



MONTHLY PERFORMANCE REPORT

September 2018

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: 30th June
Unit Pricing: Weekly
Distribution Frequency: Quarterly
APIR: EVO0003AU platforms
 EVO0002AU direct

The Fund returned 0.32% in September, building on three months of strongly positive returns which offset the hiccups caused in the first half of the year by the Hayne Royal Commission and the ALP's new policies on franking credits. The return for the nine months of 2018 to date was 2.1%. Given the 12 month rolling return is 3.27%, the Fund is on track to meet its objective of an annual return between 2.5% and 3.5%.

PERFORMANCE (Inception NOV-2016)	Arminius Capital EMMA Fund
1 Month	0.32%
3 Months	1.33%
Calendar YTD	2.10%
1 Year	3.27%
3 Years	-
5 Years	-
Since Inception SEP 2016	5.53%

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:

QUAY FUND SERVICES LTD
 AFSL No. 494 886
 ABN 84 616 465 671

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%	0.09%	0.27%	0.29%	0.58%	0.28%	0.15%	0.14%	-0.04%	0.56%	0.07%	0.53%	2.98%
2018	0.28%	-0.45%	-0.45%	0.48%	-0.23%	1.14%	0.52%	0.48%	0.32%				2.10%

NAV: \$11,154,736.71

Unit Price: 1.0087

INVESTMENT MANAGER

Arminius Capital Management Pty Ltd
 AFSL 001244100 licensed by:
 Arminius Capital Advisory Pty Ltd
 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.

Top 10 Holdings

ISSUER	% OF FUND
SUNCORP GROUP LTD CAP NOTE 3-BBSW+2.85%	9.0%
BETASHARESCASHE'TF ETF UNITS	8.5%
AMP LIMITED SUB BOND 3-BBSW+2.65%	6.3%
CHALLENGER LIMITED CNV PREF 3-BBSW+3.40%	5.5%
NATIONAL AUST BANK CAP NOTE 3-BBSW+3.50%	5.5%
SUNCORP GROUP LTD CNV PREF 3-BBSW+3.4%	5.5%
NATIONAL AUST BANK CNV PREF 3-BBSW+3.25%	5.5%
NATIONAL AUST BANK CNV PREF 3-BBSW+3.20%	5.4%
WESTPAC BANKING CORP CAP NOTE 3-BBSW+3.20%	5.4%
COMMONWEALTH BANK CAP NOTE 3-BBSW+3.80%	5.4%



FUND MANAGER COMMENTARY

INVESTMENT PERFORMANCE

The Fund returned 0.32% in September, building on three months of strongly positive returns which offset the hiccups caused in the first half of the year by the Hayne Royal Commission and the ALP's new policies on franking credits. Returns for the nine months of 2018 to date are 2.1% and the rolling 12 month return is 3.27%.

The Fund has recovered from the surprises which afflicted Australian fixed interest markets in the first half of this year. Throughout this year the Fund's prospective cash generation has remained consistent: investor nerves caused slight weakness in the capital value of the bank-issued hybrids, which carry franking credits.

The Fund is on track to meet its objective of an annual return between 2.5% and 3.5%.

PORTFOLIO COMPOSITION

At 28 September 2018 the portfolio comprised twenty securities with weighted average maturity of 2.57 years. The portfolio had a cash yield exceeding 3.86% and a yield to maturity also of 3.86%. Grossed up for franking credits, the running yield is 4.60%. Cash and cash equivalents amounted to 10.28% of the portfolio.

As always, all the securities in the portfolio are issued in Australian dollars by well-known, financially stable Australian groups, because the preservation of our investors' capital is of paramount importance to us. In addition, all but one of the securities held by EMMA are listed on the ASX, so as to provide maximum liquidity for any redemptions. The sole exception is a recently issued Suncorp debt security, which is traded on the wholesale market, not on the ASX.

INVESTMENT OUTLOOK

We continue to expect turbulence in global bond markets in coming months. The US Federal Reserve raised official cash rates to 2.00%-2.25% in the last week of September, but this move was widely expected and therefore fully priced in. Fixed interest markets are expecting another 25 basis point rise in December. The yield on the US government 10-year bond has moved up over 3.0% again, propelled by inflation fears and the rising US government deficit.

Australian banks are impacted by these changes because all of the big four derive part of their funding from US wholesale fixed interest markets. The global trend to monetary tightening is also reflected in rising bond yields in several other countries. While Australian bonds are not in the firing line, they will certainly be buffeted by the turbulence overseas. To minimise the effect of the coming turbulence, we have maintained the high credit quality and short duration of the portfolio.

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	31-Aug-18	30-Sep-18	ROR	COMMODITIES	31-Aug-18	30-Sep-18	ROR
EUROPE				Energy			
Germany DAX (TR)	12364.06	12246.73	-0.95%	Crude Oil WTI (NYM \$/bbl) Continuous	69.80	73.25	4.94%
Switzerland SMI (PR)	8973.56	9087.99	1.28%	Brent Crude (ICE \$/bbl) Continuous	77.42	82.72	6.85%
STOXX Europe 50 (EUR)	3042.34	3067.94	0.84%	NY Harbor ULSD (NYM \$/gal) Continuous	2.24	2.35	4.70%
FTSE 100	7432.42	7510.2	1.05%	NY Harb RBOB (NYM \$/gal) Continuous	2.00	2.09	4.44%
France CAC 40	5406.85	5493.49	1.60%	Natural Gas (NYM \$/btu) Continuous	2.92	3.01	3.16%
FTSE MIB	20269.47	20711.7	2.18%	Precious Metals			
Netherlands AEX	558.42	549.62	-1.58%	Gold (NYM \$/ozt) Continuous	1206.70	1196.20	-0.87%
Belgium BEL 20	3740.71	3706.74	-0.91%	Silver (NYM \$/ozt) Continuous	14.56	14.71	1.06%
OMX Stockholm 30	1658.1631	1662.3578	0.25%	Industrial Metals			
Norway Oslo All-Share	1028.91	1069.14	3.91%	Aluminum (LME Cash \$/t)	2112.00	2011.50	-4.76%
Ireland ISEQ	6773.91	6522.36	-3.71%	High Grade Copper (NYM \$/lbs) Continuous	6019.00	6180.00	2.67%
Spain IBEX 35	9399.1	9389.2	-0.11%	Nickel (LME Cash \$/t)	13010.00	12480.00	-4.07%
Cyprus CSE General	73.74	72.61	-1.53%	Iron Ore 62% CN TSI (NYM \$/mt)	67.16	68.73	2.34%
AMERICAS				Zinc (LME Cash \$/t)	2504.00	2573.00	2.76%
S&P 500	2901.52	2913.98	0.43%	Agricultural			
DJ 30 Industrials	25964.82	26458.31	1.90%	Corn (CBT \$/bu) Continuous	3.65	3.56	-2.40%
DJ 65 Composite Average	8707.55	8810.24	1.18%	Soybeans (CBT \$/bu) Continuous	8.44	8.46	0.24%
NASDAQ Composite	8109.355	8046.352	-0.78%	Wheat (CBT \$/bu) Continuous	5.46	5.09	-6.69%
Russell 1000	1610.697	1614.54	0.24%	Cotton #2 (NYF \$/lbs) Continuous	0.82	0.76	-7.12%
S&P TSX	16262.88	16073.14	-1.17%	Sugar #11 (NYF \$/lbs) Continuous	0.11	0.11	5.66%
Brazil Bovespa	76677.53	79342.42	3.48%	Indices			
Argentina Merval	29293.52	33461.77	14.23%	GS Commodity (CME) Continuous	468.70	486.20	3.73%
Mexico IPC	49547.68	49504.16	-0.09%	PowerShares DB Commodity Index Tracking Fund	17.38	17.97	3.39%
ASIA				db x-trackers SICAV - db x-trackers DB COMMODITY BO	15.27	15.55	1.83%
S&P ASX 200	6319.5	6207.6	-1.77%	10 YEAR SOVEREIGN YIELDS			
Nikkei 225	22865.15	24120.04	5.49%	US	2.86%	3.05%	0.20%
Hang Seng	27888.55	27788.52	-0.36%	UK	1.46%	1.57%	0.10%
Korea KOSPI	2322.88	2343.07	0.87%	Europe	0.36%	0.47%	0.11%
FTSE Strait Times	3213.48	3257.05	1.36%	Australia	2.57%	2.67%	0.10%
Taiwan TAIEX	11063.94	11006.34	-0.52%	Belgium	0.72%	0.84%	0.12%
New Zealand NZX 50 (TR)	9313.2	9351.06	0.41%	Canada	2.27%	2.42%	0.15%
China Shenzhen A Share	1517.3445	1507.1182	-0.67%	Denmark	0.32%	0.39%	0.07%
India S&P BSE SENSEX	38645.07	36227.14	-6.26%	France	0.70%	0.81%	0.11%
FTSE Bursa Malaysia KLCI	1819.66	1793.15	-1.46%	Germany	0.36%	0.47%	0.11%
Indonesia JSX	6018.46	5976.553	-0.70%	Greece	4.30%	4.14%	-0.17%
FOREIGN EXCHANGE				Ireland	0.87%	0.99%	0.12%
AUD/USD	0.718	0.723	0.65%	Italy	3.21%	3.18%	-0.03%
EUR/USD	1.161	1.168	0.63%	Japan	0.11%	0.12%	0.01%
JPY/USD	110.902	112.943	1.84%	Netherlands	0.46%	0.58%	0.11%
GBP/USD	1.296	1.309	0.94%	New Zealand	2.56%	2.61%	0.05%
CHF/USD	1.033	1.028	-0.42%	Norway	1.76%	1.91%	0.15%
USD/CAD	0.766	0.775	1.12%	Portugal	1.91%	1.89%	-0.02%
EUR/GBP	0.896	0.893	-0.31%	Spain	1.47%	1.51%	0.04%
AUD/EUR	1.617	1.616	-0.03%	Sweden	0.52%	0.63%	0.11%
USD/CHF	0.969	0.982	1.32%	Switzerland	-0.07%	0.07%	-0.14%
GBP/AUD	1.802	1.805	0.16%				
CBOE Volatility Index	12.86	12.12	-5.75%				

ROR = Rate of Return
Yield D = Yield differential

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