



# QUARTERLY PERFORMANCE REPORT

## DECEMBER 2017

### GENERAL INFORMATION

**Base Currency:** AUD

**Entity Type:** Registered Managed  
Investment Scheme

**PMs:** Marcel von Pfyffer (CIO)  
Neill Colledge

**Launch date:** SEP 2016

**Benchmark:** 0% (Absolute Return)

**Fees:** 0.50%

**Domicile:** Australia

**Close of Financial Year:** 30<sup>th</sup> June

**Unit Pricing:** Weekly

**Distribution Frequency:** Quarterly

**APIR:** EVO0003AU platforms  
EVO0002AU direct

In the quarter ended 31 December 2017, the Fund returned +1.19%. The fund has returned +2.96% in the 12 months of CY17. The portfolio is mainly composed of tradeable securities issued by Australian banks in Australian dollars, with a smaller cash component.

PERFORMANCE (Inception NOV-2016)	Arminius Capital EMMA Fund
1 Month	0.54%
3 Months	1.19%
Calendar YTD	2.96%
1 Year	2.96%
3 Years	-
5 Years	-
Since Inception SEP 2016	3.34%

As the Fund's objective is to achieve an absolute return between 2.50% and 3.50% per annum, comparators of relative fixed income returns are not considered meaningful.

### Fund Responsible Entity:

Evolution Trustees Limited  
ACN 611839519

Arminius Capital EMMA Fund (Inception SEP 2016) Returns are net of fees

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	INCEPTION =>		0.08%	0.12%	0.08%	0.09%	0.37%
2017	0.03%	0.10%	0.27%	0.30%	0.58%	0.28%	0.15%	0.14%	-0.04%	0.57%	0.07%	0.54%	2.96%

**NAV:** \$9,144,533.94

**Unit Price:** 1.0107 \*

**\*Cum price**

### INVESTMENT MANAGER

Arminius Capital Management Pty  
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AFSL 461307

### DISTRIBUTION DETAILS

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**FUND OBJECTIVES:** The Fund seeks to provide stable income with low volatility. To achieve this, Arminius monitors the short-term money market on a daily basis to source the highest yielding opportunities which are consistent with their requirements for safety (capital preservation) and liquidity. The investment manager uses financial and econometric modelling to assess the relative value of different fixed income securities which meet the Fund's investment requirements. The fund aims to provide an income return, before costs and tax, of 2.50-3.50% per annum.

**FUND MANAGER COMMENTARY**

In the three months to December 2017 the Fund returned 1.19%, placing returns for the calendar year within a range superior to what clients would find available in rates from term deposits.

The portfolio yield to maturity is now at a level above 4%.

At the end of December 2017, the Fund was very conservatively positioned, with a material amount of holdings held in cash and cash equivalents.

Quiet trading ensued in the final quarter in the ASX listed market with trading margins almost unchanged at year's end.

Of note was an unlisted wholesale subordinated note issued by Challenger Life. The structure was 25 year bullet maturity with a 5 year non call date. The issue was heavily subscribed for with the order book ~ \$850m and the deal size upsized to \$400m. The coupon was reset at the lower end of the range being 90 day BBSW + 2.10%.

In the hybrids markets trading margins were almost unchanged ~ + 3.00%. This quiet secondary market trading is somewhat deceiving in what was a relatively busy quarter due to redemption activity and new issues being announced. Firstly BENPD was suspended from trade ahead of redemption 13 December. Investors received \$100 per security plus the final fully franked distribution of \$2.40 (EMMA has been a holder of BENPD).

Suncorp CPS (SUNPC) also redeemed 18th December (EMMA has been a holder of SUNPC).

BOQ announced the launch of the BOQ Capital Notes offer which is seeking to raise \$300m. Distributions will be based on a rate of 3.75% above the 90d BBSW. There is the opportunity for BOQPD holders to sell under the Buy-Back Reinvestment Offer and to re-invest the Buy-Back proceeds (\$100) into BOQ Capital Notes (\$100). EMMA has been a holder of BOQPD and has decided to participate in the reinvest offer. Whilst BOQ has not announced its intention to call BOQPD, we anticipate it will be redeemed by BOQ on the call date - if not it will continue to the mandatory conversion date.

**Fund Updates**

- Details of EMMA risks are included in the fund's PDS.
- 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 broker's proprietary reporting software. All other data is sourced from FACTSET.



## GLOBAL FINANCIAL MARKETS – MONTHLY DATA

EQUITIES	30-Nov-17	31-Dec-17	ROR
<b>EUROPE</b>			
Germany DAX (TR)	13023.98	12917.64	-0.82%
Switzerland SMI (PR)	9318.77	9381.87	0.68%
STOXX Europe 50 (EUR)	3157.28	3177.84	0.65%
FTSE 100	7326.67	7687.77	4.93%
France CAC 40	5372.79	5312.56	-1.12%
FTSE MIB	22368.29	21853.34	-2.30%
Netherlands AEX	540.11	544.58	0.83%
Belgium BEL 20	3984.1	3977.88	-0.16%
OMX Stockholm 30	1610.1056	1576.9362	-2.06%
Norway Oslo All-Share	885.07	906.98	2.48%
Ireland ISEQ	6867.67	7038.28	2.48%
Spain IBEX 35	10211	10043.9	-1.64%
Cyprus CSE General	71.2	69.5	-2.39%
<b>AMERICAS</b>			
S&P 500	2647.58	2673.61	0.98%
DJ 30 Industrials	24272.35	24719.22	1.84%
DJ 65 Composite Average	8229.31	8310.35	0.98%
NASDAQ Composite	6873.973	6903.391	0.43%
Russell 1000	1467.421	1481.805	0.98%
S&P TSX	16067.48	16209.13	0.88%
Brazil Bovespa	71970.99	76402.08	6.16%
Argentina Merval	26943.26	30073.56	11.62%
Mexico IPC	47092.44	49354.42	4.80%
<b>ASIA</b>			
S&P ASX 200	5969.9	6065.1	1.59%
Nikkei 225	22724.96	22764.94	0.18%
Hang Seng	29177.35	29919.15	2.54%
Korea KOSPI	2476.37	2467.49	-0.36%
FTSE Strait Times	3433.54	3402.92	-0.89%
Taiwan TAIIEX	10560.44	10642.86	0.78%
New Zealand NZX 50 (TR)	8186.82	8398.08	2.58%
China Shenzhen A Share	1989.3174	1986.4191	-0.15%
India S&P BSE SENSEX	33149.35	34056.83	2.74%
FTSE Bursa Malaysia KLCI	1717.86	1796.81	4.60%
Indonesia JSX	5952.138	6355.654	6.78%
<b>FOREIGN EXCHANGE</b>			
AUD/USD	0.757	0.781	3.25%
EUR/USD	1.191	1.208	1.40%
JPY/USD	112.461	112.183	-0.25%
GBP/USD	1.353	1.356	0.20%
CHF/USD	1.017	1.033	1.53%
USD/CAD	0.775	0.799	3.07%
EUR/GBP	0.880	0.891	1.20%
AUD/EUR	1.574	1.546	-1.79%
USD/CHF	0.984	0.974	-0.96%
GBP/AUD	1.789	1.731	-3.22%
CBOE Volatility Index	11.28	11.04	-2.13%

ROR = Rate of Return

Yield D = Yield differential

COMMODITIES	30-Nov-17	31-Dec-17	ROR
<b>Energy</b>			
Crude Oil WTI (NYM \$/bbl) Continuous	57.40	60.42	5.26%
Brent Crude (ICE \$/bbl) Continuous	63.57	66.87	5.19%
NY Harbor ULSD (NYM \$/gal) Continuous	1.90	2.07	8.99%
NY Harb RBOB (NYM \$/gal) Continuous	1.73	1.80	3.80%
Natural Gas (NYM \$/btu) Continuous	3.03	2.95	-2.38%
<b>Precious Metals</b>			
Gold (NYM \$/ozt) Continuous	1276.70	1309.30	2.55%
Silver (NYM \$/ozt) Continuous	16.47	17.15	4.07%
<b>Industrial Metals</b>			
Aluminum (LME Cash \$/t)	2033.00	2241.50	10.26%
High Grade Copper (NYM \$/lbs) Continuous	6761.00	7157.00	5.86%
Nickel (LME Cash \$/t)	11295.00	12260.00	8.54%
Iron Ore 62% CN TSI (NYM \$/mt)	63.36	71.28	12.50%
Zinc (LME Cash \$/t)	3197.00	3309.00	3.50%
<b>Agricultural</b>			
Corn (CBT \$/bu) Continuous	3.56	3.51	-1.41%
Soybeans (CBT \$/bu) Continuous	9.86	9.62	-2.43%
Wheat (CBT \$/bu) Continuous	4.33	4.27	-1.39%
Cotton #2 (NYF \$/lbs) Continuous	0.73	0.79	7.99%
Sugar #11 (NYF \$/lbs) Continuous	0.15	0.15	0.53%
<b>Indices</b>			
GS Commodity (CME) Continuous	423.80	441.95	4.28%
PowerShares DB Commodity Index Tracking Fund	16.16	16.61	2.78%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	15.76	16.02	1.65%

10 YEAR SOVEREIGN YIELDS	29-Nov-17	31-Dec-17	Yield D
US	2.33%	2.43%	0.10%
UK	1.26%	1.20%	-0.05%
Europe	0.34%	0.43%	0.09%
Australia	2.48%	2.66%	0.17%
Belgium	0.56%	0.62%	0.06%
Canada	1.84%	2.03%	0.19%
Denmark	0.40%	0.46%	0.06%
France	0.68%	0.77%	0.09%
Germany	0.34%	0.43%	0.09%
Greece	5.31%	4.08%	-1.23%
Ireland	0.57%	0.64%	0.07%
Italy	1.78%	1.94%	0.16%
Japan	0.03%	0.05%	0.02%
Netherlands	0.45%	0.53%	0.08%
New Zealand	2.77%	2.73%	-0.04%
Norway	1.48%	1.56%	0.08%
Portugal	1.91%	1.88%	-0.03%
Spain	1.46%	1.50%	0.04%
Sweden	0.69%	0.73%	0.04%
Switzerland	-0.02%	-0.06%	0.04%

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