

MONTHLY REPORT & FACT SHEET – 31 DECEMBER 2019

1M: -0.05% **6M:** +3.91% **12M:** +10.38% **3yr Ann:** +6.45% (net of fees)

Positioned for Profit - Protected from Losses.

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.

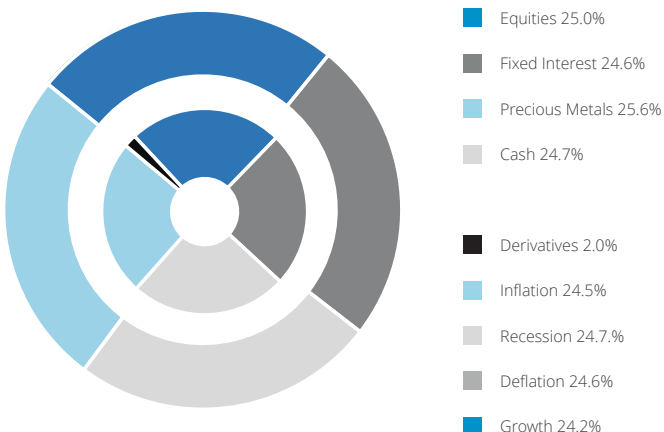
The objective of the Fund is to generate medium to long term returns, without significant interim drawdowns, by investing and trading in developed-market equities, precious metals, fixed interest and cash. The Fund portfolio is highly liquid and diversified.

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

	Return
1-Mth	-0.1%
3-Mth	0.5%
6-Mth	3.9%
CYTD	10.4%
1-Yr	Ann. 10.4%
3-Yr	Ann. 6.5%
3-Yr	Volatility 7.0%

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

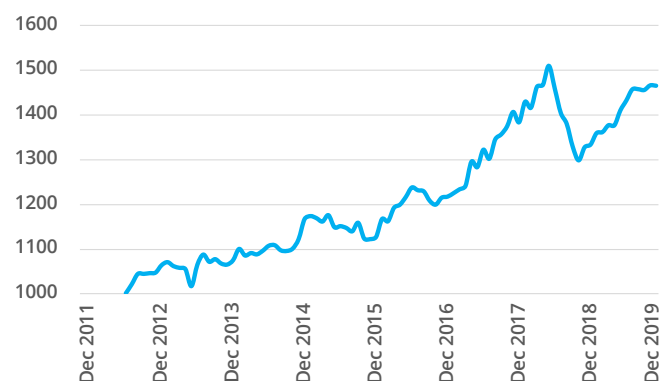
Asset Allocation / Risk Allocation



Fund Details

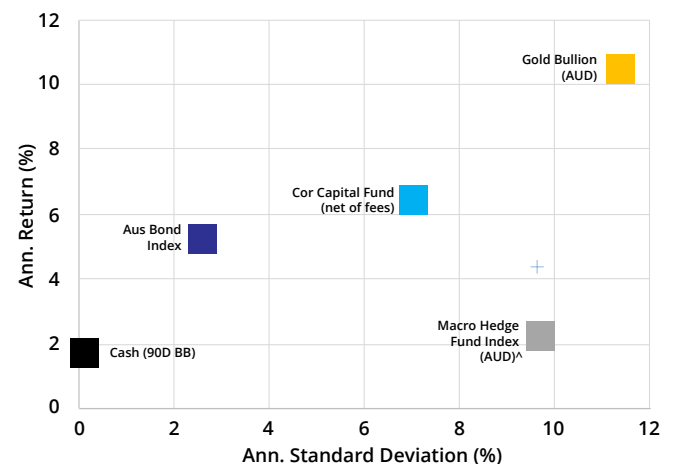
Type	Absolute Return / Alternative
Strategy	Multi-strategy / Multi-asset
Objective	Maximise return above change in CPI over 3 year periods without generating a negative return over any 12 month period
Inception date	8 August 2012
Net Asset Value / Redemption Price	1.1064/1.1048
Currency	AUD
Liquidity	Daily
Minimum investment	A\$25,000
APIR code	COR0001AU
ARSN	609 666 042

Track Record: August 2012 - December 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.***

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 – December 2019

Dear Investor

The Cor Capital Fund returned **+10.4%** for 2019 (net of fees) after a relatively flat December quarter that delivered **+0.5%**. Over 6 months the Fund return was **+3.9%**. The 3-year return was **+6.5%** p.a. which is **+4.9%** p.a. net of fees above CPI inflation, in line with our long-term expectations for the strategy. These results compare favourably with those of other multi-asset strategies, particularly given the highly liquid nature of the Fund's portfolio and its lower exposure to, and reliance on, share, bond and real-estate markets.

Monthly return variability, as measured by annualised standard deviation, was at 7% over three years which is approximately as expected. The Fund returns were extremely stable throughout calendar 2019 with just three months that were technically negative but would be rounded to zero. The standard deviation of returns for 12 months was 3% which highlights the risk-offsetting benefits of the Fund asset mix.

The Australian equities market was down (ASX200 Accum. **-2.2%**) in December but the asset class was the main contributor to Fund performance over 2019. The Cor equities strategy returned **+29%** versus the ASX200's **+23.4%** return (incl. dividends). Much of this difference was due to our portfolio construction approach leaving us with less exposure than the index to the troubled financial sector and relatively more to individual surprises such as the circa **+200%** total return (incl. dividends) from Fortescue Metals Group. Such strong 12-month equity returns are in contrast to the list of (since faded) worries that investors were faced with at the end of 2018; North Korea, trade wars, rising US interest rates, Brexit, global recession forecasts, and a weakening domestic property market combined to influence many to 'sell' or reduce risky positions. Our philosophy is that it is better (over our stated medium-term time horizon) to stay diversified and adjust portfolio risk (concentration) as it changes with prices. In our opinion this allows you to be contrarian without being cavalier and is a great way to do well whether outcomes surprise or not.

Following from this point, 2019 was also a good year for those holding gold bullion. Over 15 weeks between the start of May and August the gold price rose **+24%** in Australian dollar terms, breaking through its all-time previous high level. This surge was

triggered by escalating geopolitical tensions in the Middle East, increased expectations of monetary easing by the US Federal Reserve, collapsing bond yields and a falling Australian dollar. For the remaining 70% of the year the gold price was flat to negative. We trimmed our core gold bullion position at the end of August and the full year price change settled at **+18.8%**.

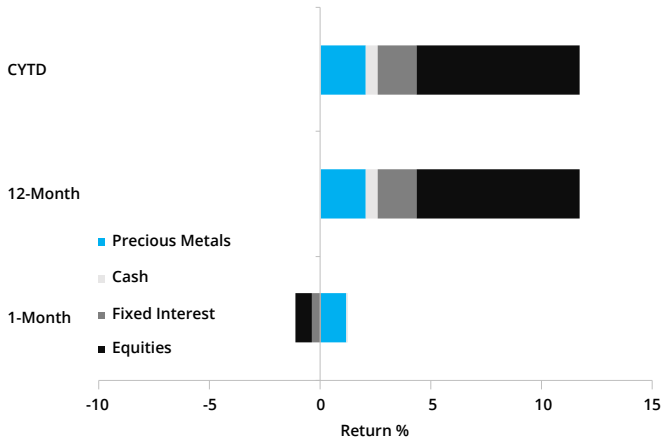
The fixed interest component of the Cor Capital Fund tracks the Bloomberg AusBond Composite Bond Index which returned **+7.3%** in 2019 even following a fall of **-1.64%** in December. The yield on this index has fallen to its lowest level ever (circa 1.0%) and we have low expectations of the asset class going forward – we've had low expectations for years and yields keep going lower (prices higher).

Excessive central bank stimulus is alive and well on all continents, and the November US election lead up is likely to support deficit spending expectations, and keep a lid on trade skirmishes. It is increasingly accepted thinking that the bull market in equities should continue through 2020, and staying in 'expensive' bonds has delivered so far relative to holding cash – so why should investors change their approach this year? As we repeat often, surprises (negative or positive) are more common than most investors realise. In the event of a harmful reversal of financial market fortunes, it is often claimed that losses were unavoidable because a particular event or market response was unpredictable. This claim is largely invalid; greater diversity of risk is required *before* an event occurs, and it can be achieved and maintained by taking an alternative approach.

In light of the many financial market surprises of 2019, not to mention the early signs of more to come in 2020, we believe Cor Capital's investment thesis remains valid; a broad spectrum of carefully chosen, uncorrelated but liquid asset classes of varying price volatility, regularly rebalanced, will generate competitive medium-term compound returns across a wide range of economic and financial market environments.

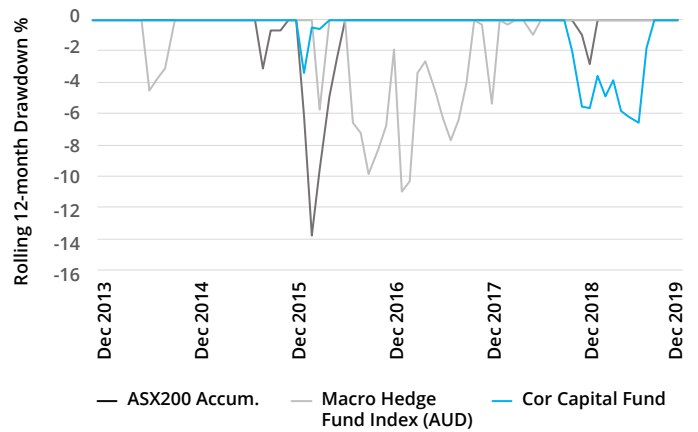
Cor Capital Fund

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	-2.36	Aug-19	1.73	4.08
14	-2.32	Jun-13	-3.61	-1.29
15	-2.21	Nov-18	-2.31	-0.10
Total	-59.61		-5.71	53.90
Av.	-3.97		-0.38	3.59

12-Month Return Correlations

Balanced 60/40	47.6%
Aus Fixed Interest	41.5%
Aus Equities	41.8%
Gbl Equities (AUD)	57.8%
Hedge Funds (AUD)	66.9%

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

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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. 3-year Distribution Yield	4.99% p.a.

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%	1.12%	-0.01%	2.42%	1.57%	1.73%	0.04%	-0.12%	0.71%	-0.05%	10.38%
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%

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Source of performance: Cor Capital

Contact Us

T +61 3 9221 6255

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

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