



MONTHLY PERFORMANCE REPORT

September 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: \$5,573,489.61
Unit Price: 0.8309

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

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The Fund returned -0.18% for the month, compared with -1.93% for the Societe Generale CTA Mutual Fund 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	BARCLAY UCITS GLOBAL MACRO INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX	SOCIETE GENERALE CTA MUTUAL FUND INDEX
1 Month	-0.18%	-0.59%	-1.63%	-1.93%
3 Months	-0.11%	3.09%	3.57%	0.07%
Calendar YTD	0.40%	-4.43%	-12.72%	-1.63%
1 Year	-0.56%	-3.79%	-9.69%	-5.13%
3 Years	-13.48%	-0.23%	-5.53%	0.63%
Cumulative Since Inception NOV 2016	-7.35%	1.21%	2.30%	-0.81%

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

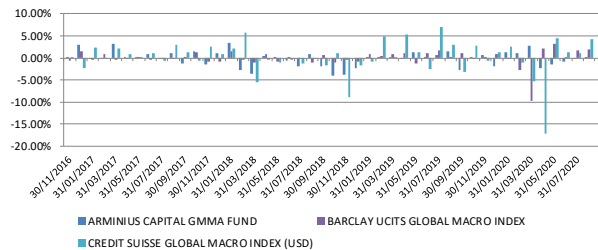
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	INCEPTION =>	0.08%	3.06%		3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%	-2.66%	-3.50%	0.46%	0.22%	-0.58%	-1.80%	0.87%	-1.95%	-3.93%	-3.75%	-2.32%	-14.65%
2019	0.06%	0.10%	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%	0.19%	-0.18%				0.40%

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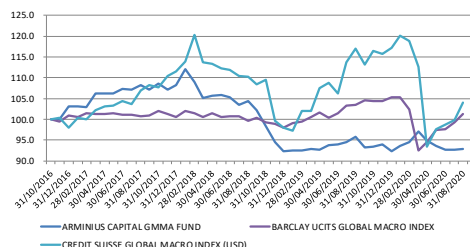
FUND OBJECTIVES: The Arminius Capital GMMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "Arminius Capital ALPS Fund", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between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

FUND PERFORMANCE

The fund continues to hold high levels of cash allocation which has been beneficial to our fund's performance in September, as most global equity markets fell this month in excess of -3%. Our fund continues to be positive year to date, while all major markets ex-US are still in negative territory.

Global share markets retreated in September as investors began to worry about second waves of coronavirus and the US Congress adjourned without passing a new stimulus package.

After the sudden virus-induced slide in February and March, equities had risen for five months in a row, led by the tech sector. With the September correction, the tech stocks led the way down.

The S&P500 price index slipped -3.92% and the Euro Stoxx 600 price index declined -1.48%. Australia's XJO fell -4.04%. Japan's Nikkei 225 price index went against the trend with a 0.2% rise, thanks to the smooth handover to a new Prime Minister who will continue the business-friendly policies of his predecessor. Despite economic data showing a strong recovery, China's share markets reacted badly to speeches and announcements about the new US policy of "decoupling": the Shanghai Composite price index fell -6.36% and the Hang Seng dropped -6.82%.

MARKET OUTLOOK





2020 has been a rollercoaster ride for share investors – unless they were investors in the Arminius Capital GMMA Fund, which has generated consistent monthly returns, adding up to +0.40% for the nine months year to date.

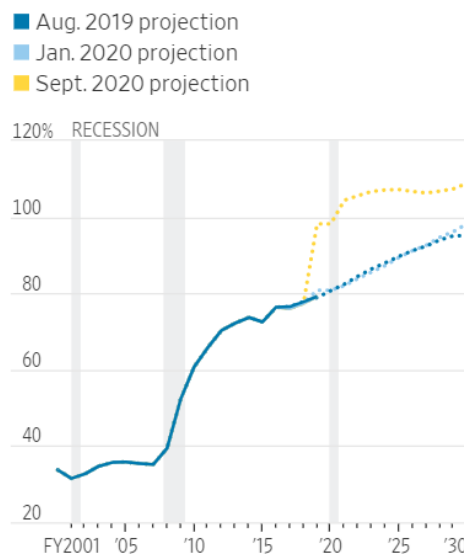
US equity investors are not off the rollercoaster yet. The news that the President had contracted COVID-19 poured more petrol on the flames of what has become the most acrimonious US Presidential election for decades. As Arminius Capital has been pointing out for some months, a contested election is very likely unless one candidate wins a clear majority of both the popular vote and the Electoral College.

Republicans, Democrats, and constitutional lawyers have been war-gaming the possible scenarios around a contested election. When there was no clear winner in 1824 and 1876, the selection of the President devolved to the House of Representatives for three months.



The chart above shows how investors have become increasingly worried about the outcome of the next US Presidential election. The kink in the curve around the 03 November election date indicates the sharp increase in the cost of buying protection against a fall in the market. It is explained in detail in an article on the Arminius Capital website, “The Presidential Volatility Kink”(<https://arminiuscapital.com.au/the-presidential-volatility-kink/>)

U.S. federal debt as a percentage of GDP



Source: Congressional Budget Office



Whoever the next President may be, he will not be able to do much about the relentless rise in US federal government debt. The chart above, from the non-partisan Congressional Budget Office, projects US government debt as a percentage of GDP out to 2030. The trend was bad even before the coronavirus came along; the pandemic has made it worse by reducing revenues and increasing costs. In the next few months, US government debt will pass 100% of GDP – a level last seen in World War II. In 2023 it will pass the record set in 1945.

The rise in debt has been a bipartisan effort. Democrats have a reputation as the party of big spenders, but in the last two decades the Republicans have more than matched them, with Bush 43's binge on two unwinnable wars and President Trump's tax cuts.

The combination of enormous Federal debt levels, low household savings rates, and a worsening current account deficit means that the US dollar will weaken against the currencies of most its major trading partners, including Australia. Back in July, we explained why the Australian dollar will rise against the US dollar for the next three years – see the article on the Arminius Capital website, “Will the USD become another casualty of COVID-19?” (<https://arminiuscapital.com.au/will-the-us-dollar-become-another-casualty-of-covid-19/>) The conditions are now in place for the US dollar to fall sooner and faster – perhaps right after the Presidential election.



Meanwhile, the US share market has been invaded by small-time speculators. The chart above shows the four-fold jump in retail volumes as frustrated sports bettors and unemployed Gen Xers took to day trading in the last six months, encouraged by their early wins on tech stocks. But booms of this sort always end in tears. Academics have studied anonymized broker records over the last four decades and concluded that 80% of day traders lose money.

2020 has not been kind to most investors. Our fund has returned positive year to date, which is an outlier for most capital markets & funds. Of all the major stockmarkets, only the US has returned positive year to date, which included a historical whip-saw between February to April. All other major stockmarkets including Australia are deep in negative territory this year. The bond market continues to defy gravity. The commodity markets have experienced colossal moves (oil price going “negative”). With (i) the pending US election, (ii) an unclear path to a vaccine which all governments and “forecasters” are pegging their hopes upon for a return to economic normality, our models continue to reflect the VIX – that now is not the time to be “risk on”. Our fund has, since February, been positioned the most defensively since its inception. Our positive returns year to date demonstrate this.

We urge investors to view the global situation with caution and suggest that this is not the time for any material “portfolio positioning”.

Q.E.D.

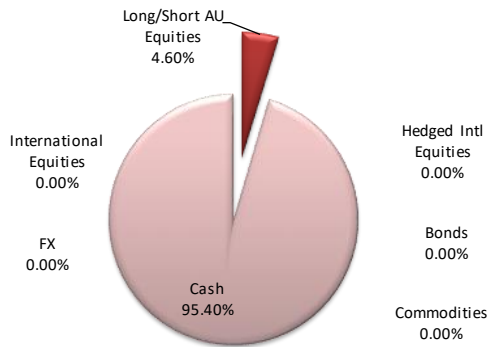
Further accompanying Hedge Fund Manager Commentary will be available in the future on the website under “MEDIA”.



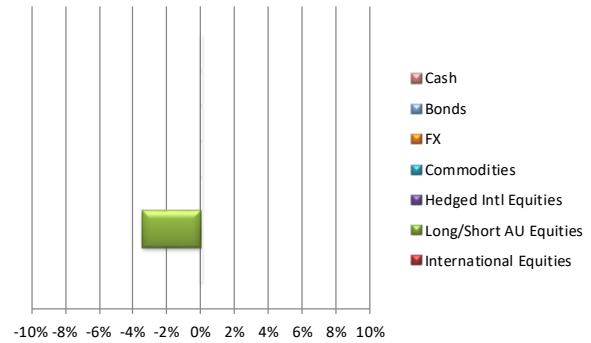
UNDERLYING FUND DATA

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-Aug-20	30-Sep-20	ROR	COMMODITIES	31-Aug-20	30-Sep-20	ROR
EUROPE				Energy			
Germany DAX (TR)	12945.38	12760.73	-1.43%	Crude Oil WTI (NYM \$/bbl) Continuous	42.61	40.22	-5.61%
Switzerland SMI (PR)	10135.56	10187	0.51%	Brent Crude (ICE \$/bbl) Continuous	45.28	42.30	-6.58%
STOXX Europe 50 (EUR)	2954.55	2904.12	-1.71%	NY Harbor ULSD (NYM \$/gal) Continuous	1.22	1.15	-5.35%
FTSE 100	5963.57	5866.1	-1.63%	NY Harb RBOB (NYM \$/gal) Continuous	1.21	1.18	-2.64%
France CAC 40	4947.22	4803.44	-2.91%	Natural Gas (NYM \$/btu) Continuous	2.63	2.53	-3.92%
FTSE MIB	19633.69	19015.27	-3.15%	Precious Metals			
Netherlands AEX	549.2	547.7	-0.27%	Gold (NYM \$/ozt) Continuous	1978.60	1895.50	-4.20%
Belgium BEL 20	3332.53	3235.44	-2.91%	Silver (NYM \$/ozt) Continuous	28.59	23.49	-17.84%
OMX Stockholm 30	1766.3306	1829.4049	3.57%	Industrial Metals			
Norway Oslo All-Share	937	929.85	-0.76%	Aluminum (LME Cash \$/t)	1762.00	1737.00	-1.42%
Ireland FTSE	404.50363	409.00888	1.11%	High Grade Copper (NYM \$/lbs) Continuous	6728.00	6610.00	-1.75%
Spain IBEX 35	6969.5	6716.6	-3.63%	Nickel (LME Cash \$/t)	15414.00	14385.00	-6.68%
Cyprus CSE General	45.32	43.86	-3.22%	Iron Ore 62% CN TSI (NYM \$/mt)	122.53	123.98	1.18%
AMERICAS				Zinc (LME Cash \$/t)	2529.50	2413.00	-4.61%
S&P 500	3500.31	3363	-3.92%	Agricultural			
DJ 30 Industrials	28430.05	27781.7	-2.28%	Corn (CBT \$/bu) Continuous	3.58	3.79	5.94%
DJ 65 Composite Average	9286.56	9190.95	-1.03%	Soybeans (CBT \$/bu) Continuous	9.54	10.24	7.34%
NASDAQ Composite	11775.457	11167.508	-5.16%	Wheat (CBT \$/bu) Continuous	5.52	5.78	4.66%
Russell 1000	1946.154	1872.698	-3.77%	Cotton #2 (NYF \$/lbs) Continuous	0.65	0.66	0.97%
S&P TSX	16514.44	16121.38	-2.38%	Sugar #11 (NYF \$/lbs) Continuous	0.13	0.14	6.71%
Brazil Bovespa	99369.15	94603.38	-4.80%	Indices			
Mexico IPC	36840.73	37458.69	1.68%	GS Commodity (CME) Continuous	359.35	349.45	-2.75%
ASIA				PowerShares DB Commodity Index Tracking Fund	13.54	13.06	-3.55%
S&P ASX 200	6060.5	5815.9	-4.04%	db x-trackers SICAV - db x-trackers DB COMMODITY BO	13.18	12.78	-3.02%
Nikkei 225	23139.76	23185.12	0.20%	10 YEAR SOVEREIGN YIELDS			
Hang Seng	25177.05	23459.05	-6.82%	US	0.70%	0.68%	-0.02%
Korea KOSPI	2326.17	2327.89	0.07%	UK	0.31%	0.22%	-0.10%
FTSE Strait Times	2532.51	2466.62	-2.60%	Europe	-0.40%	-0.53%	-0.12%
Taiwan TAIEX	12591.45	12515.61	-0.60%	Australia	0.98%	0.79%	-0.19%
New Zealand NZX 50 (TR)	11937.56	11747.28	-1.59%	Belgium	-0.15%	-0.30%	-0.15%
China Shenzhen A Share	2402.5222	2249.6304	-6.36%	Canada	0.62%	0.57%	-0.06%
India S&P BSE SENSEX	38628.29	38067.93	-1.45%	Denmark	-0.29%	-0.42%	-0.13%
FTSE Bursa Malaysia KLCI	1525.21	1504.82	-1.34%	France	-0.10%	-0.25%	-0.15%
Indonesia JSX	5238.487	4870.039	-7.03%	Germany	-0.40%	-0.53%	-0.12%
FOREIGN EXCHANGE				Greece	1.09%	1.01%	-0.08%
AUD/USD	0.739	0.716	-3.06%	Ireland	-0.06%	-0.17%	-0.11%
EUR/USD	1.194	1.174	-1.71%	Italy	1.07%	0.87%	-0.20%
JPY/USD	105.848	105.402	-0.42%	Japan	0.04%	0.02%	-0.03%
GBP/USD	1.338	1.290	-3.55%	Netherlands	-0.29%	-0.41%	-0.12%
CHF/USD	1.108	1.088	-1.79%	New Zealand	0.63%	0.50%	-0.13%
USD/CAD	0.768	0.751	-2.14%	Norway	0.79%	0.59%	-0.20%
EUR/GBP	0.892	0.909	1.91%	Portugal	0.41%	0.26%	-0.15%
AUD/EUR	1.616	1.638	1.39%	Spain	0.40%	0.25%	-0.15%
USD/CHF	0.904	0.921	1.90%	Sweden	0.03%	-0.13%	-0.15%
GBP/AUD	1.812	1.805	-0.40%	Switzerland	-0.41%	-0.51%	0.10%
CBOE Volatility Index	26.41	26.37	-0.15%				

ROR = Rate of Return
Yield D = Yield differential

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