MONTHLY PERFORMANCE REPORT
January 2021

The Fund returned -0.46% for the month, compared with -0.08% for the HFM UCITS Macro Index and 6.09% for the Credit Suisse Global Macro Index. The Fund continues to achieve its objective of being a low volatility fund (6.03% since inception July 2014) with low correlation to equity markets, as a consequence of our risk averse strategies. We expect the US federal budget deficit as a % of GDP to increase to record levels through 2021 due to Coronavirus stimulus packages. Despite the global debt outlook implying defaults in lower-quality sovereign and corporate bonds, world central banks continue to intervene to prevent such events from happening.

GENERAL INFORMATION

Base Currency: AUD
Entity Type: Open Ended Unit Trust
PMs: Marcel von Pfyffer (CIO)
Neill Colledge
Launch date: Jul-2014
Benchmark: 0% (Absolute Return)
Fees: 1 and 10
Domicile: Australia
Close of Financial Year: 30th June
Unit Pricing: Weekly
ISIN Code: AU60PKF00011
APIR Code: PKF0001AU
Fund Administration: APEX Fund Services (Australia)
Fund Custodian: Sargon CT
Prime Broker: Interactive Brokers
Auditors: Grant Thornton
Compliance: King Irving

INVESTMENT MANAGER

Arminius Investment Management Pty Ltd
AFSR 471285 ACN 602780950
licensed by:
Arminius Capital Advisory Pty Ltd
AFSL 461307 ACN 165509928

DISTRIBUTION DETAILS

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PERFORMANCE (Inception JUL-2014)	Arminius Capital ALPS Fund	HFM UCITS MACRO INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX	SOCIETE GENERALE CTA MUTUAL FUND INDEX
1 Month	**-0.46%**	-0.08%	6.09%	5.58%
3 Months	**-1.70%**	4.12%	12.45%	7.24%
Calendar YTD	**-0.46%**	-0.08%	6.49%	4.47%
1 Year	**-2.68%**	1.02%	-4.00%	4.47%
3 Years	**-18.27%**	1.04%	1.32%	2.27%
5 Years	**2.01%**	2.80%	15.18%	-0.06%
Cumulative since Inception JUL 2014	**9.99%**	**4.13%**	**9.57%**	**7.75%**

Arminius Capital ALPS Fund (Inception July-2014) Returns are net of base fees; gross of performance fee.

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2014	-	-	-	-	**INCEPTION =>**		2.09%	0.04%	-1.43%	2.02%	1.18%	2.35%	6.37%
2015	3.85%	1.56%	-0.07%	-1.47%	0.77%	-0.09%	0.52%	-1.23%	-0.45%	1.23%	0.19%	-2.43%	2.26%
2016	-0.38%	-2.38%	0.54%	2.37%	1.22%	0.41%	-0.10%	0.03%	0.00%	0.20%	3.55%	4.60%	10.33%
2017	-0.13%	2.69%	3.31%	0.10%	1.25%	0.02%	-0.34%	1.28%	-1.45%	1.93%	-1.41%	1.04%	8.47%
2018	3.94%	-2.64%	-3.56%	0.49%	0.24%	-0.57%	-1.77%	0.88%	-1.94%	-3.90%	-3.75%	-2.26%	-14.1%
2019	0.08%	0.12%	0.35%	-0.22%	1.39%	0.20%	0.60%	1.44%	-2.72%	0.27%	0.70%	-1.85%	0.28%
2020	1.38%	1.11%	2.76%	-2.29%	-1.45%	-0.71%	-0.10%	0.22%	-0.17%	-0.29%	-0.64%	-0.61%	-0.88%
2021	-0.46%												-0.46%

* 2014/07 - 2015/02 Strategy run as Mandate, 2015/03+ as Unit Trust Structure. EOM date is typically last Friday of month.

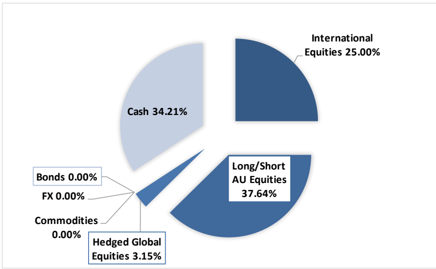
FUND OBJECTIVES: The fund provides investors with exposure to all asset classes in the global macro universe. Arminius' aim is to provide smooth positive returns with lower volatility and lower risk than concentrated single market/asset class exposure. Our absolute return investment methodology utilises 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.

FUND STATISTICS MONTHLY

From July 2014	ALPS Fund	XJO
Sharpe Ratio	**0.28**	0.28
Sortino Ratio (RFR)	**1.44**	1.27
Downside Deviation	**1.16%**	3.30%
Standard Deviation	**1.74%**	4.30%
Annualized SD	**6.03%**	14.91%
Mean Monthly Return	**0.14%**	0.35%
Compound Monthly Return	**0.13%**	0.26%
Excess Return (RFR)	**1.67%**	4.20%
Portfolio Correlation to XJO	**0.14**	-
R^2 Coefficient of Determination	**0.00**	-

STRATEGIC ASSET ALLOCATION
at Month's commencement



FUND PERFORMANCE:

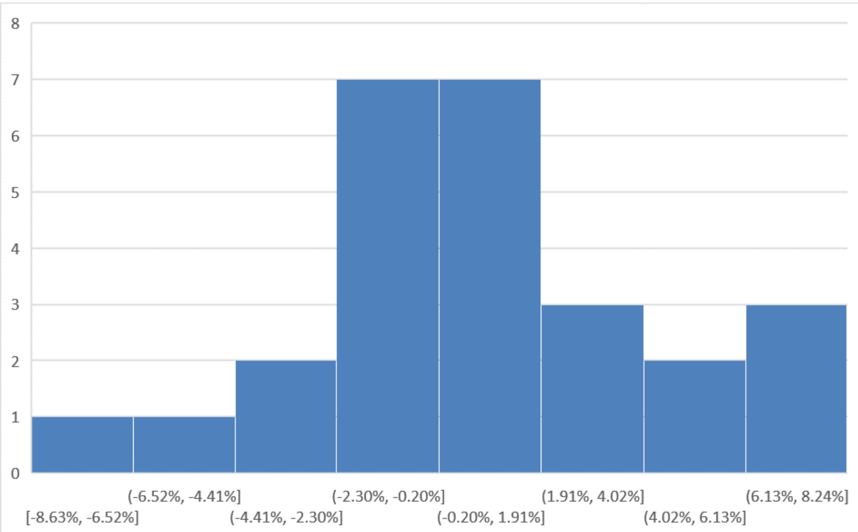
Global markets were looking to a return to some semblance of normality for the first month of 2021, desperately wishing to put 2020 behind them and moving onwards to a brave new vaccinated world. Instead, January delivered the spectacle of the Biden inauguration, D.C. under siege and all of January's equity markets' returned confidence (i.e. percentage gains) evaporated in the last (one) trading day of the month. This was due to a bizarre brokerage (Robinhood) at war with its retail clients (who trade/gamble for zero commission) due to ruptures that occurred in January in the financial system's architecture. A complex toxic relationship between clients' margin accounts, brokers, clearing houses, market makers and investment banks. This focussed on a company (Gamestop) who, it came to light, had approx.. 140% of its float (stock) "lent out" to short sellers. For anyone curious, yes (i) this should be impossible and no (ii) the SEC doesn't actually allow it *ahem*. Anyway, so it happened, and for a few brief days (27th - 29th January) the market thought that this was going to be the next GFC (because we didn't quite have enough fun in 2020?!) and volatility went from the month's low of 23, to 37. Equities markets gave back everything they'd made in the month, in one day. While this was happening, the bond market barely moved, going from 1.01% to 1.09%. As this report will be read, markets made back everything that they had lost in January, by the 2nd trading day in February. We live in volatile times. The fund fell -0.46%, which was better than most major markets (US -1.1%, EU -0.80%).

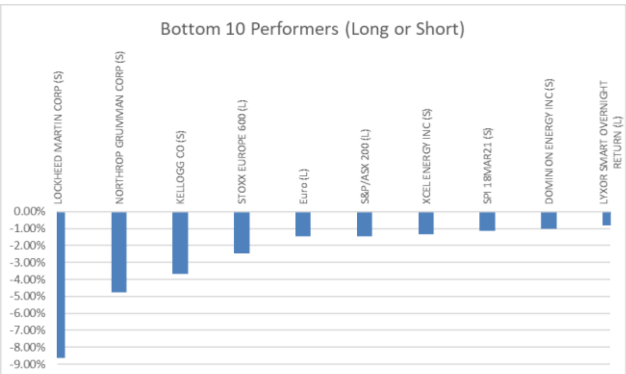
MARKET SUMMARY

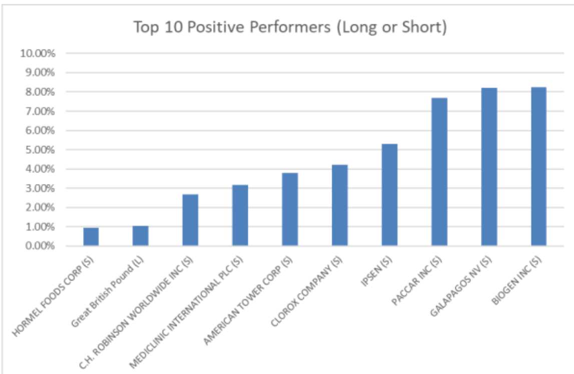
The US S&P500 price index ground its way slowly to a new high of 3852 by 20 January, but then due to the "Gamestop/WSBs" saga ending up finishing down -1.1% for the month. The Shanghai Composite price index rose +0.3%, Japan's Nikkei 225 gained +0.8%, and the European Stoxx 600 price index fell -0.8%.

Equity investors pretty much ignored the dramatic political events in the US, correctly regarding them as political theatre with little impact on market fundamentals. They ignored the 6 January protests in the Capitol, the record breaking issuance of Presidential orders from the new Biden Administration, and all the noise made by US politicians. Being all over the media and the Twitter-sphere doesn't make something important.

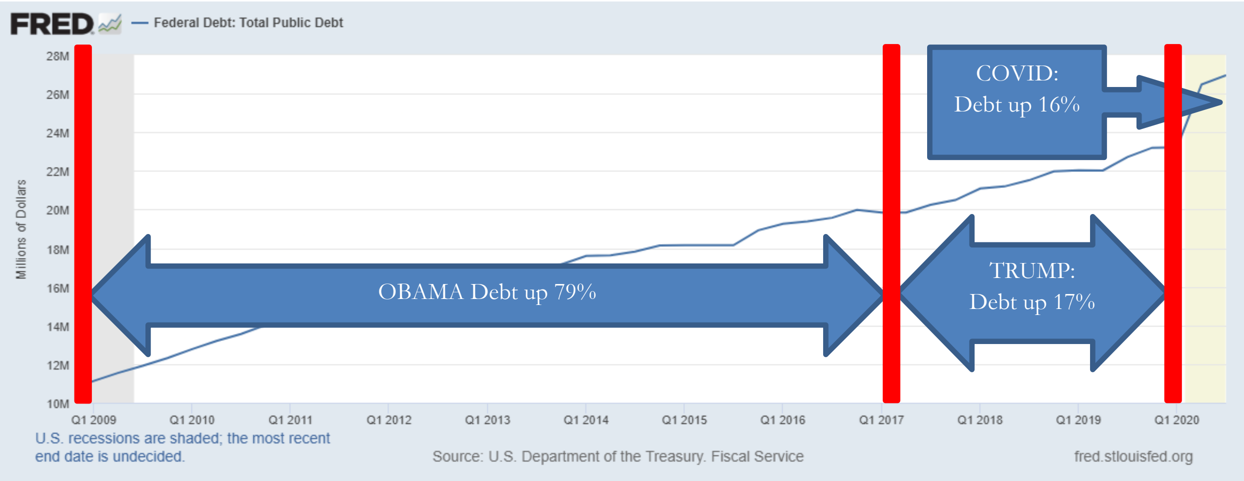
DISTRIBUTION OF FUND RETURNS







MARKET OUTLOOK

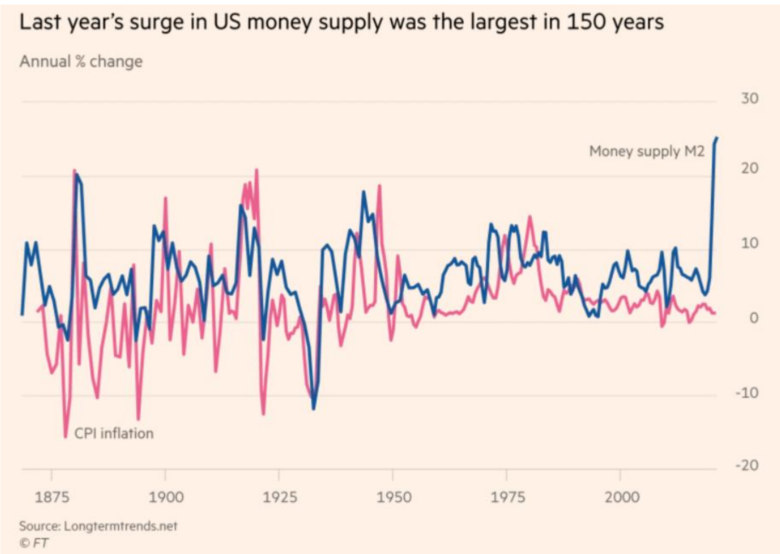


We expect global equities to move higher over the next few months, driven by the tsunami of government money which was deployed to prop up the COVID-19 economy. In the US, the bull market will be fuelled by Biden's stimulus package, but also by the unleashing of consumer and corporate spending power (detailed in last month's report). As the chart above shows, the US national debt has increased in a linear fashion since Obama, and now in 2021 post-COVID-outbreak, it sits at USD$28 trillion, and it is obviously going a lot higher.

The rise in European stocks will not be as strong, because the fiscal support isn't as big. In Australia, like the rest of East Asia, much of the government support will be withdrawn over coming months.

The big question for investors is whether we will see a resurgence of inflation. We think so, but only in the US. Home-grown inflationary pressures are much smaller in the rest of the world, and US inflation will not be exported to other countries in the near term because the US dollar will continue to adjust downward. For example, the US dollar (USD) fell 10% against the Australian dollar (AUD) in the second half of calendar2020, and if it weren't for the Reserve Bank's use of its Quantitative Easing tool, the AUD would be rising even more strongly right now.

The chart below tracks annual percentage changes in the US money supply M2 (blue line) against annual percentage changes in US CPI inflation (red line) since 1870, when records began. Not surprisingly, the two variables are correlated: increases in the money supply tend to be followed by increases in inflation. 2020 saw the largest increase in the money supply in 150 years – what is likely to happen next?



How should investors prepare their portfolios for a bout of inflation? Those of us who remember the 1970s know that, during inflationary periods, shares and property do far better than cash and fixed income. Within the asset classes of equities and property, the best performers are the businesses which have strong pricing power. For equities, this means businesses which have CPI-based increases built in, or industries which have serious barriers to entry. For property, this means landlords with frequent CPI-based rent reviews.

What we don't know yet is how much inflation the US will get, or how soon. The speed and level of inflation will depend on the strength of the recovery, which in turn depends on the size of the Biden stimulus as actually passed by Congress. All this assumes that there will be no major setbacks with the US vaccination program. Since the GFC, US CPI inflation has averaged less than 2% per annum, and this is the level which the market is now expecting, as the chart below shows.

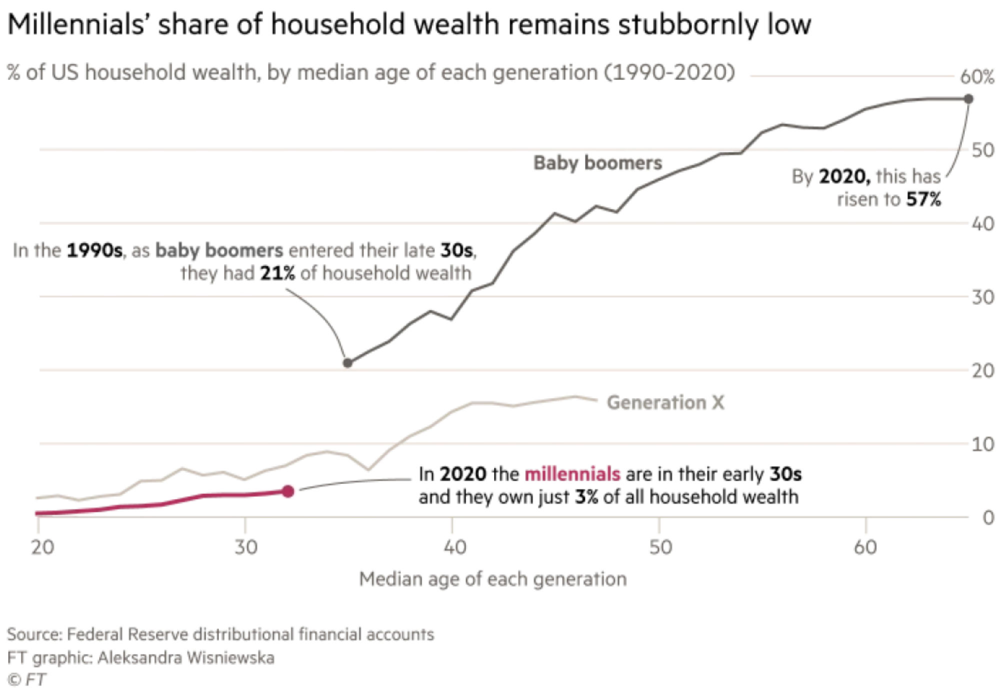
In the event of a vigorous US recovery, US CPI inflation may be running at 3% per annum by end-2021, and may rise to 4% per annum in 2022. A recovery of this size implies surging demand for metals and food commodities, i.e., another resources boom. The next resources boom will be fuelled by rising global demand, but it will also be accentuated by the growing separation between the US and Chinese trade spheres.

China's 14th Five Year Plan, which starts this year, emphasizes self-sufficiency in resources, energy, food, and technology. The US and its allies are actively promoting the development of strategic minerals sourcing, processing and stockpiling outside Chinese influence. This is a recipe for higher prices.

We think it is premature to re-arrange portfolios in preparation for inflation. There are still many downside risks to a strong US recovery, e.g., setbacks in the vaccination program, or a couple of unfortunate deaths in the US Senate which could lead to renewed gridlock. But it is certainly not too soon to start thinking about inflation and looking for the warning signs.

We will close on the topic of inflation, which for those who have lived through periods of it previously, are aware that it is the great wealth destroyer. The world's stewards face a difficult task in providing for future generations given that the outlook presents the case that inflation in the US is almost a foregone conclusion.

The Millennials' wealth currently compared to the Baby Boomers' at the same age (30) is a shadow; when Boomers were 30 they owned 7 times the share of household wealth that Millennials do now (21% vs 3%). As we sit here today, Boomers own 57% of household wealth and Millennials own 3%. As the chart below shows, Gen X hasn't fared much better.



There has not been a period in the last generation (two??) where preservation of capital from inflation erasion has been as important for the "stewards of the future generation". For who wants to work for 50 years and live in a world where wealth, for most, can only be attained by bequeathment?

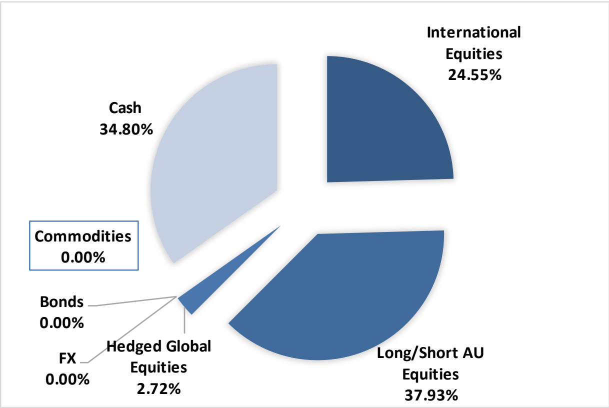
Preserve your capital at all costs. Our fund made money last year when markets fell -35%.

Q.E.D.

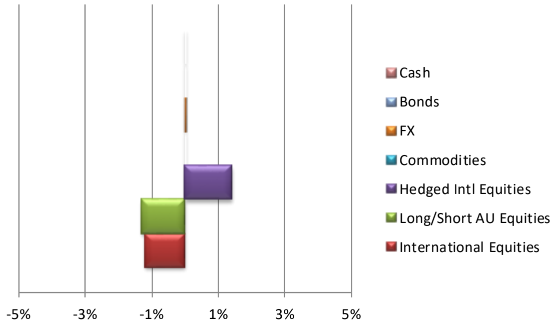
Further accompanying Hedge Fund Manager Commentary will be available in the future on the website under "MEDIA".

PERFORMANCE TABLES

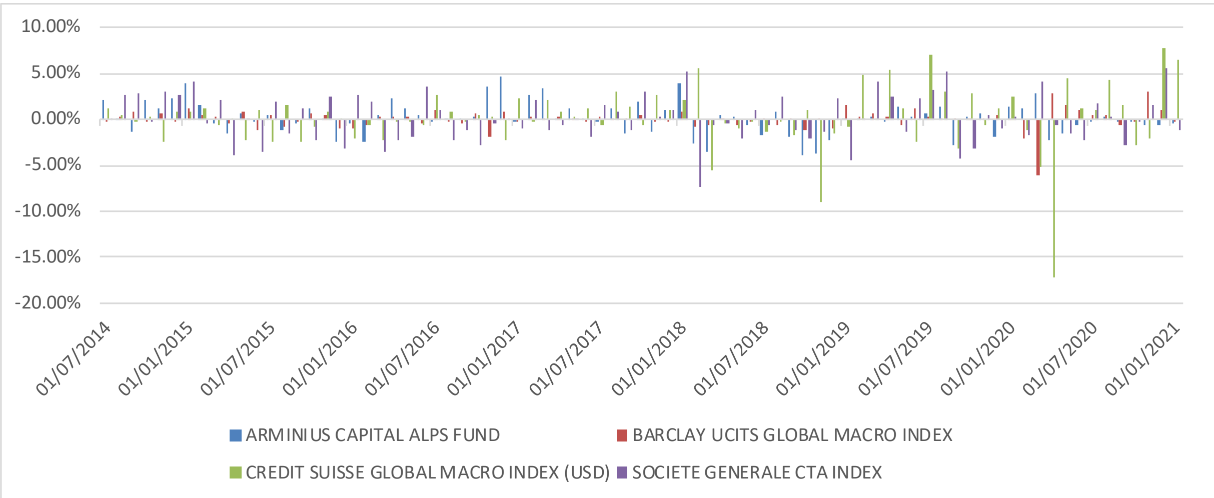
Exposure at month's end as % of NAV



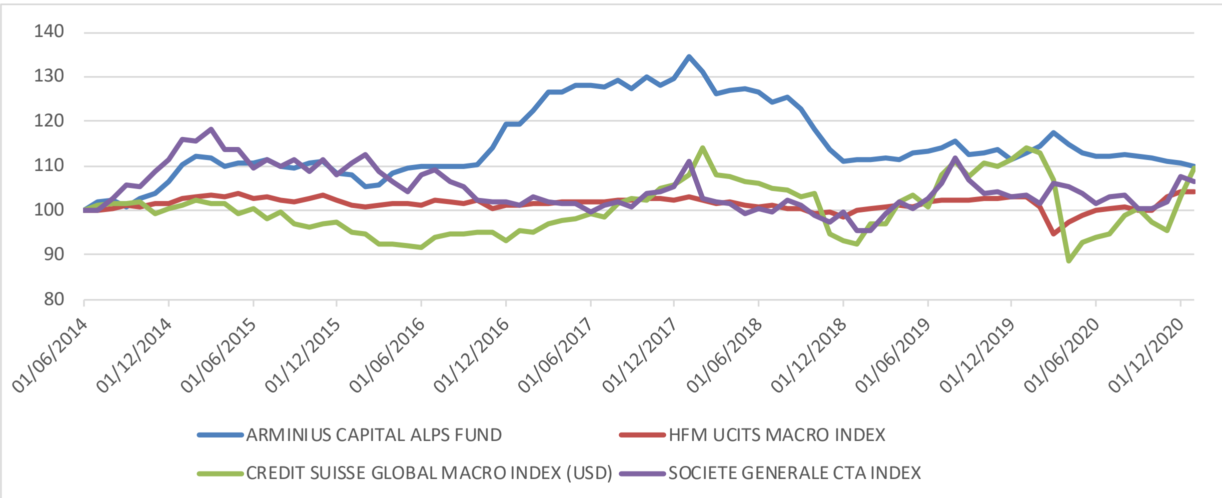
Monthly Asset Class average returns of individual constituents per SAA held open at month's end (in domestic market currency)



Monthly Performance since Inception July 2014



Cumulative Performance since Inception (Base 100 = 30 June 2014)



GLOBAL FINANCIAL MARKETS – MONTHLY DATA

EQUITIES	31-Dec-20	31-Jan-21	ROR
EUROPE			
Germany DAX (TR)	13718.8	13432.9	-2.08%
Switzerland SMI (PR)	10703.5	10591.1	-1.05%
STOXX Europe 600 (EUR)	399.0	395.9	-0.80%
FTSE 100	6460.5	6407.5	-0.82%
France CAC 40	5551.4	5399.2	-2.74%
FTSE MIB	22232.9	21572.5	-2.97%
Netherlands AEX	624.6	637.1	2.00%
Belgium BEL 20	3621.3	3623.6	0.06%
OMX Stockholm 30	1874.7	1948.8	3.95%
Norway Oslo All-Share	1047.5	1047.3	-0.02%
Ireland FTSE	399.3	380.4	-4.73%
Spain IBEX 35	8073.7	7757.5	-3.92%
Cyprus CSE General	56.6	55.6	-1.82%
AMERICAS			
S&P 500	3756.1	3714.2	-1.11%
DJ 30 Industrials	30606.5	29982.6	-2.04%
DJ 65 Composite Average	10108.7	9877.0	-2.29%
NASDAQ Composite	12888.3	13070.7	1.42%
Russell 1000	2120.9	2101.4	-0.92%
S&P TSX	17433.4	17337.0	-0.55%
Brazil Bovespa	119017.2	115067.6	-3.32%
Mexico IPC	44066.9	42985.7	-2.45%
ASIA			
S&P ASX 200	6587.1	6607.4	0.31%
Nikkei 225	27444.2	27663.4	0.80%
Hang Seng	27231.1	28283.7	3.87%
Korea KOSPI	2873.5	2976.2	3.58%
FTSE Strait Times	2843.8	2902.5	2.06%
Taiwan TAIEX	14732.5	15138.3	2.75%
New Zealand NZX 50 (TR)	13091.6	13127.3	0.27%
Shanghai SSE Composite	3473.1	3483.1	0.29%
China Shenzhen A Share	2437.6	2443.6	0.25%
India S&P BSE SENSEX	47751.3	46285.8	-3.07%
FTSE Bursa Malaysia KLCI	1627.2	1566.4	-3.74%
Indonesia JSX	5979.1	5862.4	-1.95%

FOREIGN EXCHANGE	31-Dec-20	31-Jan-21	ROR
AUD/USD	0.770	0.764	-0.76%
EUR/AUD	0.629	0.629	0.08%
JPY/AUD	79.501	80.000	0.63%
GBP/USD	1.366	1.371	0.34%
CHF/USD	1.132	1.124	-0.72%
USD/CAD	0.783	0.781	-0.28%
EUR/GBP	0.897	0.886	-1.17%
EUR/USD	1.225	1.214	-0.84%
USD/CHF	0.885	0.891	0.70%
GBP/AUD	1.777	1.791	0.82%
CBOE Volatility Index (VIX)	22.75	33.09	45.45%

COMMODITIES	31-Dec-20	31-Jan-21	ROR
Energy			
Crude Oil WTI (NYM $/bbl) Continuous	48.52	52.20	7.58%
Brent Crude (ICE $/bbl) Continuous	51.80	55.04	6.25%
NY Harbor ULSD (NYM $/gal) Continuous	1.48	1.60	7.71%
NY Harb RBOB (NYM $/gal) Continuous	1.41	1.55	10.11%
Natural Gas (NYM $/btu) Continuous	2.53	2.56	1.50%
Precious Metals			
Gold (NYM $/ozt) Continuous	1895.10	1850.30	-2.36%
Silver (NYM $/ozt) Continuous	26.41	26.91	1.90%
Industrial Metals			
Aluminum (LME Cash $/t)	1978.00	1987.00	0.46%
High Grade Copper (NYM $/lbs) Continuous	7741.50	7877.00	1.75%
Nickel (LME Cash $/t)	16540.00	17727.00	7.18%
Iron Ore 62% CN TSI (NYM $/mt)	155.84	168.13	7.89%
Zinc (LME Cash $/t)	2723.50	2565.00	-5.82%
Agricultural			
Corn (CBT $/bu) Continuous	4.84	5.47	13.02%
Soybeans (CBT $/bu) Continuous	13.11	13.70	4.50%
Wheat (CBT $/bu) Continuous	6.41	6.63	3.51%
Cotton #2 (NYF $/lbs) Continuous	0.78	0.81	3.23%
Sugar #11 (NYF $/lbs) Continuous	0.15	0.16	2.19%
Indices			
GS Commodity (CME) Continuous	409.25	430.95	5.30%
PowerShares DB Commodity Index Tracking Fund	14.70	15.19	3.33%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	13.94	14.32	2.70%

10 YEAR SOVEREIGN YIELDS	31-Dec-20	31-Jan-21	Yield D
US	0.92%	1.09%	0.17%
UK	0.20%	0.32%	0.12%
Europe	-0.58%	-0.51%	0.06%
Australia	0.97%	1.09%	0.12%
Belgium	-0.39%	-0.33%	0.05%
Canada	0.67%	0.90%	0.23%
Denmark	-0.47%	-0.40%	0.06%
France	-0.34%	-0.28%	0.06%
Germany	-0.58%	-0.51%	0.06%
Greece	0.62%	0.68%	0.06%
Ireland	-0.31%	-0.19%	0.12%
Italy	0.54%	0.64%	0.09%
Japan	0.02%	0.05%	0.03%
Netherlands	-0.49%	-0.45%	0.04%
New Zealand	0.99%	1.13%	0.14%
Norway	0.95%	1.04%	0.09%
Portugal	0.03%	0.03%	0.00%
Spain	0.04%	0.09%	0.05%
Sweden	0.02%	0.09%	0.07%
Switzerland	-0.49%	-0.44%	-0.05%

ROR = Rate of Return
Yield D = Yield differential