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Affluence LIC Fund

Fund Report - October 2019

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Fund Commentary

The Affluence LIC Fund outperformed in October increasing 0.8%, compared to a fall of 0.4% for the ASX 200 Index. Returns since inception for the Fund are 9.9% per annum. These returns have been delivered with significantly lower volatility than the ASX 200 Index.

The Fund's biggest positive contributors in October were the Blue Sky Alternatives Access Fund (BAF) up 10%, PM Capital Global Opportunities Fund (PGF) up 7%, and L1 Long Short Fund (LSF) up 3%. The largest negative contributors were Spheria Emerging Companies (SEC) down 4% and Australian Leaders Fund (ALF) down 2%. Discounts to NTA remain very attractive and set the Fund up well for the medium term.

The discounts to NTA for the large LICs (AFI, ARG and MLT) improved by 2% in October, and ended at an 0.8% discount which is within a reasonable band of their long term average. This has improved significantly from the near 5% discount these LICs were trading at a few months ago. While the large Australian LICs have recovered back towards average, the real opportunity in the sector continues to be in the medium to small end of the market, where the

Affluence LIC Fund holdings are concentrated. The average discount to NTA for the Affluence LIC Fund portfolio remains above 15%. While the portfolio's overall discount to NTA remains fairly steady, there are opportunities within the portfolio to recycle capital from narrowing discounts into LICs that continue to lag or even increase their discounts to NTA.

The past year has been difficult for many active managers who have struggled to keep up with the index. It appears that in the last few months this has started to turn, with fundamentals starting to matter again and some of the mega-expensive growth names starting to struggle to justify their valuations. Our portfolio is biased towards value style managers, and we remain very confident that it represents superior long term value to the market indices.

At the end of October, the Fund held investments in 29 LICs representing 91% of the Fund and 9% 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 31 October 2019	1 Month	1 Year	2 Years	3 Years	Inception	Volatility
Distributions	0.0%	6.7%	7.0%	6.8%	6.2%	
Change in Unit Price (Capital Growth)	0.8%	1.6%	0.1%	1.6%	3.7%	
Affluence LIC Fund Total Returns	0.8%	8.3%	7.1%	8.4%	9.9%	5.7%
ASX200 Accumulation Index (AI)	(0.4%)	19.3%	10.8%	12.6%	11.7%	9.0%
Performance compared to ASX200AI	1.2%	(11.0%)	(3.7%)	(4.2%)	(1.8%)	

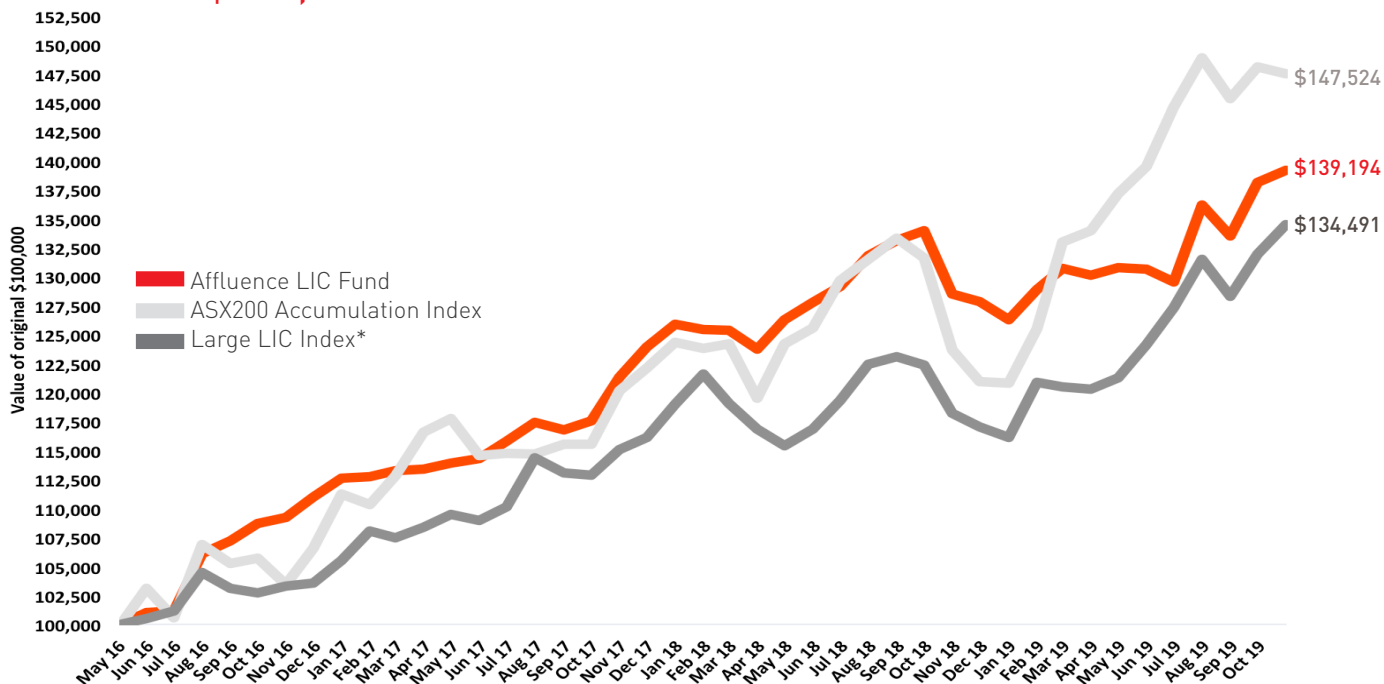
Total returns are net of fees and costs (excluding buy-sell spread) using the mid prices and assume the reinvestment of distributions. Returns of more than 1 year are annualised. Inception date is 3 May 2016. Past performance is not indicative of future performance.

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%			10.2%

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

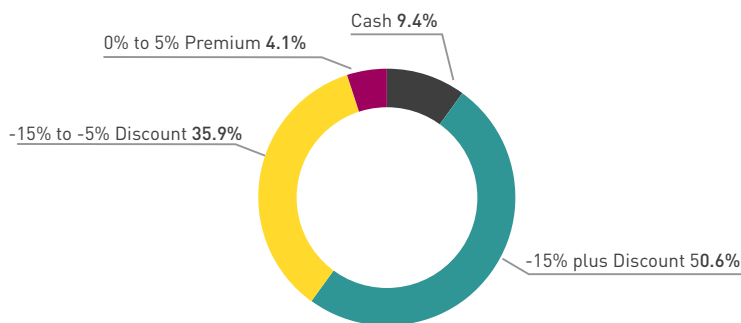
Return on \$100,000 Investment



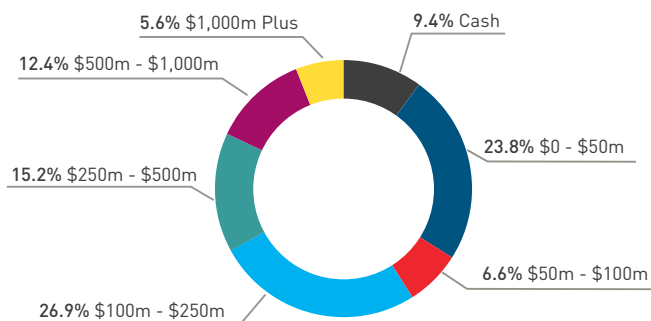
* The Large LIC Index is calculated from the equal weighted returns of the three largest LICs (AFIC, ARG and MLT).

Portfolio Summary

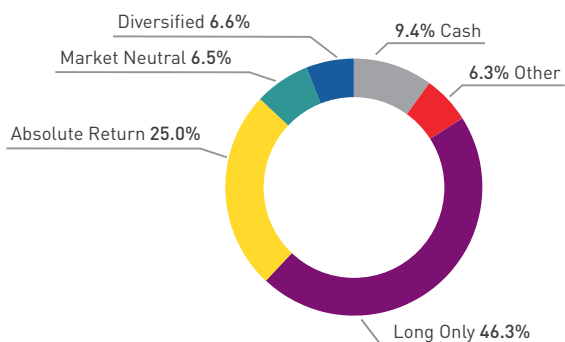
NTA Discount Band



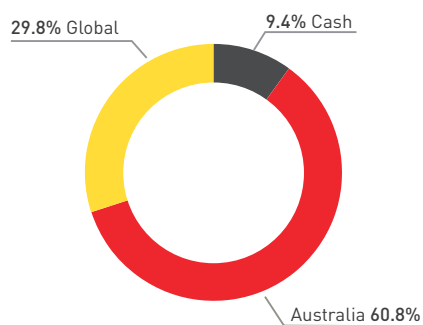
Portfolio by Market Cap



Equities Strategy



Geographic Exposure



Five Largest Investments

Blue Sky Alternatives Access Fund (BAF)

L1 Long Short Fund (LSF)

Monash Absolute Investment Company Limited (MA1)

Australian Leaders Fund (ALF)

Antipodes Global Investment Company (APL)

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	\$6.9m
Entry Price	\$1.1362
Exit Price	\$1.1339
Annual Distributions	5.70cpu
Distribution Yield	5.1% 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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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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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.