MONTHLY PERFORMANCE REPORT
MAY 2017

GENERAL INFORMATION

Base Currency: AUD

Entity Type: Registered Managed Investment Scheme

PMs: Marcel von Pfyffer (CIO)
Neill Colledge

Launch date: NOV 2016

Benchmark: 0% (Absolute Return)

Fees: 1.26% base and 10.125% performance fee ("PF"). *The PF is calculated on the excess return and is accrued monthly in the unit price and paid monthly.*

Domicile: Australia

Close of Financial Year: 30th June

Unit Pricing: Weekly

APIR: EVO0006AU platforms
EVO0005AU direct

ISIN: AU60EVO00063 platforms
AU60EVO00055 direct

ARSN: 614 078 812

Fund Responsible Entity:
Evolution Trustees Limited
ACN 611839519

Fund Administration: APEX Fund Services (Australia)

Fund Custodian: AET Structured Finance Services Pty Limited

Prime Broker: Interactive Brokers *(for the underlying fund).*

Auditors: PKF Hacketts

Compliance: King Irving

NAV: $6,360,407.33

Unit Price: 1.0628

INVESTMENT MANAGER

Arminius Capital Management Pty Ltd AFSR 001244100 licensed by: Arminius Capital Advisory Pty Ltd AFSL 461307

DISTRIBUTION DETAILS

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The Fund returned +0.06% for the month of May 2017, compared with -3.37% for the S&P/ASX 200 (XJO). The ASX 200 including dividends (XNT) returned -2.77% for the month. The Fund achieved its return with lower volatility than the S&P/ASX 200, as a consequence of our risk averse strategies.

Closing out the second quarter of 2017, our stance increasingly turns pragmatic in the geo-political sense; negative on Australia, cautious globally. Our econometric models are locating less value in local and global markets than in the 1st quarter. The US dollar and continued expected rises in US interest rates may eventually lead to more defaults in lower-quality sovereign and corporate bonds.

PERFORMANCE (Inception NOV-2016)	Arminius Capital GMMA Fund	S&P/ASX200 XJO (AUD)	S&P/ASX200 XNT TOTAL RETURN (AUD)	HFRX (USD) ABSOLUTE RETURN INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX
1 Month	**0.06%**	-3.37%	-2.77%	0.32%	0.21%
3 Months	**3.21%**	0.22%	1.46%	0.87%	3.20%
Calendar YTD	**3.04%**	1.04%	2.89%	1.28%	5.30%
1 Year	-	6.43%	10.75%	1.65%	6.45%
3 Years	-	4.23%	18.14%	4.13%	-1.10%
5 Years	-	40.44%	73.05%	9.98%	-4.37%
Since Inception NOV 2016	**6.28%**	**7.65%**	**10.51%**	**1.32%**	**3.27%**

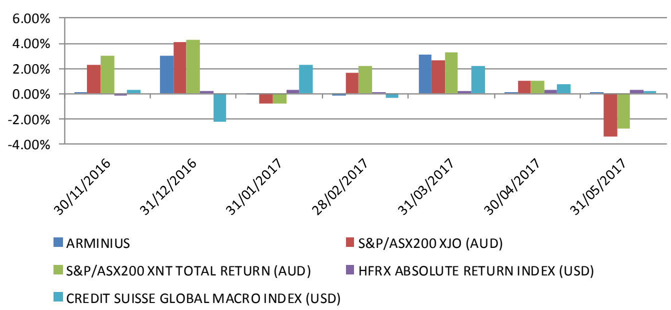
Arminius Capital GMMA Fund (Inception NOV 2016) Returns are net of fees

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	**INCEPTION =>**		0.08%	3.06%	3.14%
2016	-0.02%	-0.14%	3.14%	0.02%	0.06%								3.04%

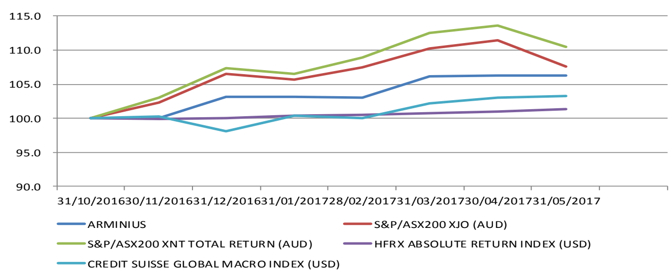
FUND OBJECTIVES: The Arminius Capital GMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "**PKF Arminius Core Fund**", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between the performance returns of the underlying wholesale fund and this fund due to differing fees, expenses and fund inflow effects. Arminius' aim is to provide smooth positive annual returns with lower volatility and lower risk than concentrated single market/asset class exposure. Our absolute return investment methodology utilises a combination of fundamental, momentum and quantitative inputs. As an absolute return fund, the objective is to preserve the capital base across every 3 year rolling period.

INVESTMENT STRATEGY: Arminius uses econometric modelling based on macro-economic indicators alongside fundamentals pertinent to each individual instrument within each asset class. Momentum is taken into account only once the fundamental value of each instrument has been ascertained. Low volatility and risk management is complemented by frequent re-balancing and equal weighting, accordingly to what each hedging sub-strategy dictates.

Monthly Performance since Inception November 2016



Cumulative Performance since Inception (Base 100 = 31 October 2016)



FUND MANAGER COMMENTARY

The Fund returned +0.06% in May, a long way ahead of the S&P/ASX200's return of negative -3.37%. Our strong outperformance flowed from our decision in late March to buy derivative protection against the Australian share market, while remaining long global equities. The Fund has returned +3.04% in the five months since January 2017, compared to the S&P/ASX200's return of +1.04%.

World share markets were generally positive in May. The fall in Australia was due to problems specific to this country: the new banking levy, the impending slide in house prices, and the decline in hard coking coal and iron ore prices this year, with spot prices down -21% and -36% respectively. In contrast, share markets in local currency terms all rose in the US (+1.16%), Europe (+1.15%), Japan (+2.36%) and Hong Kong (+4.25%).

The exception was China, where the Shanghai Composite fell -1.19% because of the Chinese government's crackdown on shadow banking, which has not only lifted interest rates but has also restricted the flow of liquidity to lower-quality borrowers and speculators.

In the US, the S&P500 has moved on to new all-time historic heights (2415 on 26th May) despite the absence of the Trump Administration's promised legislation on tax cuts, infrastructure spending, healthcare or de-regulation. Our models are unable to quantify the further upside to the S&P500 should any of the aforementioned policies be enshrined into law (ie. get past Congress). Share prices have been supported by strong growth in revenues and profits across most sectors, as well as a decline in bond yields.

The yield on the 10-year US Treasury bond had run up from a record low of 1.31% in July 2016 to a peak of 2.60% after the election, but now it has slipped back to 2.15%. The legislative inactivity of The Donald has calmed bond investors' fears that tax cuts and infrastructure spending might re-fuel the fires of inflation. The weak first-quarter figures for GDP growth and inflation have shown them that there is nothing to worry about at present.

Although US equities are historically expensive, they are not yet in bubble territory, so it is likely that they will move higher in the short term, driven by steady economic growth and rising profits. But not all boats will rise with the tide. The recovery of the energy sector has stalled because oil prices have fallen back below USD$50, with West Texas now down -10.05% in calendar 2017. OPEC's production cuts are being more than offset by the relentless rise in oil production from US shale.

Weak first-quarter sales sent many US retailers' share prices into the bargain basement as investors worried that profits would keep falling under the onslaught of online competitors. Investors' fears also spread to the shopping mall REITs, on the grounds that the unprecedented number of store closures would permanently reduce landlords' rental income, and could even force some more mall closures.

There are definitely some dark clouds on the US corporate horizon. The prevalence of ultra-low interest rates since the GFC has encouraged many US companies to increase their borrowings in order to fund share buybacks. Reducing the number of shares outstanding tends to increase a company's return on equity, which is doubly good for the company's executives. Not only does it make their performance targets easier to achieve, it also lifts share prices, making their shareholdings more valuable. Not surprisingly, the debt-funded share buyback has been a popular strategy in the last five years. But this strategy has one dangerous consequence – with every share bought back, the company's gearing rises further. The ratio of corporate debt to assets has risen sharply in the US, in stark contrast to Europe and Japan.

US corporations went into the GFC with relatively low gearing on average. It was the consumers who were over-geared then, with the result that the fall in the price of their major assets, such as the family home or investment properties, proved to be catastrophic for many households. Next time around, when interest rates rise or the economy slips into recession, it will be the over-geared US corporations who suffer.

The economies of Europe continue to recover. In the last two years, EU growth has in fact outpaced US growth, while inflation levels are similar. Most importantly, the economies of southern Europe are recording better GDP growth and falling unemployment. European equities remain significantly cheaper than US equities. In particular, the European banks offer higher growth at lower prices.

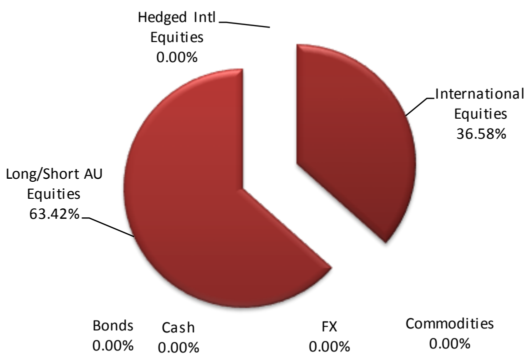
It is the habit of the Chinese Communist Party to micro-manage every important public event, and the most important event this year is the 19th Party Congress to be held in Beijing in September or October. (The Party is so secretive that it only releases the exact dates shortly before the Congress.) Each five-yearly Congress decides, among other things, the make-up of the top leadership team for the next five years. Therefore, the run-up to the Congress is very carefully staged – no embarrassments are permitted.

In 2016 China's shadow banking assets grew by 21% to reach 64 trillion yuan, equivalent to 28% of banking sector assets or 87% of GDP. The need to shrink the shadow banking sector triggered the recent crackdown on the dubious practices of some banks and insurers, who have been hiding doubtful debts or selling unsatisfactory products. The net effect is to make credit less available and more expensive, with negative consequences for the prices of equities and commodities.

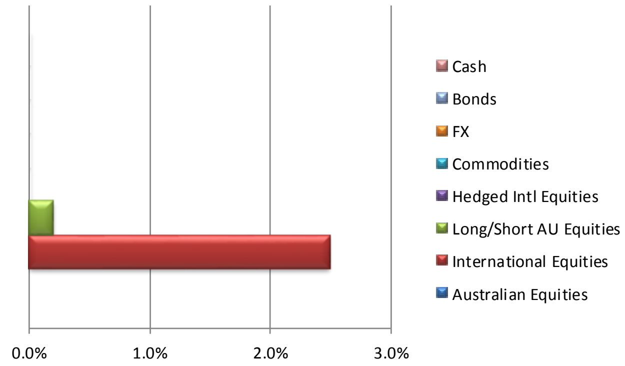
UNDERLYING FUND DATA

Important Note: The data on this page (unless otherwise referenced) specifically refers to the underlying find. There may be some degree of difference between the performance returns of the underlying wholesale fund and this fund due to differing fees, expenses and fund inflow effects.

Underlying Fund's Exposure at month's end as % of NAV



Underlying Fund's Monthly Individual Asset Class returns per SAA



UNDERLYING FUND STATISTICS MONTHLY BEFORE FEES FROM JULY 2014

FUND STATISTICS MONTHLY *From July 2014*	**PKF Arminius**	XJO
Sharpe Ratio	**1.19**	0.18
Sortino Ratio (RFR)	**3.90**	0.66
Downside Deviation	**1.79%**	3.61%
Standard Deviation	**1.69%**	3.75%
Annualized SD	**5.86%**	13.00%
Mean Monthly Return	**0.73%**	0.34%
Compound Monthly Return	**0.71%**	0.28%
Excess Return (RFR)	**6.97%**	2.39%
Portfolio Correlation to XJO	**0.55**	-
R^2 Coefficient of Determination	**0.07**	-

- There have been no changes to the risk profile of the Fund during the month.
- There has been no material change to the Fund's strategy during the month.
- There has been no change to key individuals at Arminius.
- This report is made for information purposes only, reflecting Arminius' interpretation of a specific historic period, source referenced from the prime broker "Interactive Brokers" proprietary reporting software "PortfolioAnalyst". All other data is sourced from FACTSET and Hedge Fund Research Inc.

GLOBAL FINANCIAL MARKETS – MONTHLY DATA

EQUITIES	30-Apr-17	31-May-17	ROR
EUROPE			
Germany DAX (TR)	12438.0	12615.1	**1.42%**
Switzerland SMI (PR)	8812.7	9016.6	**2.31%**
STOXX Europe 50 (EUR)	3182.8	3219.3	**1.15%**
FTSE 100	7203.9	7520.0	**4.39%**
France CAC 40	5267.3	5283.6	**0.31%**
FTSE MIB	20609.2	20731.7	**0.59%**
Netherlands AEX	521.1	524.1	**0.56%**
Belgium BEL 20	3875.5	3888.3	**0.33%**
OMX Stockholm 30	1627.0	1639.1	**0.74%**
Norway Oslo All-Share	765.1	781.6	**2.15%**
Ireland ISEQ	6860.8	6946.6	**1.25%**
Spain IBEX 35	10715.8	10880.0	**1.53%**
Cyprus CSE General	71.5	77.2	**7.92%**
AMERICAS			
S&P 500	2384.2	2411.8	**1.16%**
DJ 30 Industrials	20940.5	21008.7	**0.33%**
DJ 65 Composite Average	7217.3	7282.2	**0.90%**
NASDAQ Composite	6047.6	6198.5	**2.50%**
Russell 1000	1322.4	1336.2	**1.04%**
S&P TSX	15586.1	15349.9	**-1.52%**
Brazil Bovespa	65403.2	62711.5	**-4.12%**
Argentina Merval	21019.9	22348.6	**6.32%**
Mexico IPC	49261.3	48788.4	**-0.96%**
ASIA			
S&P ASX 200	5924.1	5724.6	**-3.37%**
Nikkei 225	19196.7	19650.6	**2.36%**
Hang Seng	24615.1	25660.7	**4.25%**
Korea KOSPI	2205.4	2347.4	**6.44%**
FTSE Strait Times	3175.4	3210.8	**1.11%**
Taiwan TAIEX	9872.0	10040.7	**1.71%**
New Zealand NZX 50 (TR)	7378.8	7418.9	**0.54%**
Shanghai SSE Composite	3154.7	3117.2	**-1.19%**
India S&P BSE SENSEX	29918.4	31145.8	**4.10%**
FTSE Bursa Malaysia KLCI	1768.1	1765.9	**-0.12%**
Indonesia JSX	5685.3	5738.2	**0.93%**

FOREIGN EXCHANGE	30-Apr-17	31-May-17	ROR
AUD/USD	0.748	0.743	**-0.59%**
EUR/USD	1.092	1.126	**3.07%**
JPY/USD	111.185	110.473	**-0.64%**
GBP/USD	1.296	1.290	**-0.49%**
CHF/USD	1.009	1.035	**2.59%**
USD/CAD	0.732	0.741	**1.18%**
EUR/GBP	0.842	0.873	**3.58%**
AUD/EUR	1.461	1.515	**3.68%**
USD/CHF	0.995	0.968	**-2.74%**
GBP/AUD	1.729	1.735	**0.34%**
CBOE Volatility Index	10.82	10.41	**-3.79%**

COMMODITIES	30-Apr-17	31-May-17	ROR
Energy			
Crude Oil WTI (NYM $/bbl) Continuous	49.33	48.32	**-2.05%**
Brent Crude (ICE $/bbl) Continuous	51.73	50.31	**-2.75%**
NY Harbor ULSD (NYM $/gal) Continuous	1.51	1.52	**0.71%**
NY Harb RBOB (NYM $/gal) Continuous	1.55	1.60	**3.13%**
Natural Gas (NYM $/btu) Continuous	3.28	3.07	**-6.26%**
Precious Metals			
Gold (NYM $/ozt) Continuous	1268.30	1275.40	**0.56%**
Silver (NYM $/ozt) Continuous	17.26	17.41	**0.83%**
Industrial Metals			
Aluminum (LME Cash $/t)	1930.00	1919.50	**-0.54%**
High Grade Copper (NYM $/lbs) Continuous	5688.50	5615.50	**-1.28%**
Nickel (LME Cash $/t)	9485.00	8810.00	**-7.12%**
Iron Ore 62% CN TSI (NYM $/mt)	69.97	60.71	**-13.23%**
Zinc (LME Cash $/t)	2639.00	2572.00	**-2.54%**
Agricultural			
Corn (CBT $/bu) Continuous	3.67	3.72	**1.50%**
Soybeans (CBT $/bu) Continuous	9.56	9.16	**-4.21%**
Wheat (CBT $/bu) Continuous	4.32	4.29	**-0.69%**
Cotton #2 (NYF $/lbs) Continuous	0.79	0.77	**-2.40%**
Sugar #11 (NYF $/lbs) Continuous	0.16	0.15	**-7.81%**
Indices			
GS Commodity (CME) Continuous	381.70	377.30	**-1.15%**
PowerShares DB Commodity Index Tracking Fund	14.80	14.59	**-1.42%**
db x-trackers SICAV - db x-trackers DB COMMODITY BO	15.44	15.23	**-1.36%**

10 YEAR SOVEREIGN YIELDS	29-Apr-17	31-May-17	Yield D
US	2.29%	2.20%	**-0.08%**
UK	1.06%	1.05%	**-0.02%**
Europe	0.30%	0.31%	**0.01%**
Australia	2.57%	2.38%	**-0.19%**
Belgium	0.78%	0.65%	**-0.13%**
Canada	1.58%	1.42%	**-0.16%**
Denmark	0.59%	0.56%	**-0.02%**
France	0.83%	0.73%	**-0.10%**
Germany	0.30%	0.31%	**0.01%**
Greece	6.31%	6.02%	**-0.29%**
Ireland	0.84%	0.76%	**-0.08%**
Italy	2.26%	2.19%	**-0.07%**
Japan	0.01%	0.04%	**0.03%**
Netherlands	0.47%	0.51%	**0.04%**
New Zealand	3.03%	2.76%	**-0.27%**
Norway	1.61%	1.50%	**-0.12%**
Portugal	3.44%	3.04%	**-0.40%**
Spain	1.64%	1.52%	**-0.12%**
Sweden	0.64%	0.45%	**-0.19%**
Switzerland	-0.09%	-0.15%	**0.06%**

ROR = Rate of Return
Yield D = Yield differential

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