

Updated Fees and Other Costs

Affluence LIC Fund

Issued By Affluence Funds Management Limited
ABN 68 604 406 297 | AFSL 475940

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Important Notice and Disclaimer

As responsible entity of the Affluence LIC Fund ARSN 634 532 424 ("Fund"), Affluence Funds Management Limited ABN 68 604 406 297, AFSL 475940 ("AFM") is the issuer of this updated fee disclosure which should be read in conjunction with the Product Disclosure Statement for the Fund dated 30 September 2022 ("PDS").

The information in this update is general information only and does not take into account your objectives, financial situation or needs. Therefore, before deciding whether to acquire or continue to hold an investment you should consider the PDS and any updates carefully and assess, with or without your financial advisor, whether the Fund fits your objectives, financial situation or needs. Additional information on the Fund, including monthly Fund reports are available at affluencefunds.com.au/alf/.

Annual Fees and Costs

In section 7 of the PDS, AFM provides a breakdown of fees and other costs and an example of the annual fees and costs associated with an investment in the Fund.

AFM wishes to update this disclosure based on amounts for the year ended 30 June 2023.

Section 7 of the PDS should be read accordingly.

7.1 Fees & Other Costs

The table of ongoing annual fees and costs is updated as follows.

Fees and costs summary

Type of Fee or Cost	Amount	How & when paid
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment.	1.50% per annum of the NAV of the Fund, comprising 0.25% direct costs and 1.25% indirect fees and costs of LICs the Fund invests in.	AFM does not charge any fixed fee for managing the Fund. Direct costs are generally paid monthly or as incurred, from the assets of the Fund Fees and costs of LICs the Fund invests in are not paid by the Fund directly, but are reflected in the performance of the investments.
Performance fees Amounts deducted from your investment in relation to the performance of the Fund.	2.18% per annum of the NAV of the Fund, comprising 1.53% AFM performance fees and 0.65% LIC performance fees.	AFM is entitled to receive a performance fee of 12.5% of the positive returns of the Fund. Any previous negative returns must be recovered before the fee is payable. AFM performance fees are accrued monthly and payable to AFM quarterly in arrears from the assets of the Fund. LIC performance fees vary by investment. They are not paid by the Fund directly, but are reflected in the performance of the investments.
Transaction costs The costs incurred by the Fund when buying or selling assets.	0.30% per annum of the NAV of the Fund, comprising 0.13% direct transaction costs and 0.16% indirect transaction costs of LICs the Fund invests in.	These costs are payable from Fund assets as incurred and are reflected in the unit price. This amount is disclosed net of amounts recovered by the buy/sell spread referred to below. Indirect transaction costs of LICs are not paid by the Fund directly, but are reflected in the performance of the investments.

7.2 Example of Annual Fees and Costs

The table below gives an example of how the ongoing annual fees and costs for this Fund can affect your investment over a one year period. You should use this table to compare this Fund with other managed investment products.

Example¹:

Type	Amount (%)	Amount (\$) based on a balance of \$50,000 plus a contribution of \$5,000 during the year
Contribution Fee	0.00%	For every additional \$5,000 you put in, you will be charged \$0 ¹ .
PLUS Management fees and costs ²	1.50%	AND for every \$50,000 you have in the Fund, you will be charged or have deducted from your investment \$750 each year.
PLUS Performance fees ³	2.18%	AND you will be charged or have deducted from your investment \$1,090 in performance fees each year.
PLUS Transaction costs ²	0.30%	AND you will be charged or have deducted from your investment \$150 in transaction costs each year.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put an additional \$5,000 during that year then for that year, you would be charged fees and costs in the range of \$1990 - \$1,995 ⁴ . What it costs you will depend on the fund you choose and the fees you negotiate.

1. This does not include the buy spread which is incorporated into the unit price. The buy spread of 0.10% on a \$5,000 investment is \$5.
2. The management fees and costs and the transaction costs in the example are based on amounts paid in the year to 30 June 2023. The management fees and costs comprise \$125 Fund costs and \$625 fees and costs relating to LICs the Fund invests in.
3. The performance fees in the example are based on the average performance fee (including LIC performance fees) for the five years to 30 June 2023 (comprising \$765 AFM performance fees and \$325 LIC performance fees). This is not a forecast of the future performance of the Fund or its investments. The level of performance fees charged by AFM and LICs in the future depends on the future performance of the Fund and investments.
4. Depending on when during the year you make your additional \$5,000 investment. Additional fees may apply. This example does not include any additional fees that your financial adviser or IDPS operator may charge you. The fees and costs are disclosed as a percentage of NAV for the year to 30 June 2023 to show the fees and costs on a net investment in the Fund.

7.3 Additional Explanation of Fees and Costs

7.3.8 Performance Fee Historical Five Year Average

Over each of the five years to 30 June 2023, Fund returns have varied from -2.8% to 43.2% and have averaged 11.3%. Performance fees, comprising AFM and LIC performance fees, have varied from 0.39% to 6.69% of the net asset value of the Fund, and have averaged 2.18%.

AFM performance fees have varied from 0.24% to 4.92% of the net asset value of the Fund, and have averaged 1.53%. It is not possible to accurately forecast future Fund performance or future AFM performance fees. Fund returns and AFM performance fees charged in the future may be higher or lower than the range noted above. In general, the higher the Fund returns, the higher the AFM performance fees are likely to be.

LIC performance fees have averaged 0.65% of the net asset value of the Fund. It is not possible to accurately forecast future LIC performance fees. The amount charged in the future will vary depending on the mix of investments held by the Fund from time to time, the performance of each investment against that investments benchmark and performance fees (if any) charged by LIC Managers. The amount of LIC performance fees may be higher or lower than the range noted above.

7.3.9 Transaction Costs

Transaction costs are incurred by the Fund when buying and selling assets. They include costs incurred directly, such as brokerage, settlement and clearing costs, buy/sell spreads on any unlisted investments, costs of derivatives used for hedging purposes and stamp duty, as well as similar costs paid by LICs in which the Fund invests.

Transaction costs are reflected in the net return after fees and other costs are applied.

Transaction costs are reduced by the buy/sell spreads recovered by the Fund and underlying investments.

Transaction costs for the year ended 30 June 2023 were estimated to be 0.32% on a gross basis (excluding the impact of the buy/sell spread) and 0.30% net of the buy/sell spread. The transaction costs shown in the 'Fees and costs summary' at Section 7.1 is shown net of the amount recovered by the buy/sell spread. Transaction costs are an additional cost to investors where these costs have not already been recovered by the buy/sell spread.

Actual transaction costs are likely to vary from year to year as they are impacted by a number of highly variable drivers as well as changing investment and market conditions.