



MONTHLY PERFORMANCE REPORT

October 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 0.05% in October. The return for the ten months of 2018 to date is 2.15%. Given the 12 month rolling return is 2.76%, 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	0.05%
3 Months	0.86%
Calendar YTD	2.15%
1 Year	2.76%
3 Years	-
5 Years	-
Since Inception SEP 2016	5.59%

Fund Responsible Entity:

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

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.

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%	0.05%			2.15%

NAV: \$11,187,538.93

Unit Price: 1.00240

INVESTMENT MANAGER

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

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.

DISTRIBUTION DETAILS

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

Top 10 Holdings

ISSUER	% OF FUND
SUNCORP GROUP LTD CAP NOTE 3-BBSW+2.85%	9.0%
AMP LIMITED SUB BOND 3-BBSW+2.65%	9.0%
BETASHARESCASHETF ETF UNITS	7.2%
CHALLENGER LIMITED CNV PREF 3-BBSW+3.40%	5.5%
SUNCORP GROUP LTD CNV PREF 3-BBSW+3.4%	5.5%
NATIONAL AUST BANK CAP NOTE 3-BBSW+3.50%	5.5%
MACQUARIE BANK LTD CAP NOTE 6-BBSW+3.30%	5.4%
NATIONAL AUST BANK CNV PREF 3-BBSW+3.25%	5.4%
WESTPAC BANKING CORP CAP NOTE 3-BBSW+3.20%	5.4%
NATIONAL AUST BANK CNV PREF 3-BBSW+3.20%	5.4%



FUND MANAGER COMMENTARY

INVESTMENT PERFORMANCE

The Fund returned 0.05% in October, from a broad and conservative portfolio where no single holding exceeded 10% of portfolio value. Returns for the ten months of 2018 to date are 2.15%. The Fund is on track to meet its objective of an annual return between 2.5% and 3.5%, but we caution that short term results should not be extrapolated to an annual figure.

PORTFOLIO COMPOSITION

At 31 October 2018 the portfolio comprised twenty securities with weighted average maturity of 2.49 years. The portfolio had a cash yield of 4.10% and a yield to maturity also of 4.48%. Grossed up for franking credits, the running yield is 4.92%. Cash and cash equivalents amounted to 3.9% 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

Cash and fixed interest provided a safe haven during October, when global equities hit an air pocket and dropped abruptly. US bond prices jumped at the start of the month but then settled back down – until the Friday 2 November release of jobs statistics revealed that monthly wage growth had exceeded 3.0% for the first time in a decade. US bond investors remain worried about domestic inflation, even though oil prices have retreated and global growth will decelerate in 2019.

Australian government bond yields slid down during October, as economic statistics produced few surprises. The inflation rate remains well under 2.0% per annum, and futures markets imply that the Reserve Bank will leave the official cash rate at 1.50% for the indefinite future. The yield on the Australian 10-year government bond is now 39 basis points below its US counterpart.

As usual, the ASX-listed fixed interest market will be dominated by the banks' funding needs. Commonwealth Bank has announced a PERLS XI series to replace the PERLS X, and both NAB and Westpac are expected to come to the market in the next few months.

AMP's troubles had previously caused us to review our holding of the AMPHA subordinated notes. We continue to hold the notes because AMP's problems are reputational rather than financial, and we expect AMP to redeem the notes at the next call date of 18 December 2018. We will, however, avoid any new AMP offerings until the company has reported more fully.

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-Sep-18	31-Oct-18	ROR	COMMODITIES	30-Sep-18	31-Oct-18	ROR
EUROPE				Energy			
Germany DAX (TR)	12246.73	11447.51	-6.53%	Crude Oil WTI (NYM \$/bbl) Continuous	73.25	65.31	-10.84%
Switzerland SMI (PR)	9087.99	9022.16	-0.72%	Brent Crude (ICE \$/bbl) Continuous	82.72	75.47	-8.76%
STOXX Europe 50 (EUR)	3067.94	2947.71	-3.92%	NY Harbor ULSD (NYM \$/gal) Continuous	2.35	2.25	-4.13%
FTSE 100	7510.2	7128.1	-5.09%	NY Harb RBOB (NYM \$/gal) Continuous	2.09	1.75	-16.03%
France CAC 40	5493.49	5093.44	-7.28%	Natural Gas (NYM \$/btu) Continuous	3.01	3.26	8.41%
FTSE MIB	20711.7	19050.22	-8.02%	Precious Metals			
Netherlands AEX	549.62	518.71	-5.62%	Gold (NYM \$/ozt) Continuous	1196.20	1215.00	1.57%
Belgium BEL 20	3706.74	3447.07	-7.01%	Silver (NYM \$/ozt) Continuous	14.71	14.28	-2.92%
OMX Stockholm 30	1662.3578	1538.2205	-7.47%	Industrial Metals			
Norway Oslo All-Share	1069.14	1010.4	-5.49%	Aluminum (LME Cash \$/t)	2011.50	1946.00	-3.26%
Ireland ISEQ	6522.36	6147.61	-5.75%	High Grade Copper (NYM \$/lbs) Continuous	6180.00	6073.00	-1.73%
Spain IBEX 35	9389.5	8893.5	-5.28%	Nickel (LME Cash \$/t)	12480.00	11625.00	-6.85%
Cyprus CSE General	72.61	67.93	-6.45%	Iron Ore 62% CN TSI (NYM \$/mt)	68.73	72.81	5.94%
AMERICAS				Zinc (LME Cash \$/t)	2573.00	2590.00	0.64%
S&P 500	2913.98	2711.74	-6.94%	Agricultural			
DJ 30 Industrials	26458.31	25115.76	-5.07%	Corn (CBT \$/bu) Continuous	3.56	3.63	1.96%
DJ 65 Composite Average	8810.24	8314.03	-5.63%	Soybeans (CBT \$/bu) Continuous	8.46	8.52	0.74%
NASDAQ Composite	8046.352	7305.898	-9.20%	Wheat (CBT \$/bu) Continuous	5.09	5.01	-1.67%
Russell 1000	1614.54	1498.654	-7.18%	Cotton #2 (NYF \$/lbs) Continuous	0.76	0.77	0.64%
S&P TSX	16073.14	15027.28	-6.51%	Sugar #11 (NYF \$/lbs) Continuous	0.11	0.13	17.77%
Brazil Bovespa	79342.42	87423.55	10.19%	Indices			
Argentina Merval	33461.77	29491.11	-11.87%	GS Commodity (CME) Continuous	486.20	455.35	-6.35%
Mexico IPC	49504.16	43942.55	-11.23%	PowerShares DB Commodity Index Tracking Fund	17.97	16.96	-5.62%
ASIA				db x-trackers SICAV - db x-trackers DB COMMODITY BO	15.55	15.10	-2.89%
S&P ASX 200	6207.6	5830.3	-6.08%	10 YEAR SOVEREIGN YIELDS			
Nikkei 225	24120.04	21920.46	-9.12%	US	3.05%	3.15%	0.10%
Hang Seng	27788.52	24979.69	-10.11%	UK	1.57%	1.46%	-0.10%
Korea KOSPI	2343.07	2029.69	-13.37%	Europe	0.47%	0.39%	-0.08%
FTSE Strait Times	3257.05	3018.8	-7.31%	Australia	2.67%	2.61%	-0.05%
Taiwan TAIEX	11006.34	9802.13	-10.94%	Belgium	0.84%	0.79%	-0.05%
New Zealand NZX 50 (TR)	9351.06	8752.31	-6.40%	Canada	2.42%	2.49%	0.07%
China Shenzhen A Share	1507.1182	1353.1261	-10.22%	Denmark	0.39%	0.33%	-0.06%
India S&P BSE SENSEX	36227.14	34442.05	-4.93%	France	0.81%	0.76%	-0.05%
FTSE Bursa Malaysia KLCI	1793.15	1709.27	-4.68%	Germany	0.47%	0.39%	-0.08%
Indonesia JSX	5976.553	5831.65	-2.42%	Greece	4.14%	4.21%	0.07%
FOREIGN EXCHANGE				Ireland	0.99%	0.96%	-0.03%
AUD/USD	0.723	0.708	-2.08%	Italy	3.18%	3.42%	0.24%
EUR/USD	1.168	1.136	-2.80%	Japan	0.12%	0.12%	0.00%
JPY/USD	112.943	112.670	-0.24%	Netherlands	0.58%	0.52%	-0.05%
GBP/USD	1.309	1.280	-2.22%	New Zealand	2.61%	2.54%	-0.07%
CHF/USD	1.028	0.996	-3.17%	Norway	1.91%	1.93%	0.02%
USD/CAD	0.775	0.760	-1.95%	Portugal	1.89%	1.88%	-0.01%
EUR/GBP	0.893	0.887	-0.59%	Spain	1.51%	1.56%	0.05%
AUD/EUR	1.616	1.605	-0.73%	Sweden	0.63%	0.62%	-0.01%
USD/CHF	0.982	1.009	2.75%	Switzerland	0.07%	0.04%	0.04%
GBP/AUD	1.805	1.805	0.01%				
CBOE Volatility Index	12.12	21.23	75.17%				

ROR = Rate of Return
Yield D = Yield differential

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