MONTHLY PERFORMANCE REPORT
April 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: $16,720,636.99
Unit Price: 0.9471

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 +0.46% for the month, compared with +3.88% for the S&P/ASX 200 (XJO). The ASX 200 including dividends (XNT) returned +3.90% 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.

Our stance remains pragmatic towards the US; negative on Australia; optimistic on Europe and negative 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	**0.46%**	3.88%	3.90%	0.09%	-0.39%
3 Months	**-5.63%**	-0.91%	0.27%	-0.42%	-0.50%
Calendar YTD	**-2.36%**	-1.36%	-0.18%	0.39%	1.60%
1 Year	**-0.49%**	0.99%	5.14%	2.80%	9.97%
Cumulative Since Inception NOV 2016	**5.71%**	**12.51%**	**19.51%**	**3.83%**	**13.32%**

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

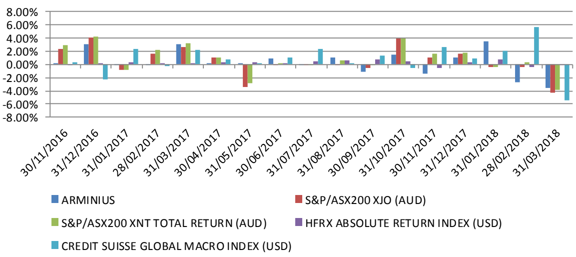
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	**INCEPTION =>**		0.08%	3.06%	3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%	-2.66%	-3.50%	0.46%									-2.36%

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).

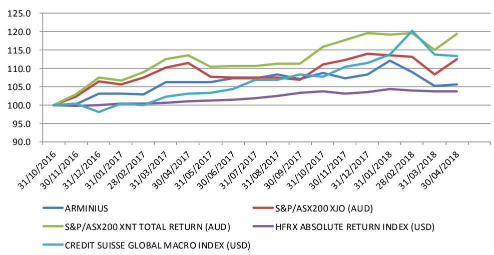
FUND OBJECTIVES: The Arminius Capital GMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "**Arminius Capital ALPS Fund**", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between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



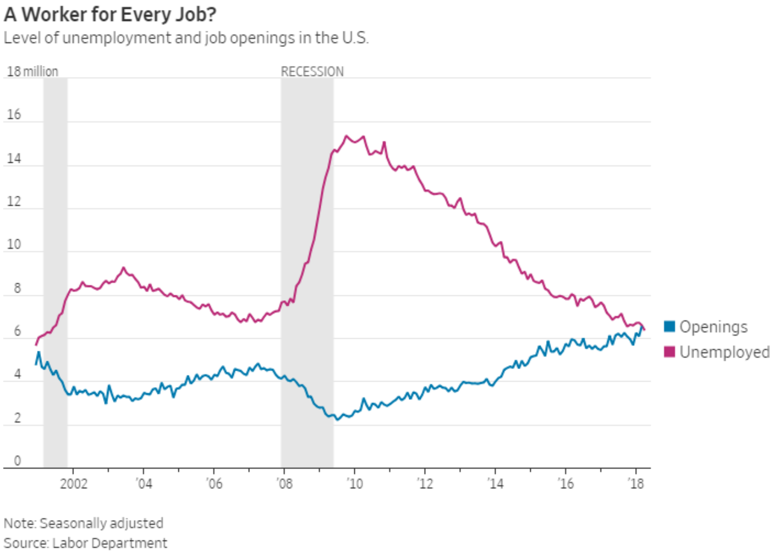
Cumulative Performance since Inception (Base 100 = 31 October 2016)



FUND MANAGER COMMENTARY

April was a positive month for most global markets. The US S&P500 price index rose by +0.27%, the Stoxx Europe 600 price index jumped +3.9%, and Japan's Nikkei 225 gained +6.19%. The Shanghai Composite price index went down -2.48% but Hong Kong's Hang Seng price index went up +2.38%. Despite a good month, most markets are still below where they started the year. (All figures are in the currency of each market.)

There is no shortage of reasons why markets should be nervous – the risk of a US-China trade war, the Brexit mess, and the consequences of re-imposing sanctions on Iran, to name but three. Rather than guessing at geopplitical outcomes, we focus on three clear trends: the strength of the US economy, the uptrend in oil prices, and the rising risk in the Chinese economy.



The US economy has obviously recovered from the GFC: as the chart shows, there is now a job opening for every unemployed worker, for the first time in seventeen years. Yet CPI inflation and wage rate inflation remain low.

The bond market does not believe that this state of affairs can last: the chart below shows how much the key 10-year US government bond yield has risen this year. Bond investors clearly expect that US inflation is about to break out of the sub-2.5% range which it has been trading in since the GFC. Note, however, that European yields have not risen anywhere near as far as US yields, suggesting that European growth and inflation are not likely to take off.

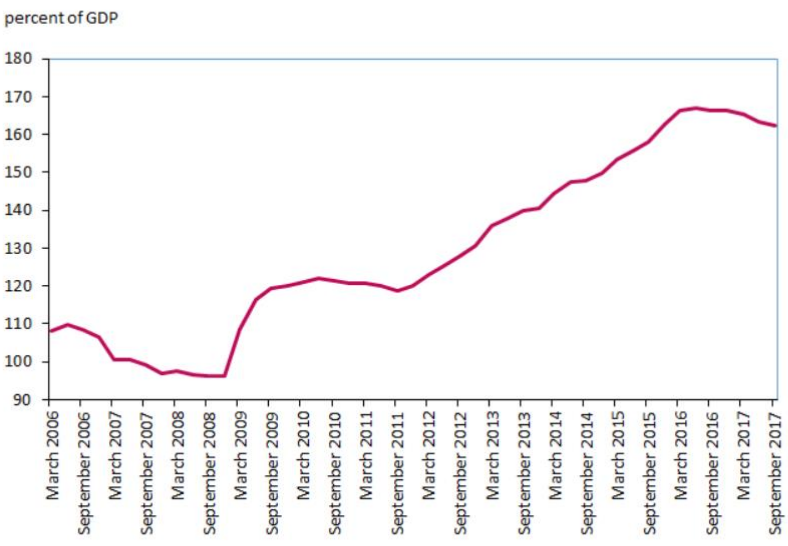
The other major trend fuelling inflation is rising oil prices. Although US shale oil producers have lifted production, OPEC discipline has held firm, with relatively little cheating, thanks to the unlikely alliance between Saudi Arabia and Russia. The oil price is partly due to the collapse in Venezuelan production for political rather than technical reasons. As inventories are drawn down and geopolitical risks proliferate, the price of the benchmark Brent crude has recently touched USD$78, its highest level since 2014. If global problems continue to mount, the oil price could well see USD$100 before year-end. Of course, higher oil prices feed inflation. The direct effect of higher fuel prices is already evident in the CPI statistics, but higher fuel prices also flow on to higher costs for many industries.

The Chinese economy is a key driver of the Australian economy, so this year's rise in Chinese corporate insolvencies has been taken as a warning sign by some commentators. We, however, see it as an indicator that the Chinese government is successfully reducing the economy's exposure to financial risk. There are two important things to understand. The first is that China's insolvency laws are not like Western insolvency laws. In short, creditors have no rights. The second is that Chinese judges are appointed by the Communist Party and they do what the Party wants. The Chinese government has heard of judicial independence, and it's not having a bar of it.

The fate of an insolvent company is determined, not by an administrator and a creditors' committee, but by a committee dominated by representatives of the local government and the Party. The purpose of this committee is to preserve jobs and economic activity. Hence only small and unimportant enterprises are put into liquidation; bigger ones are restructured so that they can stay in business. Creditors – even the State-owned banks – always have to accept large haircuts on their debt and usually have to take equity in the new enterprise. It is our considered professional opinion therefore that China is not about to have a "Lehman moment".

In addition, the banking and insurance regulator has been cleaning out the most leveraged companies (such as Anbang) and encouraging the rest to raise more equity capital. Problem areas, such as local government loans, are being closely monitored, and the shadow banking sector is being forcibly shrunk. As a consequence, loan growth has slowed. The chart below shows how the ratio of corporate credit to GDP (excluding the financial sector) has actually begun to fall. This does not mean that China is out of danger – all governments can always manage to screw things up – but it is a positive sign.

Figure 1 Nonfinancial corporate credit in China, 2006Q1-2017Q3



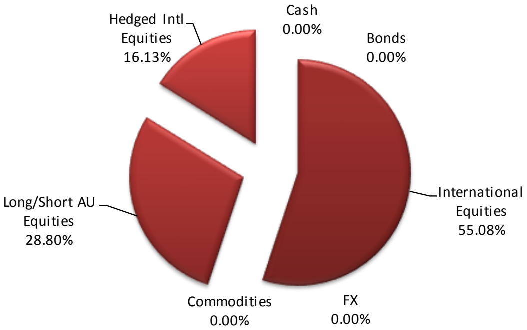
Source: Bank for International Settlements, www.bis.org/statistics/totcredit.htm (last updated on March 11, 2018).

As global equity markets have recovered in April and May, the Arminius valuation indicators have moved back toward the expensive end of the dial. Markets are not yet so over-priced that they could fall of their own accord, but they are vulnerable to any external shock. It is likely that the underlying Fund will take out some derivative protection in the near future.

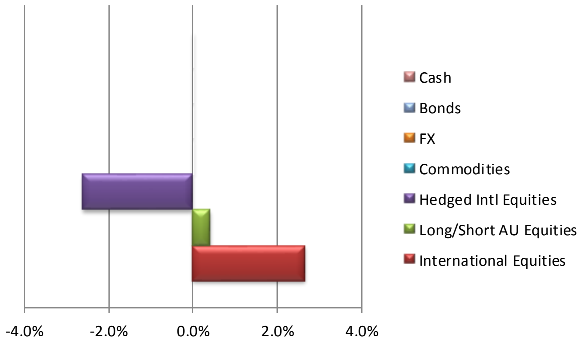
UNDERLYING FUND DATA

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



- 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-Mar-18	30-Apr-18	ROR
EUROPE			
Germany DAX (TR)	12096.7	12612.1	4.26%
Switzerland SMI (PR)	8741.0	8886.3	1.66%
STOXX Europe 600 (EUR)	370.9	385.3	3.90%
FTSE 100	7056.6	7509.3	6.42%
France CAC 40	5167.3	5520.5	6.84%
FTSE MIB	22411.2	23979.4	7.00%
Netherlands AEX	529.5	555.7	4.95%
Belgium BEL 20	3857.1	3910.3	1.38%
OMX Stockholm 30	1535.4	1570.7	2.30%
Norway Oslo All-Share	907.4	974.2	7.37%
Ireland ISEQ	6593.7	6805.2	3.21%
Spain IBEX 35	9600.4	9980.6	3.96%
Cyprus CSE General	66.9	68.7	2.63%
AMERICAS			
S&P 500	2640.9	2648.1	0.27%
DJ 30 Industrials	24103.1	24163.2	0.25%
DJ 65 Composite Average	8092.5	8134.2	0.52%
NASDAQ Composite	7063.4	7066.3	0.04%
Russell 1000	1464.9	1468.3	0.23%
S&P TSX	15367.3	15607.9	1.57%
Brazil Bovespa	85365.6	86115.5	0.88%
Argentina Merval	31114.9	30006.4	-3.56%
Mexico IPC	46124.9	48358.2	4.84%
ASIA			
S&P ASX 200	5759.4	5982.7	3.88%
Nikkei 225	21159.1	22467.9	6.19%
Hang Seng	30093.4	30808.5	2.38%
Korea KOSPI	2436.4	2515.4	3.24%
FTSE Strait Times	3428.0	3613.9	5.42%
Taiwan TAIEX	10845.9	10657.9	-1.73%
New Zealand NZX 50 (TR)	8319.1	8443.6	1.50%
Shanghai SSE Composite	3160.5	3082.2	-2.48%
India S&P BSE SENSEX	32968.7	35160.4	6.65%
FTSE Bursa Malaysia KLCI	1856.4	1870.4	0.76%
Indonesia JSX	6189.0	5994.6	-3.14%

FOREIGN EXCHANGE	31-Mar-18	30-Apr-18	ROR
AUD/USD	0.768	0.753	-1.90%
EUR/USD	1.236	1.212	-1.90%
JPY/USD	105.893	108.956	2.89%
GBP/USD	1.406	1.378	-2.01%
CHF/USD	1.051	1.013	-3.63%
USD/CAD	0.776	0.779	0.41%
EUR/GBP	0.879	0.880	0.10%
AUD/EUR	1.610	1.610	0.00%
USD/CHF	0.957	0.991	3.59%
GBP/AUD	1.826	1.827	0.05%
CBOE Volatility Index	19.97	15.93	-20.23%

COMMODITIES	31-Mar-18	30-Apr-18	ROR
Energy			
Crude Oil WTI (NYM $/bbl) Continuous	64.94	68.57	5.59%
Brent Crude (ICE $/bbl) Continuous	70.27	75.17	6.97%
NY Harbor ULSD (NYM $/gal) Continuous	2.02	2.15	6.35%
NY Harb RBOB (NYM $/gal) Continuous	2.02	2.13	5.45%
Natural Gas (NYM $/btu) Continuous	2.73	2.76	1.10%
Precious Metals			
Gold (NYM $/ozt) Continuous	1327.30	1319.20	-0.61%
Silver (NYM $/ozt) Continuous	16.27	16.40	0.82%
Industrial Metals			
Aluminum (LME Cash $/t)	1997.00	2224.00	11.37%
High Grade Copper (NYM $/lbs) Continuous	6685.00	6783.00	1.47%
Nickel (LME Cash $/t)	13245.00	13725.00	3.62%
Iron Ore 62% CN TSI (NYM $/mt)	69.70	65.27	-6.36%
Zinc (LME Cash $/t)	3332.00	3171.00	-4.83%
Agricultural			
Corn (CBT $/bu) Continuous	3.88	4.01	3.35%
Soybeans (CBT $/bu) Continuous	10.45	10.49	0.36%
Wheat (CBT $/bu) Continuous	4.51	5.11	13.19%
Cotton #2 (NYF $/lbs) Continuous	0.81	0.84	2.92%
Sugar #11 (NYF $/lbs) Continuous	0.12	0.12	-4.86%
Indices			
GS Commodity (CME) Continuous	452.20	474.75	4.99%
PowerShares DB Commodity Index Tracking Fund	16.98	17.56	3.42%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	15.92	16.29	2.32%

10 YEAR SOVEREIGN YIELDS	30-Mar-18	30-Apr-18	Yield D
US	2.74%	2.93%	0.19%
UK	1.36%	1.42%	0.07%
Europe	0.50%	0.57%	0.07%
Australia	2.58%	2.78%	0.20%
Belgium	0.77%	0.82%	0.05%
Canada	2.09%	2.30%	0.21%
Denmark	0.54%	0.58%	0.04%
France	0.72%	0.79%	0.07%
Germany	0.50%	0.57%	0.07%
Greece	4.29%	3.81%	-0.48%
Ireland	0.91%	0.97%	0.06%
Italy	1.80%	1.79%	0.00%
Japan	0.04%	0.05%	0.01%
Netherlands	0.64%	0.71%	0.06%
New Zealand	2.73%	2.84%	0.11%
Norway	1.85%	1.94%	0.09%
Portugal	1.61%	1.66%	0.05%
Spain	1.17%	1.28%	0.11%
Sweden	0.69%	0.71%	0.02%
Switzerland	0.05%	0.11%	-0.06%

ROR = Rate of Return
Yield D = Yield differential