



# MONTHLY PERFORMANCE REPORT

## March 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:** 30<sup>th</sup> 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:** \$16,478,141.47

**Unit Price:** 0.9428

**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 -3.50% for the month, compared with -4.27% for the S&P/ASX 200 (XJO). The ASX 200 including dividends (XNT) returned -3.80% 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.

Ending Q1 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	-3.50%	-4.27%	-3.80%	-0.15%	-5.45%
3 Months	-2.80%	-5.04%	-3.93%	0.30%	2.00%
Calendar YTD	-2.80%	-5.04%	-3.93%	0.30%	2.00%
1 Year	-0.92%	-1.80%	2.24%	3.03%	11.27%
Cumulative Since Inception NOV 2016	5.22%	8.31%	15.02%	3.74%	13.76%

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

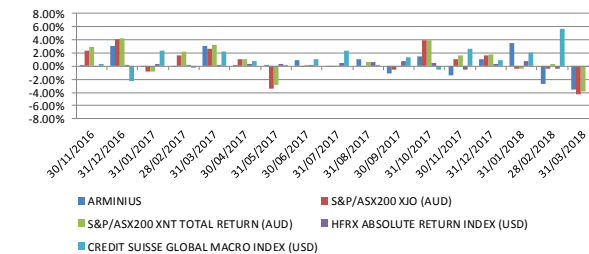
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	INCEPTION =>	0.08%	3.06%		3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%	-2.66%	-3.50%										-2.80%

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).

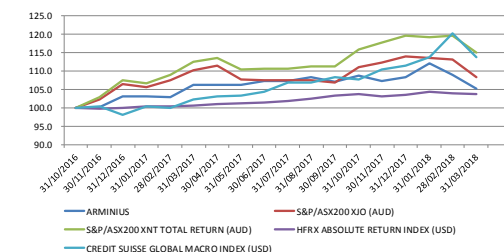
**FUND OBJECTIVES:** The Arminius Capital GMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "Arminius Capital ALPS Fund", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between 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)

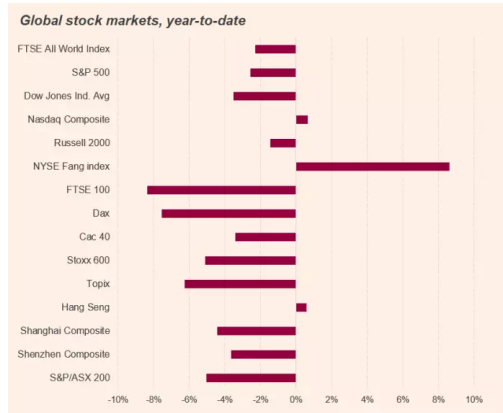




FUND MANAGER COMMENTARY

The Fund returned negative 3.50% in March, slightly better than the S&P/ASX200's return of negative 4.27%. The negative returns in February and March have offset January's strong positive return, producing negative returns for the calendar year to date.

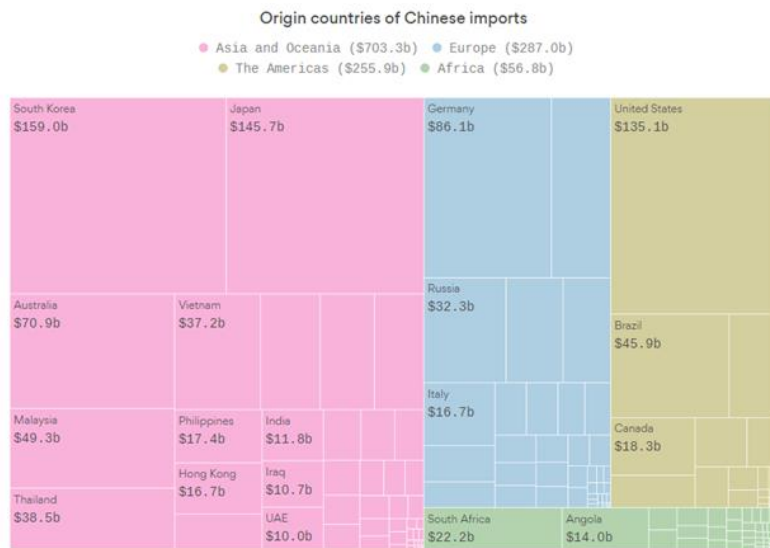
Most global markets fell during the month of March. The US S&P500 price index dropped -2.69%, the Stoxx Europe 600 price index slid -2.31%, and Japan's Nikkei 225 lost -4.12%. The Shanghai Composite price index went down -3.03% and Hong Kong's Hang Seng price index slipped -2.44%. (All figures are in the currency of each market.)



As the chart above shows, major share markets were almost all in the red for the March quarter, making it the worst quarter for returns since 2011. Nor was the damage limited to equities – the market for investment-grade US corporate bonds dropped 2.1% in the March quarter.

The one bright spot in the March quarter – the NYSE Fang index, which represents the big US technology stocks – turned very gloomy in early April, as Facebook was engulfed in scandal and its CEO was summoned to testify before Congress.

Although European and Japanese economic releases have been slightly disappointing, the main factor spooking equity markets has been the growing likelihood of a trade war between the US and China. The problem is not the amount of pain that a trade war would cause for the participants, but the amount of collateral damage that it would inflict on trading partners such as Australia. Even USD \$150 billion of tariffs would not seriously harm the USD \$19 trillion economy or China's USD \$13 trillion economy. But any slowdown in the Chinese economy will lead to reduced demand for imports – e.g. a reduction in the USD \$70bn of goods which Australia exported to China last year. Because China takes one-third of Australian exports, any Chinese slowdown raises risks not only for Australia, but also for other Australian export markets such as Japan and South Korea.



Data: [The Observatory of Economic Complexity](#); Graphic: Lazaro Gamio/Axios

The European economies have less exposure to China, and European equities are still reasonably priced. European bond yields are not rising as fast as US bond yields, probably because no European government is on the verge of doubling its budget deficit.

It is also worth remembering that, trade wars aside, corporate profits in the US seem to getting stronger and stronger. Analyst forecasts for the S&P500 companies keep rising: earnings per share are expected to grow by 17% in calendar 2018, fuelled not only by the Trump tax cuts but also by rising revenues and improving margins. A round of positive first-quarter results could well prop up the US share market in April.

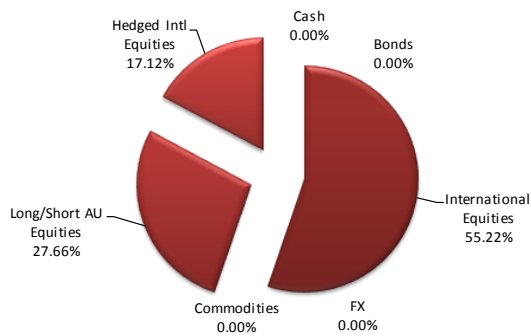
As quantitative investors, we want to emphasize that March 2018 is in fact a normal-sized fluctuation in equity markets. What was abnormal was the very low volatility of the last two years, which lulled investors into a false sense of security. The data group FactSet recently pointed out that, in the forty years since 1978, there have only been four bear markets, but there were corrections of 10% to 20% in twenty-two out of forty years, i.e. 55% of the time. In fourteen of those twenty-two years with a correction, the annual return was still positive. Only in five years out of the forty was there a correction of more than 20%.



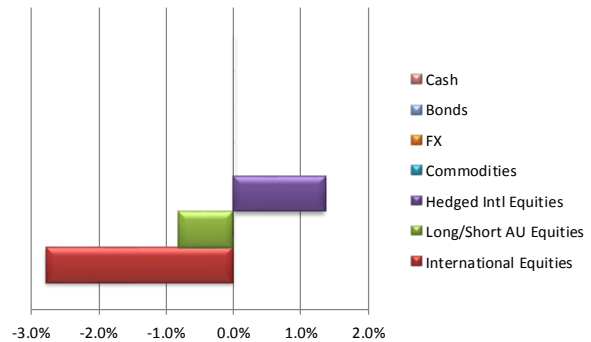
**UNDERLYING FUND DATA**

**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**



- 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**

<b>EQUITIES</b>	28-Feb-18	31-Mar-18	<b>ROR</b>	<b>COMMODITIES</b>	28-Feb-18	31-Mar-18	<b>ROR</b>
<b>EUROPE</b>				<b>Energy</b>			
Germany DAX (TR)	12435.9	12096.7	-2.73%	Crude Oil WTI (NYM \$/bbl) Continuous	61.64	64.94	5.35%
Switzerland SMI (PR)	8906.4	8741.0	-1.86%	Brent Crude (ICE \$/bbl) Continuous	65.78	70.27	6.83%
STOXX Europe 600 (EUR)	379.6	370.9	-2.31%	NY Harbor ULSD (NYM \$/gal) Continuous	1.90	2.02	6.17%
FTSE 100	7231.9	7056.6	-2.42%	NY Harb RBOB (NYM \$/gal) Continuous	1.92	2.02	4.99%
France CAC 40	5320.5	5167.3	-2.88%	Natural Gas (NYM \$/btu) Continuous	2.67	2.73	2.47%
FTSE MIB	22607.6	22411.2	-0.87%	<b>Precious Metals</b>			
Netherlands AEX	535.6	529.5	-1.13%	Gold (NYM \$/ozt) Continuous	1317.90	1327.30	0.71%
Belgium BEL 20	3994.5	3857.1	-3.44%	Silver (NYM \$/ozt) Continuous	16.41	16.27	-0.85%
OMX Stockholm 30	1583.4	1535.4	-3.03%	<b>Industrial Metals</b>			
Norway Oslo All-Share	918.7	907.4	-1.23%	Aluminum (LME Cash \$/t)	2158.50	1997.00	-7.48%
Ireland ISEQ	6683.4	6593.7	-1.34%	High Grade Copper (NYM \$/lbs) Continuous	6953.00	6685.00	-3.85%
Spain IBEX 35	9840.3	9600.4	-2.44%	Nickel (LME Cash \$/t)	13800.00	13245.00	-4.02%
Cyprus CSE General	69.1	66.9	-3.20%	Iron Ore 62% CN TSI (NYM \$/mt)	77.46	69.70	-10.02%
<b>AMERICAS</b>				Zinc (LME Cash \$/t)	3498.50	3332.00	-4.76%
S&P 500	2713.8	2640.9	-2.69%	<b>Agricultural</b>			
DJ 30 Industrials	25029.2	24103.1	-3.70%	Corn (CBT \$/bu) Continuous	3.82	3.88	1.51%
DJ 65 Composite Average	8228.3	8092.5	-1.65%	Soybeans (CBT \$/bu) Continuous	10.56	10.45	-1.02%
NASDAQ Composite	7273.0	7063.4	-2.88%	Wheat (CBT \$/bu) Continuous	4.95	4.51	-8.89%
Russell 1000	1501.2	1464.9	-2.42%	Cotton #2 (NYF \$/lbs) Continuous	0.83	0.81	-1.77%
S&P TSX	15442.7	15367.3	-0.49%	Sugar #11 (NYF \$/lbs) Continuous	0.13	0.12	-7.70%
Brazil Bovespa	85353.6	85365.6	0.01%	<b>Indices</b>			
Argentina Merval	33004.0	31114.9	-5.72%	GS Commodity (CME) Continuous	443.55	452.20	1.95%
Mexico IPC	47437.9	46124.9	-2.77%	PowerShares DB Commodity Index Tracking Fund	16.60	16.98	2.29%
<b>ASIA</b>				db x-trackers SICAV - db x-trackers DB COMMODITY BO	16.18	15.92	-1.62%
S&P ASX 200	6016.0	5759.4	-4.27%	<b>10 YEAR SOVEREIGN YIELDS</b>			
Nikkei 225	22068.2	21159.1	-4.12%	US	27-Feb-18	31-Mar-18	<b>Yield D</b>
Hang Seng	30844.7	30093.4	-2.44%	UK	2.91%	2.74%	-0.17%
Korea KOSPI	2427.4	2436.4	0.37%	Europe	1.56%	1.36%	-0.20%
FTSE Strait Times	3517.9	3428.0	-2.56%	Australia	0.67%	0.50%	-0.18%
Taiwan TAIEX	10815.5	10845.9	0.28%	Belgium	2.73%	2.58%	-0.16%
New Zealand NZX 50 (TR)	8373.8	8319.1	-0.65%	Canada	0.97%	0.77%	-0.20%
Shanghai SSE Composite	3259.4	3160.5	-3.03%	Denmark	2.28%	2.09%	-0.19%
India S&P BSE SENSEX	34184.0	32968.7	-3.56%	France	0.74%	0.54%	-0.20%
FTSE Bursa Malaysia KLCI	1856.2	1856.4	0.01%	Germany	0.95%	0.72%	-0.23%
Indonesia JSX	6597.2	6189.0	-6.19%	Greece	0.67%	0.50%	-0.18%
<b>FOREIGN EXCHANGE</b>				Ireland	4.34%	4.29%	-0.06%
AUD/USD	0.778	0.768	-1.31%	Italy	1.12%	0.91%	-0.21%
EUR/USD	1.222	1.236	1.15%	Japan	1.99%	1.80%	-0.19%
JPY/USD	106.542	105.893	-0.61%	Netherlands	0.04%	0.04%	0.00%
GBP/USD	1.378	1.406	2.03%	New Zealand	0.72%	0.64%	-0.08%
CHF/USD	1.061	1.051	-0.90%	Norway	2.91%	2.73%	-0.19%
USD/CAD	0.780	0.776	-0.43%	Portugal	1.89%	1.85%	-0.04%
EUR/GBP	0.887	0.879	-0.86%	Spain	2.00%	1.61%	-0.39%
AUD/EUR	1.571	1.610	2.50%	Sweden	1.48%	1.17%	-0.30%
USD/CHF	0.944	0.957	1.30%	Switzerland	0.82%	0.69%	-0.13%
GBP/AUD	1.773	1.826	2.99%		0.14%	0.05%	0.09%
CBOE Volatility Index	19.85	19.97	0.60%				

ROR = Rate of Return  
Yield D = Yield differential

**DISCLAIMER:** This document is issued by Evolution Trustees Limited ABN 29 611 839 519, AFSL 486 217 (“ETL”) as responsible entity of, and issuer of units in, the Arminius Capital GMMA Fund ARSN 614 078 812 (“Fund”). Arminius Capital Management Pty Ltd ACN 611 519 334, AFS Representative No: 001244100 AFSL 461 307 (“Arminius”) is the investment manager of the Fund. The Fund was constituted on 17 August 2016. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. Neither ETL nor Arminius accepts liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. A product disclosure statement (PDS) issued by ETL dated 1 July 2017 is available for the Fund. You should obtain and consider the PDS for the Fund before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS. Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Performance comparisons are provided for information purposes only and are not a direct comparison against benchmarks or indices that have the same characteristics as the Fund or the Benchmark used to determine any performance fees payable to Arminius. Neither Arminius nor ETL guarantee repayment of capital or any particular rate of return from the Fund. Neither Arminius nor ETL give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of Arminius as at the date of this document and are subject to change without notice.