

Armytage Enhanced Leaders Fund

(%)	1 Month	3 Months	6 Months	FYTD	2 yrs	Inception*	January 2010
Fund Performance	-5.97%	-0.65%	9.46%	16.00%	-2.90%	-6.06%	
S&P / ASX 100 Accumulation Index	-6.05%	-0.88%	10.05%	17.98%	-10.16%	-11.98%	

Investment objective

The Fund is managed with a view to offering investors long-term capital growth potential and a regular semi-annual income stream, from a portfolio of large-capitalisation investments.

Investment process

Armytage uses fundamental valuations to assess potential investments in the fund. Armytage focuses on companies with:

- :: High return on equity
- :: Strong free cash flow
- :: High dividend growth
- :: Option income
- :: Fully franked dividends

Australian Market Outlook

The current, more volatile, down trend may not have completely run its course, but there are still positive signs on earnings in the wings. It is our view that earnings momentum and historically low interest rates are likely to underpin further gains in the Australian share market. We see this in particular in the Industrials, Resources and Banking sectors.

The recent Q4US reporting season showed the partially latent revenue leverage that a lot of the S&P companies have. Based on our forecast improvements on this front we have allocated a portion of the portfolio to companies with bigger US exposures such as NewsCorp and Computershare.

Fund Commentary

- ◆ The portfolio returned -5.97% for the month, slightly out performing the ASX100, which produced a monthly return of -6.05%.
- ◆ Markets were spooked by the debt position of Greece and the potential flow on effect within the European Union. As most members are now in breach of EU policy regarding government debt, questions remain regarding a potential bail out.
- ◆ Oil fell by 9% in January while the AUD was slightly weaker, down 1.7% to 88.4c. We expect the dollar to continue to trade around these levels in the short term.
- ◆ AELF maintained out performance to the market since inception by almost 6%, with low turnover and substantially lower volatility.
- ◆ Monthly income from options was approximately 0.26%. This was a slight increase in income from December.
- ◆ **Annualised income generated from the option strategy sits above 2.7%, with the base portfolio currently yielding approximately 4.25% pa. (~7% combined, before franking / fees)**
- ◆ **While markets continue to fluctuate, the strong yield of the fund remains a sound and reliable factor.**

Key Features	Description
Investment Category	Australian Equities
Investment style	Value Oriented
Comparison index	S&P / ASX 100
Management Costs	0.97%
Performance Hurdle	10% absolute return p.a.
Suggested Timeframe	5 to 6 years
Expected holdings	20 to 30 stocks
Portfolio turnover	Medium—Low
Fund Size	\$A 43m

Top Ten Shareholdings @ 31 January 2009	
Company	Percentage Holding
BHP Billiton	9.53%
Commonwealth Bank	8.83%
NAB Limited	7.60%
Westpac Bank	7.42%
ANZ Banking Group	5.76%
Rio Tinto	5.48%
Macquarie Group	3.47%
Woolworths Limited	3.28%
AXA Asia Pacific	3.27%
QBE Insurance	3.17%
Cash Holding	1.57%

Income Distributions—Pre-Frinking Credits	
FY10 interim Distribution	1.55 cpu
Est. Yield FY10 (Annualised after fees)	6.20%

Zenith
Investment Partners Pty Ltd

Highly Recommended
Recommended
Approved
Not Approved
Redeem

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*Fund inception date was the 06/08/2007

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