



MONTHLY PERFORMANCE REPORT

July 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: \$5,579,229.90
Unit Price: 0.8308

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 -0.12% for the month, compared with 0.94% 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 GMMMA Fund	HFRX (USD) ABSOLUTE RETURN INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX	SOCIETE GENERALE CTA MUTUAL FUND INDEX
1 Month	-0.12%	0.94%	1.00%	1.73%
3 Months	-2.37%	3.65%	6.80%	-2.08%
Calendar YTD	0.39%	-0.37%	-14.89%	0.00%
1 Year	-1.93%	2.05%	-12.29%	-2.80%
3 Years	-13.57%	5.01%	-3.83%	1.99%
Cumulative Since Inception NOV 2016	-7.36%	7.02%	-0.24%	0.83%

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

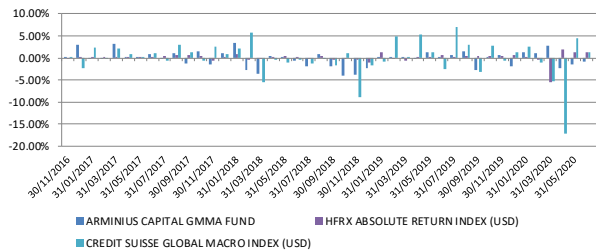
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY	
2016	-	-	-	-	-	-	-	-	INCEPTION =>			0.08%	3.06%	3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%	
2018	3.47%	-2.66%	-3.50%	0.46%	0.22%	-0.58%	-1.80%	0.87%	-1.95%	-3.93%	-3.75%	-2.32%	-14.65%	
2019	0.06%	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%	-0.83%	-0.12%						0.39%	

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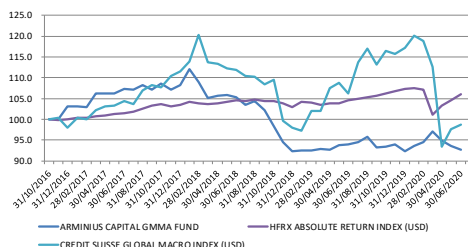
FUND OBJECTIVES: The Arminius Capital GMMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "Arminius Capital ALPS Fund", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between 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 -0.12% this month, as our models continue (since April) to indicate that all markets are either in such overbought territory that value cannot be discerned with a strong enough model generated signal, or that asset class volatility (despite falling in July) remains far elevated relative to historical norms (geometric mean). Therefore, when instrument & asset models generate signals as they did for us during July, the portfolio will almost always revert to a high level of cash holdings, i.e. hedged or market neutral positions, offsetting any exposure long or short. Although the EUR and JPY are less extreme in valuation levels than the USD model indicates, the volatility of the AUDUSD in the past 4 months has influenced the models to not take positions in USD denominated assets until a clear signal is generated. The resultant impacts of the US fiscal response to the virus will ensure that the US budget deficit as a % of GDP will now accelerate to levels that should, in 2021, see it eclipse even war-time budget deficit proportions. Irrespective of who wins in November, the increasing amount of US debt issuance will mean US dollar weakness versus a basket of most other major currencies (including AUD) through CY2020. This is a time for non-US investors holding US assets to be cautious, and not “chase performance returns” regardless of what US equities have done since the end of March.

Only the US and Chinese share markets strengthened during July. The S&P500 jumped 5.5% despite the rising COVID-19 death toll and the weakening economic recovery. The reason is simple: the technology sector, led by the five giants Amazon, Apple, Facebook, Google, and Microsoft, is booming, even though the rest of the share market has fallen. The chart below shows how the S&P500 has been propelled upward by the performance of the Big Five, while the other 495 stocks in the index have stalled. Thus the S&P500 price index is now ahead by 1.2% for the year to date, while most of the stocks in the index are still down on the year.

Exhibit 1: The five largest stocks have returned 35% YTD; the other 495 stocks have declined by 5%.



Source: FactSet, Goldman Sachs Global Investment Research

The Chinese share market has its own tech giants, such as Alibaba and Tencent, which have been doing just as well as their US counterparts, and it has also benefited from a strongly recovering economy. As we have emphasized previously, the Chinese government is determined to kickstart the economy now that it has got COVID-19 under control, but it is using targeted stimulus programs rather than flooding the economy with money in the way that the US has. The other big difference is that the Chinese programs seem to be working. As a result, the Shanghai Composite price index is magically up 8.5% for the year.

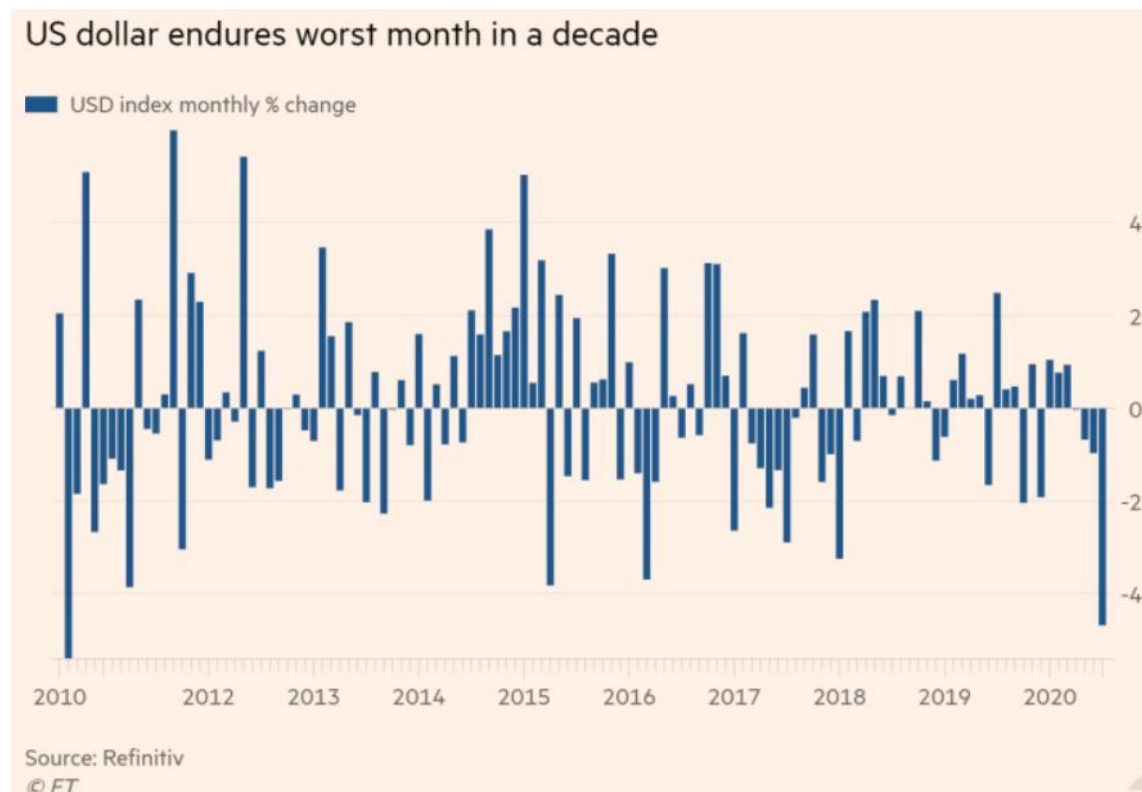


Other markets did not do much either way. Japan's Nikkei 225 price index slipped 1.3% as the number of coronavirus cases began to rise again. The Stoxx Europe 600 price index fell 1.1% as weak economic data suggested that recovery would be slow. The Australian S&P/ASX200 price index gained 1.2% because we looked like we had COVID-19 under control – but this was before the Melbourne outbreaks.

MARKET OUTLOOK

Global investors have of course noticed that the US has (a) hardly controlled the coronavirus pandemic, and (b) pumped trillions of dollars into the economy. These two facts suggest that – apart from the technology sector – US companies will face a difficult environment in the next few years. We have detailed the implications of these trends in a 22 July article on the Arminius website, “Will the US dollar become another casualty of COVID-19?”. <https://arminiuscapital.com.au/will-the-us-dollar-become-another-casualty-of-covid-19/>

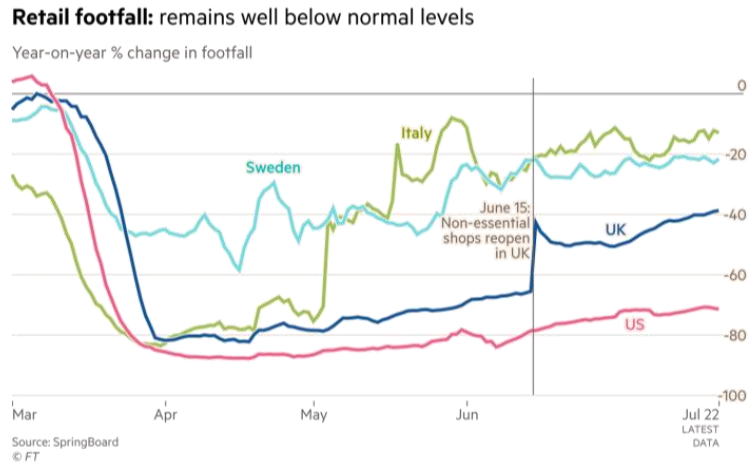
We expect the US dollar to fall against the Australian dollar, the Euro, the Japanese yen, and other major currencies. Many investors have reached the same conclusion and voted with their money. By exiting their US holdings, they have caused the biggest fall in the US dollar since 2010, as the chart below shows.



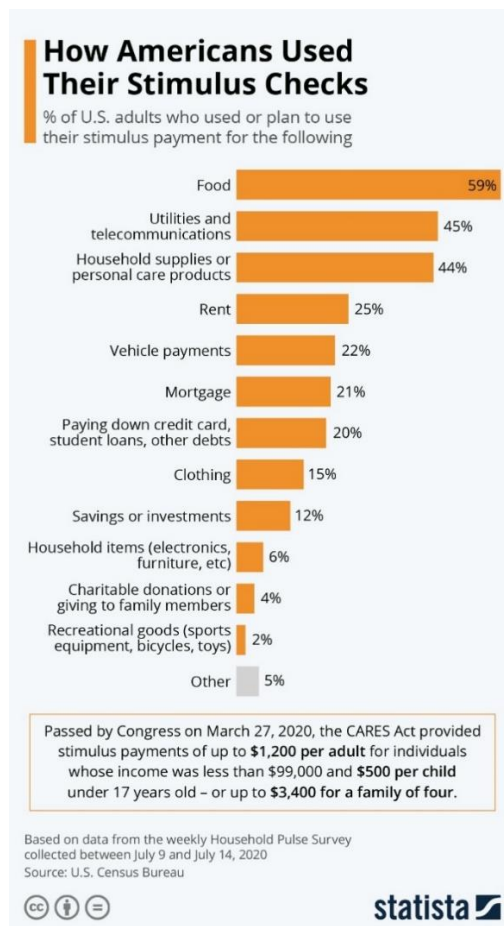
The US share market can still rise while the US dollar is falling. Over 35% of the revenue of the S&P500 companies comes from outside the US, so the foreign exchange translation effect will give these companies higher US dollar profits.

For non-US investors, however, a falling US dollar creates a headwind. If their home share market rises by 10%, for example, they get a 10% return. If the US share market rises by 10% but the US dollar falls by 5% against the investor's home currency, the non-US investor only gets a 5% return.

What is also clear is that most developed economies are doing better than the US. The chart below shows consumer foot traffic in shopping centres in the US, the UK, Sweden and Italy. Even though these three European countries did not manage the coronavirus very well, their consumers are already much more willing to venture out and start spending again, whereas US mall traffic has barely recovered from the lockdown.



A further complication is the US' ability to turn any political decision into grandstanding, brinkmanship, and deadlock, as demonstrated regularly by the annual farce of the US Federal budgets and debt ceilings. If the Democrats continue denying bi-partisan support, the Trump Administration and the Republican-controlled Senate may not be able to pass legislation to extend the lockdown support package which was rushed into place four months ago. Because that package's payments to individuals have now ceased, further delays will not only cause mass hardship but also deepen the US recession. The chart below is based on data gathered in routine weekly surveys by the US Census Bureau. It shows how the recipients of stimulus cheques spent their money on necessities such as food, rent and utilities. More than 160,000 US citizens have died because of the Chinese virus; it may yet drive millions more into poverty. Parties on both sides of the aisle will remind voters of this salient point in the lead up to November, as "China favourability" in the US falls to levels not seen since pre-Kissinger times.



Q.E.D.

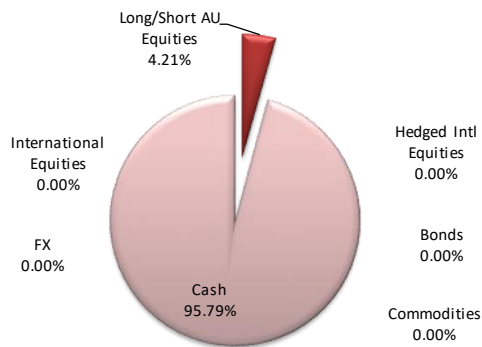
Further accompanying Hedge Fund Manager Commentary will be available in the future on the website under "MEDIA".



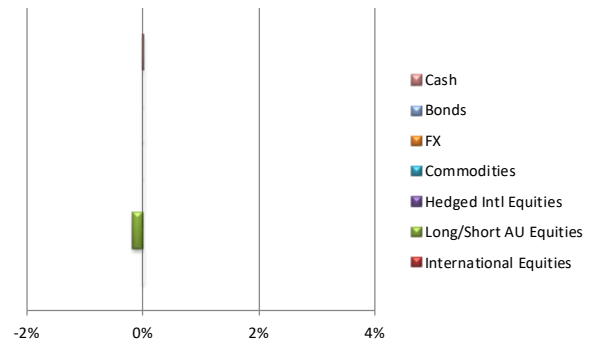
UNDERLYING FUND DATA

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-Jun-20	31-Jul-20	ROR	COMMODITIES	30-Jun-20	31-Jul-20	ROR
EUROPE				Energy			
Germany DAX (TR)	12310.93	12313.36	0.02%	Crude Oil WTI (NYM \$/bbl) Continuous	39.27	40.27	2.55%
Switzerland SMI (PR)	10045.3	10005.9	-0.39%	Brent Crude (ICE \$/bbl) Continuous	41.27	43.52	5.45%
STOXX Europe 50 (EUR)	2988.99	2912.9	-2.55%	NY Harbor ULSD (NYM \$/gal) Continuous	1.19	1.22	3.16%
FTSE 100	6169.74	5897.76	-4.41%	NY Harb RBOB (NYM \$/gal) Continuous	1.20	1.17	-2.53%
France CAC 40	4935.99	4783.69	-3.09%	Natural Gas (NYM \$/btu) Continuous	1.75	1.80	2.74%
FTSE MIB	19375.52	19091.93	-1.46%	Precious Metals			
Netherlands AEX	559.73	545.29	-2.58%	Gold (NYM \$/ozt) Continuous	1800.50	1985.90	10.30%
Belgium BEL 20	3328.01	3273.37	-1.64%	Silver (NYM \$/ozt) Continuous	18.64	24.22	29.94%
OMX Stockholm 30	1664.3802	1707.3514	2.58%	Industrial Metals			
Norway Oslo All-Share	869.08	901.74	3.76%	Aluminum (LME Cash \$/t)	1602.00	1685.50	5.21%
Ireland ISEQ	5973.9	6099.59	2.10%	High Grade Copper (NYM \$/lbs) Continuous	6038.00	6446.50	6.77%
Spain IBEX 35	7231.4	6877.4	-4.90%	Nickel (LME Cash \$/t)	12790.00	13756.00	7.55%
Cyprus CSE General	49.33	46.48	-5.78%	Iron Ore 62% CN TSI (NYM \$/mt)	102.95	108.90	5.78%
AMERICAS				Zinc (LME Cash \$/t)	2056.50	2299.00	11.79%
S&P 500	3100.29	3271.12	5.51%	Agricultural			
DJ 30 Industrials	25812.88	26428.32	2.38%	Corn (CBT \$/bu) Continuous	3.42	3.16	-7.47%
DJ 65 Composite Average	8292.07	8701.84	4.94%	Soybeans (CBT \$/bu) Continuous	8.82	8.93	1.16%
NASDAQ Composite	10058.766	10745.273	6.82%	Wheat (CBT \$/bu) Continuous	4.92	5.31	8.03%
Russell 1000	1717.468	1815.99	5.74%	Cotton #2 (NYF \$/lbs) Continuous	0.61	0.63	2.92%
S&P TSX	15515.22	16169.2	4.22%	Sugar #11 (NYF \$/lbs) Continuous	0.12	0.13	5.69%
Brazil Bovespa	95055.82	102912.24	8.27%	Indices			
Mexico IPC	37716.43	37019.68	-1.85%	GS Commodity (CME) Continuous	324.70	338.50	4.25%
ASIA				PowerShares DB Commodity Index Tracking Fund	12.31	12.94	5.12%
S&P ASX 200	5897.9	5927.8	0.51%	db x-trackers SICAV - db x-trackers DB COMMODITY BO	11.89	12.60	6.04%
Nikkei 225	22288.14	21710	-2.59%	10 YEAR SOVEREIGN YIELDS			
Hang Seng	24427.19	24595.35	0.69%	US	0.65%	0.54%	-0.11%
Korea KOSPI	2108.33	2249.37	6.69%	UK	0.15%	0.10%	-0.05%
FTSE Strait Times	2589.91	2529.82	-2.32%	Europe	-0.48%	-0.53%	-0.06%
Taiwan TAIEX	11621.24	12664.8	8.98%	Australia	0.87%	0.82%	-0.05%
New Zealand NZX 50 (TR)	11451.05	11727.63	2.42%	Belgium	-0.15%	-0.22%	-0.07%
China Shenzhen A Share	2067.4421	2362.1563	14.26%	Canada	0.53%	0.46%	-0.06%
India S&P BSE SENSEX	34915.8	37606.89	7.71%	Denmark	-0.35%	-0.40%	-0.04%
FTSE Bursa Malaysia KLCI	1500.97	1603.75	6.85%	France	-0.14%	-0.20%	-0.06%
Indonesia JSX	4905.392	5149.627	4.98%	Germany	-0.48%	-0.53%	-0.06%
FOREIGN EXCHANGE				Greece	1.20%	1.09%	-0.11%
AUD/USD	0.690	0.715	3.58%	Ireland	-0.02%	-0.12%	-0.10%
EUR/USD	1.125	1.180	4.85%	Italy	1.24%	1.02%	-0.22%
JPY/USD	107.863	105.714	-1.99%	Japan	0.02%	0.01%	-0.01%
GBP/USD	1.240	1.311	5.74%	Netherlands	-0.32%	-0.40%	-0.08%
CHF/USD	1.058	1.096	3.55%	New Zealand	0.93%	0.75%	-0.18%
USD/CAD	0.736	0.747	1.49%	Norway	0.61%	0.53%	-0.08%
EUR/GBP	0.908	0.900	-0.83%	Portugal	0.47%	0.34%	-0.13%
AUD/EUR	1.631	1.651	1.23%	Spain	0.46%	0.33%	-0.13%
USD/CHF	0.947	0.913	-3.54%	Sweden	-0.07%	-0.09%	-0.03%
GBP/AUD	1.796	1.832	2.00%	Switzerland	-0.45%	-0.53%	0.08%
CBOE Volatility Index	30.43	24.46	-19.62%				

ROR = Rate of Return
Yield D = Yield differential

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