Fund Report - November 2019

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## Fund Commentary

It was a strong month all around in November, with the Affluence LIC Fund increasing 3.2%, compared to the ASX 200 Index increasing 3.3%. Returns since inception for the Fund are 10.6% per annum. These returns have been delivered with significantly lower volatility than the ASX 200 Index.

The Fund's biggest positive contributors in November were the Morpheic Ethical Equities Fund (MEC) up 10%, Australian Leaders Fund (ALF) up 8%, and ECP Emerging Growth (ECP, formally BST) up 15%. There were no significant detractors during the month. Discounts to NTA remain very attractive and set the Fund up well for the medium term.

The ASX 200 Index hit a new all time record in November, as did the major US markets. We are pleased that the Fund kept pace during the month, as we often lag in strong upswings but outperform in negative periods. As an example of this, the 10 worst negative months for the ASX 200 Index since the Fund commenced have summed to -25% for the index. Over the same 10 months the Fund returned -5%, an outperformance of 20% during these periods. We are cautious of the valuation level of equity markets, as this years strong gains have been

driven by an increase in valuation multiples rather than any significant growth in earnings. As a result we have positioned the Fund a little more conservatively. Our portfolio is biased towards value style managers, and we remain very confident that it represents superior long term value than the general market index's.

The discounts to NTA for the large LICs (AFI, ARG and MLT) increased by 0.3% in November, and ended at a 1.1% discount which is within a reasonable band of their long term average. The average discount to NTA for the Affluence LIC Fund portfolio remains above 13%, reducing from above 15% during the month. There continues to be increasing pressure on some of the LICs trading at larger discounts to address the problem, and this process appears to be gaining momentum. There is certainly increased awareness of the LIC sector and discounts on offer, and we believe this will continue to attract new investors while these larger than average discounts are on offer.

At the end of November, the Fund held investments in 28 LICs representing 87% of the Fund and 13% in cash. We believe the Fund remains well positioned to

withstand most market conditions. If you'd like further details of 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 2019	1 Month	1 Year	2 Years	3 Years	Inception	Volatility
Distributions	0.0%	6.9%	7.1%	6.9%	6.1%	
Change in Unit Price (Capital Growth)	3.2%	5.5%	0.6%	2.1%	4.5%	
<b>Affluence LIC Fund Total Returns</b>	<b>3.2%</b>	<b>12.4%</b>	<b>7.7%</b>	<b>9.0%</b>	<b>10.6%</b>	<b>5.8%</b>
ASX200 Accumulation Index (AI)	3.3%	26.0%	11.7%	12.7%	12.5%	9.0%
<b>Performance compared to ASX200AI</b>	<b>(0.1%)</b>	<b>(13.6%)</b>	<b>(4.0%)</b>	<b>(3.7%)</b>	<b>(1.9%)</b>	

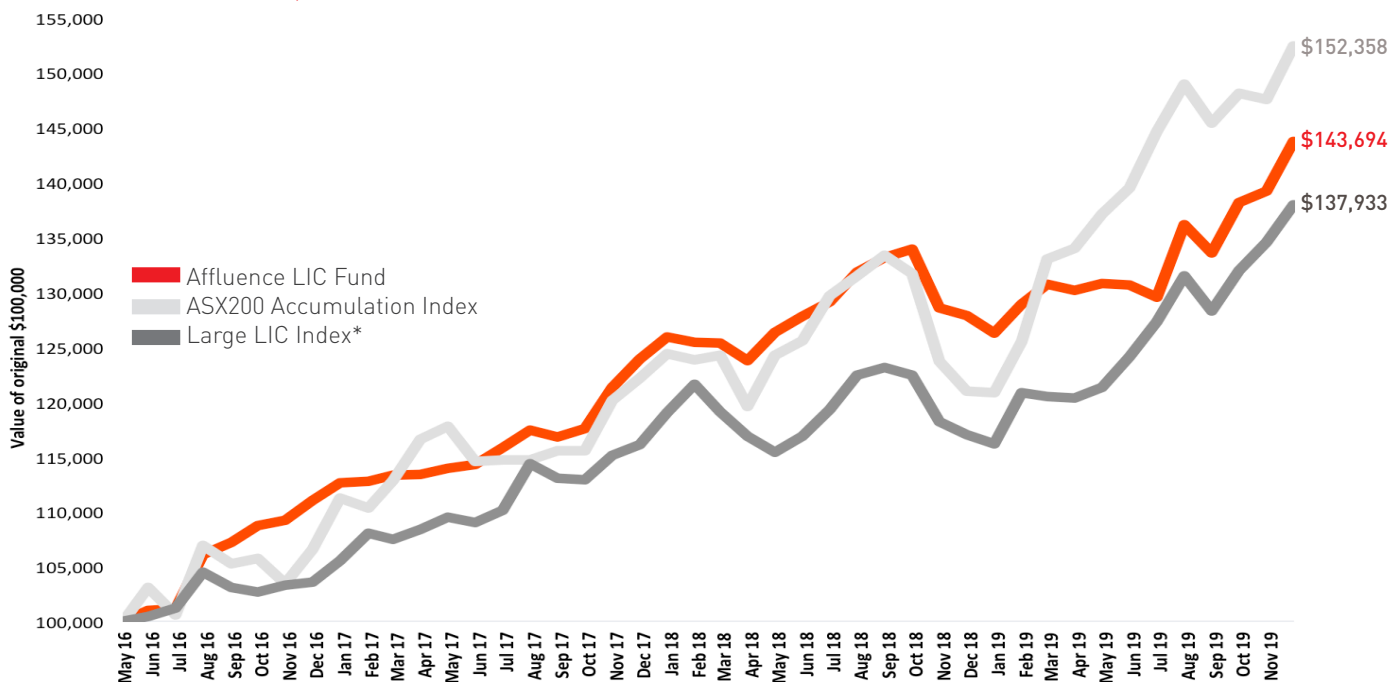
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

## 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%		13.8%

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

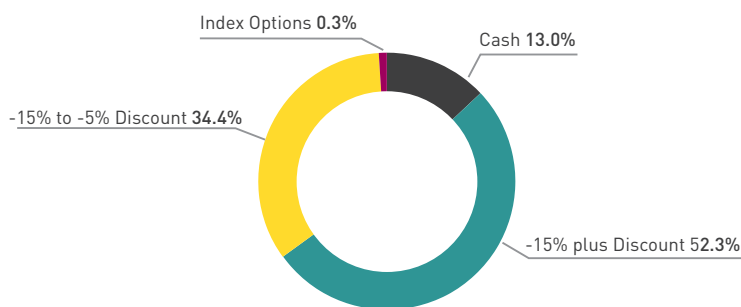
## Return on \$100,000 Investment



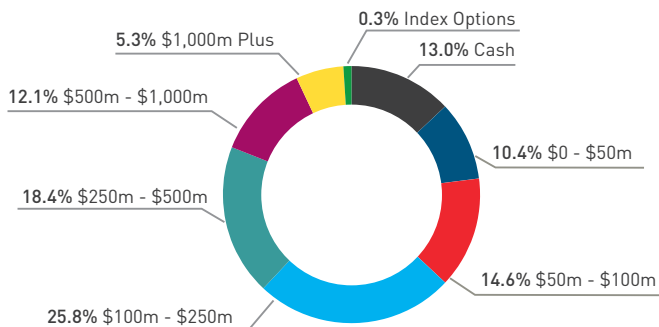
\* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

## Portfolio Summary

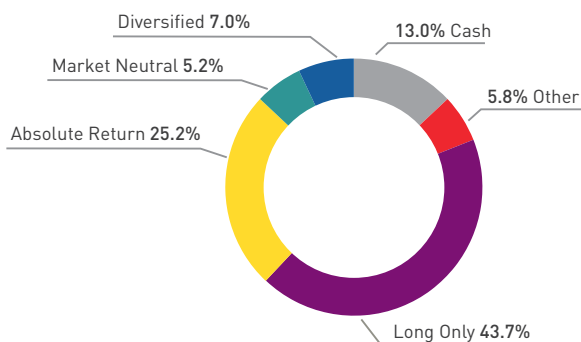
### NTA Discount Band



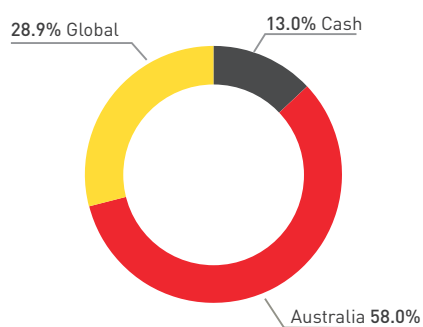
### Portfolio by Market Cap



### Equities Strategy



### Geographic Exposure



## Five Largest Investments

- Blue Sky Alternatives Access Fund (BAF)
- L1 Long Short Fund (LSF)
- Monash Absolute Investment Company Limited (MA1)
- Antipodes Global Investment Company (APL)
- 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
<b>Follow The Herd:</b> Traditional managers are too scared to fail, so they don't succeed. Most don't outperform the index.	<b>Actively Pursue Out-performance:</b> From our fee structure alignment to our investment methodology, our strategy targets positive returns and low volatility.
<b>Restricted Product Selection:</b> Commonly places clients into their own managed funds or choose from a restricted list of 'approved' funds.	<b>Best Of Breed:</b> We will seek the best LICs, and combine them in a way which cushions against market corrections.
<b>Traditional Asset Classes:</b> Manage large amounts in traditional asset classes (e.g. ASX200 equities), which minimises chances of excess performance.	<b>Unique Strategies:</b> We prefer managers who operate in specialised markets with less funds under management and a competitive advantage.
<b>High, Fixed Fees:</b> Take fees regardless of performance.	<b>No Fixed Fees:</b> Our fees are 100% performance based.

## Key Statistics

<b>Investment Class</b>	Listed Investment Companies
<b>Minimum Investment</b>	\$20,000
<b>Suggested Timeframe</b>	At least 5 years
<b>Benchmark Returns</b>	ASX200 Accumulation Index
<b>Fund Value</b>	\$7.6m
<b>Entry Price</b>	\$1.1730
<b>Exit Price</b>	\$1.1707
<b>Annual Distributions</b>	5.70cpu
<b>Distribution Yield</b>	4.9% p.a.
<b>Distribution Frequency</b>	Quarterly
<b>Applications</b>	Monthly
<b>Withdrawals</b>	Monthly
<b>Management Fees</b>	Nil
<b>Performance Fee</b>	12.5% of positive performance
<b>Buy/Sell Spread</b>	0.10%/0.10%

## Meet The Portfolio Managers



### Daryl Wilson

**CEO/Portfolio Manager**

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### Greg Lander

**Portfolio Manager**

Years in the Industry: 12

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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.