

# Armytage Micro Cap Activist Fund (McAF)

January 2021



ARMYTAGE PRIVATE

## Fund Commentary

- The strong momentum from November/December continued into January 2021 as the stock markets traded higher for majority of the month. However, during the final week, an army of Robinhood Reddit traders started crowd trading and put share prices of some highly shorted stocks such as GameStop and BlackBerry on an upward spiral, as well as sending a few hedge funds into short-squeeze positions.
- **Secos (SES)** 4C quarterly report was well received by the market. SES shares rose above 30c level for the first time since 2014. For more details, see below.
- Shares in **Praemium (PPS)** jumped over 30% in January after the platform company posted \$1.1b of inflows in the December quarter. PPS's global FUMA rose 10% to \$34.3b.
- Similarly, **Xplore Wealth (XPL)** also reported strong inflows with total FUA hitting \$16.5b vs last year of \$15.8b. XPL also benefited from a rise in **HUB24's (HUB)** share price as owning XPL shares could potentially provide a cheaper pathway into HUB via the acquisition agreement. The deal was announced in Oct 2020 and subject to court hearings and shareholder voting. The deal is expected to finalise on 22nd Feb. We've elected the cash offer.
- The fund continues to accumulate shares in 3 strategic investments. The 3 are diversified financial services companies.

Inception date	15 April 2019
Issued NTA	\$1.00
Current NTA	\$1.80
FY20 Distribution	\$0.05 per unit
Yield	4%

As at 31 Jan 2021	Performance
1 month	2.80%
3 months	11.15%
6 months	45.76%
1 year	39.38%
Since inception (p.a.)	41.90%
Since inception (abso)	84.98%

## SECOS - reaching a new high (ASX:SES)

- Sales for the December quarter totaled \$7.9m which represents a 50.1% increase YoY and 34.2% increase QoQ.
- Biopolymer sales were up 71.1% from the September quarter and now represent close to 74% of total sales. Secos recommenced selling biopolymer resins in America after customers resumed operations when COVID restrictions were eased.
- The company saw strong demand for compostable bags for pets in America as well as compostable kitchen bags in Australia.
- SES reported a net operating cash outflow of \$1.4m for the Dec quarter after investing over \$2.6m in new working capital to support sales volume growth.
- The company expects to report a maiden profit for 1H21.
- Secos had \$14.3m of cash on the balance sheet as at 31 Dec with no debt.



Mkt cap: \$138m  
Share price: 32.5c

# Armytage Micro Cap Activist Fund (McAF)



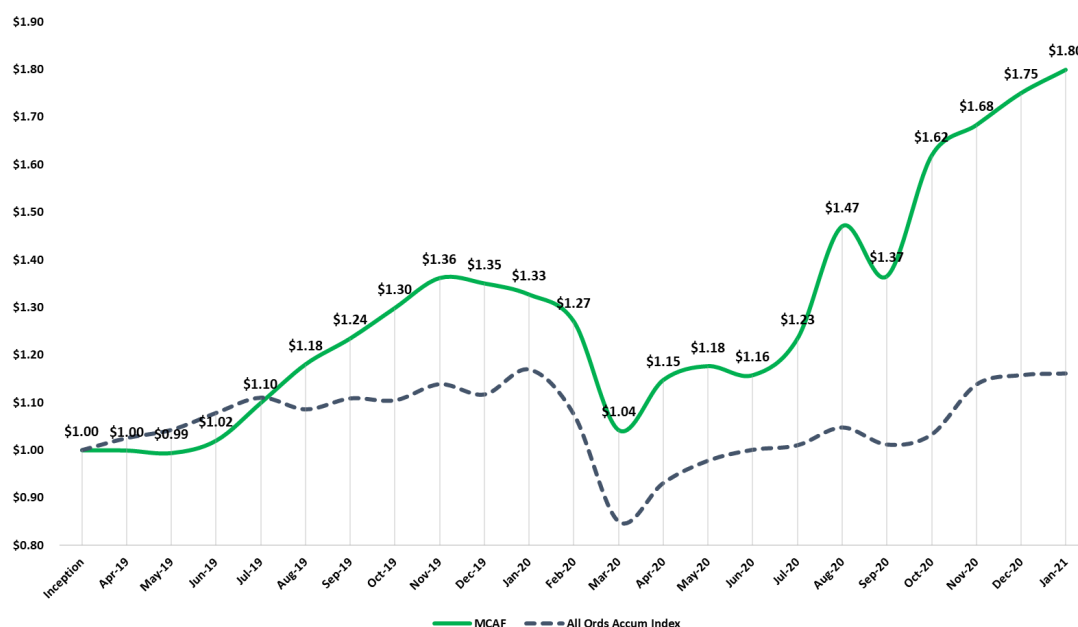
## About the fund

Established in April 2019, the Armytage Micro Cap Activist Fund seeks relatively uncorrelated investment opportunities across the Australian Micro-Cap universe. The fund invests in publicly listed securities on the ASX that represent significant growth opportunities which include capital raising, capital placements, takeover targets and emerging & undervalued businesses. Each investment will have a specific, strategic, designated, identified outcome. The fund aims to achieve net returns that exceed 10%p.a. over a rolling 3-year period.

## About Armytage Private

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.

MCAF vs Index



**Note:** June 20 unit price is after distribution of 5 cents

## For Further Information



03 9674 0600



[backoffice@armytage.com.au](mailto:backoffice@armytage.com.au)



[www.armytage.com.au](http://www.armytage.com.au)



[Armytage Micro Cap Activist Fund—Information Memorandum](#)



[Armytage Micro Cap Activist Fund—Application Form](#)