



Harvesting discounts from LICs & other stocks

July 2024

Invest Differently

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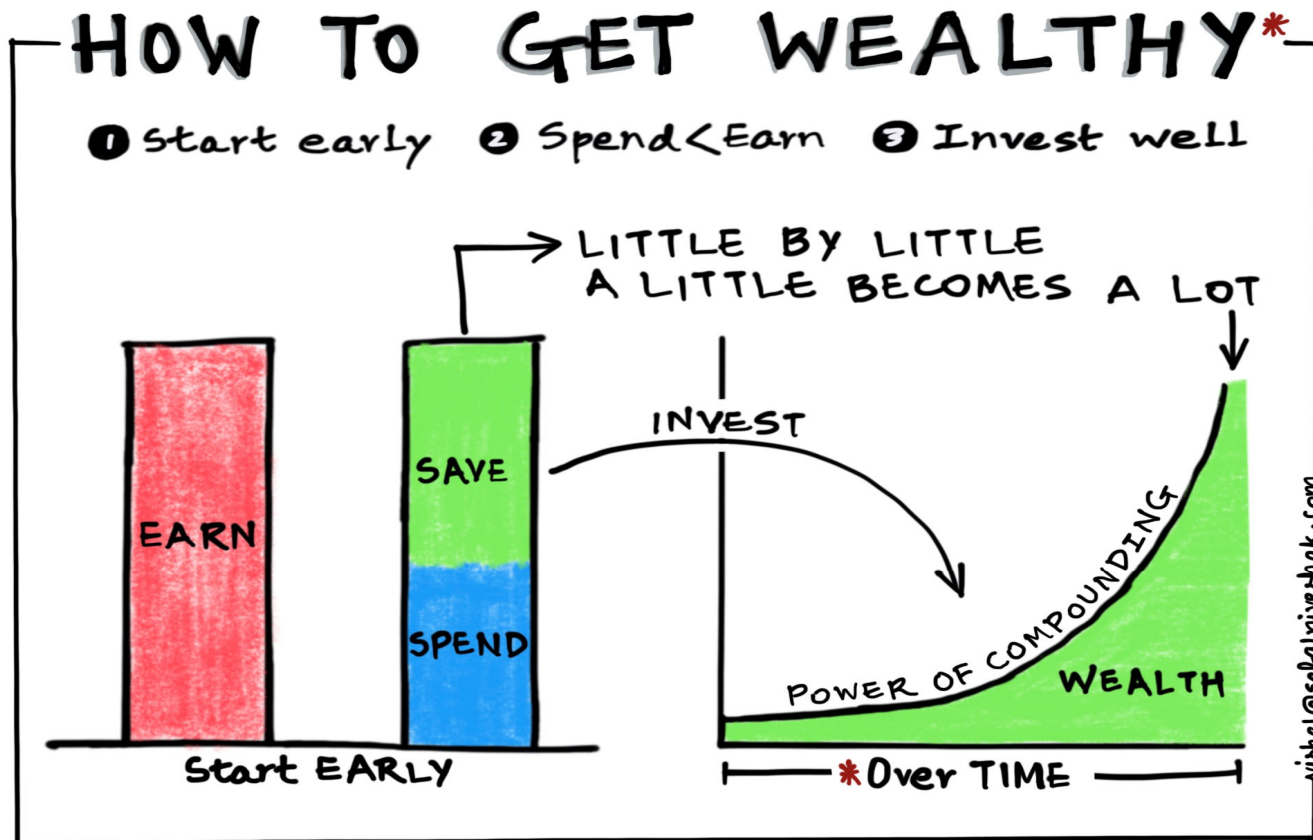
Current information in relation to each Affluence fund is available at <https://affluencefunds.com.au>.



Affluence Funds are focused on investor outcomes

○ All our Funds target:

- Better than average returns - over three years and longer.
- Regular income - at least 5% per annum, paid monthly or quarterly.
- Smoother returns - to help limit the impact of market downturns.



Our interests
are aligned with
our investors

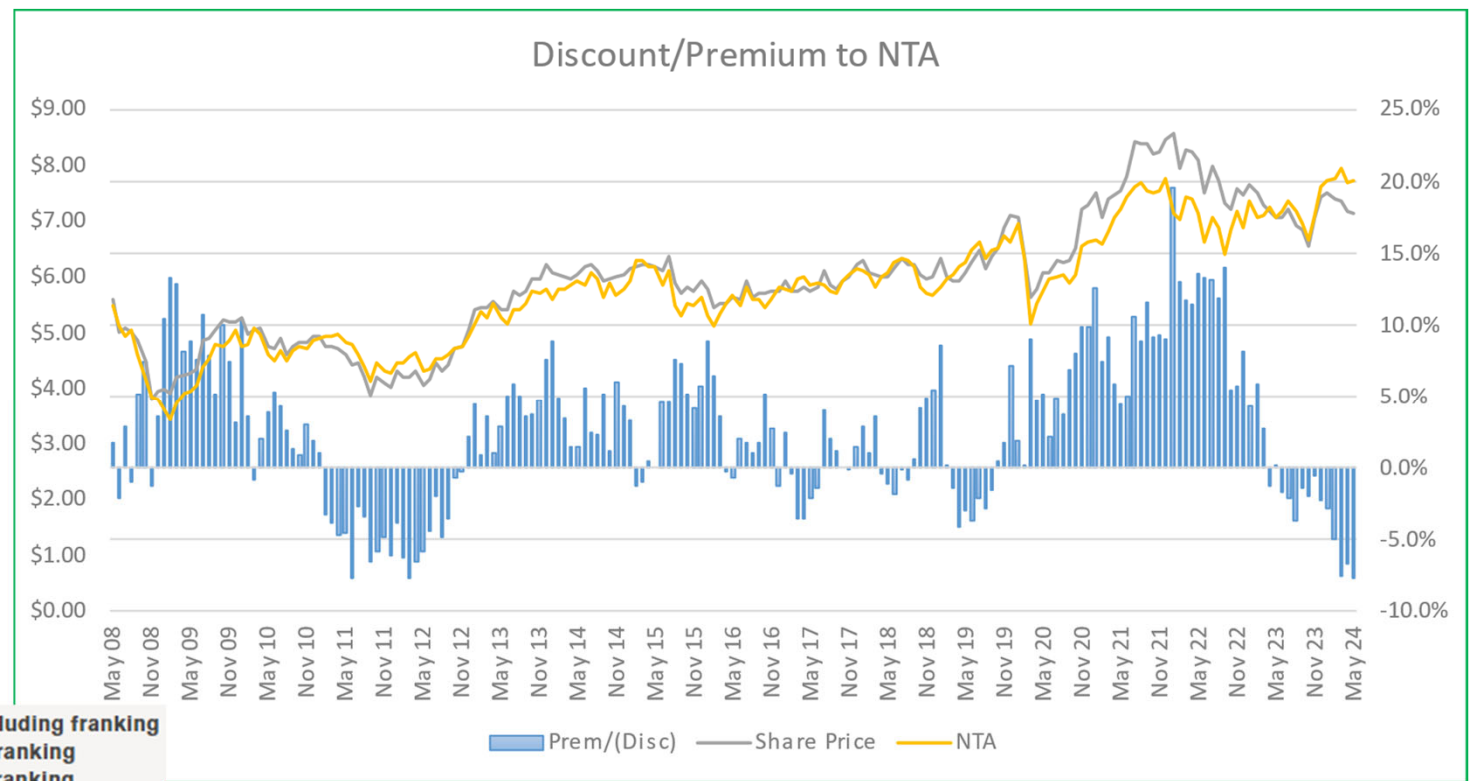
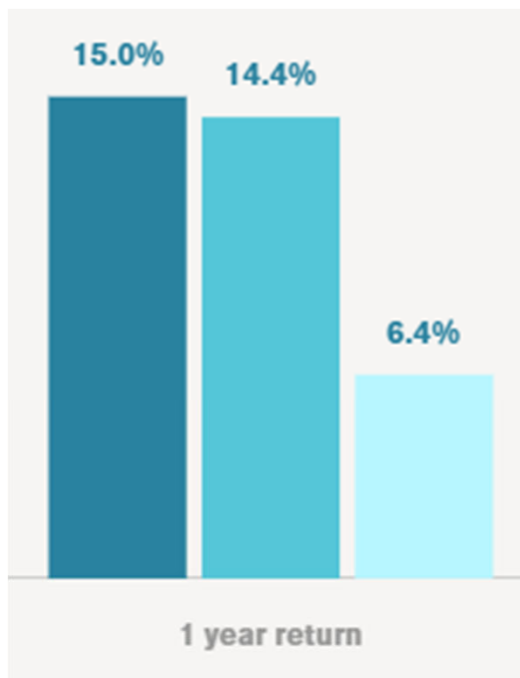
The first money in each
Affluence fund is our own.
We maintain a significant
investment.

We charge only a
performance fee and cap
other costs of running
Affluence Funds at 0.25%p.a.



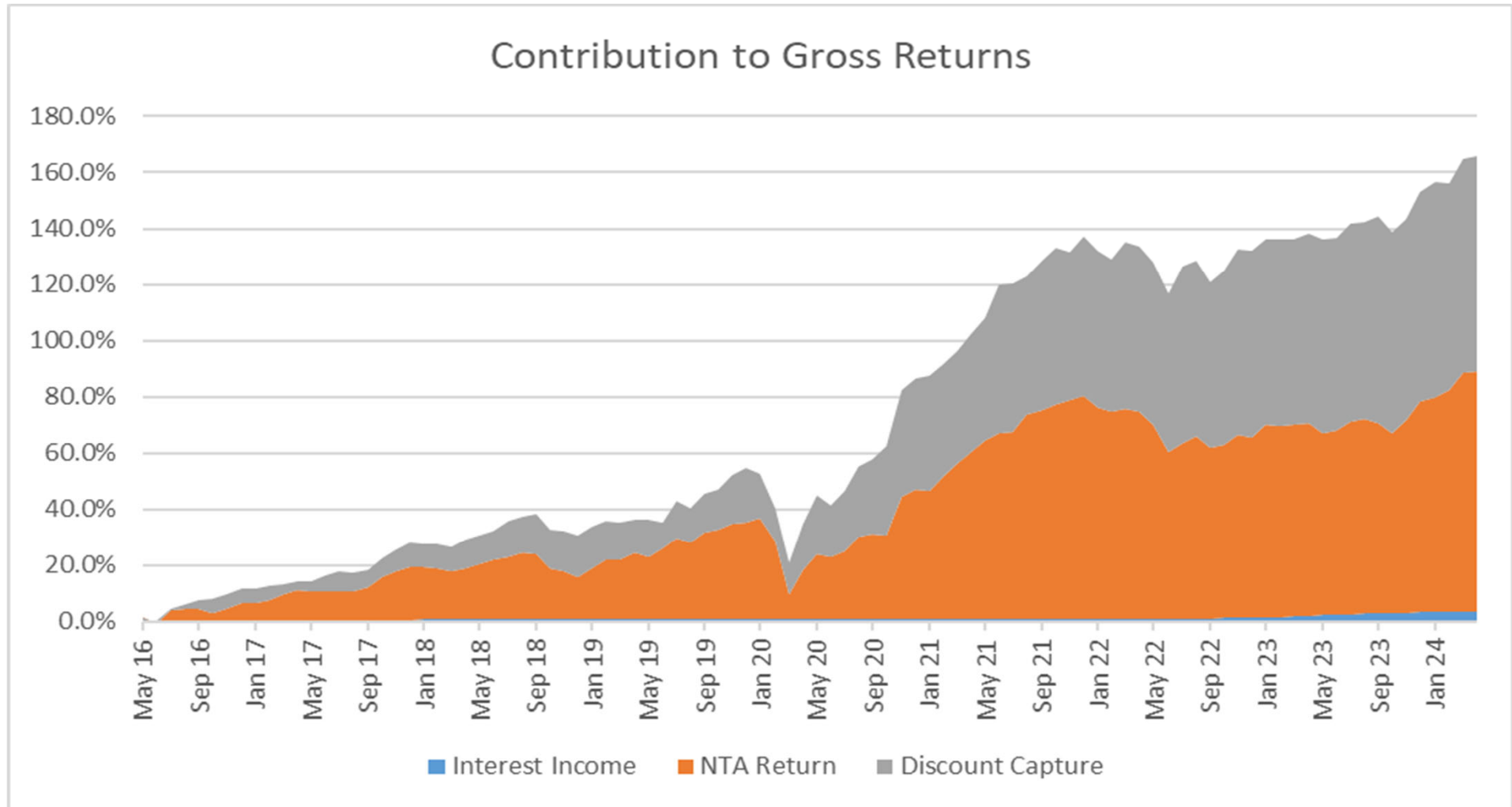
An example of a discount capture opportunity

- Over time, the returns from this LIC have been approximately the same as the ASX200. But:
 - At times, it has traded at a 15%+ premium to net asset value
 - At times, it has traded at a 5%+ discount to net asset value.
 - Discount capture = Buy at a discount and sell at a lower discount, or a premium.
 - The opposite can happen: Buy at a premium/small discount, sell at a bigger discount.



Discount capture has been a great source of extra returns for us.

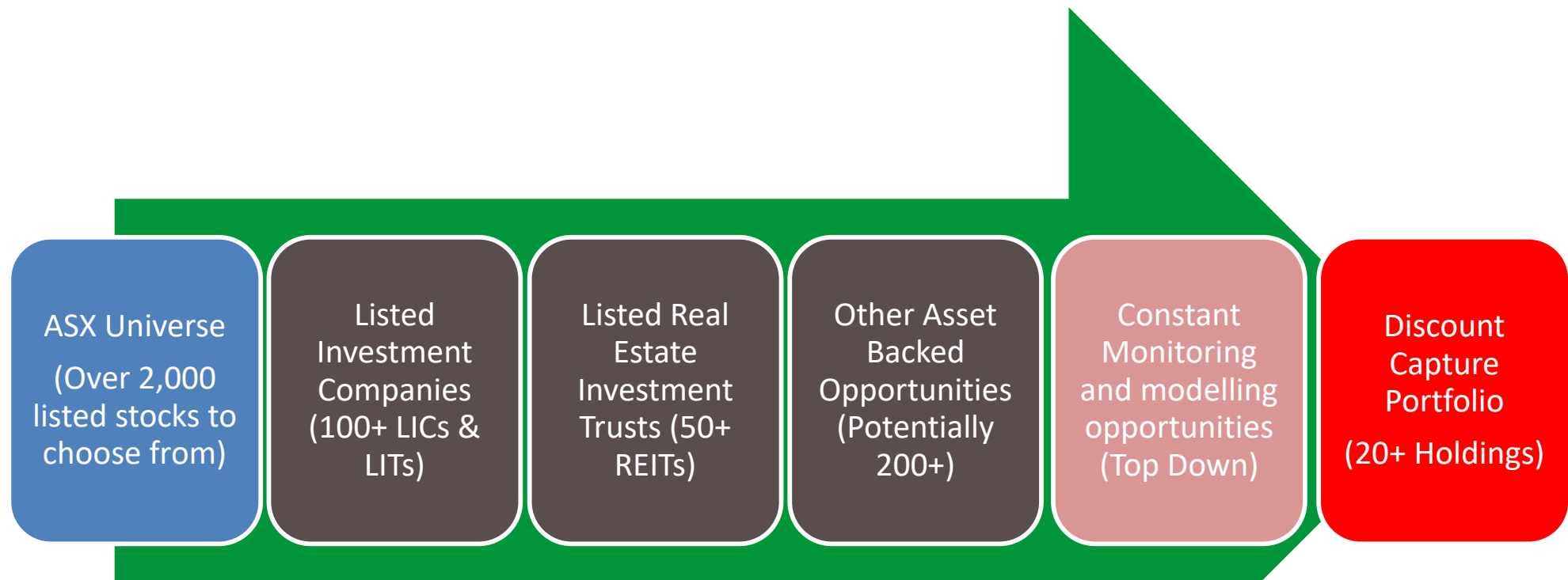
- Our LIC discount capture strategy has delivered approximately the same returns as the underlying LIC's themselves, effectively adding 6%+ per annum to gross performance.



Source: Affluence, ASX.



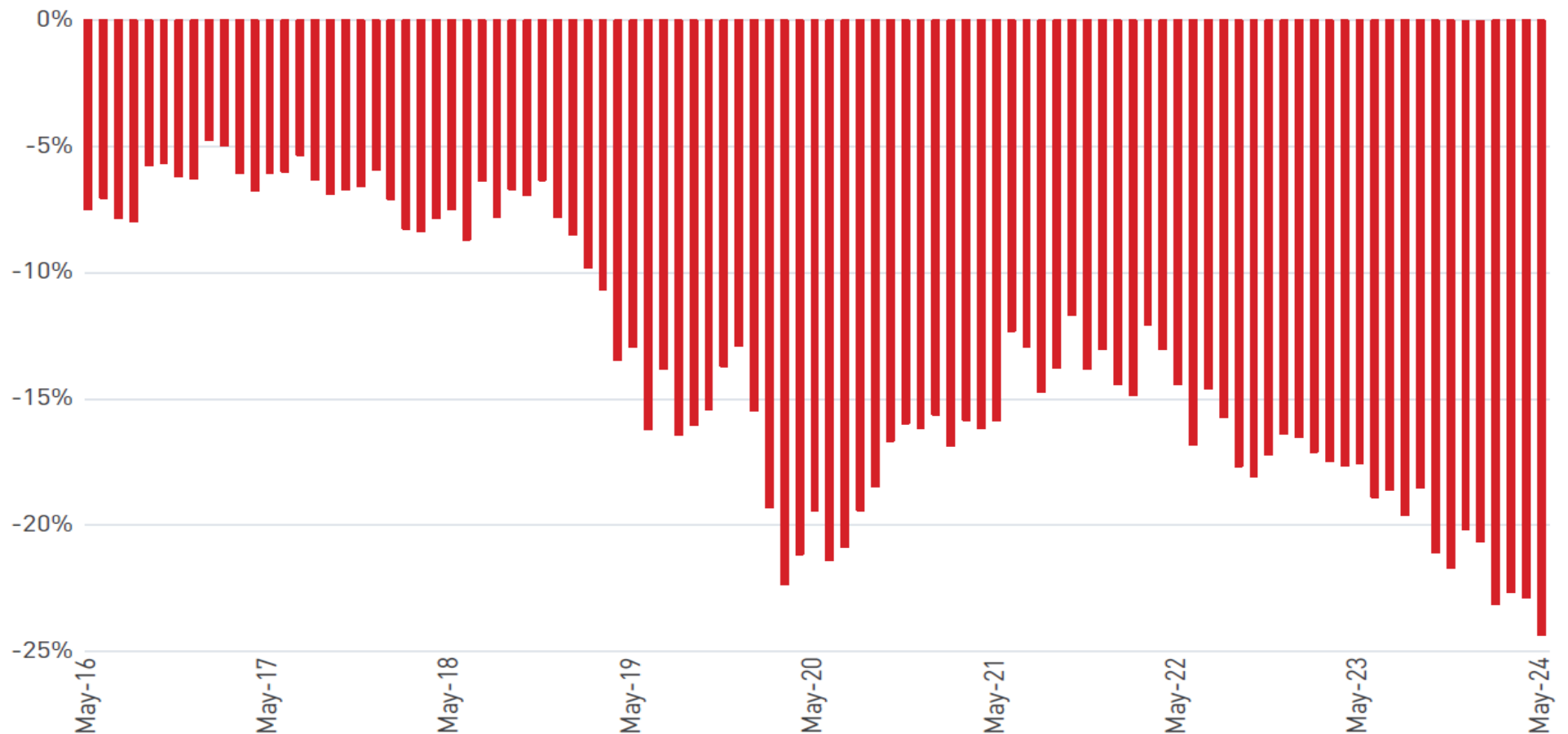
Where do we find discount capture opportunities?



- Identify ASX listed entities with one or more of these features:
 - Priced at an abnormally large discount to NTA.
 - Underlying assets/investments that can outperform.
 - Special situations and other opportunistic trades.
- We combine them to produce a portfolio of 20+ investments.
- Others (e.g. GVF) do the same thing globally.



Why now? LIC discounts are at very attractive levels.



Source: Affluence, ASX.

Larger discounts create outsized opportunities

NTA discount at purchase	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	40.0%
Potential upside back to NTA	5.3%	11.1%	17.6%	25.0%	33.3%	42.9%	66.7%

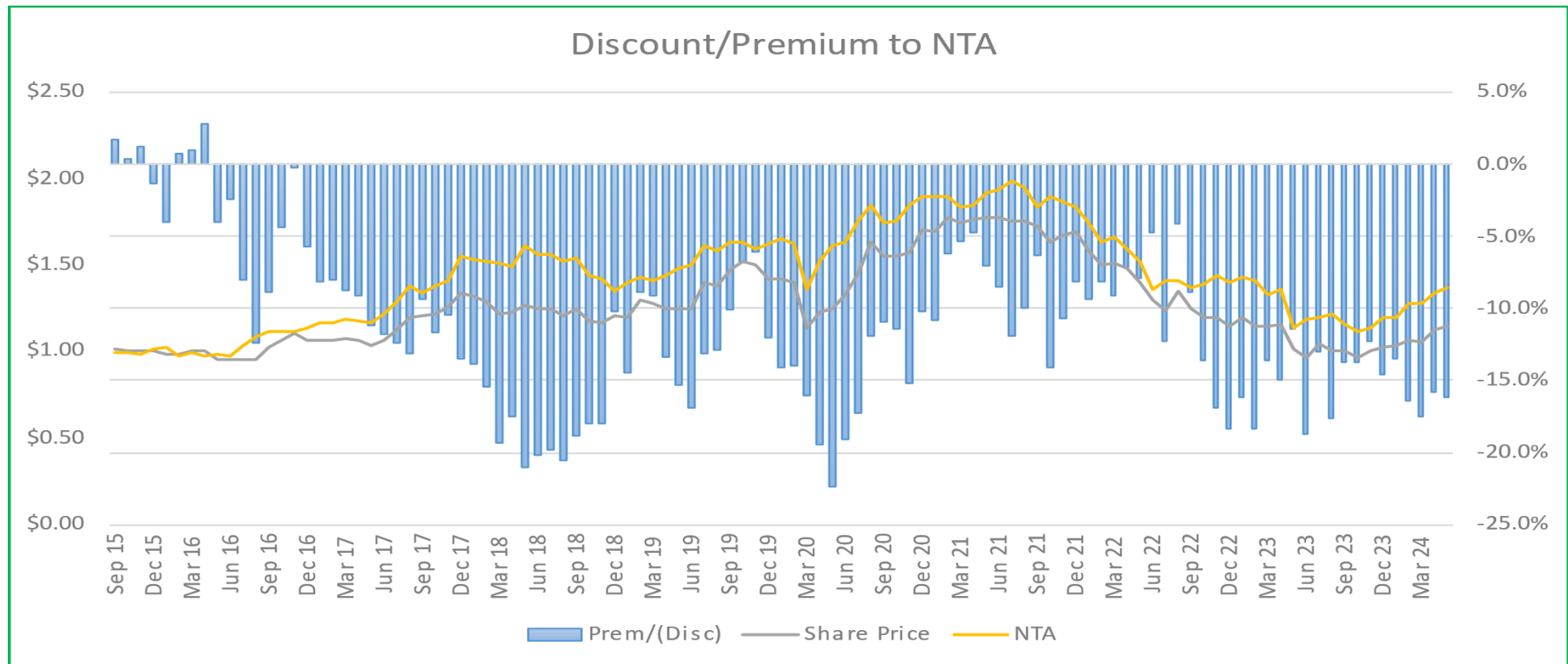


Value + potential corporate activity: Ryder Capital (ASX: RYD)

Manager	Ryder Investment Management
Key People	Peter Constable, David Bottomley
Strategy	ASX small caps
Date Listed	2015
Market Cap	\$93 million

Why We Like It

- Attractive valuation/entry point.
- Strong alignment of interest
- Discount near a historic high.
- Potential for a restructuring event



US Private Equity at a Discount: CD Funds (ASX: CD1/2/3)

Manager Cordish Family/K2
Key Person Jonathan Sinex
Strategy US Private Equity
Date Listed Various
Market Cap \$180 million (combined)

Why We Like It

- Good long term track record.
- US manager aligned and capable.
- Fixed term funds with certain realisation.
- Trading at a 30-35% discounts.

Portfolio Composition	CD1	CD2	CD3
Underlying Fund Managers	9	12	13
Underlying Portfolio Companies (since inception)	96	122	144
Total Realisations since Inception (76%)	70	79	59
Total Remaining Portfolio Companies	26	43	85
Average Age of Remaining Companies	7.4 years	6.7 years	4.5 years

Quality US Private Equity Manager. Continuing significant discounts and fixed termination dates mean attractive returns could be on offer if you're prepared to be patient. The possibility of early portfolio sales could be a catalyst to reduce discounts sooner.



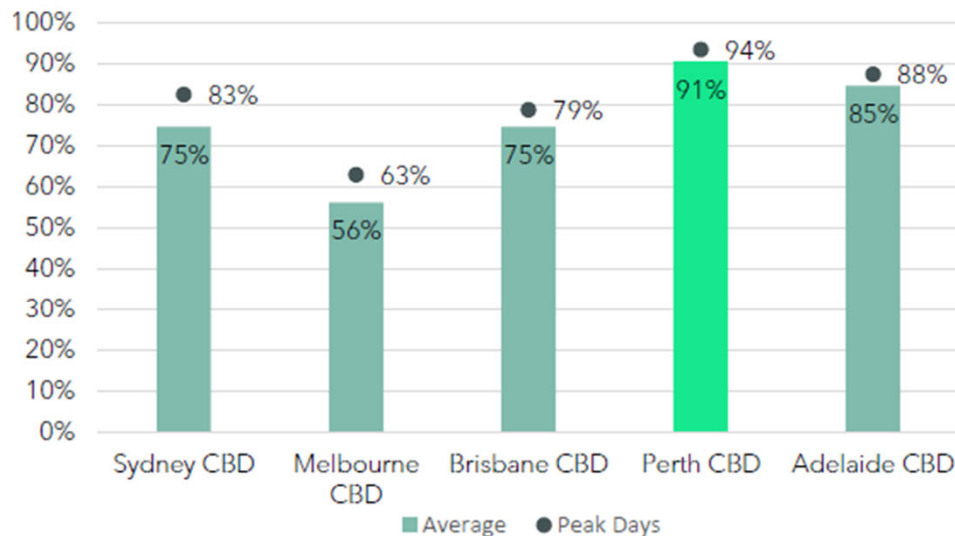
A REIT at an attractive discount: GDI Property (ASX: GDI)

Business	Internally managed REIT.
Property	Predominantly Perth office.
Strategy	REIT + Fund Manager.
Discount	>50%, with reasonable gearing.
Market Cap	\$303 million.

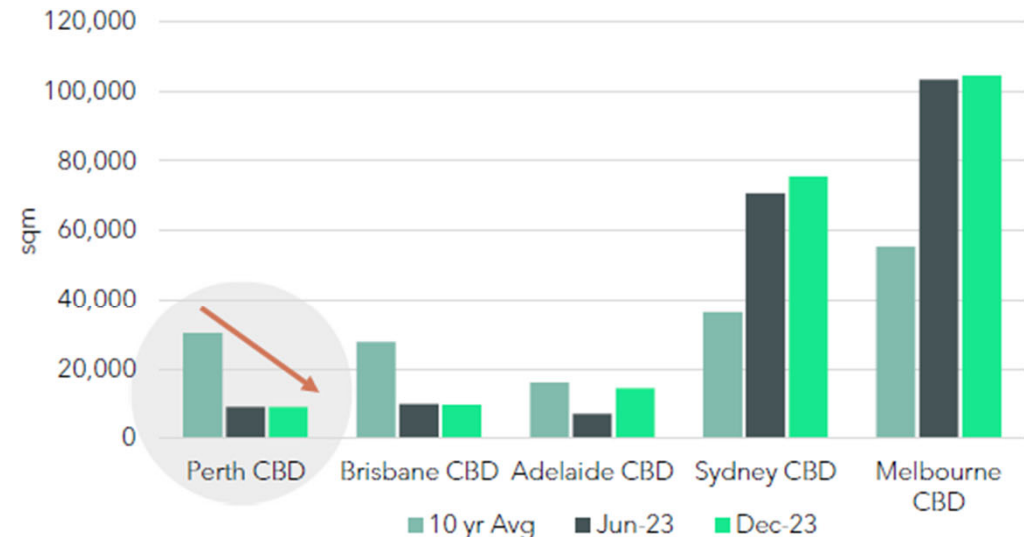
Why We Like It

- Fairly well leased portfolio.
- Perth market remains strong.
- Implied property yield near 10%.
- Growing earnings in FY25.

PCA 'Work From Home' Statistics



National Sublease Vacancy



Source: PCA, CBRE Research. Historical average PCA data. Mar 22 and 23 CBRE Research data.

Source: PCA, CBRE Research.



How to learn more and find opportunities for yourself

- ASX managed products page:
 - <https://www.asx.com.au/issuers/investment-products/asx-investment-products-monthly-report>
- Firstlinks dedicated LIC page: <https://www.firstlinks.com.au/lic-reports>
- Affluence LIC Guide:
 - Contains hints on what we look for, and what we ignore.
 - Focus on LICs, but many of the same principles apply to REITs & similar opportunities
 - <https://affluencefunds.com.au/listed-investment-company-guide/>.

- ✓ How LICs work and how they generate returns
- ✓ Key differences between LICs and other types of investments
- ✓ How to use LICs to diversify your portfolio
- ✓ The two key criteria we use to find the best LICs in Australia
- ✓ The 5 most important things to consider when looking at LICs
- ✓ Why size and liquidity matters – and the key advantage you have over big fund managers



This guide summarises the results of hundreds of hours of our work into less than 20 pages for you.



All Affluence Funds employ discount capture to varying degrees

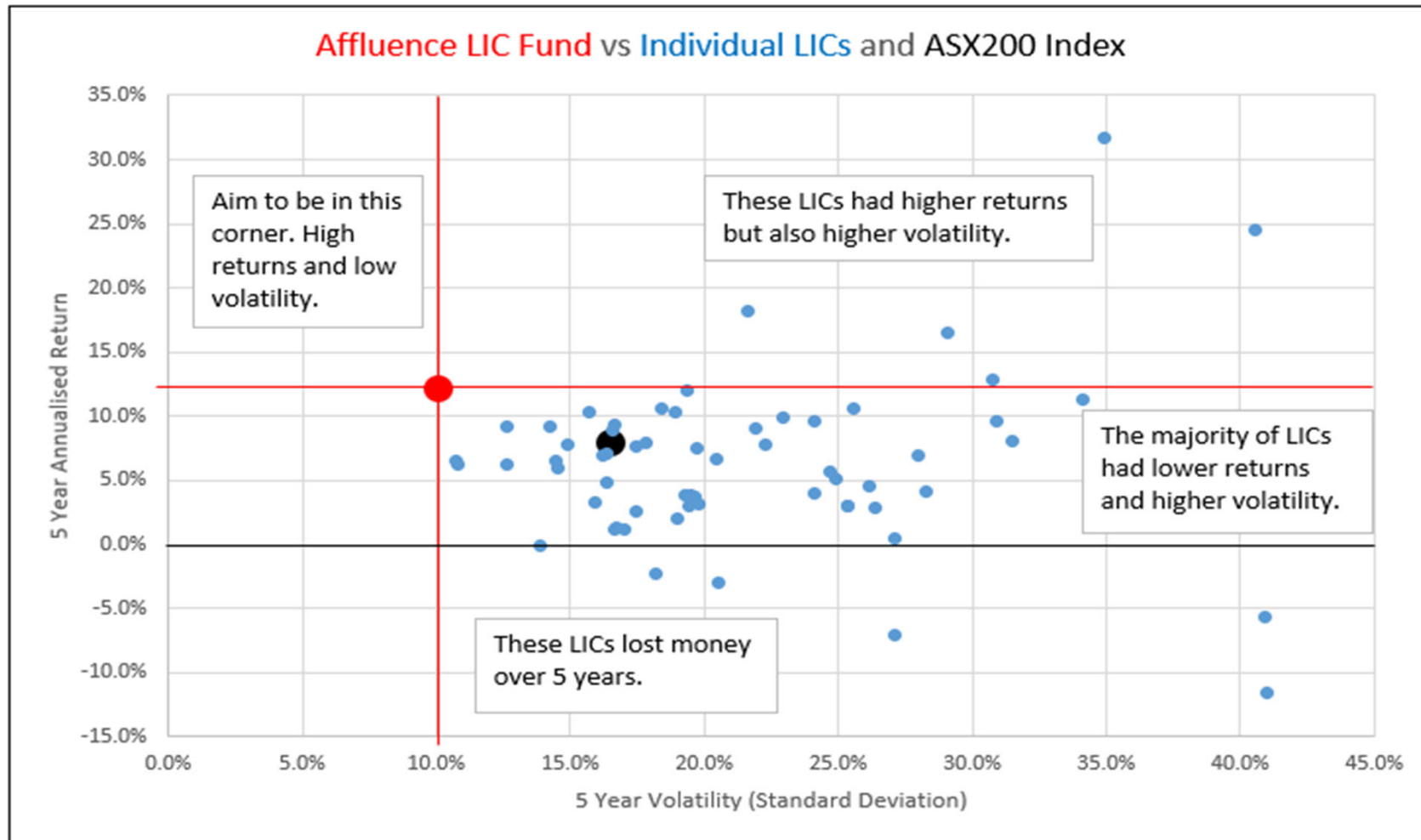
	Affluence Income Trust	Affluence Investment Fund	Affluence LIC Fund	Affluence Small Company Fund
Summary	An income focused fund paying monthly distributions.	All our best ideas in a single, highly diversified fund.	A specialised strategy harvesting discounts & returns from LICs.	Targeting the higher growth potential from small cap equities.
Asset class	Fixed Income	Diversified	Predominantly Equities	Small Cap Equities
Risk profile	Low	Medium	Medium-High	High
Return focus	Income + Capital Preservation	Income + Capital Growth	Income + Capital Growth	Mostly Capital Growth
Target total return *	RBA Cash Rate + 3%	Inflation + 5%	ASX200 Accum. Index	ASX Small Ords Index
Distribution payment frequency *	Monthly	Monthly	Quarterly	Quarterly
Suggested investment timeframe	At least 1 year	At least 3 years	At least 3 years	At least 5 years
Returns achieved *	7.5% per annum (current distribution rate)	7.8% per annum (annualised total returns since inception)	11.1% per annum (annualised total returns since inception)	8.8% per annum (annualised total returns since inception)
Fund Status	Open for investment	Open for investment	Open for investment	Open to wholesale & sophisticated investors
Minimum investment	\$20,000	\$20,000	\$20,000	\$20,000
Applications and withdrawals	Monthly, by the 25 th of each month.	Monthly, by the 25 th of each month.	Monthly, by the last business day.	Monthly, by the 25 th of each month.

* Return data to 31 May 2024. Distributions & returns are not guaranteed. Past performance is not indicative of future performance.



Let us do it for you. The Affluence LIC Fund in one chart.

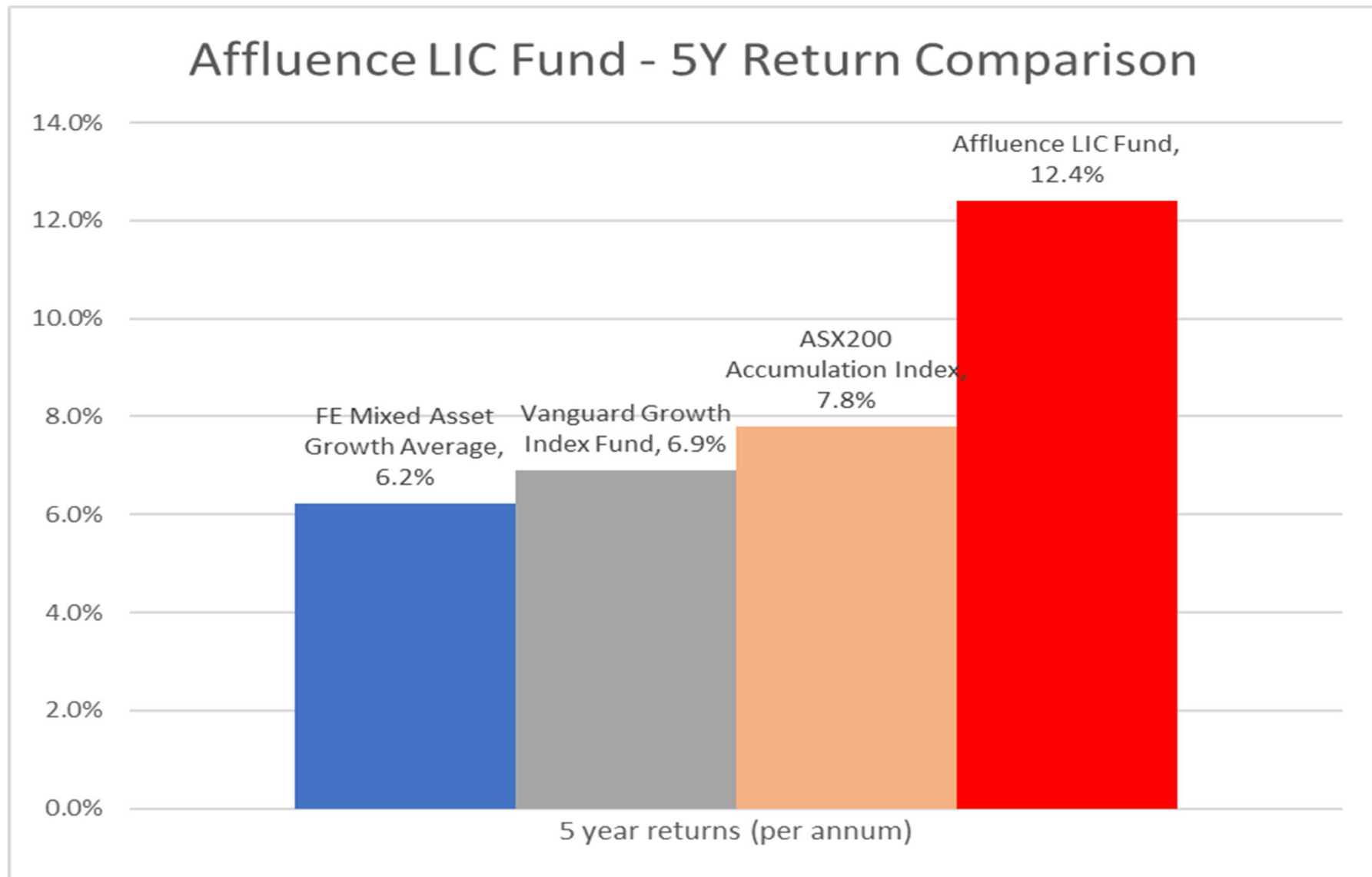
- The strategy has beaten the ASX200 by 4.6% pa over 5 years, despite LIC discounts expanding considerably AND has been significantly more resilient in market corrections.
- The Affluence LIC Fund is the red dot, and the ASX200 Index is the black dot.



Source: Affluence, ASX.



This strategy has added significant value over 5 years.



Source: Affluence, Standard & Poors, FE Fundinfo. The FE Mixed Asset Growth Average comprises the average of 92 managed funds including all Australian Core Strategies in the Mixed Asset Growth Sector of the FE Fundinfo database. Data as at 31 May 2024.



Affluence LIC Fund - Key Information

Fund	Affluence LIC Fund (ARSN 634 532 424 APIR AFX6930AU)
Strategy	ASX Listed Investment Companies, Discount Capture.
Fund Type	Unlisted Retail Fund. Open to investors in Australia and New Zealand.
Responsible Entity and Manager	Affluence Funds Management.
Key Investment Objective	Total annualised returns above ASX 200 AI over rolling 3 year periods.
Suggested Investment Timeframe	At least 3 and preferably 5 years.
Applications and Redemptions	Monthly (cut-off last business day). Minimum initial application \$20,000. Redemptions paid 10 days after EOM.
Distributions	Quarterly. Targeting 5% per annum. Distributions are not guaranteed.
Custodian	Perpetual.
Registry	Registry Direct.
Auditor	Pitcher Partners.
Legal	Hall & Wilcox.
Tax	OmniTax.
Fees & Costs	Affluence charge no fixed fee. Costs capped at 0.25% of net assets. Performance fee of 12.5% of positive returns, with high water mark. Underlying LICs also incur fees & costs – see PDS.
Buy/Sell Spread	+/- 0.10%



Thank you for your time



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