



Prosperity
Prudence
Prescience



ARMYTAGE PRIVATE

Celebrating 25 Years

Live Economic Update & Reporting Summary
with *Lee laFrate, Brad King & David Green*

Sept 2020

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Contents

- Current Economic Conditions
 - Unemployment
 - House view
- Reporting Season
- Why Equities are Booming
- Financial Analysis
- Retail
- Travel & Tourism
- Mining Analysis
- Technology
- Outlook
- Questions

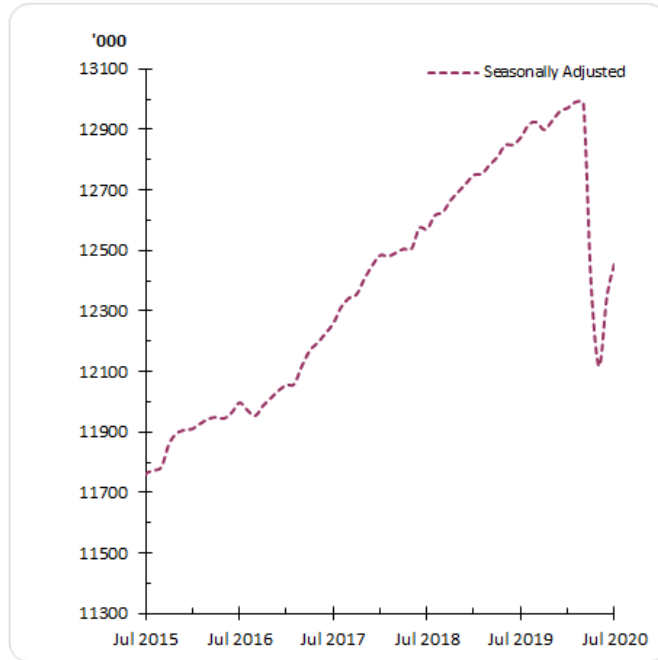
Current Economic Conditions

COViD - 19

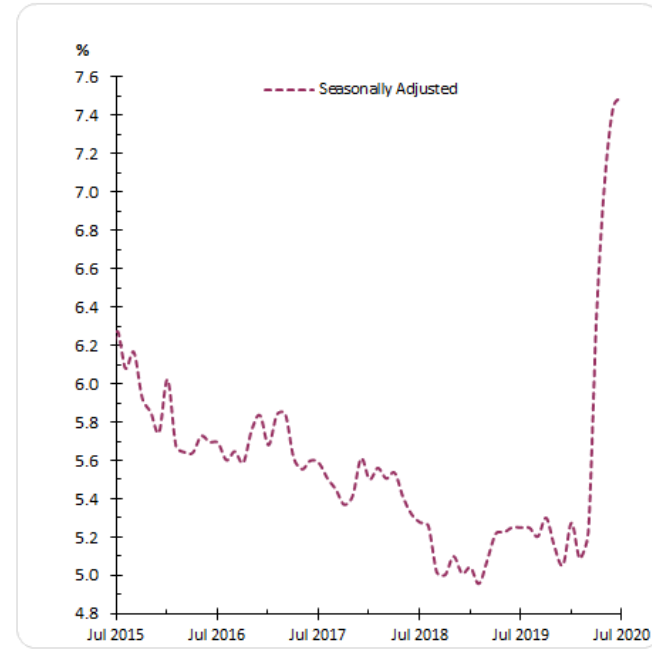
- Is it all COViD related
- WFH – What’s next
- China “the Brinkmanship”
- New Normal or will old habits role back.



EMPLOYED PEOPLE



UNEMPLOYMENT RATE



Unemployment

Current Economic Conditions

House View on

- Fiscal stimulus
 - Domestic
 - International
- L/T implications of debt level
- Winners and Losers
 - China / Europe
 - SE Asian manufacturing opportunities
- “Keynes Lives”



Reporting Season



Limited surprises

ASX200 EPS Growth 16% (Consensus)



Decline in Earnings

2H20, EPS fell 38% v 20% GFC, 35% Companies reported a loss in H2 only 25% grew EPS



Reduction in Dividends

25% moved to no dividends, 70% reduced dividend payment, 5% maintained their dividend.



Reactions mixed

Overall relief given the catastrophe that was forecast in March April.



Growth v Value

Growth is at a record premium to value.

Why are Equities Booming



The Pandemic and a Technological Revolution

Amazon - Apple - Microsoft - Facebook - Google



Keynesian Economics is back

Fiscal Policy - Monetarists



China

Global economic manufacturer? Consumption fueled economy



Europe

Fiscal act – Biggest trading block - Growth is occurring



Summary

COVID Treatment – Energy Transformation – Technology never Stops

Financial Analysis

- Weaker than expected core profit
- Loan deferrals 'the chickens are yet to come home to roost'
- Low Interest rates are somewhat of a default buffer
- Not all Banks are created equal
- Wealth Management consolidation



Retail

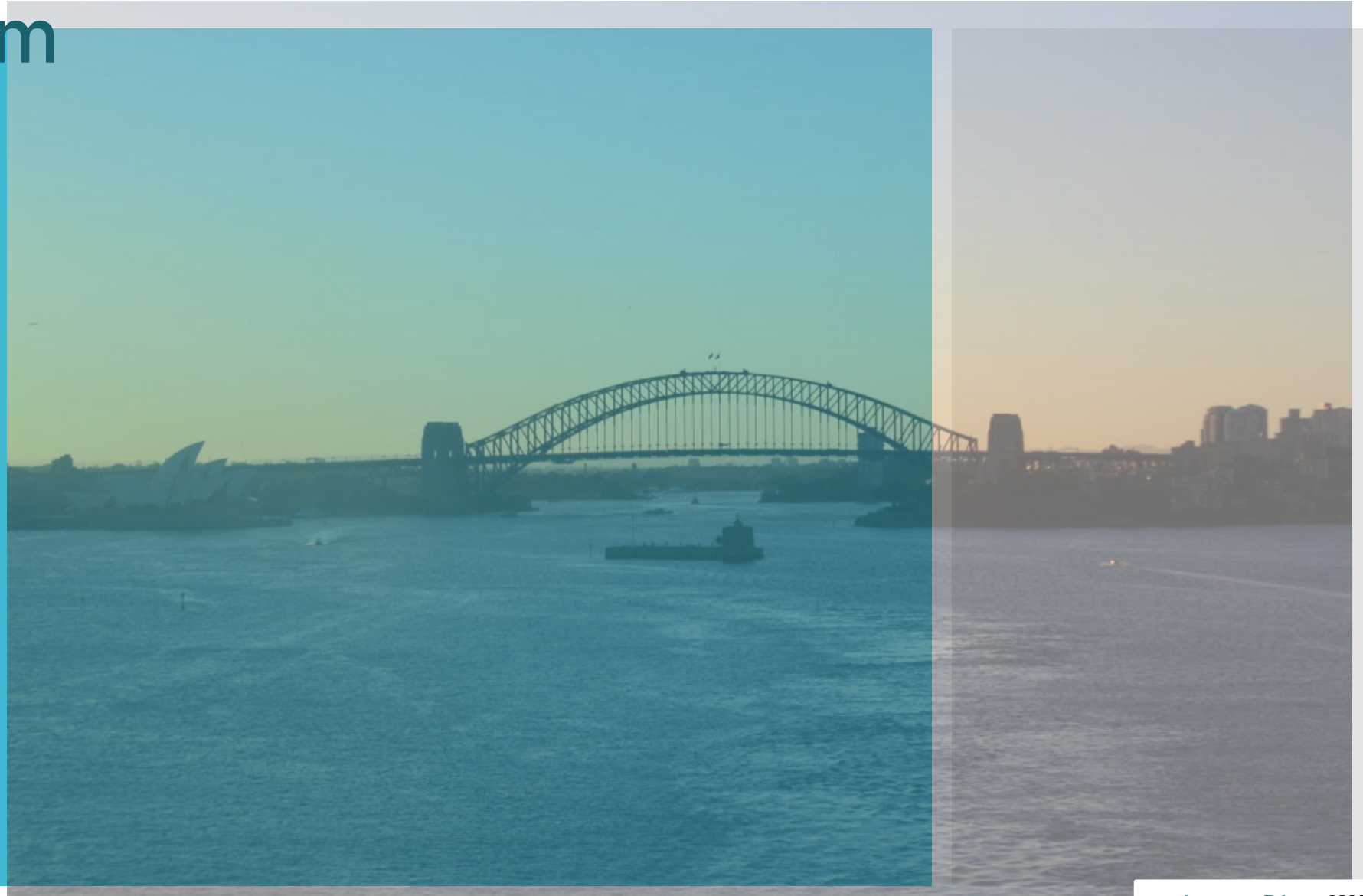
Where are we spending the dollars

- Government stimulus and redirected consumption
- Winners are WOW / COL / MTS / TRS / MMM
- Online Retailers KGN / SSV / TPW / JBH / WES / WOW / COL
- WFH Impact



Travel & Tourism

- International
- Domestic
- Trans-Tasman Bubble



Mining Analysis

China

Not just Iron
Ore

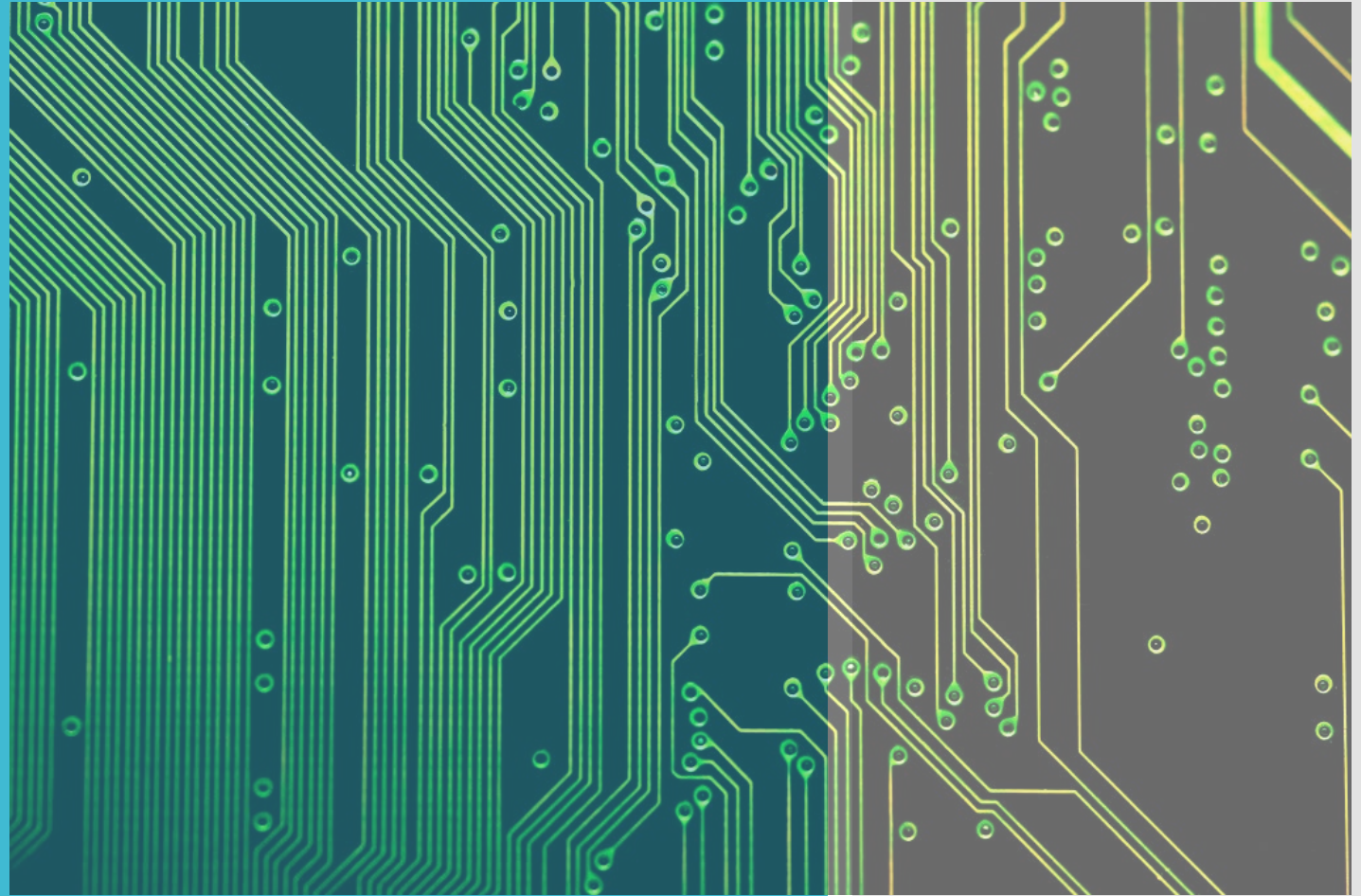
COVID

Future Facing
Commodities



Technology

- Outperformer
 - APT / WTC / B.N.P.L.
- Where is the focus
- Traditional businesses
- Unique plays

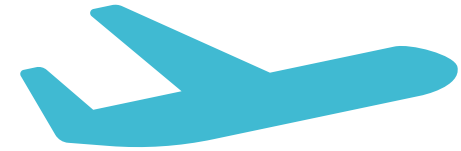


Outlook

- Reporting season
 - Not the expected wipeout
 - Earnings guidance
 - 2 phase market
- Equities
- Cash Rates 0.25% - 10yr Bond 0.90%
- USA Election
- Expectations September & October
- Property
- Unemployment
- Resources / Commodities
- COVID - 19

The Plane that to few Boarded

Stock Code	23/3/20	1/9/20	% Change
ALG	\$0.16	\$0.43	165.63%
SKC	\$1.23	\$2.24	82.11%
SGR	\$1.68	\$2.89	72.02%
CWN	\$6.12	\$9.02	47.39%
EVT	\$6.30	\$7.89	25.24%
AQZ	\$1.05	\$3.55	238.10%
REX	\$0.45	\$1.08	140.00%
QAN	\$2.30	\$3.89	69.13%
AIZ	\$0.84	\$1.24	47.62%
AIA	\$4.50	\$6.10	35.56%
SYD	\$4.86	\$5.65	16.20%
CTD	\$4.60	\$15.48	236.52%
HLO	\$0.68	\$1.92	182.35%
SLK	\$2.57	\$4.90	90.66%
FLT	\$8.90	\$12.47	40.11%
WEB	\$2.70	\$3.59	32.96%



Airlines Airports
Tourism Travel
Themeparks Casinos



QUESTIONS

Summary

COVID

Has had an impact not all negative

Stock by Stock

All sectors had winners and losers

The New Frontier

Technology is still misunderstood

Time for a Holiday

Local is the only option for now

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About Armytage

Established in 1995, Armytage is managed by highly experienced staff who specialise 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 models.

In 2005, Armytage broadened its available products by offering managed funds, which target retail investors, via financial advisory relationships.

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

