



# Affluence LIC Fund Monthly Fund Report - September 2016

## Fund Commentary

The Affluence LIC Fund outperformed the ASX 200 Accumulation Index by 0.9% in September, taking the performance since inception to 8.7%, 3.0% higher than the index. At the end of September the Fund provided exposure to 23 Listed Investment Companies.

The biggest contributors to performance were Ellerston Asian Investments Limited (EAI), Future Generation Investment Company (FGX), and NAOS Emerging Opportunities Company (NCC). During the month we attended a presentation held by Ellerston

regarding their two LICs. They have recently introduced some new measures to actively try and reduce the NTA discount that EAI is trading at, namely an on market share buy-back, weekly NTA updates and increased marketing. We are very supportive of these measures, and it is likely to have contributed to the positive result in September. FGX increased during the month as the company when ex-option. For the past 3-6 months FGX has raised significant funds through its options that were issued during the IPO. As these options were exercised it had the effect of reducing the NTA (as the option strike price was below both

the share price and previous NTA) and increasing the supply of sellers. Since the option expiry date, we have seen a firming in price and a more balanced spread between buyers and sellers.

Our largest loss during the month was our exposure to WAM Leaders Options (WLEO). It was not a significant loss, and given the leveraged nature of these call options it is not surprising. We limit the value of our call option exposure to LICs for this very reason, however they can provide a good source of upside as well.

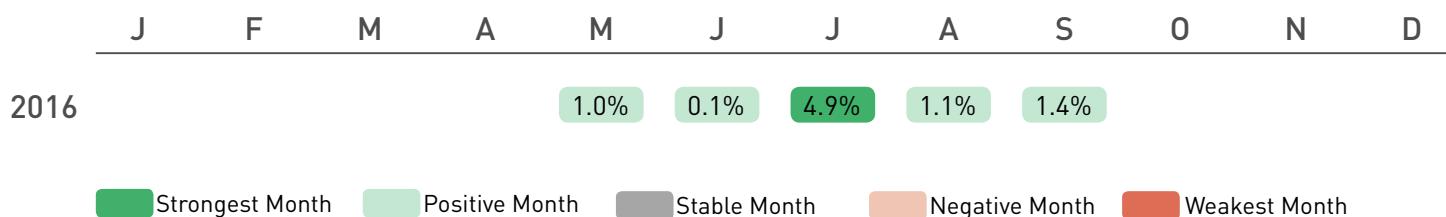
## Fund Performance

To 30 September 2016

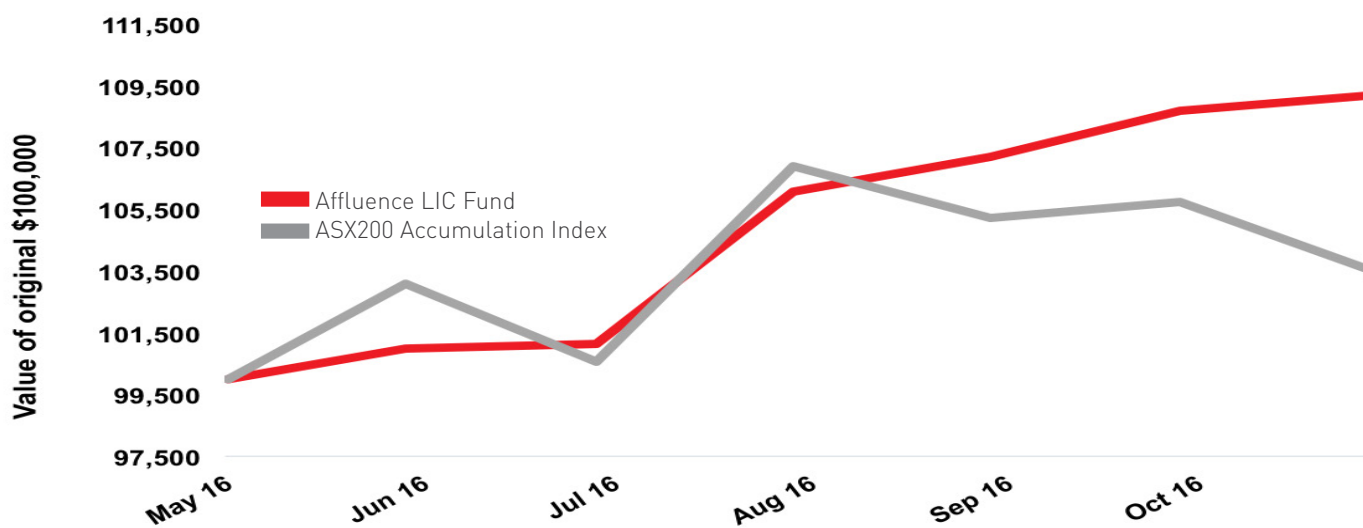
|  | 1 Month     | 3 Months    | Inception   | Volatility |
|--|-------------|-------------|-------------|------------|
| Affluence LIC Fund                     | 1.4%        | 7.5%        | 8.7%        | 6.4%       |
| ASX200 Accumulation Index (AI)         | 0.5%        | 5.1%        | 5.7%        | 12.4%      |
| <b>Outperformance against ASX200AI</b> | <b>0.9%</b> | <b>2.4%</b> | <b>3.0%</b> | <b>N/A</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

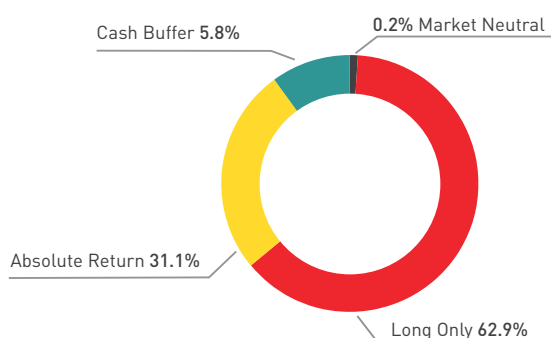


## Return on \$100,000 Investment

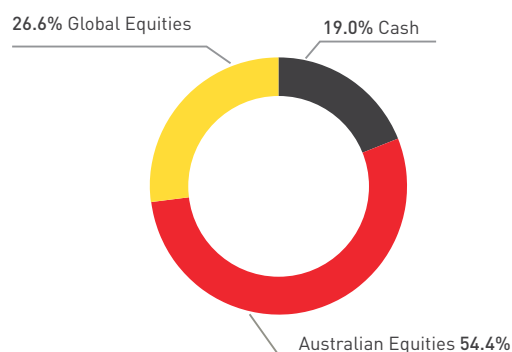


## Portfolio Summary

### Equities Strategies



### Asset Class



## Top 5 Largest Investments

- Future Generation Investment Company Limited (FGX)
- Future Generation Global Investment Company Limited (FGG)
- Platinum Capital Limited (PMC)
- Perpetual Equity Investment Company Limited (PIC)
- Glennon Small Companies Limited (GG1)

**Want to know more about Listed Investment Companies (LICs)?**

Download our free guide to LICs by clicking the icon:

## 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 fund managers, 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

|                     |                               |
|---------------------|-------------------------------|
| Investment Class    | LICs                          |
| Minimum Investment  | \$20,000                      |
| Suggested Timeframe | At least 5 years              |
| Benchmark Returns   | ASX200 Accumulation Index     |
| Entry Price         | \$1.0790                      |
| Exit Price          | \$1.0769                      |
| Applications        | Monthly                       |
| Withdrawals         | Monthly                       |
| Management Fees     | Nil                           |
| Performance Fee     | 12.5% of positive performance |
| Buy/Sell Spread     | 0.10%/0.10%                   |

## Contact Us

If you have any questions, please do not hesitate to contact us:

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## 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 the LICs 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.

## The Investment Team



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Affluence Funds Management Limited ABN 68 604 406 297 ("AFM") has prepared this report and is the trustee, and the issuer of units in, the Affluence Investment Fund. The Fund is not currently open for investment but is expected to be during 2017. The information in this report has been prepared without considering your objectives, financial situation or needs. Therefore, in deciding whether to acquire or continue to hold an investment in the Fund, you should consider the PDS and assess, with or without your financial or taxation adviser, whether the product fits your objectives, financial situation or needs.