



MONTHLY PERFORMANCE REPORT

December 2021

The Fund returned 1.64% for the month, compared with -6.00% for the Credit Suisse Global Macro Index and 0.79% for the HFM UCITS Macro Index. The Fund continues to achieve its objective of being a low volatility fund (5.72% since inception July 2014) with low correlation to equity markets, as a consequence of our risk management 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)

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	1.64%	0.79%	-6.00%	0.35%
3 Months	1.47%	1.26%	-5.16%	-0.91%
Calendar YTD	4.43%	3.77%	7.16%	6.16%
1 Year	4.43%	3.77%	7.16%	6.16%
3 Years	3.79%	4.96%	-0.94%	10.90%
5 Years	-3.33%	5.79%	4.11%	8.57%
Cumulative since Inception JUL 2014	15.40%	8.14%	10.26%	14.39%

Fund Custodian: Certane 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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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%	0.44%	0.42%	0.92%	-0.28%	0.64%	0.89%	1.10%	-0.77%	0.31%	-0.48%	1.64%	4.43%

* 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.

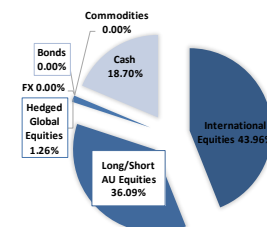
INVESTMENT STRATEGY: Arminius uses econometric modelling based on macro-economic indicators alongside fundamentals pertinent to each individual instrument within each asset class. Momentum is taken into account only once the fundamental value of each instrument has been ascertained. Low volatility and 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	0.36	0.37
Sortino Ratio (RFR)	1.87	1.69
Downside Deviation	1.11%	3.12%
Standard Deviation	1.65%	4.08%
Annualized SD	5.72%	14.13%
Mean Monthly Return	0.18%	0.44%
Compound Monthly Return	0.16%	0.36%
Excess Return (RFR)	2.07%	5.27%
Portfolio Correlation to XJO	0.16	-
R ² Coefficient of Determination	0.00	-

STRATEGIC ASSET ALLOCATION

at Month's commencement



FUND PERFORMANCE:

Closing CY2021, the fund rose in December (+1.64%) for a CY return of +4.43%. **Since the fund's inception in 2014, it has now outperformed all 3 of its major market competitor global macro indices (as per above tables).** The fund's equities allocation during December alongside hedged US and EU exposure meant a measured, risk managed return for the month. FX & short hedged positions detracted from the fund's return. The fund's own volatility since inception is 5.72% and therefore continues to provide a globally diversified, low volatility exposure with low correlation to equity returns.



MARKET SUMMARY

The US S&P500 price index gained 4.36% in December, setting new records and making 26.8% for the year. The Christmas retailing season turned out better than feared, with few supply shortages. The real estate, healthcare and consumer staples sectors all returned 9% to 10% for the month. Banking, energy and IT stocks lagged the market.

The STOXX Europe 600 price index rose 5.37% during the month, closing near its record and making 22.25% for the year. Investors have decided that, although the omicron variant was more infectious, it was not more lethal, and so unlikely to cause economic disruption. Fear of gas shortages receded thanks to a mild winter and higher Russian shipments.

Australia's S&P/ASX200 price index returned 2.60% in December and 13.02% for the year. Most Australian sectors did well in December, especially resources and property trusts. Technology stocks were the big exception, falling 5.3%.

Japan's Nikkei 225 price index jumped 3.49% in December, returning 4.91% for the year. The latest industrial production data suggest the economy is recovering strongly, and COVID-19 infections and deaths are dropping sharply.

China's Shanghai Composite price index gained 2.13% in December, making 4.8% for the year. The Chinese government is currently taking a short breather from disciplining/bashing its tech giants, because it is busy locking down COVID-infected cities again, while coping with a power crisis and averting meltdowns in the residential property sector.

The energy basket finished 2021 up 52% on average across the 5 largest futures. Soft commodities (ag) returned 22% for the year, with Cotton the best performer, up 44%.

Market volatility as measured by the VIX ended the year at 17.22, below its long term historical mean. US long end bonds closed the year yielding 1.51%, but the Fed has all but assured us that this figure will begin its march towards 2% during 2022.

MARKET OUTLOOK

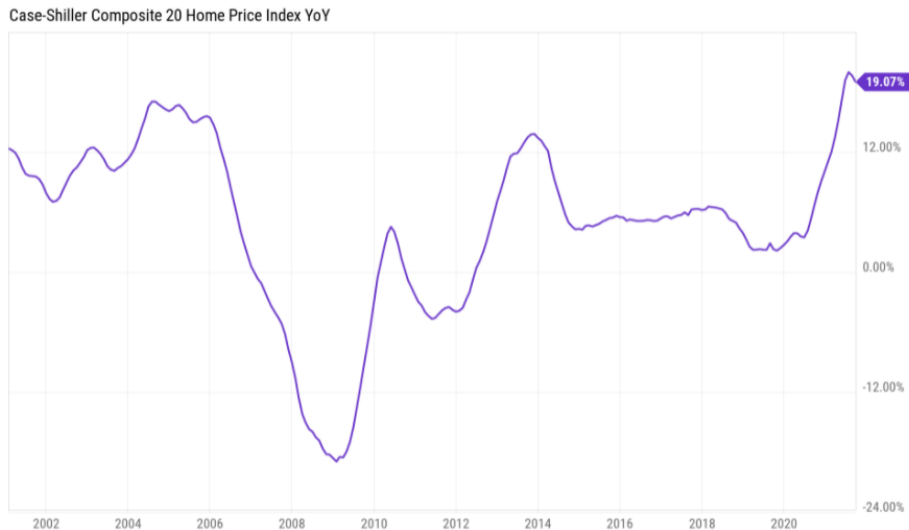


The chart above shows annual Consumer Price Index inflation in major economies. It is obvious that inflation has risen sharply in most countries – but not in Australia, China, or Japan. The US is the country with the biggest inflation problem: now that the US Federal Reserve has admitted that inflation is not “transitory”, it will have to raise interest rates from the current level of zero in order to bring inflation down to acceptable levels (probably between 2% and 3%).



Raising interest rates is a tricky business. The delayed effect as higher rates percolate through the huge US economy makes it hard for the Fed to see what is working. Hence it is very easy to raise rates by too little too late (and let inflation rip), or by too much too soon (and trigger a recession).

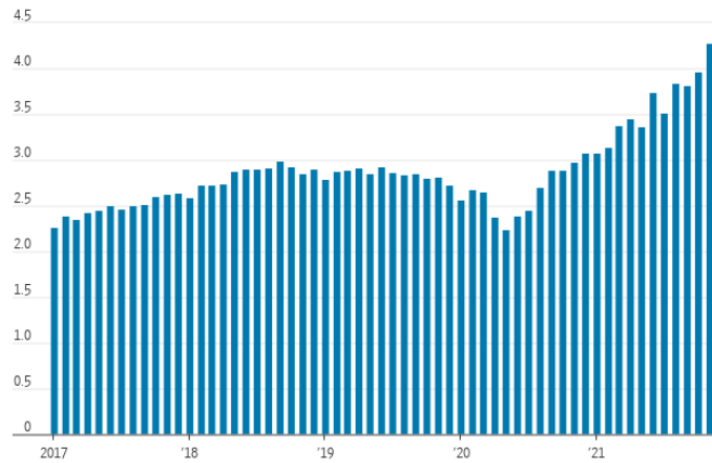
The Fed is out of practice with inflation, because there hasn't been very much of it around since the GFC. The Fed spent 2021 failing to recognize that inflation wasn't going away in a hurry, so there is a good chance that in 2022 it will repeat this cognitive failure by raising rates by too little or too much. A further complication is that exogenous inflationary factors – such as oil prices or freight rates – are not only hard to predict, but also completely outside the Fed's control.



The rebound in US home prices in 2020 and 2021 will be an important factor driving inflation. The chart above shows how home prices have now passed pre-GFC levels in 20 large US cities. This price increase will flow through to CPI inflation as the “shelter” component, i.e. rising rents. In addition, homeowners who have seen their house increase in value by 19% in a year enjoy a “wealth effect” – they think they are richer so they are more inclined to spend.

Freight Spending

The monthly Cass Freight Index measure for domestic U.S. freight expenditures reached a record high in November in records dating to 1991.

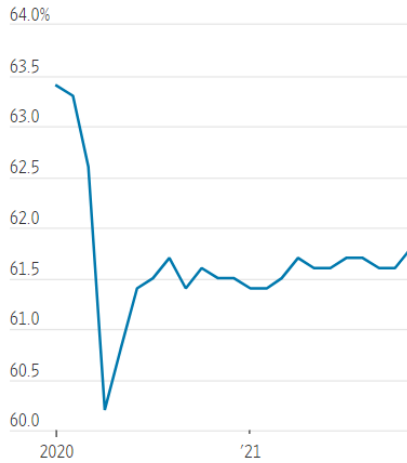


Source: Cass Information Systems Inc.

On the cost-push side, business costs are still rising and company managements are passing on these costs to consumers. The increases in raw materials costs are well known, but what is less obvious is that companies' freight costs are still rising. The chart above show US domestic freight expenditures by month – i.e. excluding ocean freight rates and the container ships queued off Los Angeles.



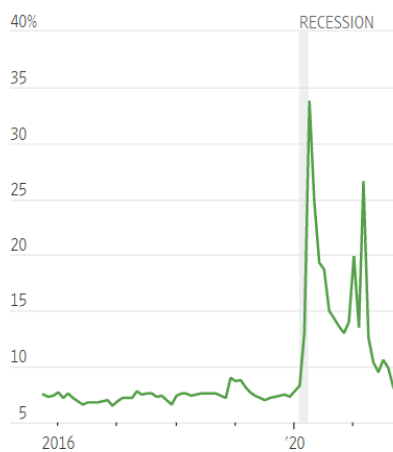
The labor-force participation rate



Source: Labor Department

The chart above shows the US labour force participation rate, i.e. the percentage of the population which wants a job. It collapsed with the onset of the pandemic, and it remains stubbornly below pre-pandemic levels. More than 3 million people have dropped out of the US workforce, in the sense that they are no longer seeking paid employment. Thanks to this labour shortage, minimum-wage workers have simply quit their US\$7.50 an hour jobs in restaurants, healthcare and nursing homes. The resulting wage pressures will last well into 2023.

U.S. Personal Savings Rate



Source: Commerce Department via St. Louis Fed

Almost the only economic statistic that is back to normal is the US personal savings rate as a percentage of income. After a bout of panic in the early days of the pandemic, Americans have quickly gone back to saving almost nothing.

For these reasons we expect that world share markets will be down in 2022. The next few months should be positive, but they will be offset by losses in the second half of the year.

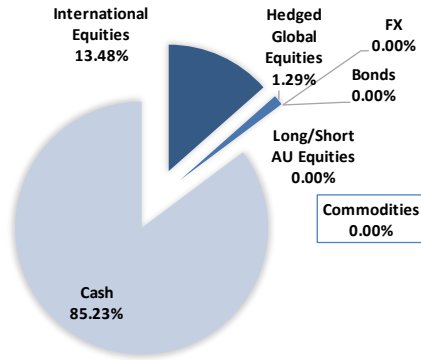
Q.E.D.

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

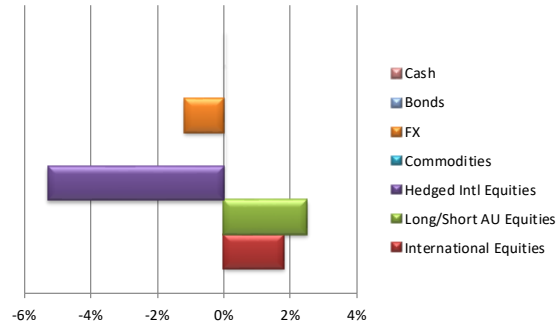


PERFORMANCE TABLES

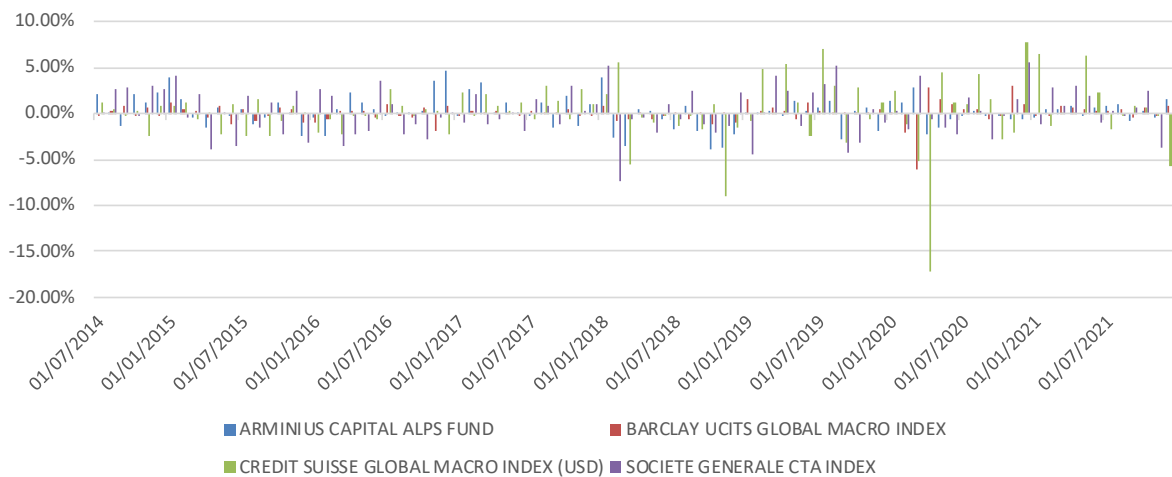
Exposure at month's end as % of NAV



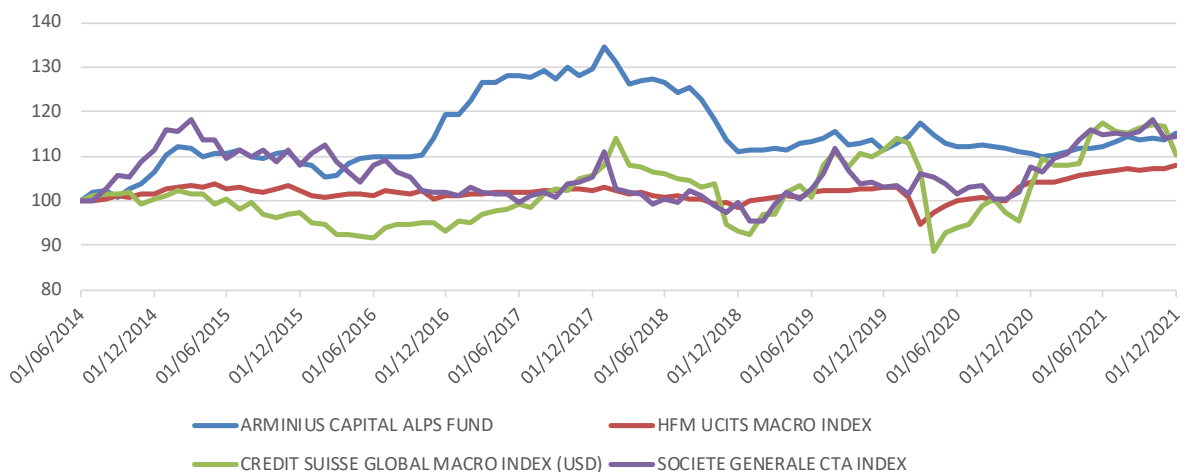
Monthly Asset Class average returns of individual constituents per SAA held open at month's end (in domestic market currency)



Monthly Performance since Inception July 2014



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





GLOBAL FINANCIAL MARKETS – MONTHLY DATA

EQUITIES	30-Nov-21	31-Dec-21	ROR
EUROPE			
Germany DAX (TR)	15100.1	15884.9	5.20%
Switzerland SMI (PR)	12159.7	12875.7	5.89%
STOXX Europe 600 (EUR)	463.0	487.8	5.37%
FTSE 100	7059.5	7384.5	4.61%
France CAC 40	6721.2	7153.0	6.43%
FTSE MIB	25814.3	27346.8	5.94%
Netherlands AEX	777.4	797.9	2.64%
Belgium BEL 20	4113.4	4310.2	4.78%
OMX Stockholm 30	2241.7	2419.7	7.94%
Norway Oslo All-Share	1298.1	1307.7	0.74%
Ireland FTSE	473.9	493.3	4.11%
Spain IBEX 35	8305.1	8713.8	4.92%
Cyprus CSE General	67.2	68.7	2.14%
AMERICAS			
S&P 500	4567.0	4766.2	4.36%
DJ 30 Industrials	34483.7	36338.3	5.38%
DJ 65 Composite Average	11621.1	12266.9	5.56%
NASDAQ Composite	15537.7	15645.0	0.69%
Russell 1000	2545.8	2645.9	3.93%
S&P TSX	20660.0	21222.8	2.72%
Brazil Bovespa	101915.5	104822.4	2.85%
Mexico IPC	49698.7	53272.4	7.19%
ASIA			
S&P ASX 200	7256.0	7444.6	2.60%
Nikkei 225	27821.8	28791.7	3.49%
Hang Seng	23475.3	23397.7	-0.33%
Korea KOSPI	2839.0	2977.7	4.88%
FTSE Strait Times	3041.3	3123.7	2.71%
Taiwan TAIEIX	17427.8	18218.8	4.54%
New Zealand NZX 50 (TR)	12718.9	13033.8	2.48%
Shanghai SSE Composite	3563.9	3639.8	2.13%
China Shenzhen A Share	2636.3	2647.7	0.43%
India S&P BSE SENSEX	57064.9	58253.8	2.08%
FTSE Bursa Malaysia KLCI	1514.0	1567.5	3.54%
Indonesia JSX	6533.9	6581.5	0.73%
FOREIGN EXCHANGE			
AUD/USD	0.712	0.728	2.21%
EUR/AUD	0.629	0.638	1.53%
JPY/AUD	80.617	83.682	3.80%
GBP/USD	1.328	1.353	1.87%
CHF/USD	1.089	1.099	0.95%
USD/CAD	0.782	0.791	1.07%
EUR/GBP	0.853	0.843	-1.18%
EUR/USD	1.133	1.140	0.67%
USD/CHF	0.919	0.911	-0.87%
GBP/AUD	1.866	1.864	-0.14%
CBOE Volatility Index (VIX)	27.19	17.22	-36.67%

ROR = Rate of Return
Yield D = Yield differential

COMMODITIES	30-Nov-21	31-Dec-21	ROR
Energy			
Crude Oil WTI (NYM \$/bbl) Continuous	66.18	75.21	13.64%
Brent Crude (ICE \$/bbl) Continuous	69.23	77.78	12.35%
NY Harbor ULSD (NYM \$/gal) Continuous	2.06	2.33	12.86%
NY Harb RBOB (NYM \$/gal) Continuous	1.94	2.22	14.66%
Natural Gas (NYM \$/btu) Continuous	4.57	3.56	-22.12%
Precious Metals			
Gold (NYM \$/ozt) Continuous	1776.50	1828.60	2.93%
Silver (NYM \$/ozt) Continuous	22.82	23.35	2.35%
Industrial Metals			
Aluminum (LME Cash \$/t)	2635.00	2806.00	6.49%
High Grade Copper (NYM \$/lbs) Continuous	9605.00	9692.00	0.91%
Nickel (LME Cash \$/t)	20190.00	20925.00	3.64%
Iron Ore 62% CN TSI (NYM \$/mt)	94.97	112.50	18.46%
Zinc (LME Cash \$/t)	3348.50	3630.00	8.41%
Agricultural			
Corn (CBT \$/bu) Continuous	5.68	5.93	4.54%
Soybeans (CBT \$/bu) Continuous	12.17	13.39	10.02%
Wheat (CBT \$/bu) Continuous	7.87	7.71	-2.10%
Cotton #2 (NYF \$/lbs) Continuous	1.06	1.13	5.82%
Sugar #11 (NYF \$/lbs) Continuous	0.19	0.19	1.51%
Indices			
GS Commodity (CME) Continuous	523.90	561.65	7.21%
PowerShares DB Commodity Index Tracking Fund	19.48	20.78	6.67%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	17.54	18.45	5.19%

10 YEAR SOVEREIGN YIELDS	30-Nov-21	31-Dec-21	Yield D
US	1.44%	1.51%	0.08%
UK	0.79%	0.97%	0.18%
Europe	-0.35%	-0.18%	0.17%
Australia	1.70%	1.67%	-0.03%
Belgium	-0.01%	0.18%	0.19%
Canada	1.56%	1.43%	-0.13%
Denmark	-0.09%	0.06%	0.15%
France	0.00%	0.20%	0.20%
Germany	-0.35%	-0.18%	0.17%
Greece	1.23%	1.32%	0.09%
Ireland	0.11%	0.24%	0.14%
Italy	0.93%	1.17%	0.24%
Japan	0.07%	0.07%	0.00%
Netherlands	-0.21%	-0.03%	0.18%
New Zealand	2.42%	2.31%	-0.11%
Norway	1.46%	1.70%	0.23%
Portugal	0.32%	0.46%	0.14%
Spain	0.39%	0.57%	0.18%
Sweden	0.13%	0.21%	0.08%
Switzerland	-0.49%	-0.14%	-0.35%



GLOBAL FINANCIAL MARKETS – CALENDAR 2021 DATA

EQUITIES	31-Dec-20	31-Dec-21	ROR
EUROPE			
Germany DAX (TR)	13718.8	15884.9	15.79%
Switzerland SMI (PR)	10703.5	12875.7	20.29%
STOXX Europe 600 (EUR)	399.0	487.8	22.25%
FTSE 100	6460.5	7384.5	14.30%
France CAC 40	5551.4	7153.0	28.85%
FTSE MIB	22232.9	27346.8	23.00%
Netherlands AEX	624.6	797.9	27.75%
Belgium BEL 20	3621.3	4310.2	19.02%
OMX Stockholm 30	1874.7	2419.7	29.07%
Norway Oslo All-Share	1047.5	1307.7	24.84%
Ireland FTSE	399.3	493.3	23.54%
Spain IBEX 35	8073.7	8713.8	7.93%
Cyprus CSE General	56.6	68.7	21.26%
AMERICAS			
S&P 500	3756.1	4766.2	26.89%
DJ 30 Industrials	30606.5	36338.3	18.73%
DJ 65 Composite Average	10108.7	12266.9	21.35%
NASDAQ Composite	12888.3	15645.0	21.39%
Russell 1000	2120.9	2645.9	24.76%
S&P TSX	17433.4	21222.8	21.74%
Brazil Bovespa	119017.2	104822.4	-11.93%
Mexico IPC	44066.9	53272.4	20.89%
ASIA			
S&P ASX 200	6587.1	7444.6	13.02%
Nikkei 225	27444.2	28791.7	4.91%
Hang Seng	27231.1	23397.7	-14.08%
Korea KOSPI	2873.5	2977.7	3.63%
FTSE Strait Times	2843.8	3123.7	9.84%
Taiwan TAIIEX	14732.5	18218.8	23.66%
New Zealand NZX 50 (TR)	13091.6	13033.8	-0.44%
Shanghai SSE Composite	3473.1	3639.8	4.80%
China Shenzhen A Share	2437.6	2647.7	8.62%
India S&P BSE SENSEX	47751.3	58253.8	21.99%
FTSE Bursa Malaysia KLCI	1627.2	1567.5	-3.67%
Indonesia JSX	5979.1	6581.5	10.08%
FOREIGN EXCHANGE			
AUD/USD	0.770	0.728	-5.48%
EUR/USD	1.225	1.140	-6.89%
JPY/USD	103.210	114.969	11.39%
GBP/USD	1.366	1.353	-0.94%
CHF/USD	1.132	1.099	-2.91%
USD/CAD	0.783	0.791	0.91%
EUR/GBP	0.897	0.843	-6.01%
AUD/EUR	1.590	1.567	-1.49%
USD/CHF	0.885	0.911	3.00%
GBP/AUD	1.777	1.864	4.90%
CBOE Volatility Index (VIX)	22.75	17.22	-24.31%

COMMODITIES	31-Dec-20	31-Dec-21	ROR
Energy			
Crude Oil WTI (NYM \$/bbl) Continuous	48.52	75.21	55.01%
Brent Crude (ICE \$/bbl) Continuous	51.80	77.78	50.15%
NY Harbor ULSD (NYM \$/gal) Continuous	1.48	2.33	56.69%
NY Harb RBOB (NYM \$/gal) Continuous	1.41	2.22	57.76%
Natural Gas (NYM \$/btu) Continuous	2.53	3.56	40.82%
Precious Metals			
Gold (NYM \$/ozt) Continuous	1895.10	1828.60	-3.51%
Silver (NYM \$/ozt) Continuous	26.41	23.35	-11.59%
Industrial Metals			
Aluminum (LME Cash \$/t)	1978.00	2806.00	41.86%
High Grade Copper (NYM \$/lbs) Continuous	7741.50	9692.00	25.20%
Nickel (LME Cash \$/t)	16540.00	20925.00	26.51%
Iron Ore 62% CN TSI (NYM \$/mt)	155.84	112.50	-27.81%
Zinc (LME Cash \$/t)	2723.50	3630.00	33.28%
Agricultural			
Corn (CBT \$/bu) Continuous	4.84	5.93	22.57%
Soybeans (CBT \$/bu) Continuous	13.11	13.39	2.15%
Wheat (CBT \$/bu) Continuous	6.41	7.71	20.34%
Cotton #2 (NYF \$/lbs) Continuous	0.78	1.13	44.14%
Sugar #11 (NYF \$/lbs) Continuous	0.15	0.19	21.89%
Indices			
GS Commodity (CME) Continuous	409.25	561.65	37.24%
PowerShares DB Commodity Index Tracking Fund	14.70	20.78	41.36%
db x-trackers SICAV - db x-trackers DB COMMODITY BO	13.94	18.45	32.29%

10 YEAR SOVEREIGN YIELDS	30-Dec-20	31-Dec-21	Yield D
US	0.93%	1.51%	0.59%
UK	0.20%	0.97%	0.76%
Europe	-0.58%	-0.18%	0.40%
Australia	0.98%	1.67%	0.69%
Belgium	-0.39%	0.18%	0.58%
Canada	0.71%	1.43%	0.72%
Denmark	-0.47%	0.06%	0.53%
France	-0.35%	0.20%	0.55%
Germany	-0.58%	-0.18%	0.40%
Greece	0.62%	1.32%	0.70%
Ireland	-0.32%	0.24%	0.56%
Italy	0.54%	1.17%	0.63%
Japan	0.02%	0.07%	0.05%
Netherlands	-0.49%	-0.03%	0.46%
New Zealand	0.99%	2.31%	1.32%
Norway	0.94%	1.70%	0.76%
Portugal	0.03%	0.46%	0.44%
Spain	0.04%	0.57%	0.52%
Sweden	0.02%	0.21%	0.19%
Switzerland	-0.49%	0.01%	-0.50%

ROR = Rate of Return
Yield D = Yield differential