



# Affluence LIC Fund

## Fund Report - October 2017

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## Fund Commentary

The Affluence LIC Fund increased by 3.2% in October. The Australian market was flying, with the ASX 200 Index up 4.0%, and the ASX Listed Investment Company Index was up 2.3% for the month. We don't expect to keep up in strongly rising markets, as our cash holdings and alternative strategies (long/short and market neutral) will dilute market increases. However, when conditions inevitably become rough, we expect to more than make up for this. Returns since inception for the Fund are 13.7% per annum, compared to the ASX 200 Index of 13.0% per annum.

At the end of October, the Fund held investments in 31 Listed Investment Companies representing 81% of the Fund, 18% in cash, and some LIC options which can provide potential upside if markets rally strongly from here. During the month we participated in the Magellan Global Fund IPO (MGG). It was the largest LIC (its actually an LIT) IPO in

Australia at over \$1.5 billion. We approached this as a short term trading opportunity. We already held a large position in MFF Capital Limited (MFF), the stablemate to the Magellan Global Fund, which was trading at a 15% discount. By early November we have fully sold down MGG for a profit, as MFF continues to trade at a much more attractive price.

As is to be expected in such a strong month, most holdings performed well during the month. Our best performers were Australian Equity Performance (AEG), Alternative Investment Trust (AIQ), MFF Capital Investments (MFF), Platinum Asia (PAI) and WAM Leaders (WLE). Our only significant detractor was the Australian Leaders Fund (ALF). This LIC is utilizing a market neutral strategy and has understandably underperformed the market over the past 3 years. This has resulted in it going from trading at a more

than 20% premium to NTA to now more than a 10% discount. We are continuing to increase our exposure to ALF as the discount gets larger. The market appears to be taking the view that as it has underperformed recently (as have most market neutral strategies) it should be sold down as the market increases. We take the opposite view. As market prices increase, the chances of a market fall increase, and this is exactly when ALF will perform at its best.

The Fund is currently closed to new investors, however if you qualify as a wholesale/sophisticated investor and are interested in the Fund, please let us know and we will place you on the waiting list when we open it again in the future. Alternatively, you can gain access through our Affluence Investment Fund, which currently invests around 20% of its portfolio in the Affluence LIC Fund.

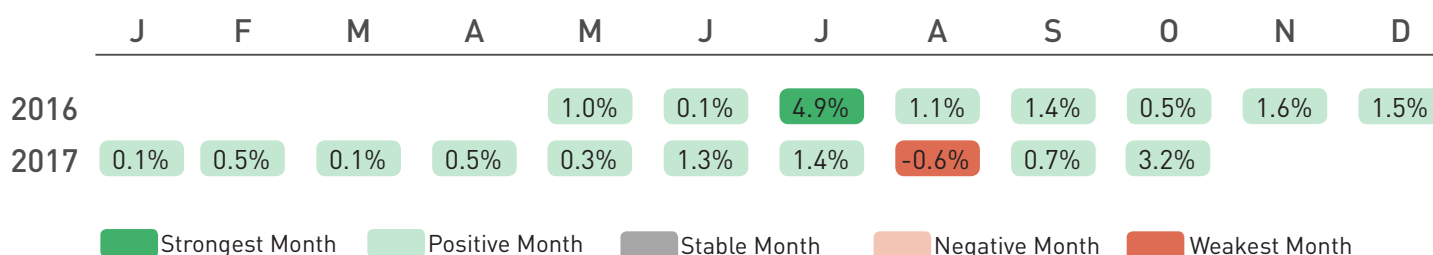
## Fund Performance

To 31 October 2017

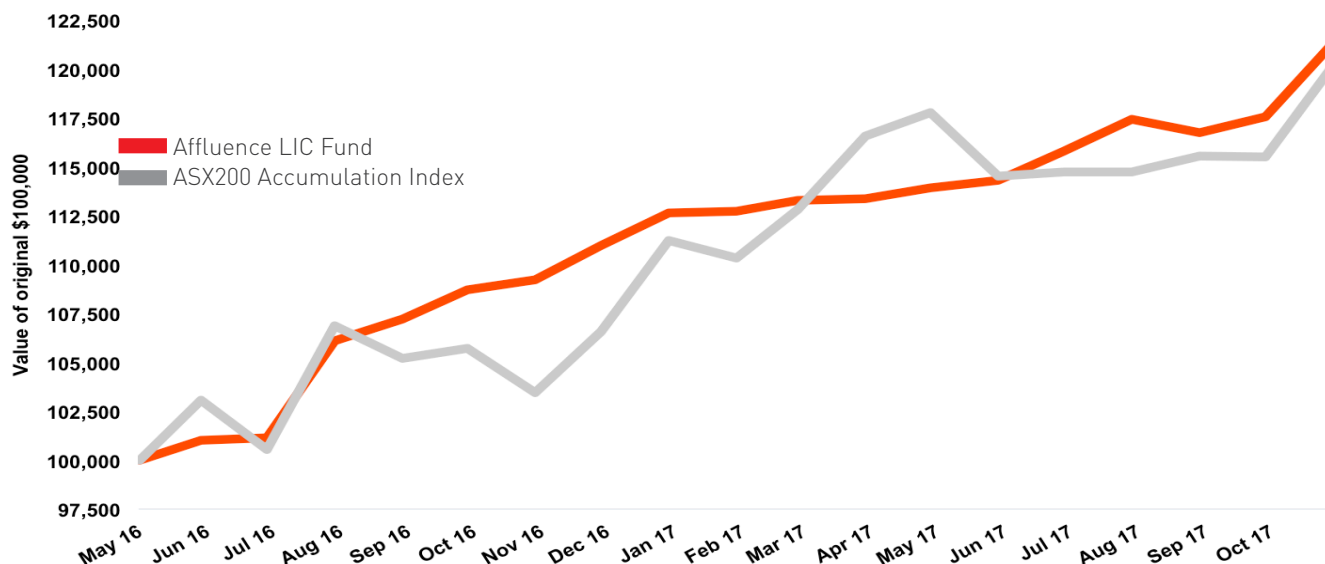
	1 Month	3 Months	6 Months	1 Year	Inception	Volatility
Affluence LIC Fund	3.2%	3.3%	6.5%	11.1%	13.7%	4.4%
ASX200 Accumulation Index (AI)	4.0%	4.7%	2.0%	16.1%	13.0%	8.9%
<b>Outperformance against ASX200AI</b>	<b>(0.8%)</b>	<b>(1.4%)</b>	<b>4.5%</b>	<b>(5.0%)</b>	<b>0.7%</b>	

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.

## Fund Monthly Return History

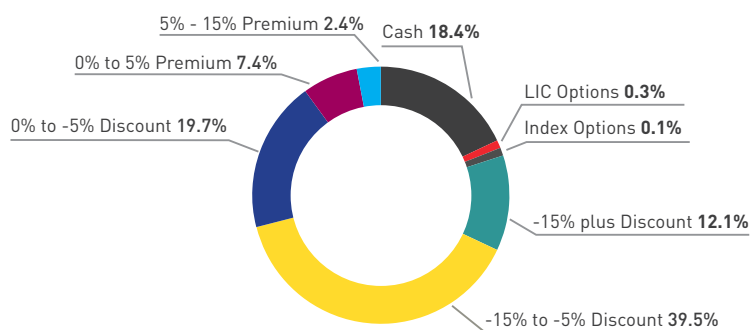


## Return on \$100,000 Investment

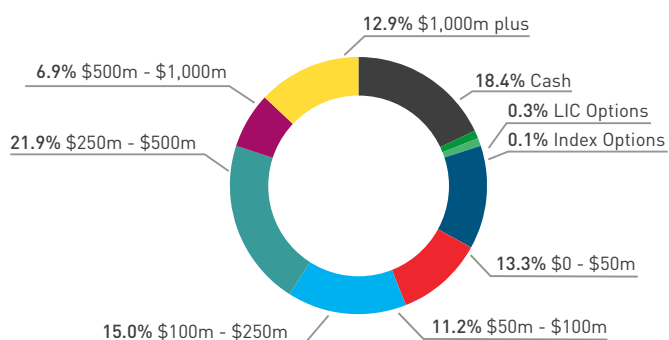


## Portfolio Summary

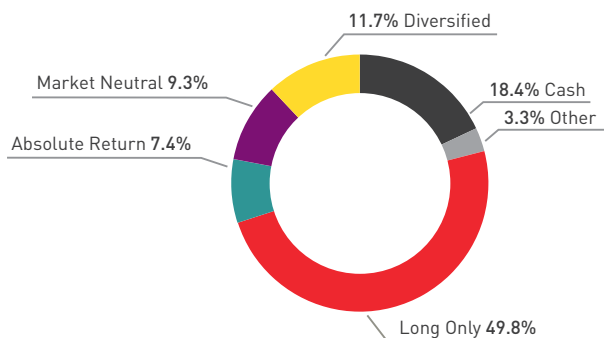
### NTA Discount Band



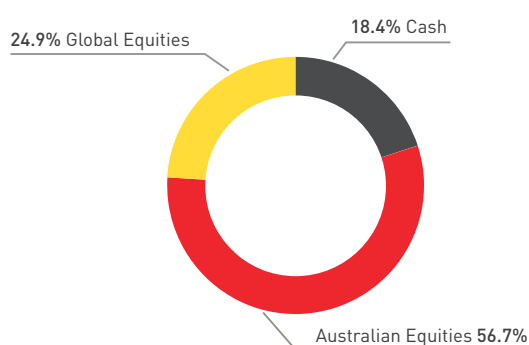
### Portfolio by Market Cap



### Equities Strategy



### Geographic Exposure



## Largest Investments

Future Generation Investment Company (FGX)

MFF Capital Investments (MFF)

Australian Foundation Investment Company (AFIC)

Future Generation Global Fund (FGG)

Monash Absolute Investment Company (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
<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>Entry Price</b>	\$1.1349
<b>Exit Price</b>	\$1.1326
<b>Annual Distributions</b>	5.50cpu
<b>Distribution Yield</b>	4.9% p.a.
<b>Distribution Frequency</b>	Quarterly
<b>Applications</b>	Please Contact Us
<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%

## 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 any questions, please do not hesitate to contact us:

**Phone:** 1300 AFFLUENCE (1300 233 583)

**Email:** [invest@affluencefunds.com.au](mailto:invest@affluencefunds.com.au)

## Meet The Portfolio Managers



### Daryl Wilson

**Founder, CEO & Portfolio Manager**  
 Years in the Industry: 18  
 Email: [daryl.wilson@affluencefunds.com.au](mailto:daryl.wilson@affluencefunds.com.au)  
 Phone: +61 402 046 883



### Greg Lander

**Portfolio Manager**  
 Years in the Industry: 12  
 Email: [greg.lander@affluencefunds.com.au](mailto:greg.lander@affluencefunds.com.au)  
 Phone: +61 409 645 893

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