



MONTHLY PERFORMANCE REPORT

May 2020

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: Quay Fund Services Ltd AFSL No. 494 886
 ABN 84 616 465 671

Fund Administration: APEX Fund Services (Australia)
Fund Custodian: Sargon CT Pty Ltd
Prime Broker: Interactive Brokers (for the underlying fund).
Auditors: Grant Thornton

NAV: \$5,904,860.93
Unit Price: 0.8379

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 -1.43% for the month, compared with -1.48% for the Societe Generale CTA Mutual Fund Index, and 1.30% for the HFRX Absolute Return Index. The Fund continues to achieve its objective of being a low volatility fund with low correlation to equity markets.

We expect the US dollar to continue appreciating against majors in 2020, despite the outlook for looser US interest rates policy. Global corporate debt imminent re-rating implies an outlook of more defaults in lower-quality sovereign and corporate bonds.

PERFORMANCE (Inception NOV-2016)	Arminius Capital GMMMA Fund	HFRX (USD) ABSOLUTE RETURN INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX	SOCIETE GENERALE CTA MUTUAL FUND INDEX
1 Month	-1.43%	1.30%	4.48%	-1.48%
3 Months	-1.08%	-2.35%	-17.88%	2.04%
Calendar YTD	1.35%	-2.64%	-16.73%	0.62%
1 Year	-0.25%	0.71%	-10.32%	3.29%
3 Years	-12.00%	3.22%	-5.48%	2.29%
Cumulative Since Inception NOV 2016	-6.47%	4.58%	-2.40%	1.45%

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).

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

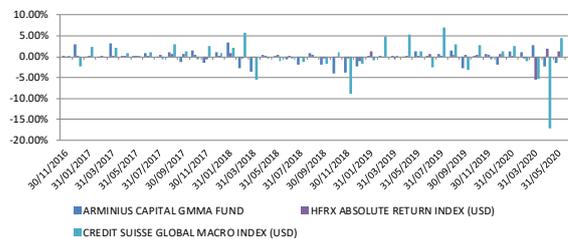
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	INCEPTION =>	0.08%	3.06%	3.14%	
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%	-2.66%	-3.50%	0.46%	0.22%	-0.58%	-1.80%	0.87%	-1.95%	-3.93%	-3.75%	-2.32%	-14.65%
2019	0.06%	0.10%	0.34%	-0.24%	1.22%	0.18%	0.57%	1.41%	-2.74%	0.25%	0.68%	-1.87%	-0.12%
2020	1.35%	1.09%	2.74%	-2.32%	-1.43%								1.35%

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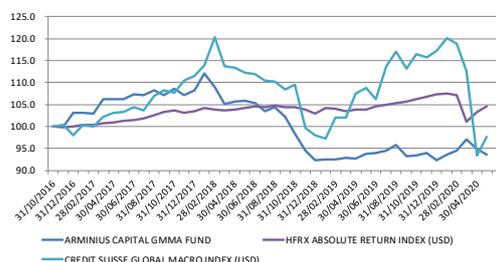
FUND OBJECTIVES: The Arminius Capital GMMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "Arminius Capital ALPS Fund", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between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

Monthly Performance since Inception November 2016



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





FUND MANAGER'S COMMENTARY: *IN THE COMMENTARY TO FOLLOW, ALL DATA REFERENCES TO POSITIONS, HOLDINGS, WEIGHTINGS OR EXPOSURE ARE DATA OF THE UNDERLYING ARMINIUS CAPITAL ALPS FUND INTO WHICH THE ARMINIUS CAPITAL GMMA FUND INVESTS.*

FUND PERFORMANCE

The Fund returned **-1.43%** in May due to the continuation of the fundamentals-defying bear market rally which commenced in late March. The fund has been positioned defensively since February, so the combination of historically-extreme equity market rallies (causing us to reduce or close some defensive positions) and continued FX moves in the AUD vs USD, EUR and JPY led to the month's return. The Fund's return remains positive calendar year to date, unlike equity markets which are still in deep negative territory YTD (Australia is down -13.8%, US down -5.7% and Europe -15.7%).

During May the US share market continued its sharp recovery from the March lows, ignoring the economic lockdown and the rising COVID-19 death toll. The US S&P500 price index rose 4.53%, led by the tech sector, and the Stoxx Europe 600 gained 3.04%. Japan's Nikkei 225 leaped 8.34% as COVID-19 infections tapered off with less than 1,000 deaths. The Shanghai Composite index slipped -0.27% on mediocre economic news, and Hong Kong's Hang Seng index dropped -6.83% as China set about tightening its control over the territory. **All markets are still** below their February peaks, and all have returned **negative on the year to date**. The Fund is **positive** year to date.

Bond markets are beginning to get nervous about the future. After ending May at 0.66%, the yield on the benchmark 10-year US Government bond jumped to 0.90% in the first week of June as economic data improved. Remember that, as recently as 12 February – before markets woke up to COVID-19 – the 10-year bond was yielding 1.63%. The yield on the 10-year Chinese government bond rose by a similar amount, reaching 2.88% in early June, back where it was in February.

MARKET OUTLOOK

COVID-19 remains the dominant factor in global capital markets. The big question which investors are asking is, "How fast will economies recover from their lockdowns?"

The US and Japanese share markets seem to be betting on a V-shaped economic recovery, because they have made up most of the ground they lost. European and Australian share markets are not so optimistic. China's share markets did not fall as sharply in March, thanks to State support, so they haven't rebounded either. Equities in the UK and Hong Kong remain depressed because of problems specific to them (Brexit and China respectively).

We remain very cautious about the global economic outlook because it is obvious that many jobs are gone for good. There is some "pent-up demand" among those whose salaries kept flowing in during the lockdowns, but it is offset by the demand destruction inflicted on those who lost their jobs or their businesses. We are still forecasting a W-shaped recovery – two steps forward as economies move towards normality, then one step backward as clusters of COVID-19 pop up.

What is clear is that China is recovering strongly from its lockdown. This is obviously important for Australia's economic outlook. Some investors are disappointed because the Chinese government has made it clear that there will not be a huge stimulus package. Anyone who bothered to read recent official policy statements knew that was never on the cards. Instead, the Chinese fiscal and monetary response is carefully targeted at the small businesses which were worst affected by the lockdown. We describe the details of the response in an article on the Arminius website, "Hotwiring the Chinese economy."

<http://arminiuscapital.com.au/hotwiring-the-chinese-economy/>

Many readers will regard the Chinese recovery with suspicion, because they know that Chinese economic statistics are often works of fiction. We point out that the quality has improved in recent years, mostly because the central government has taken to jailing officials who forge statistics. More importantly, there are three sources of independent verification that the economy is picking up.



The first is pollution. Pollution in China is measured by several non-State bodies, and we can see from the charts below how various forms of pollution fell during the lockdown but are now back to normal.



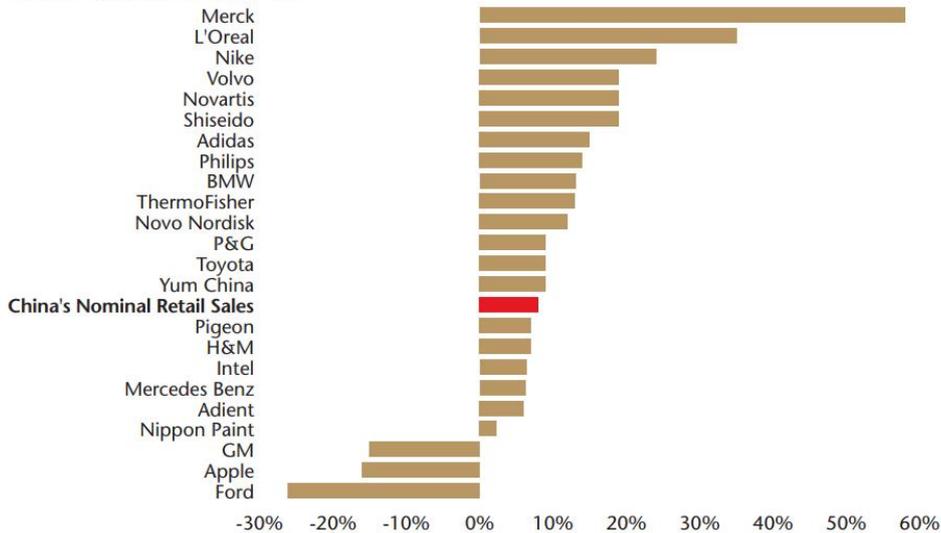
The second source comes from measuring activity in cities. Independent observers testify that commuters are back on public transport, shoppers are back in the stores, and traffic jams are back on the roads.

Finally, there are the multinational companies (MNCs) which operate in China. The chart below (from Matthews Asia) depicts the revenues reported by several companies. The numbers are clearly compatible with the official figures for retail sales growth.

Figure 6. CAN WE TRUST THE MACRO NUMBERS?

MNC Revenue Numbers Are Consistent With Government Retail Sales Growth Rates

Growth of Revenue in China, YoY



Source: CEIC, Financial reports of the companies. Auto sales are by number of units sold

Source: <https://matthewsasiasia.com/portal.fs>

The biggest problem facing the Chinese authorities is that demand for China's exports is very weak because many countries are still under various forms of lockdown. The government can prop up consumer demand in China, but it can't create orders for export-oriented industries. This will not affect GDP: contrary to popular belief, net exports have not made a positive contribution to GDP growth in the last five years. Where the export industries matter is in the jobs they create. This is why China is waiting for other economies to recover.

Q.E.D.

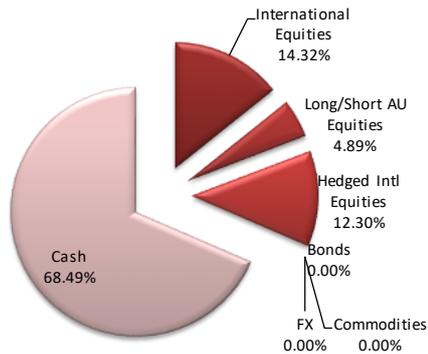
Further accompanying Hedge Fund Manager Commentary will be available in the future on the website under "MEDIA".



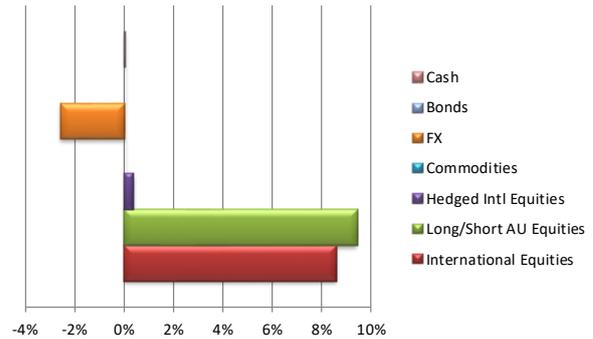
UNDERLYING FUND DATA

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 Asset Class average returns of individual constituents per SAA held open at month’s end (in domestic market currency)



Societe Generale CTA Mutual Fund Index constituents:

- AQR Managed Futures Strategy I (AQMIX)
- Natixis ASG Managed Futures Strategy Y (ASFYX)
- American Beacon AHL Managed Futures Strategy I (AHLIX)
- LoCorr Market Trend I (LOTIX)
- PIMCO TRENDS Managed Futures Strategy I (PQTIX)
- Longboard Managed Futures Strategy I (WAVIX)
- Credit Suisse Managed Futures Strategy I (CSAIX)
- Goldman Sachs Managed Futures Strategy I (GMSSX)
- Equinox Chesapeake Strategy I (EQCHX)
- Equinox Campbell Strategy I (EBSIX)

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- 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	30-Apr-20	31-May-20	ROR	COMMODITIES	30-Apr-20	31-May-20	ROR
EUROPE				Energy			
Germany DAX (TR)	10861.64	11586.85	6.68%	Crude Oil WTI (NYM \$/bbl) Continuous	18.84	35.49	88.38%
Switzerland SMI (PR)	9629.4	9831.49	2.10%	Brent Crude (ICE \$/bbl) Continuous	26.48	37.84	42.90%
STOXX Europe 50 (EUR)	2853.47	2892.84	1.38%	NY Harbor ULSD (NYM \$/gal) Continuous	0.83	1.04	24.43%
FTSE 100	5901.21	6076.6	2.97%	NY Harb RBOB (NYM \$/gal) Continuous	0.78	1.08	37.62%
France CAC 40	4572.18	4695.44	2.70%	Natural Gas (NYM \$/btu) Continuous	1.95	1.85	-5.13%
FTSE MIB	17690.49	18197.56	2.87%	Precious Metals			
Netherlands AEX	512.92	532.57	3.83%	Gold (NYM \$/ozt) Continuous	1694.20	1751.70	3.39%
Belgium BEL 20	3099.12	3202.95	3.35%	Silver (NYM \$/ozt) Continuous	14.97	18.50	23.55%
OMX Stockholm 30	1577.9169	1629.7639	3.29%	Industrial Metals			
Norway Oslo All-Share	848.52	872.22	2.79%	Aluminum (LME Cash \$/t)	1460.50	1515.00	3.73%
Ireland ISEQ	5603	5888.55	5.10%	High Grade Copper (NYM \$/lbs) Continuous	5231.00	5332.50	1.94%
Spain IBEX 35	6922.3	7096.5	2.52%	Nickel (LME Cash \$/t)	12134.00	12120.00	-0.12%
Cyprus CSE General	49.51	47.88	-3.29%	Iron Ore 62% CN TSI (NYM \$/mt)	83.84	92.54	10.38%
AMERICAS				Zinc (LME Cash \$/t)	1929.50	1971.50	2.18%
S&P 500	2912.43	3044.31	4.53%	Agricultural			
DJ 30 Industrials	24345.72	25383.11	4.26%	Corn (CBT \$/bu) Continuous	3.20	3.26	1.80%
DJ 65 Composite Average	7862.52	8239.6	4.80%	Soybeans (CBT \$/bu) Continuous	8.55	8.41	-1.70%
NASDAQ Composite	8889.551	9489.871	6.75%	Wheat (CBT \$/bu) Continuous	5.24	5.21	-0.67%
Russell 1000	1601.82	1682.754	5.05%	Cotton #2 (NYF \$/lbs) Continuous	0.57	0.58	0.45%
S&P TSX	14780.74	15192.83	2.79%	Sugar #11 (NYF \$/lbs) Continuous	0.10	0.11	5.21%
Brazil Bovespa	80505.89	87402.59	8.57%	Indices			
Mexico IPC	36470.11	36122.73	-0.95%	GS Commodity (CME) Continuous	251.45	303.45	20.68%
ASIA				PowerShares DB Commodity Index Tracking Fund	10.90	11.78	8.07%
S&P ASX 200	5522.4	5755.7	4.22%	db x-trackers SICAV - db x-trackers DB COMMODITY BO	11.17	11.51	3.10%
Nikkei 225	20193.69	21877.89	8.34%	10 YEAR SOVEREIGN YIELDS			
Hang Seng	24643.59	22961.47	-6.83%	US	0.62%	0.65%	0.03%
Korea KOSPI	1947.56	2029.6	4.21%	UK	0.23%	0.18%	-0.05%
FTSE Strait Times	2624.23	2510.75	-4.32%	Europe	-0.57%	-0.45%	0.12%
Taiwan TAIEX	10992.14	10942.16	-0.45%	Australia	0.89%	0.88%	-0.01%
New Zealand NZX 50 (TR)	10532.07	10882.41	3.33%	Belgium	-0.02%	-0.03%	-0.02%
China Shenzhen A Share	1845.1904	1869.3842	1.31%	Canada	0.54%	0.53%	-0.01%
India S&P BSE SENSEX	33717.62	32424.1	-3.84%	Denmark	-0.32%	-0.28%	0.04%
FTSE Bursa Malaysia KLCI	1407.78	1473.25	4.65%	France	-0.10%	-0.09%	0.01%
Indonesia JSX	4716.403	4753.612	0.79%	Germany	-0.57%	-0.45%	0.12%
FOREIGN EXCHANGE				Greece	2.14%	1.49%	-0.65%
AUD/USD	0.652	0.666	2.10%	Ireland	0.05%	0.07%	0.02%
EUR/USD	1.096	1.110	1.27%	Italy	1.79%	1.45%	-0.34%
JPY/USD	107.147	107.799	0.61%	Japan	-0.05%	0.00%	0.05%
GBP/USD	1.260	1.233	-2.19%	Netherlands	-0.29%	-0.25%	0.04%
CHF/USD	1.037	1.040	0.32%	New Zealand	0.73%	0.82%	0.09%
USD/CAD	0.718	0.726	1.02%	Norway	0.63%	0.57%	-0.06%
EUR/GBP	0.870	0.901	3.54%	Portugal	0.82%	0.48%	-0.34%
AUD/EUR	1.681	1.667	-0.82%	Spain	0.73%	0.54%	-0.19%
USD/CHF	0.965	0.962	-0.40%	Sweden	-0.12%	-0.04%	0.08%
GBP/AUD	1.934	1.851	-4.29%	Switzerland	-0.55%	-0.47%	-0.08%
CBOE Volatility Index	34.15	27.51	-19.44%				

ROR = Rate of Return
Yield D = Yield differential

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