

Affluence LIC Fund

May 2025



Invest
Differently

Important

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01

Affluence LIC Fund

ALF is an unlisted fund, created after we identified an opportunity to take advantage of discounts and other inefficiencies in the ASX Listed Investment Company (LIC) sector.

We believe ALF is the only unlisted fund available that invests exclusively in Australian LICs. ALF is a limited capacity strategy.

Quick recap...

What are LICs?

- A Listed Investment Company (LIC) is an ASX listed investment entity.
- Originally, LICs were all companies. In recent years, we have also seen the emergence of Listed Investment Trusts (LITs). These use a trust structure rather than a company.
- In this presentation, we refer to both types of structures as LICs.
- There are currently over 85 LICs listed on ASX with a combined value of over \$50 billion.

Just like a Managed Fund or ETF:

- They range in size (market cap) from a few million to billions.
- They hold a range of underlying investments, but individual LICs usually focus on a particular investment strategy (e.g., ASX shares, global shares).
- Investment decisions are made by an appointed manager/investment staff.
- They incur investment costs (e.g. investment fees, audit fees, registry fees).
- They must value their assets at least monthly and announce that value (NTA) on ASX.
- Investor returns include both income (dividends/distributions) and changes in NTA.

Unlike a Managed Fund or ETF:

The price they trade at is determined by the market (just like other listed companies).

This means they can trade at a price materially higher or lower than their NTA.

Why the Affluence LIC Fund might be right for you

01

A specialised focus

An actively managed portfolio of 20-35 LICs that can complement your other equity investments. We concentrate mostly on small to medium sized LICs, where mispricing is more common.

02

Quality and diversification

The Affluence LIC Fund portfolio includes some of Australia's best investment managers, and a range of alternative investment strategies.

03

An extra way to add value

The Affluence Discount Capture strategy aims to generate additional returns for the Fund by taking advantage of LICs trading at unusually large discounts to NTA. Right now, those discounts are higher than average.

04

Alignment of interests

We co-invest in the Fund with you. We only charge fees based on Fund performance, with no fixed management fees. We will close the Fund to new investors when we reach investment capacity.

05

Strong returns, lower volatility

Returns since the Fund commenced have exceeded to ASX200 Accumulation Index, with significantly more consistency and less downside risk.

06

Regular income

Quarterly distributions, targeting a minimum 5% per annum. Since commencing, cash distributions have substantially exceeded this target. In addition, franking credits received from underlying LIC investments are also distributed.

Why invest in the Affluence LIC Fund now?

Specialised team

A dedicated LIC manager to help take advantage of the best opportunities.

- Affluence have outperformed the vast majority of LICs over 7+ years, with significantly less volatility and much higher diversification.
- We are active investors and can adapt the portfolio quickly to respond to changes in market conditions.
- Buy and hold has rarely been a good investment strategy in LICs.

Attractive discounts

The sector is currently unloved. LIC discounts are at or near cyclical highs.

- Investing at current discounts magnifies returns on the underlying LIC portfolios.
- There is significant alpha available as discounts reduce and normalise.
- Affluence have traditionally added significant value from discount capture.

Underlying value

The portfolio currently has a large bias towards areas where we see significant value.

- Many portfolio holdings are focused on small caps, property and resources, which appear significantly undervalued.
- This provides potential for additional returns if valuations normalise over time.

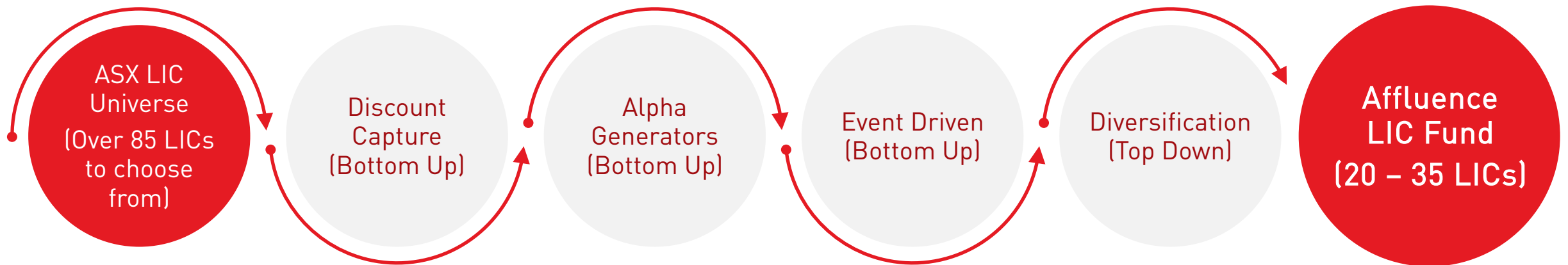
Our specialist LIC knowledge, combined with cyclically high discounts and strong underlying value provides an attractive entry point.

How we construct the Affluence LIC Fund portfolio

We identify ASX listed entities with one or more of these features:

- Discount Capture - Priced at an abnormally large discount to NTA.
- Alpha Generators - Underlying managers/investments that can outperform.
- Event Driven - Special situations and other opportunistic trades.

We combine them to produce a portfolio of 20+ investments.

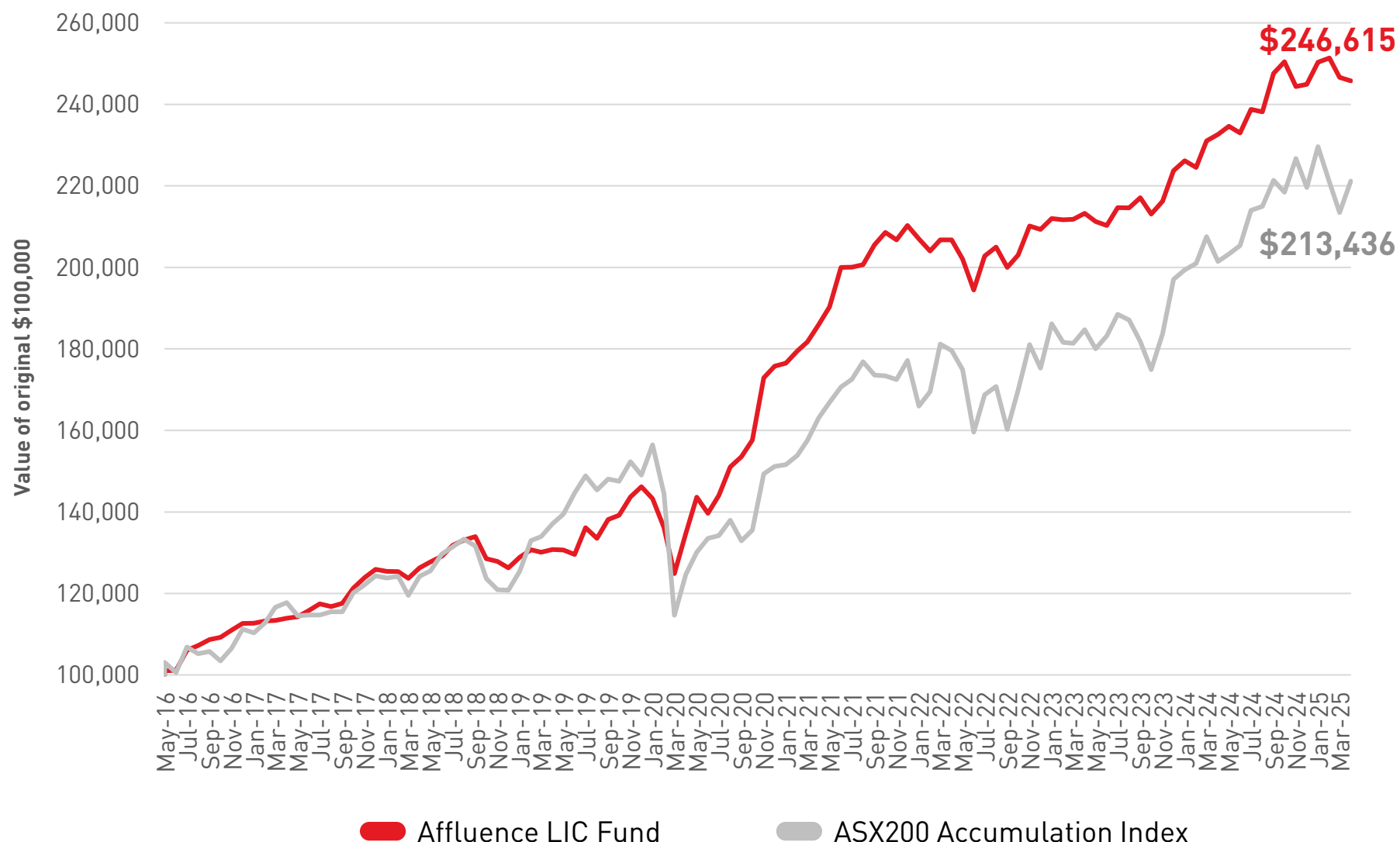


Performance

- The Fund has a 9-year track record.
- It has outperformed ASX200 Index despite cyclical headwinds, which can reverse in time.
- Significant outperformance vs a passive investment with similar volatility.
- Exceptional risk metrics.

*Performance data is calculated assuming the reinvestment of distributions and is expressed net of fees and costs, excluding the buy-sell spread. Performance includes distributions and changes in unit prices, but not franking or other tax credits. Returns for periods over 1 year are annualised. Past performance is not indicative of future performance. Current performance data is available at <https://affluencefunds.com.au>.

Return on \$100,000 Investment*



Affluence LIC Fund performance

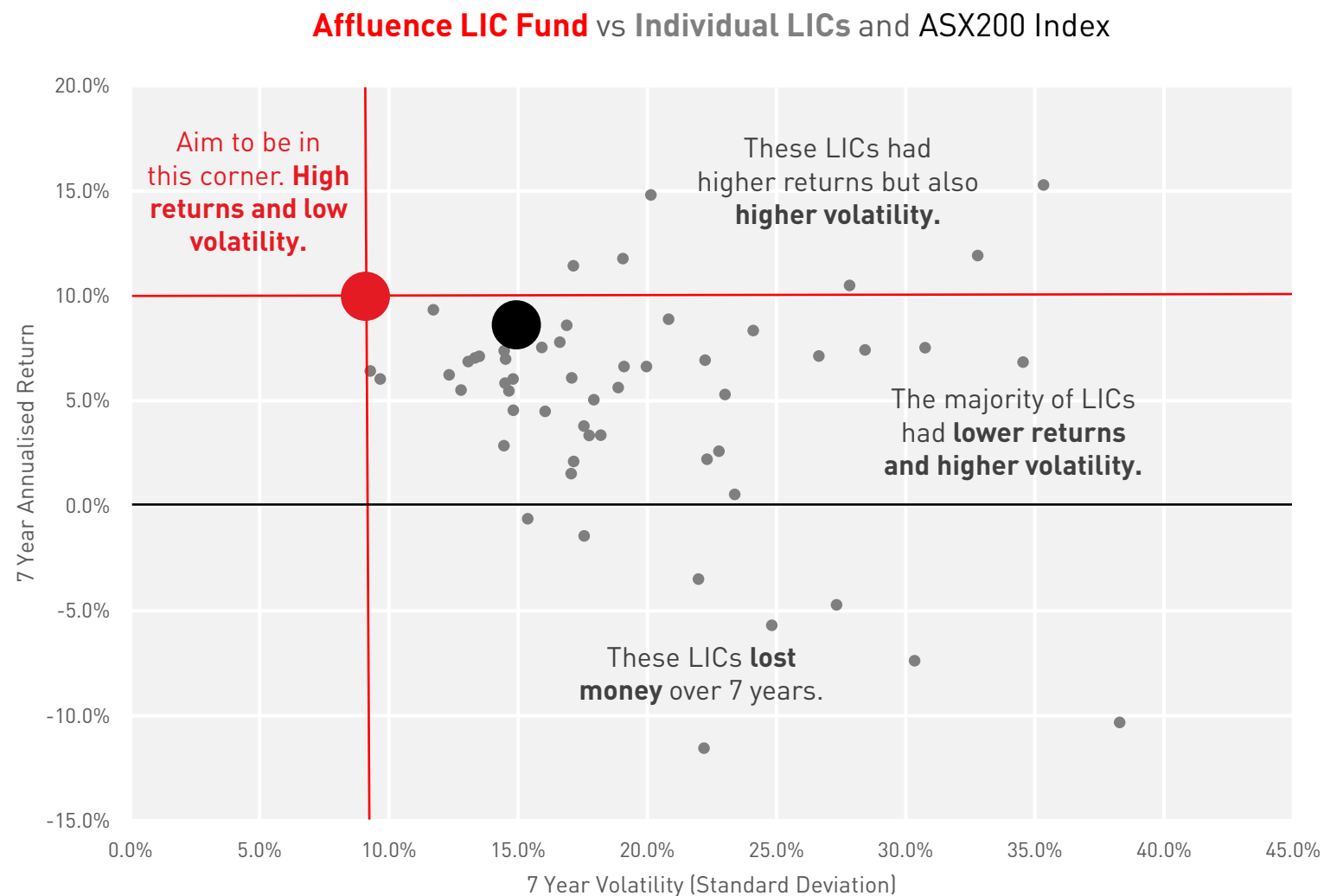
To 31 March 2025	3 Months	1 Year	3 Years	5 Years	7 Years	Inception
Distributions	1.4%	6.5%	8.0%	9.1%	8.4%	7.7%
Change in Unit Price (Capital Growth)	-0.7%	0.2%	-2.0%	5.5%	2.0%	3.0%
Affluence LIC Fund Total Return	0.7%	6.7%	6.0%	14.6%	10.4%	10.7%
ASX200 Accumulation Index (All)	-2.8%	2.8%	5.6%	13.2%	8.6%	8.9%
Performance compared to ASX200AI	3.5%	3.9%	0.4%	1.4%	1.8%	1.8%

Fund Objective	Result	To 31 March 2025
Total annualised returns in excess of the ASX 200 Accumulation Index over rolling 3 year periods	<div>✓</div> <div>-</div>	<p>Since inception, the Fund has returned 10.7% pa, exceeding returns from the ASX200 by 1.8% pa.</p> <p>Over the past 3 years, the Fund has outperformed the ASX200 by 0.4% pa, despite LIC discounts expanding and smaller companies underperforming significantly. We believe both these factors will reverse in time.</p>
Access to a diversified portfolio of ASX Listed Investment Companies	✓	The Fund holds 20 - 35 LIC's. Most LICs invest in Aus. or global stocks. Diversified by investment style & strategy.
Deliver volatility of returns less than that of the ASX200	✓	Since inception, volatility of returns for the Fund has been 8.3% compared to the ASX 200 at 13.8%.
Minimum distribution yield of 5% per annum, paid quarterly.	✓	Distributions have averaged 7.7% pa since inception plus some franking credits. Distributions are paid quarterly.

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Outperforming the vast majority of LICs over 7 years.

- The Affluence LIC Fund is the red dot, and the ASX200 Index is the black dot.
- The strategy has beaten the ASX200 by 1.4% pa over 7 years, despite LIC discounts expanding considerably AND has been significantly more resilient in market corrections.



Source: Affluence, ASX. Data for 7 year period to 30 April 2025.

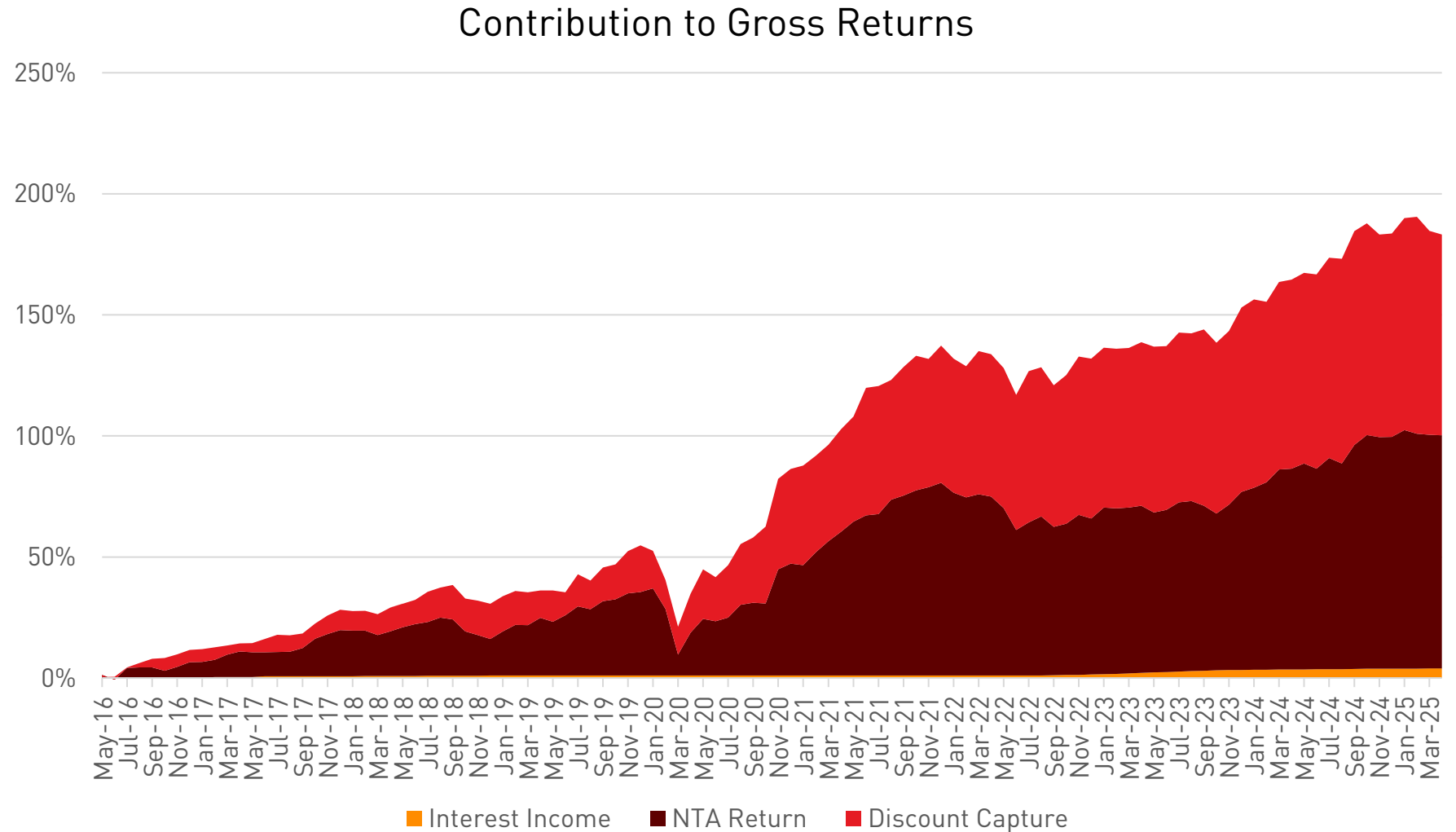
Rolling 5 year returns have been remarkably consistent

Since inception, rolling 5 years returns have exceeded 10% per annum at all times.



Our discount capture focus has added significant value

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



There is value in buying at discounts

Larger discounts can create greater upside

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%

Investing at a discount magnifies investment returns, even if the discount never reduces

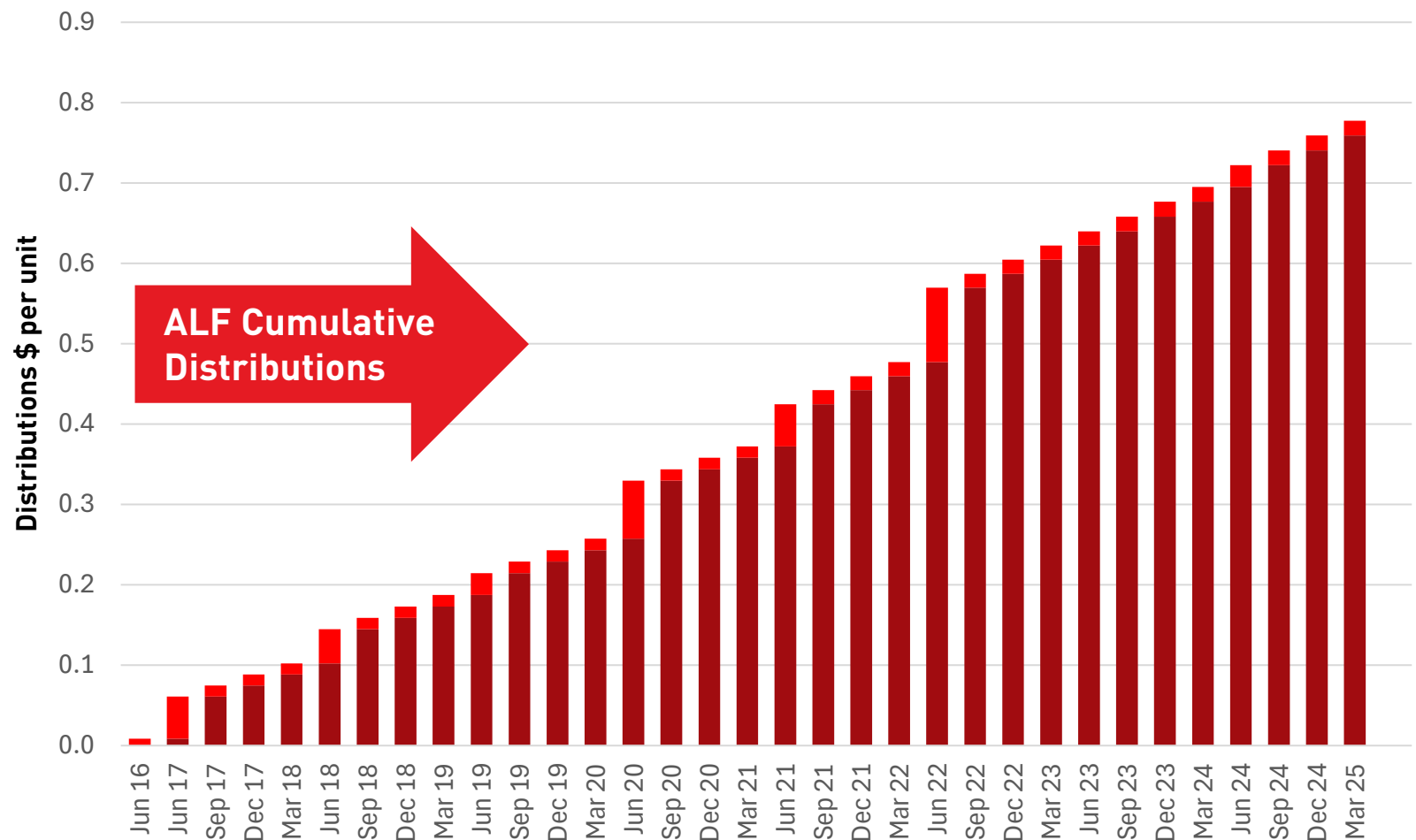
- Even if an LIC traded at a 25% discount forever, this still means higher shareholder returns. An example...
- If an LIC manager delivers a 9% per annum return on \$1.00 of NTA ($\$1.00 \times 9\% = \0.09 per annum).
- At a 25% discount, the LIC can be purchased for \$0.75 per share.
- If the discount remains at 25%, that \$0.09 return on the discounted purchase price of \$0.75 is equivalent to a return of 12% per annum ($\$0.09 \text{ return} / \$0.75 \text{ purchase price}$).

If the discount does narrow, investment returns are further improved.

Regular distributions are important for many investors

The Fund aims to provide investors with a minimum distribution of 5% per annum.

- Since inception, the Fund has paid cash distributions averaging 7.7% per annum.
- In addition, franking credits received from LIC investments are passed through in full at the end of each tax year. These have typically averaged 0.5% to 1.0% per annum.
- Distributions are paid 10 days after the end of each quarter (reinvestment available).

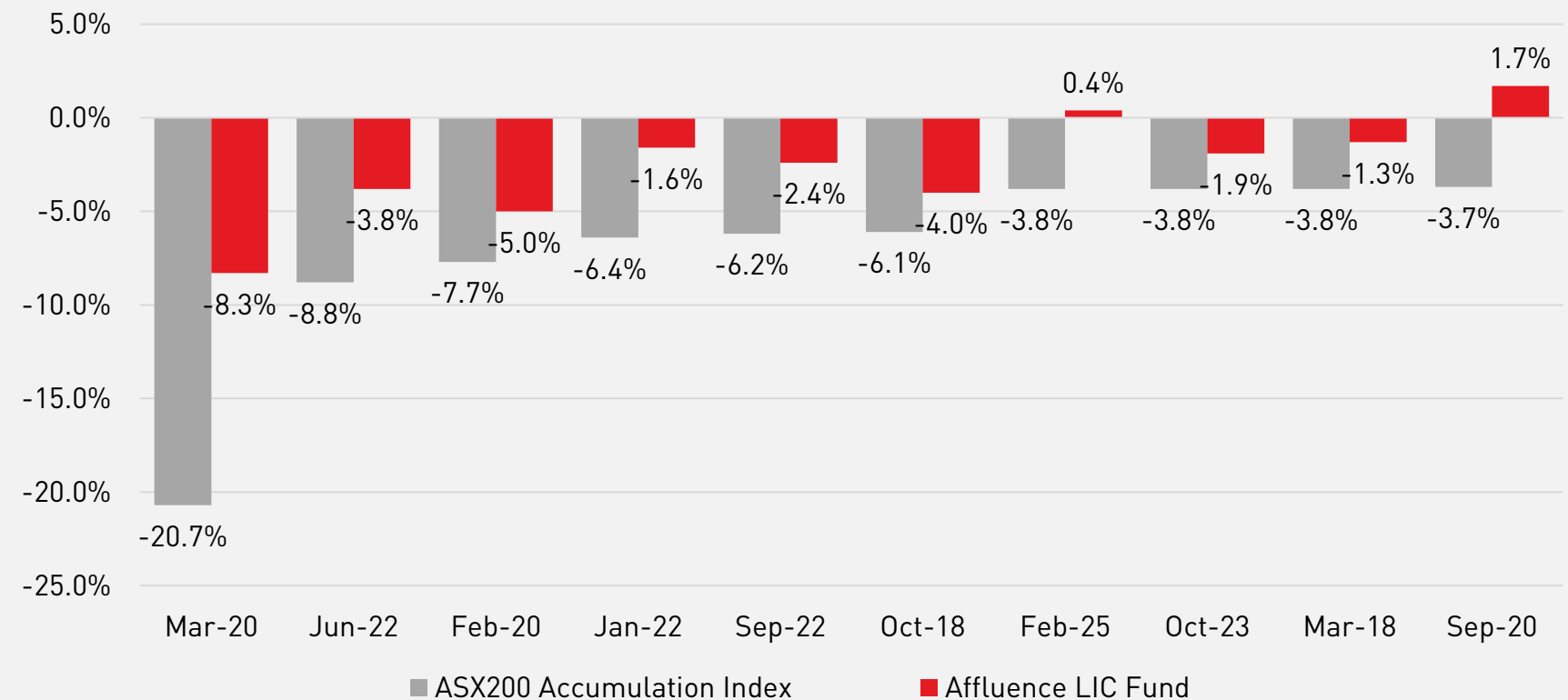


*Distributions & returns are not guaranteed. Past performance is not indicative of future performance.

//// The Fund has outperformed in down markets...

ALF Returns	10.5% pa
ALF Volatility	8.3%
ALF Sharpe Ratio	1.0
ALF Sortino Ratio	1.9
ALF Positive Months	70%
ASX200 Returns	9.2%pa
ASX200 Volatility	13.8%
ALF Correlation to ASX200	0.72
ALF Beta vs ASX200	0.43
ALF Down Capture v ASX200	19%

ALF has outperformed in all 10 worst months for the ASX200 since inception:



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...including the most recent Trump tantrum

ALF and our other Funds performed as expected.

- All funds delivered significantly better returns than market indices.

ALF shielded investors from the majority of market falls.

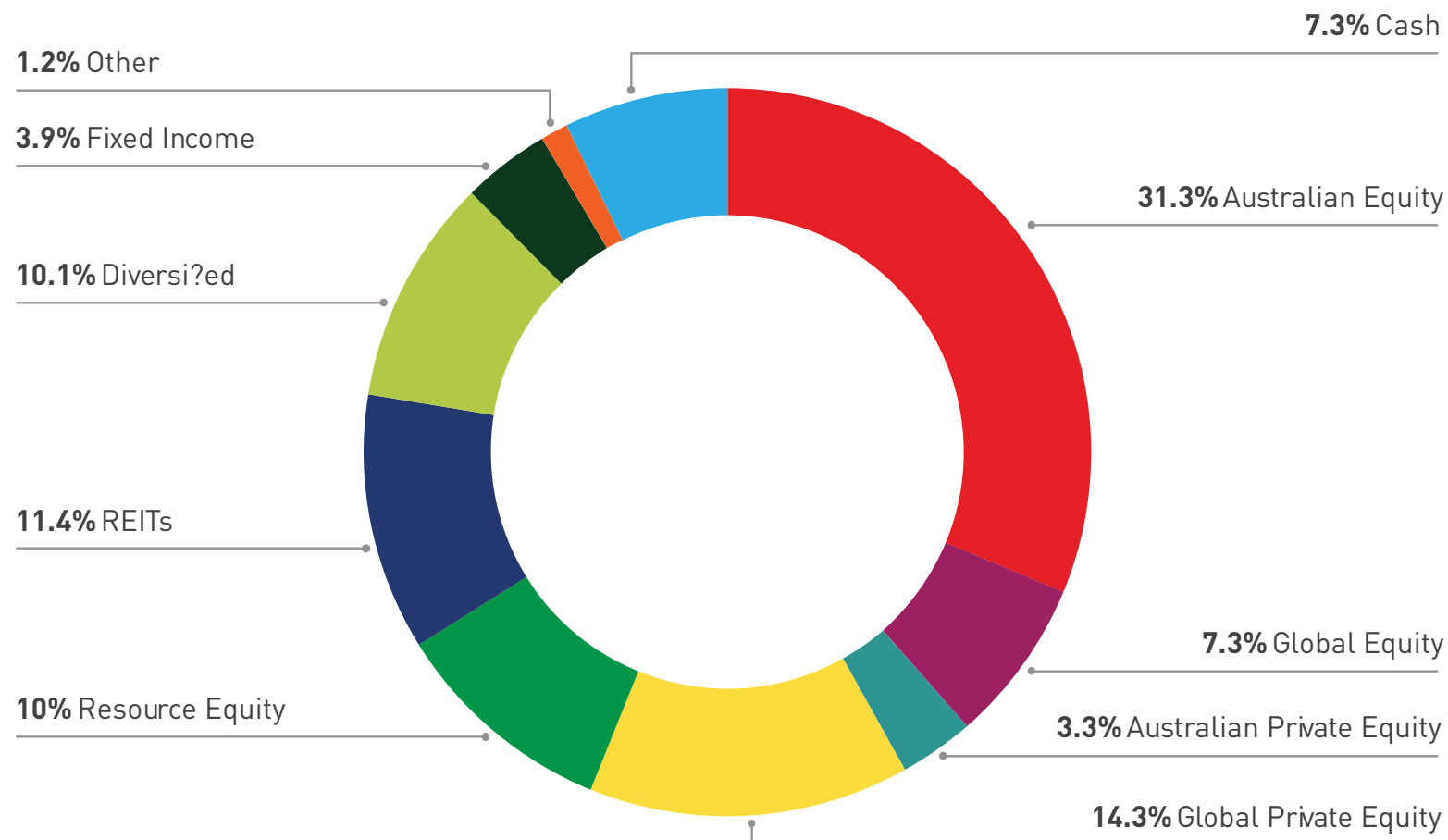
- Hedges provided positive contributions and were progressively realised as markets fell.
- Gold exposures provided positive returns.
- Alternatives and REITs performed better than equity market averages.

February to March 2025	Asset Class	2 Months
Affluence Income Trust	Fixed Income	1.2%
Affluence Investment Fund	Diversified	0.1%
Affluence LIC Fund	Equities	-1.5%
Vanguard Balanced Index Fund	Diversified	-2.4%
Vanguard Growth Index Fund	Diversified	-3.8%
ASX200 Accumulation Index	Equities	-7.1%
ASX Small Ords Acc. Index	Small Equities	-6.3%
MSCI Global (AUD)	Global Equities	-5.0%
S&P500 (USD)	US Equities	-6.9%
NASDAQ (USD)	US Equities	-11.9%

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The current portfolio – 30+ LICs, surprisingly well diversified

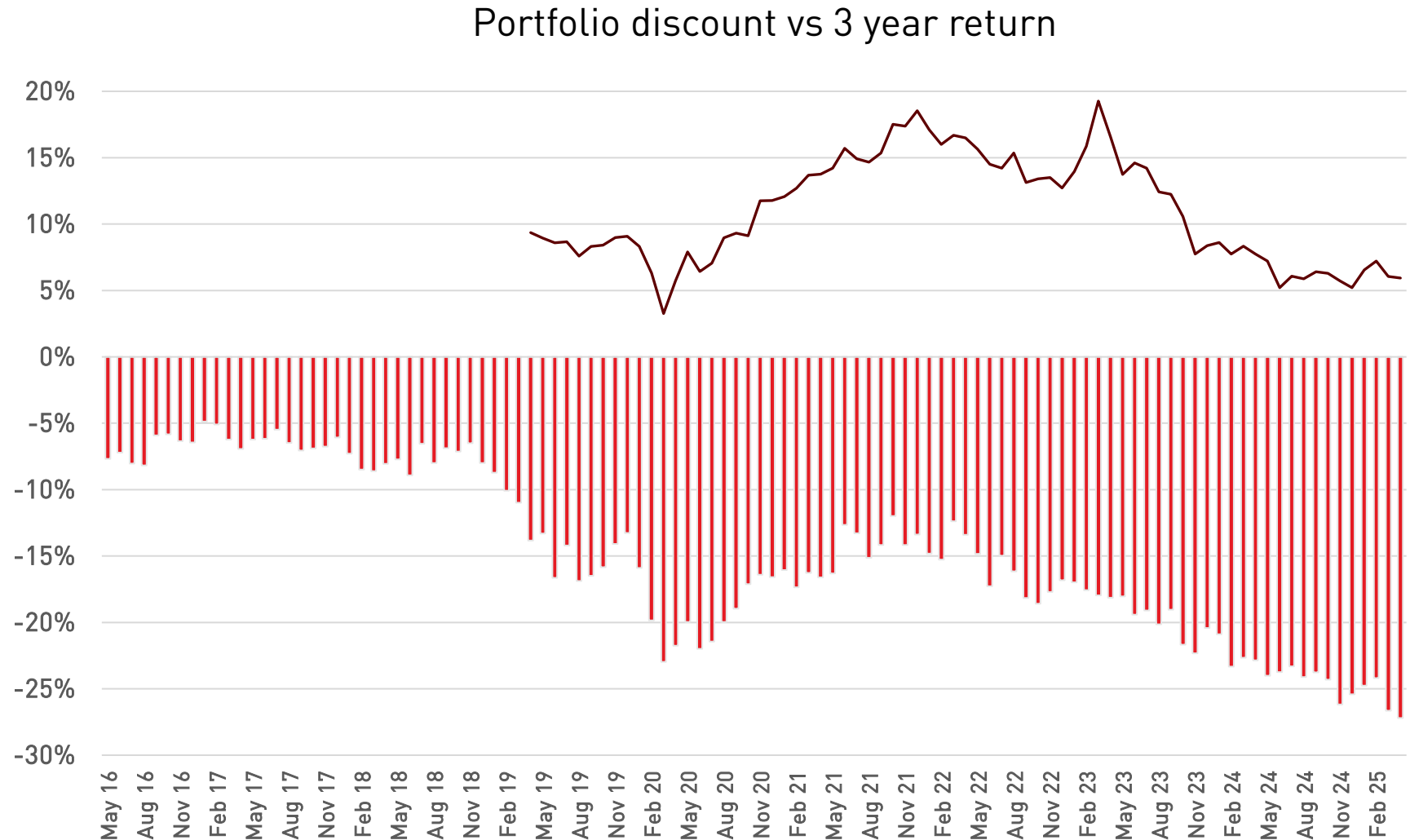
Investments are categorised based on their dominant underlying asset class/strategy (e.g. some Australian equity funds may include some global holdings). Australian Equities and Global Equities comprise both long only and long/short strategies.



Why now? Higher discounts = better prospective returns.

Since inception, periods of higher discounts have been followed by above average returns.

Discounts are the highest they have been since inception, providing an exceptional entry point.



Themes reflected in the ALF portfolio

- **Higher for longer.** Value stocks will fare better with interest rates at more normal levels.
- **Valuation multiples.** Prices being paid for large, quality stocks are excessive. Be careful.
- **Mid to smaller LICs.** This area of the LIC market provides more opportunity to profit from mispricing and better value in underlying portfolios.

Why now? What we are excited about

Small Caps

Our equity LIC investments have a mid/small/micro cap bias. Since 2022, large companies have materially outperformed smaller companies. We believe at some point this imbalance will mean revert, and small caps will outperform.

Private Equity

We hold a range of private equity LICs. Discounts to NTA for this part of the portfolio exceed 30%. In addition, valuations are generally lagging, with potential for realisations above NTA. A number of holdings have specific catalysts underway to reduce discounts.

REITs

We hold a range of small-mid sized ASX listed REITs trading at large discounts to NTA. Most are also paying healthy cash distributions. We believe valuations are bottoming, and many REIT prices can increase over time to be much closer to NTA.

Gold + Resources

The portfolio has exposure to gold miners and other resource investments through several specialist resource LICs which are showing exceptional value. In addition, a number of other LIC holdings have some portfolio exposure to these areas.

/// Affluence LIC Fund key information

Fund	Affluence LIC Fund (ARSN 634 532 424 APIR AFX6930AU)
Strategy	ASX Listed Investment Companies, Discount Capture. Multi-asset with a strong equities bias.
Fund Type	Unlisted Retail Fund. Open to investors in Australia and New Zealand.
Responsible Entity and Manager	Affluence Funds Management.
Key Investment Objectives	Total annualised returns above ASX 200 AI over rolling 3 year periods. Quarterly distributions of 5% per annum. Volatility less than ASX200.
Suggested Investment Timeframe	At least 3 years.
Applications and Redemptions	Monthly (last business day). Min. application \$20,000. Redemptions paid 10 days after EOM.
Distributions	Quarterly. Target 5% per annum. Distributions are not guaranteed.
Custodian	Perpetual.
Registry	Registry Direct.
Auditor	Pitcher Partners.
Legal	Hall & Wilcox.
Fees & Costs	Affluence charges 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%

What next?

Learn more about our Funds

- Visit <https://affluencefunds.com.au/> to get more information including fund documents, performance reports, monthly updates and portfolio analysis.
- Got a question? Call us on 1300 233 583, or email invest@affluencefunds.com.au.

Considering an investment?

- Read the PDS/TMD or IM for the Fund. Consult your financial advisor if you have one.
- Apply online or download application and other forms from our website.
- The minimum initial investment is \$20,000. Minimum additional investment is \$1,000.
- Applications and withdrawals are accepted monthly.

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