



MONTHLY PERFORMANCE REPORT

August 2021

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: Certane CT Pty

Ltd

Prime Broker: Interactive Brokers

(for the underlying fund).

Auditors: Grant Thornton

NAV: \$5,296,305.14

Unit Price: 0.8443

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 1.02% for the month, compared with 0.33% for the HFM UCITS Macro Index and -0.28% for the Credit Suisse Global Macro Index. The Fund continues to achieve its objective of being a low volatility fund (5.44% since inception November 2016) with low correlation to equity markets, as a consequence of our risk averse strategies. 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.

PERFORMANCE (Inception NOV-2016)	Arminius Capital GMMMA Fund	HFM UCITS MACRO INDEX	CREDIT SUISSE GLOBAL MACRO (USD) INDEX	SOCIETE GENERALE CTA MUTUAL FUND INDEX
1 Month	1.02%	0.33%	-0.28%	-0.29%
3 Months	2.47%	0.87%	0.24%	-1.07%
Calendar YTD	3.27%	2.82%	12.13%	6.51%
1 Year	1.44%	6.33%	16.84%	10.92%
3 Years	-9.75%	6.60%	10.25%	12.22%
Cumulative Since Inception NOV 2016	-5.82%	3.44%	21.51%	13.40%

Arminius Capital GMMMA Fund (Inception NOV 2016) Returns are net of fees

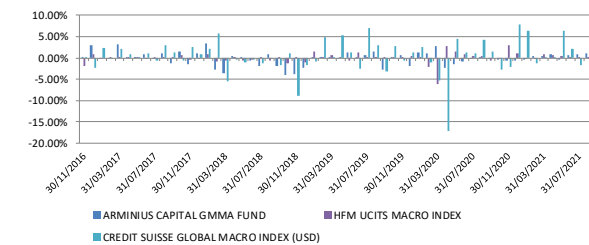
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2016	-	-	-	-	-	-	-	-	INCEPTION =>				3.14%
2017	-0.02%	-0.14%	3.14%	0.02%	0.06%	0.94%	-0.08%	1.07%	-1.15%	1.47%	-1.36%	0.99%	4.96%
2018	3.47%	-2.66%	-3.50%	0.46%	0.22%	-0.58%	-1.80%	0.87%	-1.95%	-3.93%	-3.75%	-2.32%	-14.65%
2019	0.06%	0.10%	0.34%	-0.24%	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%	-0.31%	-0.66%	-0.62%	-1.19%
2021	-0.48%	0.41%	0.35%	0.84%	-0.34%	0.61%	0.82%	1.02%					3.27%

Returns for the fund are calculated as of the last valuation day of the month (generally a Friday), whereas the index returns are calculated as of the last trading day of the month. Index returns are provided for comparative purposes only and the Benchmark used to manage the fund is 0% (absolute return).

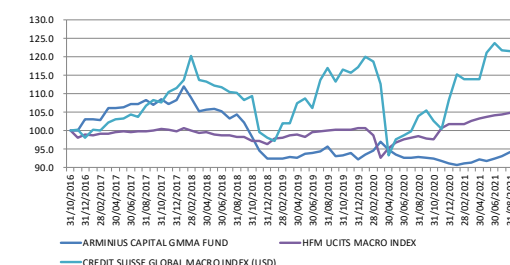
FUND OBJECTIVES: The Arminius Capital GMMMA Fund invests by purchasing units in an underlying wholesale hedge fund, being the "Arminius Capital ALPS Fund", which provides investors with exposure to all asset classes in the global macro universe. As such, there may be some degree of difference between 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 continued to build on July’s +0.82% return to add another +1.02% in August. The fund’s positive return came from equities beta exposure. Almost all short hedged positions either expired unexercised (put options) or returned negative in the face of a very strong global equities showing for August. Alpha generated via a short position in Ubisoft Entertainment (UBI-PAR) provided a small yet positive contribution to returns. FX positions contributed positively during the month although the EUR and USD movements largely offset each other. The GMMA fund’s own volatility since inception is 5.44% and therefore continues to provide a globally diversified, low volatility exposure with low correlation to equity returns.

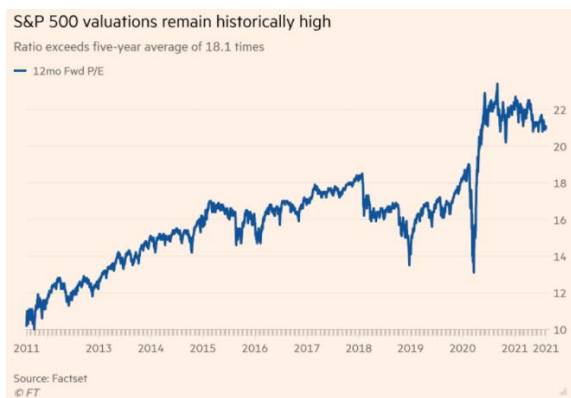
MARKET SUMMARY

Japan’s share market led the developed world in August. The Nikkei 225 price index rose 3.0%, in spite of rather than because of the Olympics. The Japanese market was doing well until investors began to worry that the Olympics – even if spectator-free – might trigger a new surge in COVID-19 deaths. When this did not eventuate, investors breathed a sigh of relief and went back to buying Japanese stocks.

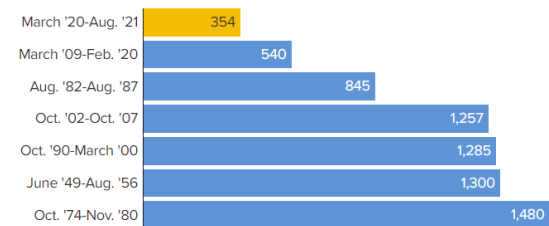
The US share market was the runner-up with a broadly based gain of 2.9% in the S&P500 price index. Europe’s Stoxx 650 price index and Australia’s S&P/ASX200 price index both rose 1.9%. All three markets set new records during the month.

The Shanghai share market rebounded as investors decided that the authorities seemed to have the delta variant under control. China’s tech sector bounced despite fresh measures to punish corporate misbehaviour: the smarter billionaires have hastened to align their companies with the new rules, and many have promised large contributions to worthwhile causes.

INVESTMENT OUTLOOK



Number of trading days for each S&P 500 bull market to double



Note: Dates indicate total length of each bull market, and bars show the trading days each took to double. Covers post-WWII era only. Source: S&P Dow Jones Indices (bull market dates, S&P 500 levels), CNBC analysis (doubling time). As of August 16, 2021.

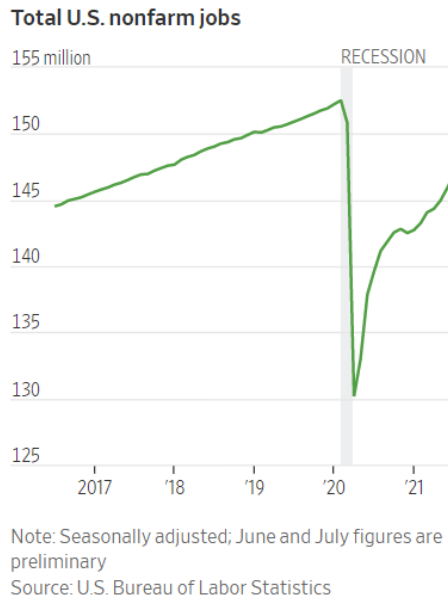


As the left chart above shows, forward looking price-earnings ratios in the S&P500 are near historic highs. The US share market is expensive relative to other markets and to its own history. August 16th saw the doubling of the S&P500 from its pandemic low of March 2020. This meteoric ascent has been the fastest bull market since the Second World War. We recall that in the first quarter of 2020, equity markets fell some -35%, while this Fund was up over +5% in the same time period. A year later, investors are still betting that the pandemic’s pent-up consumer spending and the Federal Government’s expanded budget will combine to deliver several years of strong growth across the US economy.

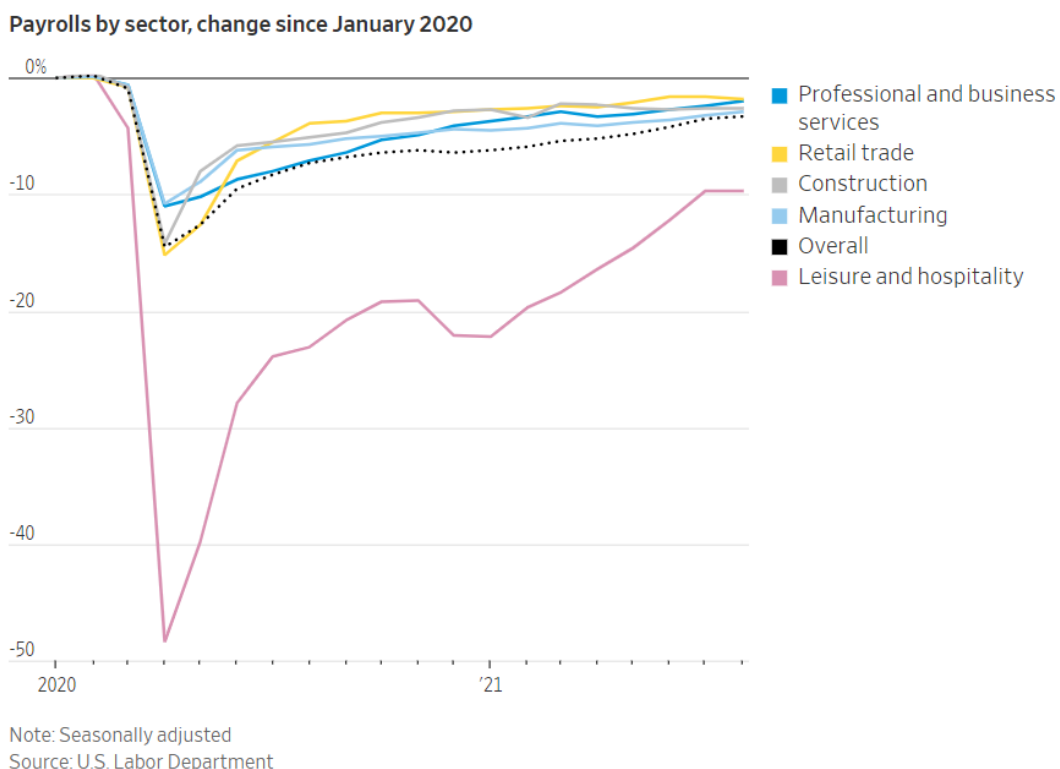


A prolonged boom is quite possible. Corporate America is healthy: results for the quarter ended June 2021 show that three-quarters of S&P500 companies have their revenues back to where they were before the pandemic. An added advantage is that all those pandemic-related equity raisings have reduced the gearing of the average S&P500 company, creating firepower for M&A or capital expenditure or share buybacks.

Most importantly, the US economy is still running well below its capacity. Obviously, the supply chain disruptions have left many retailers with stock-outs and many manufacturers with goods waiting on key parts. The clearest measure of unused capacity is visible in the chart below: the US has not yet replaced five million of the twenty million jobs lost in the pandemic.



Some of these jobs are in sectors which are still on life support, such as airlines and international travel. Most, however, are in the service sector, e.g. bars and restaurants. Restoring these service sector jobs will provide a major boost to GDP and household income. The chart below shows how most sectors are almost back to normal, but leisure and hospitality payrolls are still 10% below their pre-coronavirus levels.





The price of an extended boom will be higher inflation. Year-on-year CPI inflation is already high and will rise further, but the Federal Reserve regards this inflation as “transitory” because it will fall back as the economic recovery matures. We disagree. Supply disruptions will last into 2023 at least. Many companies are discovering that they need to pay higher wages (as much as \$15 per hour!) to obtain and retain staff. The increase in US house prices – which is fuelled by ultra-low interest rates – will flow through to CPI inflation and to demands for higher wages.

Nor will inflation be restricted to the US. As the chart below shows, Germany is already facing the highest import prices it has seen in decades.



As we have pointed out previously, many US investors are in the grips of a speculative frenzy, willing to trade in stocks based on their popularity, rather than on their fundamentals. One of the signs of excessive optimism is how bullish Wall Street analysts are. The chart below shows the percentage of all stockbroker recommendations which are “buy” or “overweight” (compared to “underweight” or “sell” or “marketweight” or “hold”).





The level of optimism is almost back to the levels seen in the dotcom boom. As those of us who worked in capital markets during the late 1990s remember, it ended up falling -78% over the span of 36 months, and the value fund managers (the ones who hadn't already quit in disgust in 1999) were the only ones left standing.



Source: FactSet, Arminius Capital

Q.E.D.

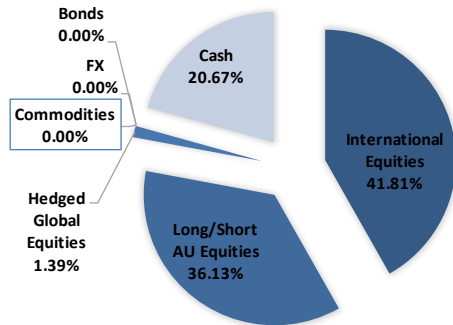
Further accompanying Hedge Fund Manager Commentary will be available in the future on the website under "MEDIA".



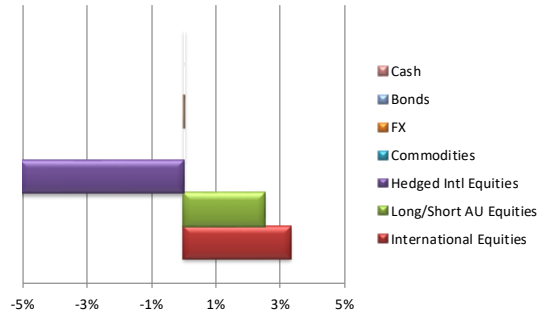
UNDERLYING FUND DATA

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-Jul-21	31-Aug-21	ROR
EUROPE			
Germany DAX (TR)	15544.4	15835.1	1.87%
Switzerland SMI (PR)	12116.8	12411.1	2.43%
STOXX Europe 600 (EUR)	461.7	470.9	1.98%
FTSE 100	7032.3	7119.7	1.24%
France CAC 40	6612.8	6680.2	1.02%
FTSE MIB	25363.0	26009.3	2.55%
Netherlands AEX	754.3	787.6	4.42%
Belgium BEL 20	4200.5	4308.9	2.58%
OMX Stockholm 30	2369.9	2351.2	-0.79%
Norway Oslo All-Share	1204.7	1226.8	1.84%
Ireland FTSE	495.6	510.7	3.05%
Spain IBEX 35	8675.7	8846.6	1.97%
Cyprus CSE General	67.2	68.5	1.89%
AMERICAS			
S&P 500	4395.3	4522.7	2.90%
DJ 30 Industrials	34935.5	35360.7	1.22%
DJ 65 Composite Average	11446.9	11618.1	1.50%
NASDAQ Composite	14672.7	15259.2	4.00%
Russell 1000	2469.2	2537.3	2.76%
S&P TSX	20287.8	20582.9	1.45%
Brazil Bovespa	121800.8	118781.0	-2.48%
Mexico IPC	50868.3	53304.7	4.79%
ASIA			
S&P ASX 200	7392.6	7534.9	1.92%
Nikkei 225	27283.6	28089.5	2.95%
Hang Seng	25961.0	25879.0	-0.32%
Korea KOSPI	3202.3	3199.3	-0.10%
FTSE Strait Times	3166.9	3055.1	-3.53%
Taiwan TAIEX	17247.4	17490.3	1.41%
New Zealand NZX 50 (TR)	12594.5	13218.8	4.96%
Shanghai SSE Composite	3397.4	3543.9	4.31%
China Shenzhen A Share	2496.2	2542.5	1.86%
India S&P BSE SENSEX	52586.8	57552.4	9.44%
FTSE Bursa Malaysia KLCI	1494.6	1601.4	7.14%
Indonesia JSX	6070.0	6150.3	1.32%
FOREIGN EXCHANGE			
AUD/USD	0.734	0.732	-0.20%
EUR/AUD	0.618	0.620	0.22%
JPY/AUD	80.578	80.486	-0.11%
GBP/USD	1.389	1.376	-0.97%
CHF/USD	1.105	1.093	-1.01%
USD/CAD	0.801	0.793	-1.01%
EUR/GBP	0.854	0.859	0.55%
EUR/USD	1.187	1.182	-0.43%
USD/CHF	0.906	0.915	1.07%
GBP/AUD	1.895	1.880	-0.77%
CBOE Volatility Index (VIX)	18.24	16.48	-9.65%

ROR = Rate of Return
Yield D = Yield differential

COMMODITIES	31-Jul-21	31-Aug-21	ROR
Energy			
Crude Oil WTI (NYM \$/bbl) Continuous	73.95	68.50	-7.37%
Brent Crude (ICE \$/bbl) Continuous	75.41	71.63	-5.01%
NY Harbor ULSD (NYM \$/gal) Continuous	2.20	2.13	-2.98%
NY Harb RBOB (NYM \$/gal) Continuous	2.33	2.14	-8.26%
Natural Gas (NYM \$/btu) Continuous	3.91	4.38	11.83%
Precious Metals			
Gold (NYM \$/ozt) Continuous	1817.20	1818.10	0.05%
Silver (NYM \$/ozt) Continuous	25.55	24.01	-6.03%
Industrial Metals			
Aluminum (LME Cash \$/t)	2624.00	2714.00	3.43%
High Grade Copper (NYM \$/lbs) Continuous	9747.50	9462.50	-2.92%
Nickel (LME Cash \$/t)	19892.00	19513.00	-1.91%
Iron Ore 62% CN TSI (NYM \$/mt)	211.99	159.25	-24.88%
Zinc (LME Cash \$/t)	3039.00	2997.50	-1.37%
Agricultural			
Corn (CBT \$/bu) Continuous	5.45	5.34	-2.02%
Soybeans (CBT \$/bu) Continuous	13.49	12.93	-4.21%
Wheat (CBT \$/bu) Continuous	7.04	7.22	2.63%
Cotton #2 (NYF \$/lbs) Continuous	0.89	0.93	3.51%
Sugar #11 (NYF \$/lbs) Continuous	0.18	0.20	10.78%
Indices			
GS Commodity (CME) Continuous	540.25	527.10	-2.43%
PowerShares DB Commodity Index Tracking Fund	19.50	19.18	-1.64%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	17.26	17.23	-0.13%
10 YEAR SOVEREIGN YIELDS			
US	1.23%	1.30%	0.06%
UK	0.57%	0.59%	0.02%
Europe	-0.45%	-0.40%	0.05%
Australia	1.18%	1.16%	-0.02%
Belgium	-0.12%	-0.07%	0.05%
Canada	1.20%	1.21%	0.01%
Denmark	-0.14%	-0.10%	0.04%
France	-0.10%	-0.05%	0.05%
Germany	-0.45%	-0.40%	0.05%
Greece	0.60%	0.75%	0.15%
Ireland	-0.06%	-0.02%	0.04%
Italy	0.62%	0.68%	0.06%
Japan	0.02%	0.02%	0.00%
Netherlands	-0.32%	-0.28%	0.05%
New Zealand	1.52%	1.72%	0.19%
Norway	1.18%	1.27%	0.09%
Portugal	0.18%	0.19%	0.02%
Spain	0.27%	0.32%	0.05%
Sweden	0.09%	0.16%	0.07%
Switzerland	-0.49%	-0.33%	-0.16%

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