

Half-Year Financial Report

Affluence LIC Fund

ARSN 634 532 424

31 December 2024

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DIRECTORY

Responsible Entity:

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Brisbane QLD 4000
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Fax: +61 7 3054 7082
Website: www.affluencefunds.com.au

Custodian:

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ABN 99 000 341 533
Level 18, 123 Pitt Street
Sydney NSW 2000
Tel: +61 2 9229 9000
Fax: +61 2 9229 9188
Website: www.perpetual.com.au

Auditor:

Pitcher Partners
Level 38, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Tel: +61 7 3222 8444
Fax: +61 7 3221 7779
Website: www.pitcher.com.au

The directors of Affluence Funds Management Limited (**AFM**), the Responsible Entity of the Affluence LIC Fund (**the Fund**), present their report for the half-year ended 31 December 2024.

1. Responsible Entity and Investment Manager

The Responsible Entity acts as trustee, undertakes management and administration duties for the Fund and monitors the Custodian which holds the Fund assets on behalf of unitholders. The Responsible Entity also acts as the Investment Manager and is responsible for the management and performance of the Fund investment portfolio.

AFM has acted as Responsible Entity of the Fund since registration of the Fund with the Australian Securities and Investments Commission as a retail managed investment scheme on 12 July 2019. AFM has also acted as the trustee and investment manager of the Fund since the commencement of the Fund on 5 April 2016.

2. Directors and Secretary

The following persons held office as Directors of AFM during the half-year and up to the date of this report unless otherwise indicated:

- Daryl Wilson, Director & Company Secretary
- Karen Prentis
- Geoff Cannings

3. Principal Activity

The Fund's principal activity is to provide investors with:

- Access to a diversified portfolio, mostly comprising ASX listed investment companies and trusts (LICs).
- A minimum distribution yield of 5% per annum, paid quarterly.
- A total annualised return after all fees and costs in excess of the ASX 200 Accumulation Index (ASX200 Index) over rolling 3-year periods.
- Volatility of returns which is significantly less than the ASX 200 Index, measured over rolling 3-year periods.

4. Review of Operations and Results

The Fund recorded a profit of \$1,245,130 during the half-year ended 31 December 2024 (2023: \$1,355,591).

The Fund, through its LIC investments, provides access to Australian and global equities as well as some exposure to other asset classes. The LICs held by the Fund use a broad range of investment styles and investment strategies.

The table below shows the Fund's performance after fees and costs, against the ASX200 Index over various periods to December 2024:

Fund Performance

| To 31 December 2024 | 3 Months | 1 Year | 3 Years | 5 Years | 7 Years | Inception |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Distributions | 1.4% | 6.7% | 7.9% | 8.8% | 8.3% | 7.8% |
| Change in Unit Price (Capital Growth) | -2.5% | 2.8% | -2.7% | 2.1% | 1.7% | 3.1% |
| Affluence LIC Fund Total Return | -1.1% | 9.5% | 5.2% | 10.9% | 10.0% | 10.9% |
| ASX200 Accumulation Index (AI) | -0.8% | 11.4% | 7.4% | 8.1% | 8.5% | 9.5% |
| Performance compared to ASX200AI | -0.3% | -1.9% | -2.2% | 2.8% | 1.5% | 1.4% |

The Fund delivered total returns (distributions and the change in unit price) of 5.1% for the half-year, compared to the ASX200 Index return of 6.9%. The Fund benefited from a continued advance in most equity markets during the half year, though the performance of smaller companies, including most LICs, continued to lag larger stocks.

Returns since the commencement of the Fund have been 10.9% per annum, compared to the ASX200 Index return of 9.5% per annum. Since commencement, volatility (variability of returns) has been significantly lower than for the ASX 200 Index.

At balance date, the Fund held investments in 33 LICs, representing 94% of the Fund's assets. The Fund also held 1% in portfolio hedges and 5% in cash. Many LICs continue to trade at above average discounts to their underlying net tangible asset values, and we are encouraged by the value on offer in the sector currently.

4. Review of Operations and Results (continued)

Distributions paid/payable to unitholders of the Fund for the half-year were \$710,273 (2023: \$639,278). Distributions payable at balance date were \$355,105 (2023: \$320,373).

The Fund is available for investment to all investors in Australia and New Zealand, with a minimum investment of \$20,000. Current information on the Fund including details of the strategy, performance, portfolio, unit pricing and distributions is available on the AFM website at www.affluencefunds.com.au/alf/.

5. Subsequent Events

No matters or circumstances have arisen since 31 December 2024 that have significantly affected or may significantly affect:

- the Fund's operations in future financial years; or
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

7. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this report.

Signed in accordance with a resolution of the directors of Affluence Funds Management Limited.



Daryl Wilson
Director

14 February 2025

Level 38, 345 Queen Street
Brisbane, QLD 4000

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Brisbane, QLD 4001

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The Directors
Affluence LIC Fund
Level 22, 127 Creek Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year year ended 31 December 2024, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Pitcher Partners
PITCHER PARTNERS

Mason
CHERYL MASON
Partner

Brisbane, Queensland
14 February 2025

Affluence LIC Fund
Statement of Comprehensive Income
For the half-year ended 31 December 2024

| | Dec-2024 | Dec-2023 |
|---|------------------|------------------|
| | \$ | \$ |
| Investment income | | |
| Distribution income | 85,833 | 225,558 |
| Dividend income | 348,695 | 223,648 |
| Interest income | 44,432 | 115,799 |
| Net change in fair value of investments | 1,060,371 | 990,123 |
| Other income | - | - |
| Net investment income | 1,539,331 | 1,555,128 |
| Expenses | | |
| Brokerage | 20,008 | 17,744 |
| Fund administration costs | 31,927 | 27,285 |
| Performance fees | 242,266 | 154,508 |
| Total expenses | 294,201 | 199,537 |
| Profit | 1,245,130 | 1,355,591 |
| Other comprehensive income | - | - |
| Total comprehensive income | 1,245,130 | 1,355,591 |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Affluence LIC Fund
Statement of Financial Position
As at 31 December 2024**

| | Note | Dec-2024 \$ | Jun-2024 \$ |
|--|------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | | 1,512,960 | 1,325,790 |
| Receivables | | 66,242 | 132,798 |
| Investments at fair value through profit or loss | 2 | 24,210,019 | 22,742,619 |
| Total assets | | 25,789,221 | 24,201,207 |
| Liabilities | | | |
| Payables | 3 | 365,660 | 931,609 |
| Distributions payable | | 355,105 | 481,685 |
| Total liabilities | | 720,765 | 1,413,294 |
| Net assets | | 25,068,456 | 22,787,913 |
| Equity | | | |
| Contributed equity | 5 | 23,517,426 | 21,771,740 |
| Retained earnings | | 1,551,030 | 1,016,173 |
| Total equity | | 25,068,456 | 22,787,913 |

The above balance sheet should be read in conjunction with the accompanying notes.

Affluence LIC Fund
Statement of Changes in Equity
For the half-year ended 31 December 2024

| 2024 | Note | Contributed equity \$ | Retained earnings \$ | Total equity \$ |
|--|------|-----------------------------|----------------------------|-----------------------|
| Balance at the beginning of the half-year – 1 July 2024 | | 21,771,740 | 1,016,173 | 22,787,913 |
| Total comprehensive income | | - | 1,245,130 | 1,245,130 |
| <i>Transactions with unitholders in their capacity as unitholders:</i> | | | | |
| Units issued | | | | |
| For cash | 5 | 2,281,000 | - | 2,281,000 |
| Reinvestment of distributions | 5 | 517,552 | - | 517,552 |
| Redemptions | 5 | (1,052,866) | - | (1,052,866) |
| Distributions paid/payable | 4 | - | (710,273) | (710,273) |
| Total transactions with unitholders | | 1,745,686 | (710,273) | 1,035,413 |
| Balance at the end of the half-year | | 23,517,426 | 1,551,030 | 25,068,456 |
| | | | | |
| 2023 | | | | |
| Balance at the beginning of the half-year – 1 July 2023 | | 21,310,982 | 189,183 | 21,500,165 |
| Total comprehensive income | | - | 1,355,591 | 1,355,591 |
| <i>Transactions with unitholders in their capacity as unitholders:</i> | | | | |
| Units issued | | | | |
| For cash | 5 | 407,750 | - | 407,750 |
| Reinvestment of distributions | 5 | 377,367 | - | 377,367 |
| Redemptions | 5 | (998,770) | - | (998,770) |
| Distributions paid/payable | 4 | - | (639,278) | (639,278) |
| Total transactions with unitholders | | (213,653) | (639,278) | (852,931) |
| Balance at the end of the half-year | | 21,097,329 | 905,496 | 22,002,825 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Affluence LIC Fund
Statement of Cash Flows
For the half-year ended 31 December 2024**

| | Dec-2024 \$ | Dec-2023 \$ |
|--|------------------|--------------------|
| Cash flows from operating activities | | |
| Distributions received | 93,868 | 237,400 |
| Dividends received | 363,695 | 223,648 |
| Interest received | 44,432 | 115,799 |
| Other income received | - | - |
| Cash payments in the course of operations | (296,682) | (104,388) |
| Net cash provided by operating activities | 205,313 | 472,459 |
| Cash flows from investing activities | | |
| Proceeds from sale of investments at fair value through profit or loss | 9,530,030 | 6,322,749 |
| Payments for investments at fair value through profit or loss | (9,899,973) | (9,725,627) |
| Net cash (used in) investing activities | (369,943) | (3,402,878) |
| Cash flows from financing activities | | |
| Proceeds from issue of units | 1,723,967 | 422,750 |
| Payment of redemptions | (1,052,866) | (998,770) |
| Payment of distributions | (319,301) | (246,461) |
| Net cash provided by/(used in) financing activities | 351,800 | (822,481) |
| Net increase/ (decrease) in cash and cash equivalents | 187,170 | (3,752,900) |
| Cash and cash equivalents at the beginning of the half-year | 1,325,790 | 4,838,762 |
| Cash and cash equivalents at the end of the half-year | 1,512,960 | 1,085,862 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation

This financial report for the Affluence LIC Fund (**Fund**) is a general purpose financial report for the half-year ending 31 December 2024. It has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report is designed to provide an update on the Fund's financial performance and financial position since the last annual financial report was issued. The financial report does not include all the notes normally included in an annual financial report and needs to be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2024.

Rounding of amounts

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest dollar, unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting periods.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Continuous disclosure

Continuous disclosure updates of the Fund's performance and significant events can be found on the AFM website at www.affluencefunds.com.au/alf/.

2. Investments at Fair Value Through Profit or Loss

| | Dec-2024 | Jun-2024 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Listed securities at fair value | 24,210,019 | 22,742,619 |
| Investments at fair value through profit or loss | 24,210,019 | 22,742,619 |

Fair value measurement

For details about the fair value measurement of the Fund's financial instruments refer to note 6.

3. Payables

| | Dec 2024 | Jun 2024 |
|----------------------|----------------|----------------|
| | \$ | \$ |
| Units not yet issued | 359,967 | 917,000 |
| Unsettled trades | - | 5,965 |
| Other payables | 5,693 | 8,644 |
| Payables | 365,660 | 931,609 |

4. Distributions

The Fund paid distributions of 3.7 cents per unit (2023: 3.7 cents per unit).

| | Dec-2024 | Dec-2023 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Distributions paid / payable | 710,273 | 639,278 |

Distributions payable at balance date of \$355,105 (2023: \$320,373) relate to the December quarter and were paid in January.

5. Contributed equity

| | Number # | Value \$ |
|--|-------------------|-------------------|
| Movements in contributed equity | | |
| Balance at 1 July 2023 | 17,489,081 | 21,310,982 |
| Units issued: | | |
| For cash | 326,018 | 407,750 |
| Reinvestment of distributions | 304,273 | 377,367 |
| Units redeemed | (801,917) | (998,770) |
| Balance at 31 December 2023 | 17,317,455 | 21,097,329 |
| Units issued: | | |
| For cash | 487,097 | 630,300 |
| Reinvestment of distributions | 306,122 | 392,495 |
| Units redeemed | (270,503) | (348,384) |
| Balance at 30 June 2024 | 17,840,171 | 21,771,740 |
| Units issued: | | |
| For cash | 1,749,429 | 2,281,000 |
| Reinvestment of distributions | 397,309 | 517,552 |
| Units redeemed | (792,050) | (1,052,866) |
| Balance at 31 December 2024 | 19,194,859 | 23,517,426 |

6. Fair value disclosures

Disclosed fair values

The carrying amounts of receivables, payables and distributions payable are assumed to approximate their fair values due to their short-term nature.

Fair value hierarchy

Fair value that is determined by reference to actively trading markets is considered a level 1 fair value measurement.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Fair value of investments at fair value through profit or loss

The Fund holds financial instruments measured at fair value which are investments in ASX listed securities.

The fair value measurement for ASX listed securities is considered a level 1 fair value measurement under fair value hierarchy as it is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund held no other financial instruments at fair value in the current or prior half-year.

6. Fair value disclosures (cont'd)

The Fund's financial assets and financial liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024 on a recurring basis are as follows:

| | Level 1 | Level 2 |
|--|-------------------|----------|
| At 31 December 2024 | | |
| Financial Assets | | |
| Financial assets at fair value through profit or loss (FVPL) | | |
| Listed securities | 24,210,019 | - |
| Total Financial Assets | 24,210,019 | - |
| At 30 June 2024 | | |
| Financial Assets | | |
| Financial assets at fair value through profit or loss (FVPL) | | |
| Listed securities | 22,742,619 | - |
| Total Financial Assets | 22,742,619 | - |

7. Related Parties

(a) Unitholdings and loans

The Affluence Investment Fund (**AIF**), a registered managed investment scheme for which AFM acts as responsible entity, held 6,638,044 units (30 June 2024: 6,029,096 units) in the Fund at balance date.

(b) Transactions with the Responsible Entity and associates

| | Dec-2024 \$ | Dec-2023 \$ |
|------------------|----------------|----------------|
| Performance fees | 242,266 | 154,508 |

The Responsible Entity does not charge any fixed ongoing fee for management of the Fund. The Responsible Entity charges a performance fee of 12.5% of cumulative positive total returns of the Fund after recovery of any previous underperformance. The performance fee is calculated and paid by the Fund monthly in arrears.

8. Commitments/Contingent liabilities

The Directors of the Responsible Entity are not aware of any material commitments or contingent liabilities.

9. Events occurring after the reporting period

No matters or circumstances have arisen since 31 December 2024 that have significantly affected or may significantly affect:

- The Fund's operations in future financial years; or
- The results of those operations in future financial years; or
- The Fund's state of affairs in future financial years.

In the opinion of the Directors of the Responsible Entity, Affluence Funds Management Limited:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

- (b) there are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Affluence Funds Management Limited.



Daryl Wilson
Director

14 February 2025

Independent Auditor's Review Report to the Members of Affluence LIC Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Affluence LIC Fund, the 'Fund' which comprises the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Affluence LIC Fund does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Affluence LIC Fund's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners

PITCHER PARTNERS



CHERYL MASON

Partner

Brisbane, Queensland

14 February 2025