MONTHLY PERFORMANCE REPORT
January 2018

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 Corporate Trust Pty Limited

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

Auditors: Grant Thornton

NAV: $ 16,902,916.06

Unit Price: 1.0036

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

DISTRIBUTION DETAILS
Arminius Capital Management
Level 6, 10 Eagle St
Brisbane City
QLD 4000
AUSTRALIA
+61 7 3102 5775
info@arminiuscapital.com.au

The Fund returned +3.47% for January 2018, compared with -0.45% for the S&P/ASX 200 (XJO). The ASX 200 including dividends (XNT) returned -0.45% 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.

Entering CY2018, our stance remains pragmatic towards the US; negative on Australia; optimistic on Europe and cautious on emerging markets. Our econometric models can locate value in Europe and Japan, but the unfolding of the impacts of rising inflationary expectations in the US will have manifold effects through 2018. The US dollar and continued expected rises in US interest rates will 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	**3.47%**	-0.45%	-0.45%	0.81%	2.11%
3 Months	**3.08%**	2.18%	2.94%	0.51%	5.74%
Calendar YTD	**3.47%**	-0.45%	-0.45%	0.81%	2.11%
1 Year	**8.63%**	7.42%	11.84%	3.91%	13.48%
Cumulative Since Inception NOV 2016	**12.01%**	**13.54%**	**19.18%**	**4.27%**	**13.89%**

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

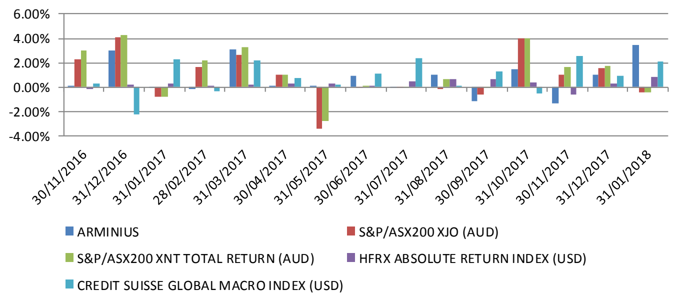
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	**INCEPTION =>**		0.08%	3.06%	3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%												3.47%

Returns for the fund are calculated as of the last valuation day of the month (generally a Friday), whereas the index returns are calculated as of the last trading day of the month. Index returns are provided for comparative purposes only and the Benchmark used to manage the fund is 0%(absolute return).

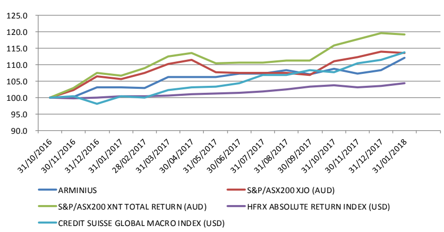
FUND OBJECTIVES: The Arminius Capital GMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "**Arminius Capital ALPS Fund**", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between 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 +3.47% in January, compared to the S&P/ASX200's return of -0.45%, bring market outperformance for January to +3.92%. 2018's performance has started well versus Australia and other global macro indices, bringing our rolling 12 month return to +8.63%. Our models observe however that the AUDUSD remains elevated relative to long term valuations. Even though European and Japanese equity markets (which we are exposed to) are still some distance from being deemed "expensive", the US equity market (which we are also exposed to) is finding its current valuation level more and more stretched, notwithstanding the obvious health of the underlying real economy.

Almost all of the world's equity markets rose in January. The ASX was one of the few exceptions. The US S&P500 price index climbed 5.6%, the Stoxx Europe 600 price index rose 1.6%, and Japan's Nikkei 225 gained 1.5%. Evidence of improving health in the Chinese economy lifted the Shanghai Composite price index by 5.3% and Hong Kong's Hang Seng price index by 9.9%. (All figures are in the currency of each market.)

The US share market began the month on a wave of positive sentiment generated by the Trump tax cuts, then moved higher as companies' reporting for the fourth quarter frequently exceeded analyst expectations. As a result, earnings forecasts for 2018 are still being revised upward.

At the same time, the President, the Republicans and the Democrats managed to reach agreement on suspending the debt ceiling and drafting a budget framework. It is clear, however, that this agreement means higher government deficits and higher government borrowings in the US. The US Treasury expects to borrow USD$955 billion in calendar 2018, which is nearly double the USD$519 billion it borrowed in 2017. Borrowings of more than USD$1 trillion are forecast in calendar 2019 and 2020. With this sort of outlook, it is hardly surprising that the yields on long term government debt have been rising sharply recently.

We expect the upward pressure on US bond yields to continue, whether or not the Federal Reserve sticks to its schedule of three 25bp (basis point) rises in the cash rate this year. The upward pressure will flow on through corporate bond yields, in turn increasing the interest charges of many US companies.

The US non-financial corporate sector went into the GFC with conservative balance sheets, by and large, because boards still had vivid memories of the tech wreck in 2000, the 2002 recession, and the resulting large insolvencies such as Enron and Worldcom.

In the decade since the GFC, however, many US corporates have increased their gearing in order to take advantage of record low interest rates, and the issuance of corporate bonds has reached record levels. As a result, many non-financial corporations are now more exposed to risks, unlike the banking sector which, in addition to strengthening all of its balance sheets, is still collectively on its best behaviour.

Therefore the next US financial crisis will not likely be about mortgages going bad and banks collapsing. We expect it will be about well-known Main Street companies collapsing, with some negative spill overs for the banks who lent to them. Derivatives will of course continue to feature in their familiar role of villain.

The European economies continue to improve. The nineteen countries in the EU recorded 2.5% growth in 2017, compared to 2.3% for the US. Economic confidence has reached a seventeen-year high, order books are growing, and there are stories of bottlenecks in manufacturing. European share markets remain cheaper than the US, and European non-financial corporations have not engaged in the same borrowing frenzy as the US. European monetary policy is a long way from tightening: the European Central Bank has said that it will continue its program of buying up to EUR 2.3 Trillion of bonds until September at least.

The Chinese economy remains healthy. Not only did GDP growth of 6.9% in 2017 exceed its target of 6.5%, but consumer price inflation remained subdued at 1.5% year-on-year in January. The balance of payments position continues to improve: foreign exchange reserves have been rising for twelve months in a row.

A series of public announcements have made it clear that the Chinese authorities are stepping up their crackdown on the financial system. Their motivation is not only to reduce fraud, corruption, mis-selling and other forms of malfeasance: it is also to bring the financial sector back under control.

Since the GFC, the total assets of China's banks have risen by a factor of four, outpacing even China's GDP growth, because credit growth has exceeded GDP growth every year. The Chinese banking system is now the largest in the world, with total assets of USD$38 Trillion, even though Chinese GDP is still only two-thirds of US GDP.

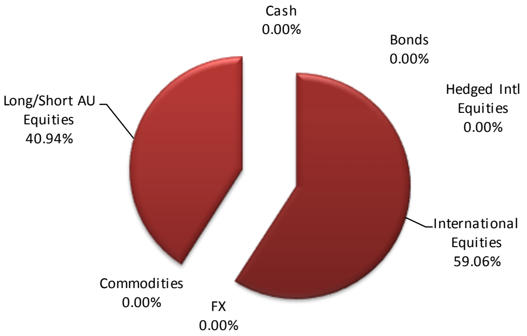
In particular, the regulators want to control and shrink the shadow banking sector at the same time as they de-risk the official banking sector. The net effect will be to reduce the volume of credit outstanding, but as most of the credit is tied up in banks and shadow banks investing in each other's products, the impact on the real economy will not be as severe as the gross numbers might suggest. While a "hard landing" is possible down the track, we consider that a crisis is unlikely in the near future – unless The Donald starts a trade war or sends warships into the South China Sea.

We remain cautious about the Australian share market. Its strong historic correlation to multiple US corrections suggests that it has all of the downside of the US with little of the upside. We retain exposure to Australian equities and will reinstate derivative protection if the market becomes more expensive.

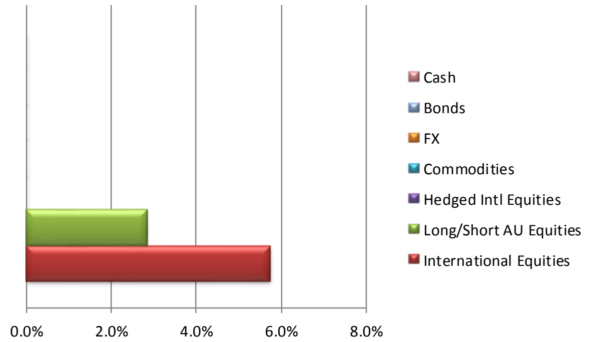
UNDERLYING FUND DATA

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*	ALPS Fund	XJO
Sharpe Ratio	**1.36**	0.17
Sortino Ratio (RFR)	**4.47**	0.61
Downside Deviation	**1.74%**	3.40%
Standard Deviation	**1.65%**	3.44%
Annualized SD	**5.72%**	11.90%
Mean Monthly Return	**0.80%**	0.32%
Compound Monthly Return	**0.78%**	0.26%
Excess Return (RFR)	**7.78%**	2.07%
Portfolio Correlation to XJO	**0.50**	-
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	31-Dec-17	31-Jan-18	ROR
EUROPE			
Germany DAX (TR)	12917.6	13189.5	2.10%
Switzerland SMI (PR)	9381.9	9335.4	-0.50%
STOXX Europe 50 (EUR)	3177.8	3212.3	1.08%
FTSE 100	7687.8	7533.6	-2.01%
France CAC 40	5312.6	5481.9	3.19%
FTSE MIB	21853.3	23507.1	7.57%
Netherlands AEX	544.6	560.5	2.93%
Belgium BEL 20	3977.9	4111.7	3.36%
OMX Stockholm 30	1576.9	1593.2	1.03%
Norway Oslo All-Share	907.0	909.0	0.23%
Ireland ISEQ	7038.3	6961.6	-1.09%
Spain IBEX 35	10043.9	10451.5	4.06%
Cyprus CSE General	69.5	70.0	0.66%
AMERICAS			
S&P 500	2673.6	2823.8	5.62%
DJ 30 Industrials	24719.2	26149.4	5.79%
DJ 65 Composite Average	8310.4	8624.8	3.78%
NASDAQ Composite	6903.4	7411.5	7.36%
Russell 1000	1481.8	1561.7	5.39%
S&P TSX	16209.1	15951.7	-1.59%
Brazil Bovespa	76402.1	84912.7	11.14%
Argentina Merval	30073.6	34972.7	16.29%
Mexico IPC	49354.4	50456.2	2.23%
ASIA			
S&P ASX 200	6065.1	6037.7	-0.45%
Nikkei 225	22764.9	23098.3	1.46%
Hang Seng	29919.2	32887.3	9.92%
Korea KOSPI	2467.5	2566.5	4.01%
FTSE Strait Times	3402.9	3534.0	3.85%
Taiwan TAIEX	10642.9	11103.8	4.33%
New Zealand NZX 50 (TR)	8398.1	8442.0	0.52%
Shanghai SSE Composite	3307.2	3480.8	5.25%
India S&P BSE SENSEX	34056.8	35965.0	5.60%
FTSE Bursa Malaysia KLCI	1796.8	1868.6	3.99%
Indonesia JSX	6355.7	6605.6	3.93%

FOREIGN EXCHANGE	31-Dec-17	31-Jan-18	ROR
AUD/USD	0.781	0.805	3.05%
EUR/USD	1.208	1.245	3.08%
JPY/USD	112.183	108.826	-2.99%
GBP/USD	1.356	1.420	4.74%
CHF/USD	1.033	1.078	4.35%
USD/CAD	0.799	0.813	1.78%
EUR/GBP	0.891	0.877	-1.58%
AUD/EUR	1.546	1.547	0.03%
USD/CHF	0.974	0.932	-4.39%
GBP/AUD	1.731	1.761	1.76%
CBOE Volatility Index	11.04	13.54	22.64%

COMMODITIES	31-Dec-17	31-Jan-18	ROR
Energy			
Crude Oil WTI (NYM $/bbl) Continuous	60.42	64.73	7.13%
Brent Crude (ICE $/bbl) Continuous	66.87	69.05	3.26%
NY Harbor ULSD (NYM $/gal) Continuous	2.07	2.07	-0.08%
NY Harb RBOB (NYM $/gal) Continuous	1.80	1.89	5.45%
Natural Gas (NYM $/btu) Continuous	2.95	3.00	1.42%
Precious Metals			
Gold (NYM $/ozt) Continuous	1309.30	1343.10	2.58%
Silver (NYM $/ozt) Continuous	17.15	17.24	0.56%
Industrial Metals			
Aluminum (LME Cash $/t)	2241.50	2224.50	-0.76%
High Grade Copper (NYM $/lbs) Continuous	7157.00	7100.50	-0.79%
Nickel (LME Cash $/t)	12260.00	13555.00	10.56%
Iron Ore 62% CN TSI (NYM $/mt)	71.28	75.86	6.43%
Zinc (LME Cash $/t)	3309.00	3589.50	8.48%
Agricultural			
Corn (CBT $/bu) Continuous	3.51	3.62	3.06%
Soybeans (CBT $/bu) Continuous	9.62	9.96	3.54%
Wheat (CBT $/bu) Continuous	4.27	4.52	5.80%
Cotton #2 (NYF $/lbs) Continuous	0.79	0.77	-1.72%
Sugar #11 (NYF $/lbs) Continuous	0.15	0.13	-12.73%
Indices			
GS Commodity (CME) Continuous	441.95	456.45	3.28%
PowerShares DB Commodity Index Tracking Fund	16.61	17.10	2.95%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	16.02	16.42	2.48%

10 YEAR SOVEREIGN YIELDS	30-Dec-17	31-Jan-18	Yield D
US	2.43%	2.72%	0.28%
UK	1.20%	1.51%	0.31%
Europe	0.43%	0.69%	0.26%
Australia	2.66%	2.79%	0.13%
Belgium	0.62%	0.97%	0.35%
Canada	2.03%	2.29%	0.26%
Denmark	0.46%	0.72%	0.26%
France	0.77%	0.97%	0.20%
Germany	0.43%	0.69%	0.26%
Greece	4.08%	3.71%	-0.37%
Ireland	0.64%	1.13%	0.49%
Italy	1.94%	2.02%	0.07%
Japan	0.05%	0.08%	0.03%
Netherlands	0.53%	0.73%	0.20%
New Zealand	2.73%	2.90%	0.17%
Norway	1.56%	1.80%	0.25%
Portugal	1.88%	1.95%	0.07%
Spain	1.50%	1.43%	-0.08%
Sweden	0.73%	0.92%	0.19%
Switzerland	-0.06%	0.13%	-0.19%

ROR = Rate of Return
Yield D = Yield differential