

Monthly Fund Update

ARMYTAGE STRATEGIC OPPORTUNITIES FUND (ASOF)

APRIL 2023

Fund Description

The Armytage Strategic Opportunities Fund mandate is to generate a 7.5% yield, with a lower than market volatility. The fund was developed after extensive consultation within the Australian IFA market. Lonsec 'recommended' since the funds inception in 2005 and has a 4 star rating with Morningstar. The recommended investment timeframe is 5 - 7 years.

Key Facts

Inception Date	20 June 2005
APIR Code	ETL0139AU
Benchmark	All Ordinaries Accum Index
Pricing Frequency	Daily
Liquidity	T + 2 Business Days
Yield	Targeting 7.5% to 9.5% gross
Distribution	Semi Annual
MER	1.78%
Buy/Sell Spread	0.25%

Service Providers

Investment Manager	Armytage Private Pty Ltd
Responsible Entity	Equities Trustees Limited
Fund Admin	Apex Group Ltd

Performance

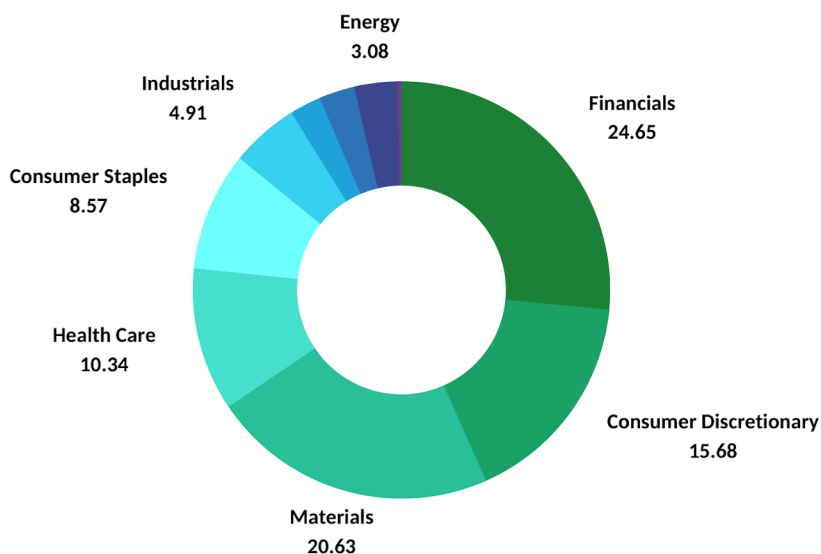
As at 30 April 2023

Performance	Since Inception	5 Years	3 Years	1 Year	6 Months	3 Months	1 Month
The Fund	9.95%	7.78%	12.56%	-2.16%	5.02%	-2.20%	1.03%
Benchmark (*)	8.44%	8.43%	14.42%	1.51%	8.52%	-0.94%	1.76%
Difference	1.51%	-0.66%	-1.87%	-3.67%	-3.50%	-1.26%	-0.73%

* Performance benchmarked against the All Ordinaries Accumulation Index

Sector Allocation (%)

As at 30 April 2023



Market Commentary

In April, the Australian equity market experienced a relief rally as the banking crisis appeared to be contained. The financial sector led the market, with players that were more leveraged or exposed to business lending driving the gains. The RBA's decision to maintain the overnight cash rate at 3.6% also contributed to positive sentiment in the market.

The headline Consumer Price Index (CPI) declined to 7% year-on-year (YoY) by the end of the March quarter, down from 7.8% YoY in the December quarter although several categories such as Rent, Utility bills and Food still experienced high inflation. This confirmed the RBA's assessment that inflation has reached its peak. However, the unemployment rate remained unchanged at 3.5% for another month, indicating a persistently tight labour market. There is a cautious outlook regarding future CPI releases and interest rate decisions, as there is a possibility of unexpected upward surprises.

Holdings

#	Top 10 names	%
1	BHP Group Ltd	10.14
2	Commonwealth Bank of Australia	7.83
3	CSL Ltd	6.87
4	National Australia Bank Ltd	4.61
5	Macquarie Group Ltd	3.75
6	Westpac Banking Corp	3.7
7	ANZ Group Holdings Ltd	3.34
8	Woolworths Group Ltd	3.19
9	Wesfarmers Ltd	3.09
10	Woodside Energy Group Ltd	3.08

Unit Price: \$0.8057 (as at May 17, 2023)

Performance & Stock Review

All sectors ended the month with a positive performance, with the exception of Materials declining by 2.62%. However, in the sub-sectors there was a contrast in performance.

Gold stocks performed strongly, driven by a surge in the price of the safe-haven metal above the US\$2000 per ton level for the first time.

The proposed acquisition of Newcrest (NCM) by Newmont also supported the investment thesis in gold stocks. Lithium stocks also performed well as investors speculated that lithium prices had reached a bottom. Our overweight positions were maintained in Pilbara (PLS) and Allkem (AKE). The fund acquired a small holding in Essential Metals (ESS) following Mineral Resources (MIN) purchasing a blocking stake in the company, which effectively thwarted IGO's takeover offer. This move suggests potential corporate activity in this stock in the future.

On the other hand, iron ore stocks underperformed due to a decline of 17.8% in iron ore prices during April. Weak manufacturing activity in China exerted downward pressure on prices. Furthermore, the Chinese government's instructions to curb steel production in Tangshan, a major steel producing hub, also had a negative impact.

The Financials sector experienced a strong recovery in April after being sold off in March. The shares of the major four banks and Macquarie Bank (MQG) rallied ahead of their half-yearly results. Other interest rate-sensitive sectors such as Technology and Real Estate also advanced, reflecting the market's expectation that the RBA's rate hike cycle has reached its peak. However, caution remained regarding the recent rally, and our exposure was limited to selected quality picks such as Goldman Group (GMG), Vicinity Centre (VCX), HomeCo (HMC), Aussie Broadband (ABB) and NextDC (NXT). During the month, the Data Centre operator announced a 43% increase in contracted commitments since December. This growth was driven by major contract wins at its Sydney S3 centre. Shares in Home Consortium (HMC) advanced 9% after raising money to buy a private hospital portfolio from Healthscope.

Outlook

Armytage forecast a soft-landing scenario for Australia where the RBA's ultra-fast tightened monetary policies will lead to a slowdown in economic activity. A tight labour market, huge long-term demand for commodities along with a reopening Chinese economy and strong household balance sheets will provide buffer. Armytage expects inflation has peaked and will start to normalise in 2023, as we are approaching the peak of the RBA tightening cycle. In the short to medium term, we prefer sectors & stocks that are non-cyclical and less sensitive to a recession. A few of our favourite picks include Endeavour (the BWS and Dan Murphy's owner), CSL (biopharma), the travel & tourism sectors such as Qantas (QAN) and nickel & lithium producers such as IGO and Pilbara (PLS).

Yield History

Yield	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Distribution	3.5c	3.4c	3.9c	4.0c	4.4c	4.2c	4.2c	4.0c	4.1c	4.1c
Net Yield	7.1%	7.2%	7.4%	7.1%	8.8%	7.4%	7.0%	6.5%	7.8%	6.39%
Gross Yield	10%	8.5%	8.6%	8.4%	11.4%	10.6%	10.1%	7.8%	8.7%	7.87%

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About The Manager

Armytage Private is a boutique investment specialist majority owned by members of its investment team and key executives.

Founded in 1995, Armytage is a pioneer in Australia's investment industry, offering a suite of actively managed IMAs and managed funds.

Armytage is a Value manager with a fundamental investment approach designed to identify quality businesses trading at a considerable discount to valuation.

The process is guided by three fundamental beliefs:

- Markets are not perfectly efficient and the true value of a business is not always reflected in its share price;
- Undervalued companies can be identified through detailed and intensive research; and
- Capital preservation is critical to wealth creation.

Investment Team

Armytage has a highly skilled and experienced team with proven investment management capabilities, and our success has been built on the strength and passion of our people.

Lee laFrate – Chairman/Portfolio Manager



- Lee has been in the financial industry for over 36 years, with broad experience ranging from stock broking and funds management to principle lecturer at the Securities Institute of Australia.

Bradley King – Director/Portfolio Manager



- Bradley has over 20 years experience in the financial services industry, working in a variety of roles in funds/portfolio management, company analysis, stock broking, wealth services and administration.

Julian Mitchell – Portfolio Manager



- Julian has been in the Investment Industry for over 30 years. Julian was the founder of DMP Asset Management. Prior to DMP, Julian has worked for large American banks in London and New York where he was a stock research analyst.

Austin Ngo – Portfolio Manager



- Austin is a qualified CPA who has previously worked in Public Practise accounting firms, specialising in Taxation and Financial Accounting. Austin integrates software such as Bloomberg and IRESS to support his qualitative & quantitative research.

Disclaimer: Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 | AFSL 240975, is the Responsible Entity for the Armytage Strategic Opportunities Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This document has been prepared by Armytage Private Pty Ltd (Armytage) ABN 51 079 960 419, AFSL 238519, the investment manager for the Fund, to provide you with general information only. In preparing this document, Armytage did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Armytage, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should consider the Product Disclosure Statement ("PDS") before making a decision about whether to invest in this product."

ARMYTAGE PRIVATE



Est. 1995

PROSPERITY THROUGH PRUDENCE AND PRESCIENCE

Armytage Strategic Opportunities Fund

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Performance Fee	Nil
Blue Chip Companies	ASX All Ordinaries Universe
Service Providers	
Investment Manager	Armytage Private Pty Ltd
Responsible Entity	Equities Trustees Limited
Fund Admin	Apex Group Ltd

Platform Availability

- mFund
- Navigator
- Hub24
- Direct with Armytage
- NetWealth

Ratings



Performance

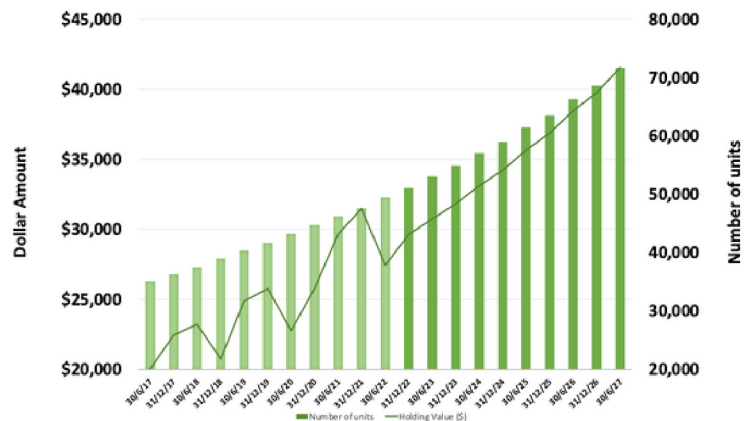
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Gross Yield	10%	8.5%	8.6%	8.4%	11.4%	10.6%	10.1%	7.8%	8.7%	7.87%

ASOF Investment Projection



*Data shown following the 30/6/2022 is forecasted based on previous data

Fund Objective

The Fund is managed with a purpose of offering investors long-term capital growth and a regular semi-annual income stream, from a portfolio of micro, small and large-capitalisation investments that Armytage considers to be of high quality and good value. The fund aims to provide a higher level of yield (2.5% above) than the S&P All Ordinaries, while matching or beating the total return of the index over the medium term.

Fund Benefits

The investment style enables Armytage to take advantage of strategic or special opportunity investments. The investment process identifies listed companies which are being discounted by the market, but still retain an asset (tangible or otherwise) which in Armytage's view, is of significant value to one or more third parties. The Fund is income growth focused with exposure to small to mid-caps. As part of Armytage's active investment strategy, the Fund benefits from the use of Exchange Traded Options (ETOs) which under a non-leveraged Buy-Write, Sell-Put strategy, these securities are designed to help increase the yield of the portfolio, assist to reduce market volatility and along with dividend income, provide a stable platform for semi-annual distribution payments to investors.

Investment Strategy

Armytage is a value manager with a fundamental investment approach designed to identify quality businesses trading at a considerable discount to valuation.

The process is guided by three fundamental beliefs:

- Markets are not perfectly efficient, and the true value of a business is not always reflected in its share price;
- Undervalued companies can be identified through detailed and intensive research; and
- Capital preservation is critical to wealth creation.

The fund uses exchange-traded options to enhance the yield on the underlying physical investments through a Buy/Write and Sell/Put strategy. Options are not used for gearing or protection purposes and the Fund is never more than 100% exposed to the market. Additionally, the fund has the ability to invest in the mid cap and small cap sectors of the Australian market when the manager sees significant value in doing so.

Suitable investors

This fund is designed for investors who seek an exposure in Australian equities that is able to generate income and capital growth from a mix of strategic opportunities identified.

The Australian Economy

April 2023

RBA Cash rate 3.85%
Unemployment 3.5%
Retail sales 0.4% MoM
CPI 7% YoY

AUD 0.6615
Brent 80.33
Gold 1,990.00
Iron ore 104.3

About Armytage Private

Established in 1995, Armytage is managed by highly experienced fund managers who specialize in portfolio construction, asset allocation and derivatives management.

Armytage was one of the first truly **Individually Managed Account (IMA)** focused managers, moving on from the traditional broker transaction-based model.

In 2005, Armytage broadened its product suite by offering managed funds to retail investors, via financial advisory relationships.

The core Managed Funds business focuses on Australian equities with income enhancement.

Investment team

Armytage has a highly skilled and experienced team with proven investment management capabilities, and our success has been built on the strength and passion of our people.

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Austin Ngo – Portfolio Manager



- Austin is a qualified CPA who has previously worked in Public Practice accounting firms, specializing in Taxation and Financial Accounting. Austin integrates software such as Bloomberg and IRESS to support his qualitative & quantitative research.

Louise Iozzi – Partnerships Director



- Louise joins the Armytage team with 15 years of commercial experience. Committed to establishing trusting and collaborative relationships with her clients, Louise is driven towards positive commercial outcomes, business growth and personal financial gains.

GET IN TOUCH

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