

MONTHLY REPORT & FACT SHEET – 31 MARCH 2019

1M: 0.2% **12M:** -3.9% **3yr Ann:** 5.4% **3yr Vol:** 7.2%

Description

The Cor Capital Fund is an Australian registered managed investment scheme that seeks to generate stable positive returns, regardless of prevailing economic or financial market conditions.

It is commonly used as an alternative asset within a broader strategic asset allocation or as a standalone medium-term absolute return investment.

The objective of the Fund is to generate medium to long term returns, without significant interim drawdowns, by investing and trading in developed-market equities, precious metals, fixed interest and cash. The Fund portfolio is highly liquid and diversified.

Fund Total Return as of 31 March 2019 (net of fees)

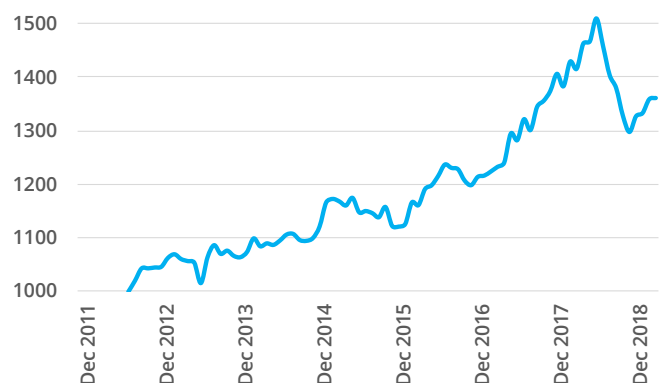
	Return
1-Mth	0.2%
3-Mth	2.6%
6-Mth	-1.3%
CYTD	2.6%
1-Yr	Ann. -3.9%
3-Yr	Ann. 5.4%
3-Yr	Volatility 7.2%

Past Performance is not a reliable indicator of future performance.*
Source of performance: Cor Capital

Fund Details

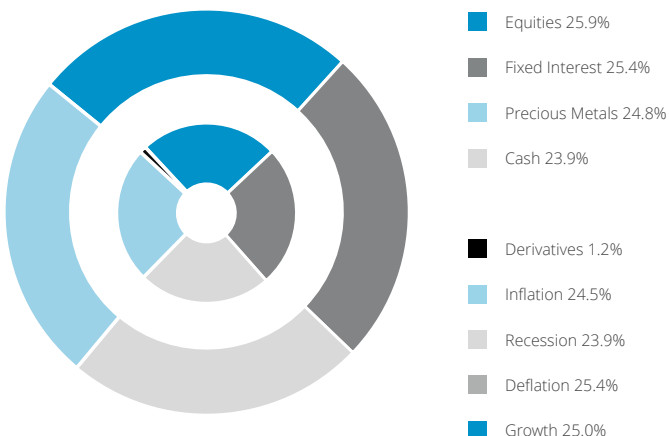
Type	Absolute Return / Alternative
Strategy	Multi-strategy / Multi-asset
Objective	Maximise return above change in CPI over 3 year periods without generating a negative return over any 12 month period
Inception date	8 August 2012
Net Asset Value / Redemption Price	1.0321/1.0306
Currency	AUD
Liquidity	Daily
Minimum investment	A\$25,000
APIR code	COR0001AU
ARSN	609 666 042

Track Record: August 2012 - March 2019

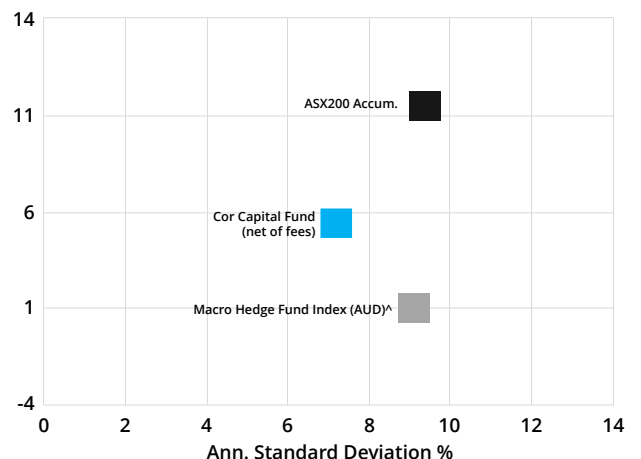


Track record chart displays the change in value of \$1000 invested in the Cor Capital Fund since its inception in August 2012. **Past Performance is not a reliable indicator of future performance.***

Asset Allocation / Risk Allocation



Risk vs Return over 3 years



Risk vs Return chart compares annualised 3-year returns to risk as measured by the annualised standard deviation of returns. Source: Bloomberg, Cor Capital

Cor Capital Fund

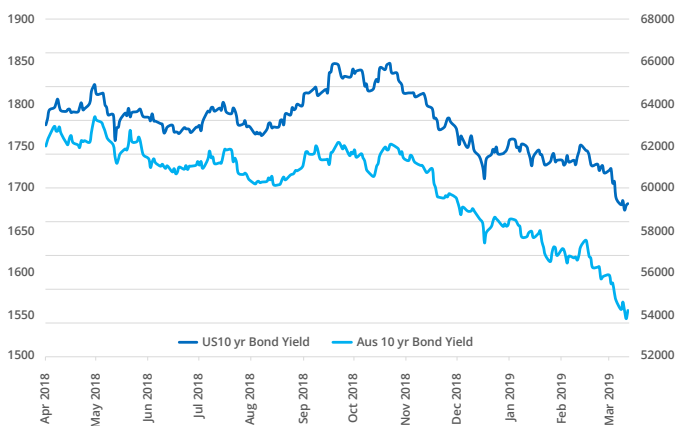
Quarterly Manager Commentary – March 2019

The Cor Capital Fund returned +2.6% for the 3 months to the end of March 2019. The return over 3 years was +5.4% per annum and the 1-year return was -3.9% (all net of fees).

Following the double-digit sell-off in global equities at the end of last year, risk assets rebounded strongly with the ASX200 Accumulation Index up +10.9% over the March quarter. The Bloomberg Aus Composite Bond Index was up +3.4%, an extraordinary amount, and gold bullion prices were flat over the same period.

Aus and US Bond Yields

Period Ending March 2019



Source: Bloomberg

The Fund equities portfolio (+12.0%) continues to out-perform the ASX200 due to its larger weighting to commodity stocks and bias away from banks and other 'mega-caps', not only because of the different macro exposures that come with this allocation, but also due to the relative volatility between holdings and the performance capture that results. This made a major contribution to returns to the Fund over the quarter followed by fixed interest, cash and gold bullion, which was up over 9 percent during 2018 but is now negative on a year-to-date basis.

The December quarter equities market sell-off was accompanied by the strongest 'risk off' step up in the gold bullion price in years as the US Fed increased its official funds rate by 25 basis points, and flagged more to come, in an environment of increasing global growth concern.

Only one quarter on and the Fed board indeed changed its tune by stating it was no longer expecting any rate hikes in 2019 and in fact markets are now pricing in rate cuts as recession signs emerge. A dovish flip also became clearer here in Australia with the RBA minutes setting out the possibility of rate cuts. Annualised economic growth in Australia slowed from 4 percent in the first half of last year to 1 percent as capital city residential property prices corrected and household spending followed.

As bond yields corrected in line with slowing growth expectations it is surprising to many that equities markets surged over the March quarter, increasingly pricing in stronger 2019 earnings growth. One signal is optimistic and one pessimistic.

It is worth considering the possibility that the global equity market gyrations of the last 6 months are less a reflection of broad uncertainty about future earnings (the bond market is the better indicator here in our view), and more about the evolving link between volatility and stock market liquidity stemming directly from investor mix. According to a recent report from JP Morgan, in this new age of passive investing and programmatic trading, measures of volatility have become the major influence on marginal trading volume relative to 'slower moving humans' driven by fundamentals.

The result of this type of market structure may be periods of momentum and very low volatility, followed by speedy but sizable market moves on low volume, as per the recent experience. Volatility is becoming more volatile! Fundamentally driven, bottom up investment for the (very) long-term won't change but for those investors and asset allocators looking to smooth medium term returns the job is more difficult under such conditions.

However, such an environment can provide opportunities for the contrarian, volatility harvesting strategy of the Cor Capital Fund and this most recent quarter highlighted some examples.

Continued over page.



© 2018 Hedge Funds Rock and the Australian Alternative Investment Awards. All rights reserved.

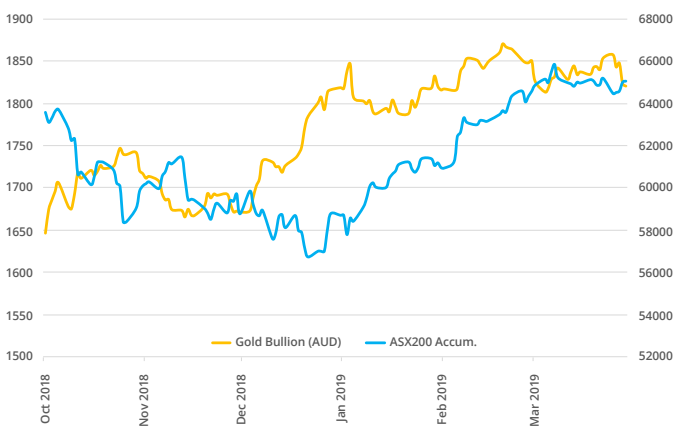
Cor Capital Fund

Portfolio Changes

At the beginning of January, we decreased the Fund's gold bullion position and diverted most of the proceeds into equities following the 4Q18 sell-off referred to above. Then, as our investment process assumes will happen regularly, the direction completely reversed; our risk limits were again reached (relative to the neutral positioning), resulting in profits being taken in equities at the end of February. Proceeds were reinvested roughly equally between cash, gold bullion and fixed interest securities.

Gold Bullion and Equities

Period Ending March 2019

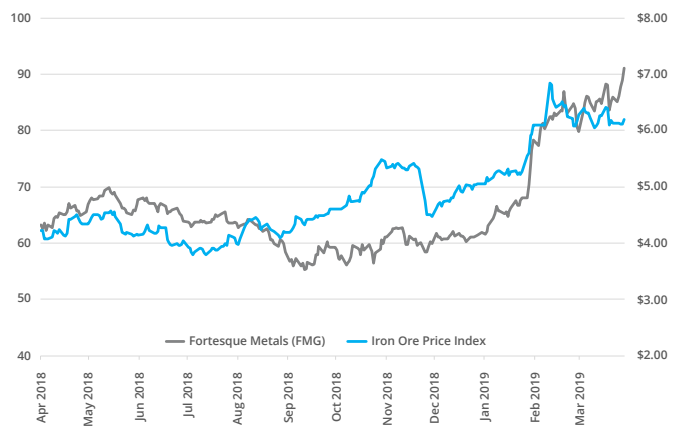


Source: Bloomberg

Within the equities portfolio, in January we reduced exposure to the commodities sector after it outperformed industrials and financials. Six of the ten largest positive movers in the ASX100 over the quarter were either energy or materials stocks with iron ore pure play Fortescue Metals surging +78% on global supply disruptions and positive Chinese construction data. Price performance relative to peers also triggered a rebalance within the sector and our Fortescue position was trimmed twice within the quarter (in addition to the sector adjustment); a very unusual occurrence for a A\$20billion+ company.

Fortescue Metals and Iron Ore

Period Ending March 2019

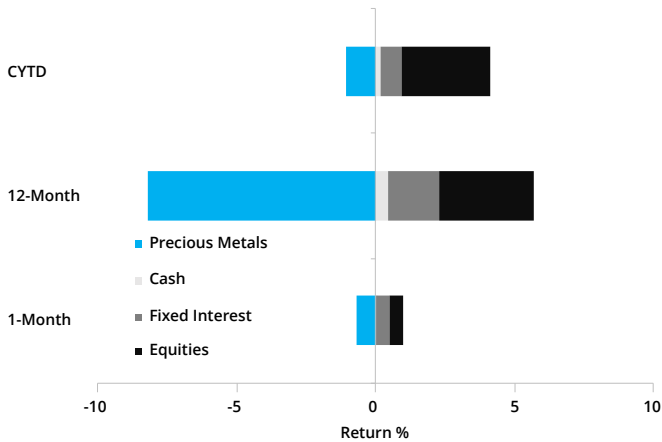


Source: Bloomberg

We continue to believe that the constant risk premia assumptions built into many popular investment approaches are only valid for multi-decade investment time horizons and that widespread disappointment with returns is a real possibility. The task we have chosen at Cor Capital is to offset this disappointment by delivering a liquid alternative for robust absolute returns, one that capitalises on the interplay between diverse assets as markets ebb and flow, rather than the more common approach of specific (and consequential) forecasting of market prices, economic factors or company earnings.

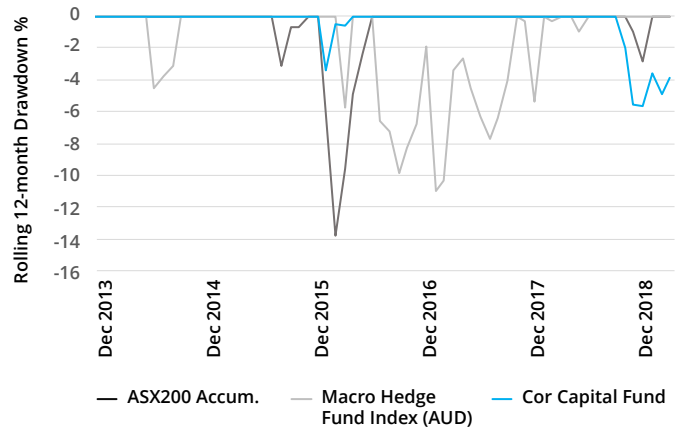
Cor Capital Fund

Attribution (gross of fees)



Attribution chart displays the contribution made by each asset class to the Total Return of the Fund over the relevant time period, as represented by the net of positive and negative contributions.

Drawdowns



Drawdowns chart compares 12-month rolling negative total returns, where applicable, for each Fund or index. Source: Bloomberg, Cor Capital

Tail Risk Analysis: Worst of ASX200 v. Fund

Rank	Lowest ASX200 Return (%)	Date	Fund Return (%)	Diff.
1	-7.79	Aug-15	-0.34	7.45
2	-6.05	Oct-18	-3.68	2.37
3	-5.48	Jan-16	0.43	5.91
4	-5.38	Sep-14	-1.03	4.35
5	-5.30	Jun-15	-2.29	3.02
6	-4.50	May-13	-0.28	4.23
7	-3.77	Mar-18	-0.92	2.85
8	-3.25	Nov-14	0.48	3.74
9	-3.03	Jan-14	0.92	3.95
10	-2.96	Sep-15	-0.66	2.29
11	-2.75	May-17	4.38	7.14
12	-2.45	Jun-16	1.45	3.91
13	-2.32	Jun-13	-3.61	-1.29
14	-2.21	Nov-18	-2.31	-0.10
15	-2.21	Mar-13	-0.83	1.38
Total	-59.46		-8.28	51.19
Av.	-3.96		-0.55	3.41

12-Month Return Correlations

Balanced 60/40	65.2%
Aus Fixed Interest	16.8%
Aus Equities	64.1%
Gbl Equities (AUD)	21.7%
Hedge Funds (AUD)	28.2%

Correlation measures the degree to which two strategies or indices move in relation to each other with 100% implying a perfect positive relationship.

Past Performance is not a reliable indicator of future performance.*
Source of performance: Bloomberg, Cor Capital

Additional Information

Management Fee	1.0% p.a.	Responsible Entity	Equity Trustees
Performance Fee	N/A	Custodian	BNP Paribas
Fund expenses	0.35% p.a.	Distribution Frequency	6-monthly
Unit price spread	0.15%	Hist. 12-month Distribution Yield	8.31%

Cor Capital Fund

Monthly Performance History (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2019	0.46%	1.92%	0.17%	-	-	-	-	-	-	-	-	-	2.56%
2018	-1.64%	3.31%	-0.92%	3.30%	0.29%	2.91%	-3.41%	-3.70%	-1.76%	-3.68%	-2.31%	2.25%	-5.62%
2017	0.20%	0.63%	0.70%	0.60%	4.38%	-0.93%	3.03%	-1.52%	3.33%	0.83%	1.34%	2.33%	15.80%
2016	0.43%	3.57%	-0.44%	2.59%	0.59%	1.45%	1.73%	-0.50%	-0.21%	-1.71%	-0.71%	1.29%	8.26%
2015	4.00%	0.56%	-0.40%	-0.65%	1.23%	-2.29%	0.20%	-0.34%	-0.66%	1.67%	-3.04%	-0.12%	0.00%
2014	0.92%	2.34%	-1.34%	0.50%	-0.26%	0.76%	1.01%	0.10%	-1.03%	-0.13%	0.48%	1.93%	5.35%
2013	1.57%	0.63%	-0.83%	-0.36%	-0.28%	-3.61%	4.71%	2.14%	-1.49%	0.55%	-0.90%	-0.22%	1.70%
2012	-	-	-	-	-	-	-	2.03%	2.25%	0.02%	0.16%	0.13%	4.64%

Past Performance is not a reliable indicator of future performance.*

Source of performance: Cor Capital

Contact Us

T +61 3 9225 5273

E contact@corcapital.com.au

*Past Performance is not a reliable indicator of future performance. Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions. Gross-of-fees performance is the net return with fees and expenses added back. Figures include changes in principal value. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception. For further details, please refer to the fund's product disclosure statement and reference guide which are available from EQT or Cor Capital.

^Hedge Fund Research HFRX Macro/CTA Index

Disclaimer:

Important Information: This report ("Report") has been produced by Cor Capital Pty Ltd ("Cor Capital") ABN 37 155 801 817, AFSL 419924 and has been prepared for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security of financial product or service. Any such offer or solicitation shall be made only pursuant to a Product Disclosure Statement or other offer document (collectively "Offer Document") relating to a Cor Capital financial product or service. A copy of the relevant Offer Document relating to a Cor Capital product or service may be obtained by calling Cor Capital on 03 9225 5273 or by visiting www.corcapital.com.au. This Report does not constitute a part of any Offer Document issued by Cor Capital. Past performance is not necessarily indicative of future results and no person guarantees the performance of any Cor Capital financial product or service or the amount or timing of any return from it. This material has been provided for general information purposes and must not be construed as investment advice. Neither this Report nor any Offer Document issued by Cor Capital takes into account your investment objectives, financial situation and particular needs. In addition to carefully reading the relevant Offer Document issued by Cor Capital you should, before deciding whether to invest in a Cor Capital financial product or service, consider the appropriateness of investing or continuing to invest, having regards to your own objectives, financial situation or needs. Cor Capital strongly recommends that you obtain independent financial, legal and taxation advice before deciding whether to invest in a Cor Capital financial product or service. The information contained in this Report may not be reproduced, used or disclosed, in whole or in part, without prior written consent of Cor Capital.

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Cor Capital Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT) and is the Responsible Entity. This Monthly Report and Fact Sheet has been prepared by Cor Capital Pty Ltd ("Cor Capital") (ABN 37 155 801 817, AFSL 419924), to provide you with general information only. In preparing this Monthly Report and Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Cor Capital, Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.