

ARMINIUS CAPITAL GMMMA FUND
ARSN 614 078 812

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Arminius Capital GMMA Fund - ARSN 614 078 812

Directors' Report

The directors of Quay Fund Services Limited, the Responsible Entity ("the RE") of Arminius Capital GMMA Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2018 and the auditor's report thereon.

Directors

The names of the directors of the RE, Evolution Trustees Limited, who held office during the year were:

Rupert Clive Smoker
Alexander James Calder
David Roko Grbin
David Lom (*alternate director for Rupert Smoker*)

Review of operations

Net (loss)/profit attributable to unitholders for the year ended 30 June 2018 was \$(346,814), 2017: \$296,494

Distributions to unitholders paid and payable during the year were \$Nil. (2017: 688,582)

Principal activities

The principal activity of the Fund during the year was the investment and management of securities in accordance with its investment objectives and guidelines as set out in the Product Disclosure Statement and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the year.

Events subsequent to the balance date

Effective 13th July 2018 a new RE Quay Fund Services Limited – ACN 616 465 671 was appointed and the old RE Evolution Trustees Limited ACN 611 839 519 retired.

At the date of this report the directors of the RE, Quay Fund Services Limited are:

William John Ballhausen
Simon Angus Lindsay
Oliver John Morgan

There has been no other matter or circumstance other than the above has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Fund's operations in future financial year, the results of those operations or the Fund's state of affairs in future financial years.

Likely developments

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Likely developments in the operations of the Fund and the expected results of those operations in future years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Fund.

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Directors' Report

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 2 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in note 1 of the financial statements.

Fees paid to the RE

Fees paid to the RE out of Fund property during the year are disclosed in note 9(a) of the financial statements.

Environmental regulation

The Fund's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued units or interests in the Fund were granted during or since the end of the year and there were no options granted to the RE.

Indemnities and insurance premiums for officers or auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the Fund.

Proceedings on behalf of the Fund

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings.

The Fund was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors of Quay Fund Services Limited.



Director

Dated 30 October 2018

Sydney

Auditor's Independence Declaration

To the Directors of Quay Fund Services Limited as Responsible Entity for the Arminius Capital GMMMA Fund

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Arminius Capital GMMMA Fund for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



G S Layland
Director – Audit & Assurance

Sydney, 30 October 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Arminius Capital GMMA Fund - ARSN 614 078 812

**Statement of Comprehensive Income
For the year ended 30 June 2018**

	For the year ended 30 June 2018	For the year ended 30 June 2017
	\$	\$
Investment income		
Distribution/dividend income	-	683,357
Interest income	10,033	4,853
Change in fair value of financial instruments	(324,040)	(385,532)
Other income	-	7,781
Total investment income	<u>(314,007)</u>	<u>310,459</u>
 Expenses		
Other expenses	<u>32,807</u>	<u>13,965</u>
Total expenses	<u>32,807</u>	<u>13,965</u>
 Net operating (loss)/profit for the year/period	(346,814)	296,494
Distribution to unitholders	-	(688,582)
Decrease in net assets attributable to unitholders	<u>346,814</u>	<u>392,088</u>
Profit for the year/period	<u>-</u>	<u>-</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year/period	<u>-</u>	<u>-</u>

These financial statements should be read in conjunction with the accompanying notes.

Arminius Capital GMMA Fund - ARSN 614 078 812

**Statement of Financial Position
For the year ended 30 June 2018**

	Notes	2018 \$	2017 \$
Assets			
Cash and cash equivalents	8(a)	162,036	310,054
Financial assets held at fair value through profit or loss	5	15,028,603	6,429,529
Receivables	6	449	464
Total Assets		<u>15,191,088</u>	<u>6,740,047</u>
 Liabilities			
Distributions payable		-	688,582
Payables	7	2,660	6,856
Total Liabilities (excluding net assets attributable to unitholders)		2,660	695,438
 Net assets attributable to unitholders - liability	2	<u>15,188,428</u>	<u>6,044,609</u>

These financial statements should be read in conjunction with the accompanying notes.

Arminius Capital GMMA Fund - ARSN 614 078 812

Statement of Changes in Equity

For the year ended 30 June 2018

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there is no equity at the start or end of the year.

These financial statements should be read in conjunction with the accompanying notes.

Arminius Capital GMMMA Fund - ARSN 614 078 812

**Statement of Cash flows
For the year ended 30 June 2018**

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Interest received		10,333	4,553
RITC received		1,424	7,617
Other expenses paid		<u>(38,712)</u>	<u>(7,109)</u>
Net cash (used in)/provided by operating activities	8(b)	<u>(26,955)</u>	<u>5,061</u>
 Cash flows from investing activities			
Proceeds from sale of financial instruments held at fair value through profit and loss		1,037,344	-
Payment for financial instruments held at fair value through profit and loss		<u>(9,960,458)</u>	<u>(6,131,704)</u>
Net cash flow used in investing activities		<u>(8,923,114)</u>	<u>(6,131,704)</u>
 Cash flows from financing activities			
Proceeds from issue of units		11,295,070	6,457,888
Payment for redemption of units		(1,804,437)	(21,191)
Distributions paid		<u>(688,582)</u>	<u>-</u>
Net cash provided by financing activities		<u>8,802,051</u>	<u>6,436,697</u>
 Net (decrease)/increase in cash held		 (148,018)	 310,054
Cash at beginning of year/period		<u>310,054</u>	<u>-</u>
Cash at end of year/period	8(a)	<u>162,036</u>	<u>310,054</u>

These financial statements should be read in conjunction with the accompanying notes.

Arminius Capital GMMA Fund - ARSN 614 078 812

Notes to the Financial Statements For the year ended 30 June 2018

NOTE 1: Statement of Significant Accounting Policies

Arminius Capital GMMA Fund (the "Fund") is a registered managed investment scheme under the Corporations Act 2001. The financial report of the Fund is for the year ended 30 June 2018. This financial report covers the Fund as an individual entity.

The Fund was constituted and registered as a managed investment scheme on 17 August 2016 with the Australian Securities & Investments Commission ("ASIC"). The Fund commenced operations on 29 October 2016. On 13th of July, Evolution Trustees Limited retired as the Fund's Responsible Entity. The Fund's new Responsible Entity is Quay Fund Services Limited ("the RE"). The registered office and principal of the RE is Level 8, 56 Pitt Street, Sydney NSW 2000.

The principal accounting policies applied in the preparation of these financial statements are set out below.

The financial statements were approved by the Board of Directors of the RE on 30 October 2018.

a. Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recorded or settled within 12 months in relation to these balances cannot be reliably determined.

The Fund is a for profit entity for the purposes of preparing the financial statements.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Reporting basis and conventions

The financial report has been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. The financial report is presented in Australian currency, which is also the functional currency.

(iii) Use of estimates and judgments

In the application of accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The significant accounting policies have been consistently applied in the current financial year unless otherwise stated.

Fair value of financial instruments

As at 30 June 2018 the fair values of financial assets recorded in the statement of financial position were measured based on prices determined using valuation techniques.

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 1: Statement of Significant Accounting Policies (cont'd)

b. Financial Instruments

(i) Classification

The Fund's investments are classified as at fair value through profit or loss. They comprise:

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in Australian listed equities.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the RE to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

(a) Financial assets held at fair value through profit or loss.

Financial assets held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss is measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

- Fair value in an inactive or unquoted market

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

For other pricing models, inputs are based on market data at the Statement of Financial Position date.

Arminius Capital GMMA Fund - ARSN 614 078 812

Notes to the Financial Statements For the year ended 30 June 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

c. Investment income and expenses

Changes in the fair value of financial instruments are recognized in the Statement of Comprehensive Income.

Gross proceeds from sale of investments are disclosed in the Statement of Cash Flows.

Dividend income is recognised on an accrual basis on the date the shares are quoted ex dividend.

Interest income is recognised in the Statement of Comprehensive Income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through the profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 1(b).

All expenses including administration fees are recognised on an accrual basis in the Statement of Comprehensive Income.

d. Income tax

Under current legislation the Fund is not subject to income tax provided unitholders are presently entitled and taxable income including assessable capital gains is fully distributed to Unitholders.

e. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, demand deposits, short term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Short term investments which are not held for the purpose of meeting short-term cash commitments as well as restricted margin accounts are not considered as 'cash and cash equivalents'.

Cash and cash equivalents held in trust and not recognised in the statement of financial position

Pursuant to the Scheme's constitution, Scheme Assets exclude application funds where units have not been issued. Cash held in relation to application funds are therefore not available for use in the Scheme's operations. All such monies are segregated from the Scheme's own cash. At reporting date, the balance of monies held in bank accounts representing application funds for units not yet issued is \$176 (2017: 543,449)

f. Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) hence investment administration fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash Flows relating to GST are included in the statement of cash flows on a gross basis.

g. Foreign currency translations

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Arminius Capital GMMA Fund - ARSN 614 078 812

Notes to the Financial Statements For the year ended 30 June 2018

NOTE 1: Statement of Significant Accounting Policies (cont'd)

g. Foreign currency translations (cont'd)

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments, classified as at fair value through profit or loss, are included in the Statement of Comprehensive Income as part of the 'Change in net fair value of financial instruments.

h. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of Financial Position.

i. Distributions

In accordance with the Fund's Constitution and applicable taxation legislation, the Fund fully distributes its distributable income to the unitholders by way of cash or reinvestment into the Fund.

The distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributions to Unitholders comprise the net income of the Fund to which the unitholders are presently entitled. The distributions are payable at the end of each financial year.

j. Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

k. Receivables

Receivables may include amounts for interest. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables. Given the short term nature of receivables, the nominal amount approximates fair value.

l. Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. The unit exit price is calculated in accordance with the Constitution of the Fund and is determined by the value of the assets of the Fund less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.

m. Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercised their right to redeem units in the Fund.

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 1: Statement of Significant Accounting Policies (cont'd)

n. New accounting standards and interpretations

The Fund has adopted all mandatory standards and amendments for the period beginning 29 October 2016. Adoption of these standards and amendments has not had a material impact on the financial position or performance of the Fund.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the reporting year ended 30 June 2018. The impact of these statements and interpretations has been assessed, to the extent applicable to the Fund and are discussed below. Standards and Interpretations that are not applicable to the Fund have not been included.

AASB 9 – Financial Instruments and related amendment AASB 2009-11

AASB 9 applies to annual reporting year beginning on or after 1 January 2018 and will therefore apply to the Fund from 1 July 2018. The Fund does not intend to early adopt AASB 9 as permitted by the standard. The application of the standard is not expected to change the measurement basis of any of the Fund's current financial instruments. However, it may impact the presentation and disclosures in the "Financial Statements".

NOTE 2. Net assets attributable to unitholders

	2018	2018	2017	2017
	Units	\$	Units	\$
Opening balance	6,276,228	6,044,609	-	-
Units issued during the year/period	11,719,552	11,295,070	6,296,170	6,457,888
Units redeemed during the year/period	(1,901,833)	(1,804,435)	(19,942)	(21,191)
Distributions paid or payable	-	-	-	(688,582)
Change in net assets attributable to unitholders	-	(346,816)	-	296,494
Closing balance	<u>16,093,947</u>	<u>15,188,428</u>	<u>6,276,228</u>	<u>6,044,609</u>

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

Each unit has the same rights attaching to it as all other units of the Fund. The Trustee may at any time issue a different Series in accordance with the terms of issue. Each series will differ only for reason of performance fee calculation.

NOTE 3. Distributions to unitholders

	2018	2017
	\$	\$
Distributions paid	-	-
Distributions payable	-	688,582
Cents per unit	-	0.1097

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Notes to the Financial Statements For the year ended 30 June 2018

NOTE 4. Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

The Fund monitors the level of monthly applications and redemptions relative to the liquid assets in the Fund. The Fund's investment objective is to produce a high level of growth return whilst carefully managing risk.

Under the terms of the Fund's constitution, the RE has the discretion to reject an application to the Fund, if the exercise of such discretion is in the best interests of Fund investors.

NOTE 5. Financial assets held at fair value through profit or loss

	2018 \$	2017 \$
Designated at fair value through profit or loss upon initial recognition		
Fund investments – unlisted unit trusts	15,028,603	6,429,529
	<u>15,028,603</u>	<u>6,429,529</u>

The investment is the Fund's investment in the Arminius Capital ALPS Fund, a wholesale unregistered managed investment trust.

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 10.

NOTE 6. Receivables

	2018 \$	2017 \$
Reduced input tax credits	449	164
Interest receivable	-	300
	<u>449</u>	<u>464</u>

NOTE 7. Payables

	2018 \$	2017 \$
Other payables	2,660	6,856
	<u>2,660</u>	<u>6,856</u>

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 8. Cash flow information

a. Reconciliation of cash and cash equivalents

For the purposes of the Statement of cash flows, cash is comprised as follows:

	2018	2017
	\$	\$
Cash balance comprises:		
Cash at bank	162,036	310,054
Total cash and cash equivalents	<u>162,036</u>	<u>310,054</u>

b. Reconciliation of net operating profit to cash flows from operating activities

	2018	2017
	\$	\$
Net operating profit	(346,814)	296,494
Change in fair value of financial instruments	324,040	385,532
Distributions/dividends received	-	(683,357)
Changes in assets and liabilities:	-	
Increase in receivables	15	(464)
Increase in payables	(4,196)	6,856
Net cash provided by operating activities	<u>(26,955)</u>	<u>5,061</u>

c. Non cash financing activities

	2018	2017
	\$	\$
Reinvestment of unit holder distributions	<u>-</u>	<u>-</u>

NOTE 9. Related Party Disclosures

a. Management fees and performance fees

At the date of this report, Quay Fund Services Limited (ACN 616 465 671) is the RE of the Fund. Transactions with the RE have taken place on normal commercial terms and conditions.

Arminius Capital Management Pty Ltd (ABN 82 165 509 928) is the Investment Manager ("the IM") of the Fund. Transactions with the IM have taken place on normal commercial terms and conditions

Under the terms of the Fund Constitution, the management costs comprise of the management fees payable to the RE and the IM as well as the expenses of the Fund such as costs associated with custody and administration of the Fund, costs associated with the provision of legal and tax services for the Fund and any incidental expenses.

The Fund invests into an underlying sub-fund called the Arminius Capital ALPS Fund (the "underlying Sub-Fund"). The underlying Sub-Fund charges a management fee of 1% of gross asset value (inclusive of GST net of RITC) and additionally charges a performance fee of 10% of out-performance above the underlying Sub-Fund's performance Benchmark of 0% (inclusive of GST net of RITC). These fees are paid to a related party of the IM. These fees are not paid directly by the Fund, but are reflected as a reduction in the value of the Fund's investment in the underlying Sub-Fund.

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 9. Related Party Disclosures (cont'd)

a. Management fees and performance fees (cont'd)

The Fund's Product Disclosure Statement also provides that costs of operating the Fund up to 0.209% of the value of the Fund's net assets are recoverable to meet the ongoing operating costs of the Fund, including fees payable to the RE. To the extent the Fund's costs exceed this amount the costs are currently borne by the IM.

During the year the RE received fees of \$30,113(2017: \$31,250) (excluding GST) for acting as the responsible entity of the Fund.

All related party transactions are conducted on normal commercial terms and conditions.

b. Key Management Personnel

The names of the directors of the RE, Evolution Trustees Limited, who held office during the year were:

Rupert Clive Smoker
Alexander James Calder
David Roko Grbin
David Lom (*alternate director for Rupert Smoker*)

On 13th July 2018, Evolution Trustees Limited retired as the Fund's RE and was replaced by Quay Fund Services Limited.

At the date of this report the directors of Quay Fund Services Limited are:

William John Ballhausen
Simon Angus Lindsay
Oliver John Morgan

Except for the IM, there were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel are paid by the RE and/or the IM. Payments made from the Fund to the RE do not include any amounts attributable to the compensation of key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

There are no post-employment benefits paid to a director or key management personnel of the RE.

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund and there were no material contracts involving director's interests existing at year end.

Arminius Capital GMMA Fund - ARSN 614 078 812

Notes to the Financial Statements For the year ended 30 June 2018

NOTE 10. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk and arise from the financial instruments it holds or issues.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and investment mandate and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the IM under policies approved by the Board of Directors of the RE ('the Board').

The IM considers the risk profile of the Fund to be medium to high risk.

During the financial year, the Fund's investments included a mutual fund. Compliance with the Fund's investment mandate is reported to the Board on a monthly basis.

(i) Price risk

The Fund invests substantially in units that correspond to the Arminius Capital ALPS Fund (the "underlying Sub-Fund"). The Fund is directly exposed to equity securities price risk which arises from the investment in the underlying Sub-Fund for which the unit price in the future is uncertain. The underlying Sub-Fund invests in equity securities, debt securities and derivatives. Any indirect exposure the Fund may have to the market risks of the investments made by the underlying Sub-Fund is captured within the price risk sensitivity analysis which is based on the Fund's direct investment in the underlying Sub-Fund.

The sensitivity analysis is based on a generic approach using +/- 10% to provide a benchmark for demonstrating sensitivity to changes in various risk parameters.

At 30 June 2018, had the underlying market value of the investments moved, as illustrated in the table below, with all other variables held constant, the profit from operating activities and net assets attributable to unitholders would have been affected as follows:

	Impact on operating profit Higher/(Lower) 30 June 2018	Net assets attributable to unitholders Higher/(Lower) 30 June 2018	Impact on operating profit Higher/(Lower) 30 June 2017	Net assets attributable to unitholders Higher/(Lower) 30 June 2017
	\$	\$	\$	\$
Portfolio Value + 10%	1,502,860	1,502,860	642,953	642,953
Portfolio Value - 10%	(1,502,860)	(1,502,860)	(642,953)	(642,953)

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 10. Financial Risk Management (cont'd)

(ii) Interest rate risk (cont'd)

The Fund's interest bearing financial instruments expose it to risks associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

The Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities, is as follows:

	Weighted Average Effective Interest 2018 %	Floating Interest Rate 2018 \$	Fixed Interest Rate 2018 \$	Non Interest Bearing 2018 \$	Total 2018 \$
Financial Assets:					
Cash and cash equivalents	1.4%	162,036	-	-	162,036
Receivables		-	-	449	449
Financial assets at fair value through profit or loss		-	-	15,028,603	15,028,603
Total Financial Assets		162,036	-	15,029,052	15,191,088

**Financial Liabilities
(excluding unitholders)**

Distributions payable		-	-	-	-
Payables		-	-	2,660	2,660
Total Financial Liabilities		-	-	2,660	2,660
Net exposure		162,036	-	15,026,392	15,188,428

	Weighted Average Effective Interest 2017 %	Floating Interest Rate 2017 \$	Fixed Interest Rate 2017 \$	Non Interest Bearing 2017 \$	Total 2017 \$
Financial Assets:					
Cash and cash equivalents	1.4%	310,054	-	-	310,054
Receivables		-	-	464	464
Financial assets at fair value through profit or loss		-	-	6,429,529	6,429,529
Total Financial Assets		310,054	-	6,429,993	6,740,047

**Financial Liabilities
(excluding unitholders)**

Distributions payable		-	-	688,582	688,582
Payables		-	-	6,856	6,856
Total Financial Liabilities		-	-	695,438	695,438
Net exposure		310,054	-	5,734,555	6,044,609

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 10. Financial Risk Management (cont'd)

(ii) Interest rate risk (cont'd)

The following table demonstrates the sensitivity of the Fund's profit / (loss) for the year to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the profit / (loss) for the year is the effect of the assumed changes in interest rates on the net interest income/expense for one year, based on the floating rate financial assets and liabilities:

	Impact on operating profit Higher/(Lower)	Net assets attributable to unitholders Higher/(Lower)	Impact on operating profit Higher/(Lower)	Net assets attributable to unitholders Higher/(Lower)
	2018	2018	2017	2017
	\$	\$	\$	\$
Interest rates +0.5%	810	810	1,550	1,550
Interest rates -0.5%	(810)	(810)	(1,550)	(1,550)

(iii) Foreign exchange risk

The Fund may invest in financial instruments denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Australian Dollar. During the year and as at 30 June 2018, the Fund did not directly hold financial assets or liabilities in any foreign currency, however investments made by the underlying Sub-Fund may be denoted in currency other than the Australian dollar. Therefore, the Fund is not directly exposed to the foreign exchange risk, however maybe exposed to foreign currency risk through its investment in the underlying Sub-Fund.

(iv) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Fund's investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

All financial liabilities have a maturity term within three months, other than net assets attributable to unitholders described below.

The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand.

The minimum withdrawal is \$1,000 per request.

Withdrawal requests are processed weekly. Withdrawals are usually paid within 3-5 business days after the processing of a correctly completed withdrawal request

Arminius Capital GMMMA Fund - ARSN 614 078 812

Notes to the Financial Statements For the year ended 30 June 2018

NOTE 10. Financial Risk Management (cont'd)

iv) Liquidity risk (cont'd)

In certain circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act), the investor may have to wait a longer year of time before the investor can redeem the investment. Redemptions can be delayed for such year as considered reasonable in all circumstances if:

- there are not enough investments which can easily be turned into cash
- something outside Australian Fiduciaries Limited's control impacts on our ability to properly or fairly calculate the unit price or
- net withdrawal requests are received representing more than 5% of the net assets of the Fund.

(v) Credit risk

The Fund's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets. Other credit risk arises from cash and cash equivalents and deposits with banks and other financial institutions. None of these assets are impaired. The Fund enters into financial instruments with reputable counterparties (e.g. brokers, custodian and banks).

The Fund held investments in an underlying Sub-Fund as at 30 June 2018, and therefore is exposed to credit risk in this regard.

The carrying amount of financial assets approximates their fair value as at the reporting date.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (funds) to be structured entities. The Fund invests in related managed funds for the purpose of capital appreciation and / or earning investment income.

The investee funds' objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The investee funds finance their operations by issuing redeemable units which are redeemable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets.

The Fund holds redeemable units in each of the funds it invests in.

The fair value of financial assets is included in financial assets at fair value through profit or loss in the Statement of Financial Position.

The Fund's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in the investee funds as there are no off-balance sheet exposures relating to any of the investee funds. Once the Fund has disposed of its units in an investee fund, it ceases to be exposed to any risk from that investee fund.

During the year the Fund incurred fair value gains and earned distribution income as a result of its interests in other funds.

Arminius Capital GMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 10. Financial Risk Management (cont'd)

(vi) Fair value measurement

Financial instruments carried at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arms-length basis.

Level 2: Valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The following table shows an analysis of financial instruments held at the balance date, recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2018				
<i>Financial assets at fair value through profit and loss</i>				
Fund investment	-	15,028,603	-	15,028,603
Total	-	15,028,603	-	15,028,603

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2017				
<i>Financial assets at fair value through profit and loss</i>				
Fund investment	-	6,429,529	-	6,429,529
Total	-	6,429,529	-	6,429,529

There were no transfers between levels during the year.

Arminius Capital GMMMA Fund - ARSN 614 078 812

**Notes to the Financial Statements
For the year ended 30 June 2018**

NOTE 11. Contingent liabilities, contingent assets and commitments

There were no contingent liabilities or assets or commitments at 30 June 2018.

NOTE 12. Remuneration of the auditor

The costs of auditing the financial statements are paid directly by the IM. Auditors Remuneration (excluding GST) for the financial year ended 30 June 2018 was \$8,000 (2017: \$8,000).

NOTE 13. Events subsequent to balance date

Effective 13th July 2018 a new RE Quay Fund Services Limited – ACN 616 465 671 was appointed and the old RE Evolution Trustees Limited ACN 611 839 519 retired.

At the date of this report the directors of the RE, Quay Fund Services Limited are:

William John Ballhausen
Simon Angus Lindsay
Oliver John Morgan

There has been no other matter or circumstance other than the above has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Fund's operations in future financial year, the results of those operations or the Fund's state of affairs in future financial years.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018
ARMINIUS CAPITAL GMMMA FUND

In accordance with the resolution of the Directors of Quay Fund Services Limited, I state that in the opinion of the Directors:

- (i) The financial statements and notes, as set out in pages 5 to 22 are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - b) complying with Accounting Standards and the Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (ii) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.
- (iii) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Lindsay", with a long horizontal flourish extending to the right.

Director

Dated 30 October 2018

Sydney

Independent Auditor's Report

To the Unitholders of Arminius Capital GMMMA Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of Arminius Capital GMMMA Fund (the Scheme), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Scheme's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the financial report

The Directors of the Responsible Entity of the Scheme are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

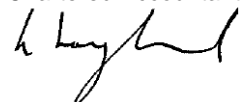
Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



G S Layland
Director – Audit & Assurance

Sydney, 30 October 2018