

Armytage Micro Cap Activist Fund

Armytage Private (est. 1995)
Prosperity Through Prudence & Prescience



Armytage Private – The Fund Manager

Armytage was established in 1995 as one of the first true IMA managers in Australia with the firm's founding service being its successful discretionary portfolio management service for wholesale clients. In 2006, Armytage broadened its product and service line-up with the addition of two managed funds, the Armytage Australian Equity Income Fund and the Armytage Strategic Opportunities Fund, enabling greater retail access to the firm's investment capabilities through financial intermediaries.

Both funds are actively managed in line with Armytage's fundamental value style of investing, with options used strategically to lower volatility/risk levels and enhance portfolio income. This approach provides the Armytage Funds with the platform to deliver strong and consistent distribution payments to investors, complementing the Investment Team's overall stock selection and investment management decisions.

The Armytage Australian Equity Income Fund, the Armytage Strategic Opportunities Fund and the Armytage IMA/SMA Portfolios are available through a number of leading administration/wrap platforms.

Product Key Features

- Only qualified investors who confirm their eligibility as a Wholesale Client under the Corporations Act may invest.
- Minimum initial investment amount is either:
 - \$50,000 if the investor meets the criteria of a Wholesale Client
 - Or \$500,000 without a supporting Accountants' certificate
 - Minimum amount for additional investment is \$25,000 per investor
- Management fees: 1.25% +GST
- Performance fees: 10% of the gain once a hurdle of 10% growth in the fund has been achieved
- Open to foreign investors
- McAF = Armytage Micro Cap Activist Fund

Targets

- The fund seeks relatively “uncorrelated” investment opportunities across the Australian Micro-Cap universe
- The fund aims to achieve net returns that exceed 10% p.a. over a rolling 3-year period.
- The fund intends to distribute income annually at the end of the financial year each year.
- The fund objective: \$100m AUD. Initial raise \$20m AUD

The activist style

- The fund is “uncorrelated” to the Australian equity markets
- It is “contrarian” in its approach
- Primary screening for Emerging & Undervalued New Economy Businesses
- The fund will be managed via a Comprehensive Activist Style & Interventionist Approach
- Each investment will have a Specific, Strategic, Designated, Identified Outcome
- The fund will invest in publicly listed securities that represent significant growth opportunities. This includes capital raisings, capital placements, takeover targets and emerging & undervalued businesses.
- Target number of securities: 5 – 10 securities

Armytage Private

(Investment Manager)

Investment
Committee

Advisory Panel

Armytage Micro
Cap Activist Fund

Institutional &
Wholesale
Investors



**The Investment
Committee**

Lee laFrate

Chris Ryan

Andrew Brown

Steve Merlicek

Investment Process



Investment Strategy

Armytage seeks to invest in businesses listed on the Australian Securities Exchange that meet the following criteria:

- ✓ Strategic asset or technology
- ✓ Genuine growth opportunity
- ✓ Targeted for takeover
- ✓ Potential earnings re-rating
- ✓ Management that can be refocused/restructured
- ✓ Industry and firm not facing intense competition, risks from technology or shrinking customer's demand
- ✓ Relatively simple to run, suits systemisation, potential cost reductions
- ✓ Possible investments referred by industry partners and brokers

Armytage will conduct a preliminary high-level screening process using defined criteria to identify investments for detailed due diligence and formal consideration. A list of possible investments is prepared and updated continuously over time.

Australian Equity Market Performance



- The Small Cap Indices have continuously underperformed versus the All Ords. This theme is unlikely to change in the future
- Many Small Cap companies are historically and currently trading 10-20% discount to NTA
- An abundance of quality companies obliterated, unloved and neglected by the market => Investment opportunities

Investment Analysis

Armytage performs qualitative and quantitative analysis to rate investments. These include:

- ✓ Financial metric analysis
- ✓ Financial statement analysis
- ✓ Assessment of business plans
- ✓ Business and corporate structure review
- ✓ Assessment of performance and suitability of management
- ✓ Determination of potential future valuation
- ✓ Development of strategic plans to improve profitability and valuation over the long-term

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- This fund seeks to capitalise on this discount to fair value via its 'activist interventionist style
 - EPS growth will be enhanced via M&A activity or restructuring
 - Relentless in our pursuit to extract value out of the opportunities we identified

Contact Us



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Appendix 1: Armytage Investment Team

Lee Iafrate | Executive Chairman & Portfolio Manager

B.Bus, FCPA, FFIN, Grad.Dip. Applied Fin & INV

- Founding Chairman of Armytage Private
 - Responsible for portfolio management of the Armytage IMA Service, sector & stock analysis, as well as equity and option dealing
 - A Member of the Industry Research and Advisory Committee
 - Founder and former Chairman of Treasury Group
 - Founder & Former Director of AVFM Ltd/Prime Financial Group
 - Founder & Former Chairman of Easton Investments Ltd
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Chris Ryan | Investment Committee Member (B. Bus)

- Over 35 years of senior experience in financial services across Asia Pacific
- Current Chairman and CEO at First Harbor Capital Partners Ltd, an investment and consulting business, advising financial services businesses wanting to grow into APAC markets.
- Co-founder of Digital Finance Media
- Past MD and Head of Asia Pacific for MSCI
- Past CEO of Perpetual Limited



Appendix 1: Armytage Investment Team

Andrew Brown | *Investment Committee Member*

- Executive Director of East 72 Holdings, a closed end, global, long/short investor
- Past Head of Equities at Rothschild Australia Asset Management
- Significant experience as former Director of 13 ASX listed companies
- Strong background in financial securities and company modelling



Stephen Merlicek | *Investment Committee Member*

- Executive Director of Wholesale Investment Marketing Group Pty Ltd
- Chief Investment Officer at IOOF (ASX:IFL) from 2009 to 2017
- Chief Investment Officer at Telstra Super from 1999 to 2009

