



MONTHLY PERFORMANCE REPORT

JULY 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: Grant Thornton

NAV: \$9,006,519.02
Unit Price: 0.9604
 (Nb. Recent material movement in the unit price is due to the FY17 distribution)

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

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The Fund returned -0.08% for the month of July 2017, compared with -0.02% for the S&P/ASX 200 (XJO). The ASX 200 including dividends (XNT) returned -0.01% 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.

Now into the second half of CY2017, our stance increasingly turns pragmatic in the geo-political sense; negative on Australia, cautious globally. Our econometric models have gone from locating less value in local and global markets in the 1st quarter, to now: markets appearing expensive. The US dollar and continued expected rises in US interest rates will likely 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	-0.08%	-0.02%	-0.01%	0.48%	-0.68%
3 Months	0.92%	-3.44%	-2.67%	0.90%	0.65%
Calendar YTD	3.93%	0.97%	2.99%	1.86%	5.76%
1 Year	-	2.84%	7.00%	1.79%	4.82%
3 Years	-	1.56%	15.08%	4.64%	-2.73%
5 Years	-	34.00%	65.13%	10.80%	-1.99%
Since Inception NOV 2016	7.19%	7.58%	10.63%	1.91%	3.72%

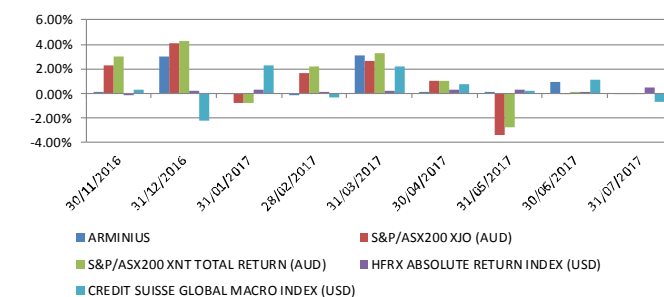
Arminius Capital GMMA Fund (Inception NOV 2016) Returns are net of fees

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	INCEPTION =>		0.08%	3.06%	3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%						3.93%

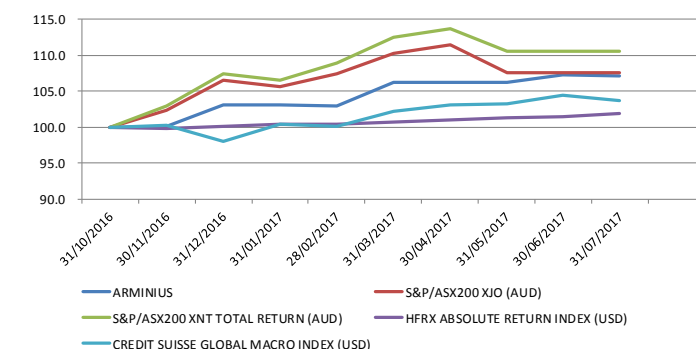
FUND OBJECTIVES: The Arminius Capital GMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "Arminius Capital ALPS Fund", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between 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 -0.08% in July, compared to the S&P/ASX200's return of -0.02%. We have retained our derivative protection in Australian equities, but the Fund continues to be long international equities. The Fund has returned +3.93% in the first seven months of calendar 2017, compared to the S&P/ASX200's return of +0.97%.

July was a quiet month in most share markets. The Australian market barely moved during the lull between the end of the financial year and the result season. European markets continued to range trade, as they have since the French elections made it clear that the EU is not about to break up.

Hong Kong and Chinese markets were strong, driven by good economic data and the signs that the authorities are taking action against shadow banking and excessive gearing. In particular, the Chinese authorities have managed to bring its capital flight problem under control: the value of the renminbi has stabilized, and China's foreign exchange reserves have been rising slightly over the last five months. We expect that China's leaders will ensure that the economy remains very well behaved until September or October, when the Nineteenth Party Congress will decide the composition of the leadership to 2022 and beyond.

The US share market maintained its upward momentum, in contrast to the US economy, which is growing only slowly, and to the Trump Administration, which appears to have stalled. The Republican Party has failed to pass any kind of replacement for Obamacare, and its leaders have decided to move on. Its immediate tasks are:

1. To lift the legislated ceiling on US government debt by end-September, otherwise there will be defaults in October and the US bond settlement system will seize up;
2. To pass a Federal Government for the fiscal year beginning 01 October; (markets have become used to the budget process running very, very late) and
3. To reform the US tax system, which has not been touched since 1985.

The only years since 1960 that the Federal Government managed a budget surplus were the late 1990s, when the tech boom propelled collections from individual income tax and capital gains tax to unexpected heights. The Federal Government has a permanent structural deficit because its tax system is archaic and inefficient. There is no GST or VAT, so the services sector is under-taxed. Most of the tax revenue come from individuals, because corporate tax is riddled with special-interest loopholes which make a mockery of nominal tax rates. We are not optimistic that Congress will achieve very much, in view of The Donald's pride in his own tax minimization.

The US economy continues to motor along steadily, although this was not reflected in the currency in July – the AUD\$ rose +4.16% against the USD\$, reaching over \$0.80. Importantly for the US, jobs continue to be created at a rapid rate – 209,000 in July, compared to the base level of 85,000 new jobs needed per month to keep up with population growth. One of the strongest sectors for job growth is food service (mainly sit-down restaurants), despite the upward pressure on labour costs which has been brought about by legislated increases in the minimum wage. There are some signs that labour markets are tightening: average weekly earnings grew by 2.8% year-on-year, and unemployment fell to a sixteen-year low of 4.3%.

European economic confidence has returned to pre-GFC levels. This recovery is soundly based on improving economic statistics, and is also evident in the peripheral countries like Spain. Eurozone GDP growth reached 2.1% in the year to June 2017, while unemployment fell to 9.1%.

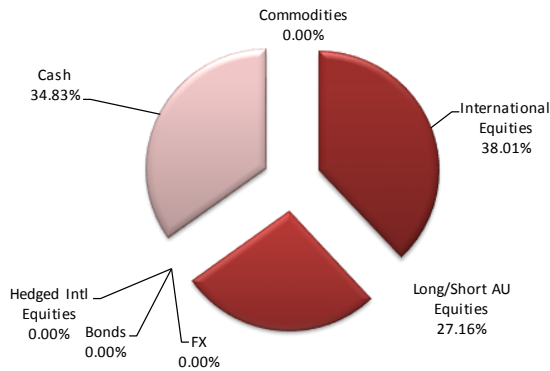
The Arminius portfolio remains hedged against a correction in the Australian share market, because our models indicate that it is over-valued. If the US share market continues to rise from current levels, we expect to begin to open short positions there as well. Although we do not consider that another GFC is imminent, the combination of expensive markets and unstable politics means that falls of 10% to 20% are possible in coming months. The situation is like a dry forest on a hot day – any spark can set off a bush fire.



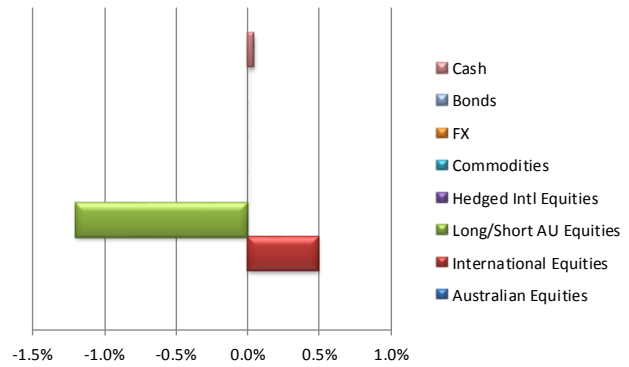
UNDERLYING FUND DATA

Important Note: The data on this page (unless otherwise referenced) specifically refers to the underlying fund. 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

<i>From July 2014</i>	ALPS Fund	XJO
Sharpe Ratio	1.16	0.08
Sortino Ratio (RFR)	3.78	0.28
Downside Deviation	1.74%	3.56%
Standard Deviation	1.63%	3.64%
Annualized SD	5.66%	12.62%
Mean Monthly Return	0.69%	0.22%
Compound Monthly Return	0.68%	0.16%
Excess Return (RFR)	6.59%	0.98%
Portfolio Correlation to XJO	0.53	-
R ² Coefficient of Determination	0.06	-

- 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-Jun-17	31-Jul-17	ROR	COMMODITIES	30-Jun-17	31-Jul-17	ROR
EUROPE				Energy			
Germany DAX (TR)	12325.1	12118.3	-1.68%	Crude Oil WTI (NYM \$/bbl) Continuous	46.04	50.17	8.97%
Switzerland SMI (PR)	8906.9	9055.0	1.66%	Brent Crude (ICE \$/bbl) Continuous	47.92	52.65	9.87%
STOXX Europe 50 (EUR)	3122.2	3082.9	-1.26%	NY Harbor ULSD (NYM \$/gal) Continuous	1.48	1.65	11.38%
FTSE 100	7312.7	7372.0	0.81%	NY Harb RBOB (NYM \$/gal) Continuous	1.49	1.68	12.86%
France CAC 40	5120.7	5093.8	-0.53%	Natural Gas (NYM \$/btu) Continuous	3.04	2.79	-7.94%
FTSE MIB	20584.2	21486.9	4.39%	Precious Metals			
Netherlands AEX	507.2	525.4	3.61%	Gold (NYM \$/ozt) Continuous	1242.30	1266.60	1.96%
Belgium BEL 20	3793.6	3942.5	3.92%	Silver (NYM \$/ozt) Continuous	16.57	16.75	1.10%
OMX Stockholm 30	1602.5	1548.2	-3.39%	Industrial Metals			
Norway Oslo All-Share	766.4	806.5	5.24%	Aluminum (LME Cash \$/t)	1908.50	1904.00	-0.24%
Ireland ISEQ	6827.6	6649.4	-2.61%	High Grade Copper (NYM \$/lbs) Continuous	5907.50	6347.00	7.44%
Spain IBEX 35	10444.5	10502.2	0.55%	Nickel (LME Cash \$/t)	9280.00	10235.00	10.29%
Cyprus CSE General	76.7	76.5	-0.34%	Iron Ore 62% CN TSI (NYM \$/mt)	56.01	66.22	18.23%
AMERICAS				Zinc (LME Cash \$/t)	2754.00	2802.00	1.74%
S&P 500	2423.4	2470.3	1.93%	Agricultural			
DJ 30 Industrials	21349.6	21891.1	2.54%	Corn (CBT \$/bu) Continuous	3.71	3.71	0.07%
DJ 65 Composite Average	7402.3	7457.0	0.74%	Soybeans (CBT \$/bu) Continuous	9.42	9.95	5.55%
NASDAQ Composite	6140.4	6348.1	3.38%	Wheat (CBT \$/bu) Continuous	5.11	4.75	-7.14%
Russell 1000	1343.5	1368.6	1.86%	Cotton #2 (NYF \$/lbs) Continuous	0.69	0.69	0.39%
S&P TSX	15182.2	15143.9	-0.25%	Sugar #11 (NYF \$/lbs) Continuous	0.14	0.15	7.97%
Brazil Bovespa	62900.0	65920.4	4.80%	Indices			
Argentina Merval	21912.6	21620.8	-1.33%	GS Commodity (CME) Continuous	372.20	388.05	4.26%
Mexico IPC	49857.5	51011.9	2.32%	PowerShares DB Commodity Index Tracking Fund	14.45	15.04	4.08%
ASIA				db x-trackers SICAV - db x-trackers DB COMMODITY BO	15.06	15.37	2.06%
S&P ASX 200	5721.5	5720.6	-0.02%	10 YEAR SOVEREIGN YIELDS			
Nikkei 225	20033.4	19925.2	-0.54%	US	2.23%	2.29%	0.06%
Hang Seng	25764.6	27324.0	6.05%	UK	1.09%	1.22%	0.12%
Korea KOSPI	2391.8	2402.7	0.46%	Europe	0.37%	0.54%	0.17%
FTSE Strait Times	3226.5	3329.5	3.19%	Australia	2.45%	2.67%	0.22%
Taiwan TAIEX	10395.1	10427.3	0.31%	Belgium	0.69%	0.82%	0.13%
New Zealand NZX 50 (TR)	7611.4	7694.0	1.08%	Canada	1.62%	2.03%	0.40%
Shanghai SSE Composite	3192.4	3273.0	2.52%	Denmark	0.58%	0.67%	0.09%
India S&P BSE SENSEX	30921.6	32514.9	5.15%	France	0.72%	0.81%	0.08%
FTSE Bursa Malaysia KLCI	1763.7	1760.0	-0.21%	Germany	0.37%	0.54%	0.17%
Indonesia JSX	5829.7	5840.9	0.19%	Greece	5.44%	5.18%	-0.26%
FOREIGN EXCHANGE				Ireland	0.75%	0.83%	0.08%
AUD/USD	0.768	0.799	4.16%	Italy	2.02%	2.12%	0.10%
EUR/USD	1.147	1.186	3.43%	Japan	0.05%	0.07%	0.02%
JPY/USD	112.233	109.999	-1.99%	Netherlands	0.56%	0.65%	0.09%
GBP/USD	1.305	1.322	1.32%	New Zealand	2.79%	2.97%	0.18%
CHF/USD	1.048	1.037	-0.99%	Norway	1.56%	1.65%	0.09%
USD/CAD	0.772	0.804	4.04%	Portugal	2.96%	2.88%	-0.08%
EUR/GBP	0.879	0.897	2.08%	Spain	1.42%	1.53%	0.12%
AUD/EUR	1.494	1.484	-0.70%	Sweden	0.54%	0.69%	0.15%
USD/CHF	0.959	0.967	0.87%	Switzerland	-0.02%	0.06%	-0.08%
GBP/AUD	1.694	1.651	-2.57%				
CBOE Volatility Index	11.18	10.26	-8.23%				

ROR = Rate of Return

Yield D = Yield differential

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