MONTHLY PERFORMANCE REPORT
June 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: $5,759,945.16

Unit Price: 0.8318

INVESTMENT MANAGER

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

DISTRIBUTION DETAILS

Arminius Capital Management
115 Wickham St
Fortitude Valley
QLD 4006
AUSTRALIA
+61 7 3102 5775
info@arminiuscapital.com.au

The Fund returned -0.83% for the month, compared with -2.30% for the Societe Generale CTA Mutual Fund Index, and 1.38% 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 federal budget deficit as a % of GDP to increase to record levels through 2020 due to Coronavirus stimulus packages. Imminent re-rating of global debt implies an outlook of more defaults in lower-quality sovereign and corporate bonds.

PERFORMANCE (Inception NOV-2016)	Arminius Capital GMMA Fund	HFRX (USD) ABSOLUTE RETURN INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX	SOCIETE GENERALE CTA MUTUAL FUND INDEX
1 Month	**-0.83%**	1.38%	1.21%	-2.30%
3 Months	**-4.52%**	4.78%	-12.35%	-4.28%
Calendar YTD	**0.51%**	-1.30%	-15.73%	-1.70%
1 Year	**-1.25%**	1.33%	-6.99%	-1.30%
3 Years	**-13.54%**	4.53%	-5.41%	1.87%
Cumulative Since Inception NOV 2016	**-7.25%**	**6.02%**	**-1.22%**	**-0.88%**

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

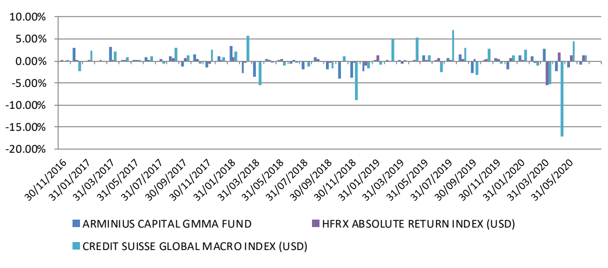
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**CY**
2016	-	-	-	-	-	-	-	-	**INCEPTION =>**		0.08%	3.06%	3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%	-2.66%	-3.50%	0.46%	0.22%	-0.58%	-1.80%	0.87%	-1.95%	-3.93%	-3.75%	-2.32%	-14.65%
2019	0.06%	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%	-0.83%							0.51%

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).

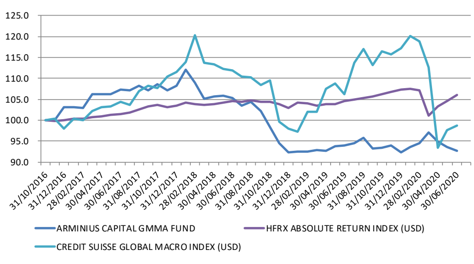
FUND OBJECTIVES: The Arminius Capital GMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "**Arminius Capital ALPS Fund**", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between 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 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 -0.83% this month. June has witnessed a continuation of the most unwarranted quasi-farcical Fed-driven rise of global equities market in history, eclipsing even the Tech Boom. The present day economic conditions that we have been dealt by the virus has given us "real economy" (GDP) numbers that are amongst the **worst 10%** of all GDP prints in history. This is now accompanied by global equity market valuations being in the **10% of the highest ever** valued (PE) numbers in history. Despite (i) no vaccine being found (ii) colossal unemployment numbers (iii) almost incomprehensible levels of debt added to sovereigns' balance sheets and (iv) developed countries' GDP output at levels worse than the GFC, US equities markets have now **rallied +41.45%** since the market lows of 23rd March. Australian equities remain **down -11.76% YTD**, European equities remain down **-13.35% YTD**, US equities remain **down -4.04% YTD**. Our fund is **positive YTD**.

Hedging costs have weighed again this month on the fund, as our models are unable to find sufficient levels of asset class under-valuation that would lead to a reduction in the premiums that hedges impose upon our fund's monthly returns. As Berkshire Hathaway's 95 year old Vice-Chairman Charlie Munger says,

> **"*I invert all the time*", or turn problems upside down. As an Air Force meteorologist during World War II, he didn't ask what would keep pilots safe. Instead, he recalled, he asked what would kill them.** [i]

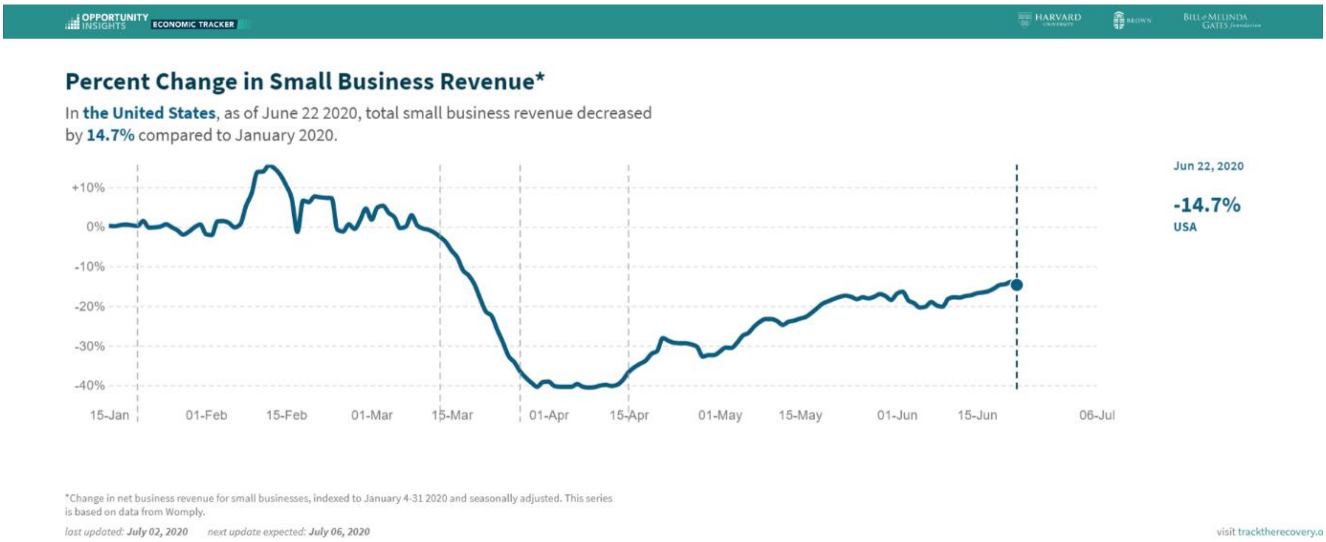
The global rebound from the March lows slowed down in June, partly because the number of coronavirus infections continued to rise in the US, Mexico, South America, Russia, and India. In the US, several states which had opened up after the lockdown saw infections accelerating sharply upwards again. The US S&P500 price index rose 1.84%, led by the tech sector, and the Stoxx Europe 600 gained 2.85%, while Japan's Nikkei 225 increased by 1.88%. **All major markets** are still below their February peaks, and **all are down on the year to date**. Our Fund is positive year to date.

In contrast, Chinese share markets picked up on good economic releases which showed that the economy was continuing to recover, and Chinese state media actively encouraged retail investors to buy shares, invoking memories of 2015 – the culmination of which did not end well for Chinese equities. During June the Shanghai Composite index climbed 4.64% and Hong Kong's Hang Seng index jumped 6.38%.

MARKET OUTLOOK

The improvement in the Chinese economy (but not the State-sponsored share buying) was forecast in our 9 June 2020 article on the Arminius Capital website, "Hotwiring the Chinese economy." http://arminiuscapital.com.au/hotwiring-the-chinese-economy/ The Chinese leadership has made clear its intention to use targeted fiscal and monetary policies to increase employment and consumer spending – but they will not repeat the 2008 mega-stimulus.

This is good news for Australia and the rest of East Asia. The Australian resources sector has also benefited from the spectacular incompetence of the Brazilian government, which has allowed COVID-19 to spread unchecked, limiting the country's production and export of iron ore.



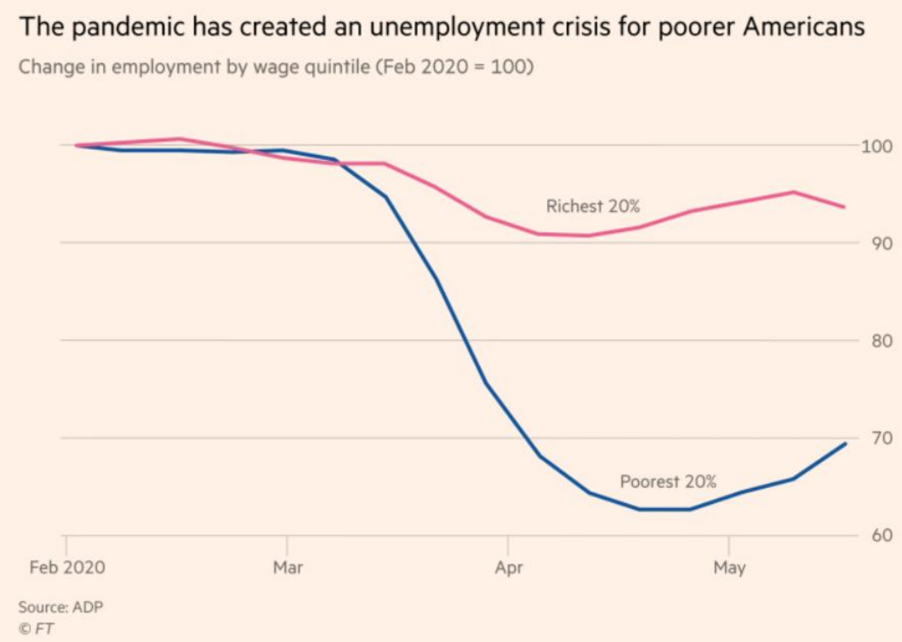
Source: Tracktherecovery.org

The chart above uses high-frequency data to track small business revenue in the US. The March lockdown caused a 40% collapse in revenue, but May and June brought a slow recovery. We expect the recovery to abort in July because the US has let COVID-19 get out of control in the Southern and Western states, leading to rising infection rates and death tolls. States like Texas, which leaped eagerly out of the lockdown, are now having to re-impose restrictions. In addition, the US Congress seems to be unable to agree on extending the support payments to individuals and companies. All this suggests that the US recession (which began in February) will be longer and deeper.

The rest of the world is following the disastrous US example, rather than copying the successful methods which were applied in China, Taiwan, South Korea, Japan, Vietnam, Australia, and most of the East Asian region (except Indonesia). The first wave of the pandemic is washing around South America, Mexico, Africa, India, and Russia, with no sign of stopping.

In these circumstances we find it very difficult to join in the general share market enthusiasm. COVID-19 infections will continue to disrupt GDP, trade, and global supply chains for at least another twelve months under the most optimistic scenario. The economic recovery will be W-shaped – two steps forward as economies move towards normality, then one step backward as clusters of COVID-19 pop up, e.g. in Melbourne and Beijing.

The COVID-19 epidemic is mostly killing the elderly, with a strong preference for males over sixty with pre-existing health conditions. (Full disclosure: the author is definitely in this category.) But its economic effects are mostly affecting the poor, as this Financial Times chart shows. The people who have been furloughed or fired tend to be low-wage workers in the service sector, such as restaurant and bar staff, sales assistants, hairdressers, plus factory workers. Big companies are more inclined to keep paying the salaries of their white-collar employees. This effect also penalises Blacks and Latinos, who are over-represented among low-wage workers.

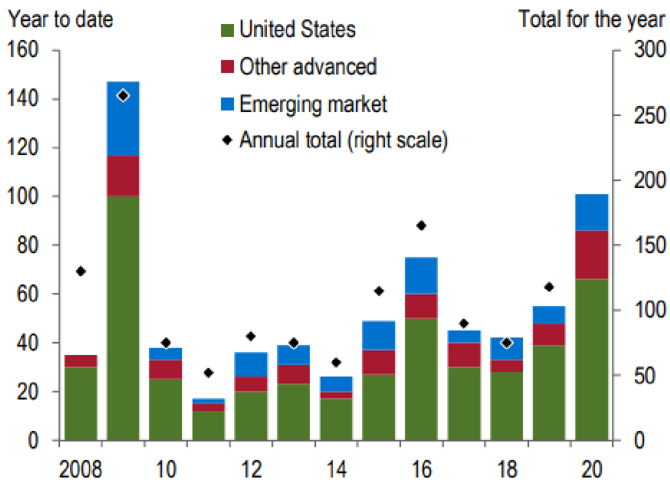


Many share market investors seem to believe that the tsunami of central bank money has averted a meltdown in global markets. True, but only for now. Just like the Australian government will eventually have to terminate the JobKeeper and JobSeeker handouts, so the central banks will eventually have to stop buying corporate bonds and pouring money into the financial system. At that point we will discover which companies are solvent and which are just zombies kept alive by cash infusions.

The central banks acted correctly in propping up capital markets and companies, but the cash infusions do not make insolvent companies solvent again. The central banks have only kicked the can down the road, in the hope that economic recovery will come to the rescue, or a new vaccine will restore the global economy, or COVID-19 will just disappear, or something.

Eventually the truth will out. The chart below is from the IMF's June Global Financial Stability Update. It shows the number of corporate bond defaults in each year since the GFC. The figure for 2020 only covers six months so far, but the uptrend is obvious. If the central banks had not flooded the markets with cash, it would be much higher. Eventually it will be much higher, because the current recession is already worse than the GFC. It is in fact the biggest economic downturn since the 1930s.

Figure 13. Number of Corporate Bond Defaults



Sources: S&P Global; and IMF staff calculations.

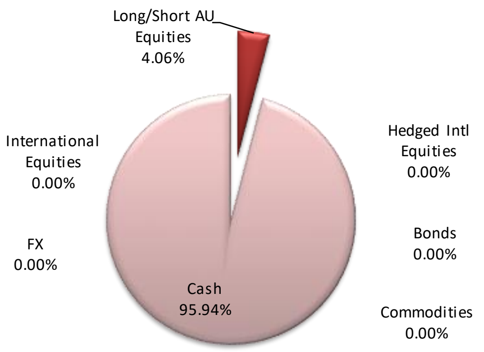
Q.E.D.

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

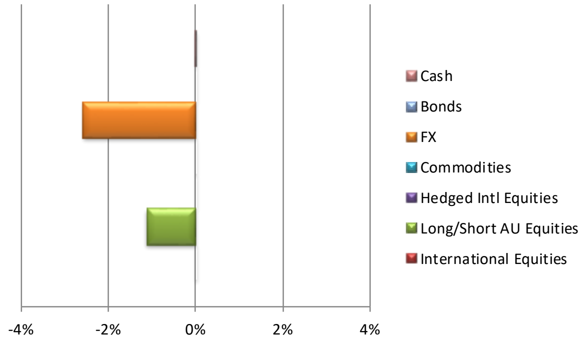
UNDERLYING FUND DATA

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)

- 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-May-20	30-Jun-20	ROR
EUROPE			
Germany DAX (TR)	11586.85	12310.93	**6.25%**
Switzerland SMI (PR)	9831.49	10045.3	**2.17%**
STOXX Europe 50 (EUR)	2892.84	2988.99	**3.32%**
FTSE 100	6076.6	6169.74	**1.53%**
France CAC 40	4695.44	4935.99	**5.12%**
FTSE MIB	18197.56	19375.52	**6.47%**
Netherlands AEX	532.57	559.73	**5.10%**
Belgium BEL 20	3202.95	3328.01	**3.90%**
OMX Stockholm 30	1629.7639	1664.3802	**2.12%**
Norway Oslo All-Share	872.22	869.08	**-0.36%**
Ireland ISEQ	5888.55	5973.9	**1.45%**
Spain IBEX 35	7096.5	7231.4	**1.90%**
Cyprus CSE General	47.88	49.33	**3.03%**
AMERICAS			
S&P 500	3044.31	3100.29	**1.84%**
DJ 30 Industrials	25383.11	25812.88	**1.69%**
DJ 65 Composite Average	8239.6	8292.07	**0.64%**
NASDAQ Composite	9489.871	10058.766	**5.99%**
Russell 1000	1682.754	1717.468	**2.06%**
S&P TSX	15192.83	15515.22	**2.12%**
Brazil Bovespa	87402.59	95055.82	**8.76%**
Mexico IPC	36122.73	37716.43	**4.41%**
ASIA			
S&P ASX 200	5755.7	5897.9	**2.47%**
Nikkei 225	21877.89	22288.14	**1.88%**
Hang Seng	22961.47	24427.19	**6.38%**
Korea KOSPI	2029.6	2108.33	**3.88%**
FTSE Strait Times	2510.75	2589.91	**3.15%**
Taiwan TAIEX	10942.16	11621.24	**6.21%**
New Zealand NZX 50 (TR)	10882.41	11451.05	**5.23%**
China Shenzhen A Share	1869.3842	2067.4421	**10.59%**
India S&P BSE SENSEX	32424.1	34915.8	**7.68%**
FTSE Bursa Malaysia KLCI	1473.25	1500.97	**1.88%**
Indonesia JSX	4753.612	4905.392	**3.19%**

FOREIGN EXCHANGE	31-May-20	30-Jun-20	ROR
AUD/USD	0.666	0.690	**3.60%**
EUR/USD	1.110	1.125	**1.37%**
JPY/USD	107.799	107.863	**0.06%**
GBP/USD	1.233	1.240	**0.58%**
CHF/USD	1.040	1.058	**1.73%**
USD/CAD	0.726	0.736	**1.46%**
EUR/GBP	0.901	0.908	**0.79%**
AUD/EUR	1.667	1.631	**-2.15%**
USD/CHF	0.962	0.947	**-1.53%**
GBP/AUD	1.851	1.796	**-2.97%**
CBOE Volatility Index	27.51	30.43	**10.61%**

COMMODITIES	31-May-20	30-Jun-20	ROR
Energy			
Crude Oil WTI (NYM $/bbl) Continuous	35.49	39.27	**10.65%**
Brent Crude (ICE $/bbl) Continuous	37.84	41.27	**9.06%**
NY Harbor ULSD (NYM $/gal) Continuous	1.04	1.19	**14.46%**
NY Harb RBOB (NYM $/gal) Continuous	1.08	1.20	**11.40%**
Natural Gas (NYM $/btu) Continuous	1.85	1.75	**-5.30%**
Precious Metals			
Gold (NYM $/ozt) Continuous	1751.70	1800.50	**2.79%**
Silver (NYM $/ozt) Continuous	18.50	18.64	**0.75%**
Industrial Metals			
Aluminum (LME Cash $/t)	1515.00	1602.00	**5.74%**
High Grade Copper (NYM $/lbs) Continuous	5332.50	6038.00	**13.23%**
Nickel (LME Cash $/t)	12120.00	12790.00	**5.53%**
Iron Ore 62% CN TSI (NYM $/mt)	92.54	102.95	**11.25%**
Zinc (LME Cash $/t)	1971.50	2056.50	**4.31%**
Agricultural			
Corn (CBT $/bu) Continuous	3.26	3.42	**4.83%**
Soybeans (CBT $/bu) Continuous	8.41	8.82	**4.94%**
Wheat (CBT $/bu) Continuous	5.21	4.92	**-5.57%**
Cotton #2 (NYF $/lbs) Continuous	0.58	0.61	**5.71%**
Sugar #11 (NYF $/lbs) Continuous	0.11	0.12	**9.62%**
Indices			
GS Commodity (CME) Continuous	303.45	324.70	**7.00%**
PowerShares DB Commodity Index Tracking Fund	11.78	12.31	**4.50%**
db x-trackers SICAV - db x-trackers DB COMMODITY BO	11.51	11.89	**3.25%**

10 YEAR SOVEREIGN YIELDS	31-May-20	30-Jun-20	Yield D
US	0.65%	0.65%	**0.01%**
UK	0.18%	0.15%	**-0.04%**
Europe	-0.45%	-0.48%	**-0.03%**
Australia	0.88%	0.87%	**-0.02%**
Belgium	-0.03%	-0.15%	**-0.12%**
Canada	0.53%	0.53%	**0.00%**
Denmark	-0.28%	-0.35%	**-0.08%**
France	-0.09%	-0.14%	**-0.05%**
Germany	-0.45%	-0.48%	**-0.03%**
Greece	1.49%	1.20%	**-0.29%**
Ireland	0.07%	-0.02%	**-0.09%**
Italy	1.45%	1.24%	**-0.21%**
Japan	0.00%	0.02%	**0.02%**
Netherlands	-0.25%	-0.32%	**-0.07%**
New Zealand	0.82%	0.93%	**0.11%**
Norway	0.57%	0.61%	**0.04%**
Portugal	0.48%	0.47%	**-0.02%**
Spain	0.54%	0.46%	**-0.08%**
Sweden	-0.04%	-0.07%	**-0.02%**
Switzerland	-0.47%	-0.44%	**-0.03%**

ROR = Rate of Return
Yield D = Yield differential

[i] https://www.wsj.com/articles/charlie-munger-unplugged-11556935195