

MONTHLY REPORT & FACT SHEET – 30 JUNE 2020

1M: +0.70% **6M:** +5.35% **12M:** +9.48% **3yr Ann:** +6.36% (net of fees)

Positioned for Profit - Protected from Losses.

The Cor Capital Fund is an 'all weather' investment that seeks to generate stable positive returns, regardless of prevailing economic or financial market conditions. It is commonly used by investors as a core holding, or to improve traditional equities, bond and balanced strategies.

The objective of the Fund is to generate attractive medium to long term returns, without significant interim drawdowns. The Fund portfolio is highly liquid and diversified; holdings include traditional asset classes (developed-market equities, precious metals, fixed interest and cash) but overall risk and return sources differ:

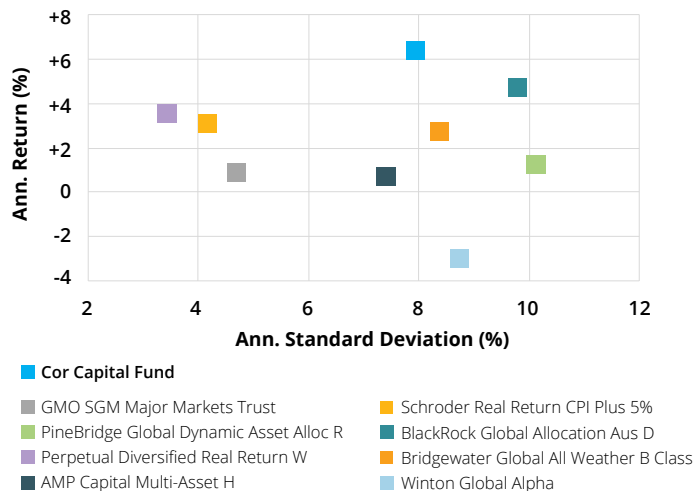
- » Unconventional portfolio mix
- » Systemised risk rebalancing & volatility harnessing
- » Active derivative strategy

Fund Total Return as of 30 June 2020 (net of fees)

		Return	CPI
1-Mth		0.7%	
3-Mth		4.9%	
6-Mth		5.4%	
CYTD		5.4%	
1-Yr	Ann.	9.5%	
3-Yr	Ann.	6.4%	1.8%
3-Yr	Volatility	7.9%	

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

Risk vs Return over 3 years (net of fees)

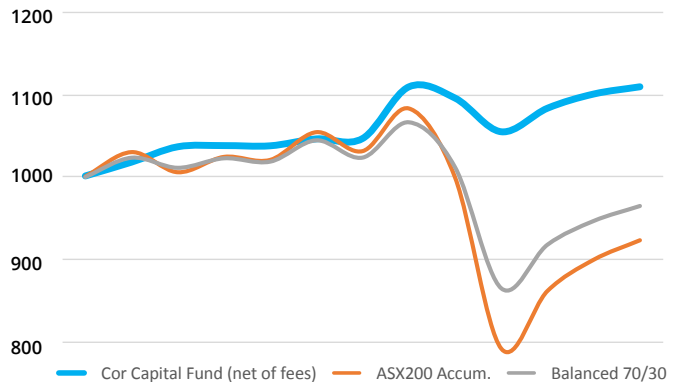


Risk vs Return chart compares annualised 3-year returns to risk as measured by the annualised standard deviation of returns. Source: Bloomberg, Cor Capital, SQM.

Fund Details

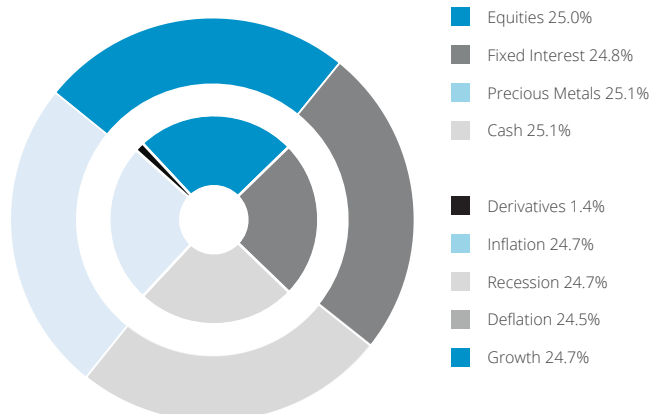
Type	Absolute Return / Alternative
Strategy	Multi-strategy / Multi-asset
Objective	Maximise return above change in CPI over 3 year periods without generating a negative return over any 12 month period
Inception date	8 August 2012
Net Asset Value / Redemption Price	1.1549/1.1532
Currency	AUD
Liquidity	Daily
Minimum investment	A\$25,000
Structure	Aust. Registered Managed Investment Scheme
APIR code	COR0001AU
ARSN	609 666 042

Track Record: 12 Months



Track record chart displays the change in value of \$1000 invested over 12 months. Past returns should not be taken as a prediction of likely future returns. Returns include the notional reinvestment of income.

Asset Allocation / Risk Allocation



Cor Capital Fund

Quarterly Manager Commentary – June 2020

Dear Investor

For the June quarter the Cor Capital Fund returned **+4.9%** (net of fees). Over the first 6 months of calendar 2020 the return was **+5.4%**, and over the last 12 months **+9.5%**. The 3-year return was **+6.4%** per annum, or approximately **4.5%** per annum above CPI inflation.

The June half-yearly distribution has been finalised at 2.76 cents per unit and, depending on your chosen option, is due to be paid on July 20. The 12-month distribution yield for the Fund was therefore approximately 3.3 percent.

Recent global economic and market events have served as an important test for our strategy and we are satisfied with the results to date. The Fund has delivered stable positive returns during the most challenging period for investors in decades, particularly for those otherwise concentrated in stocks and REITs, which remain both volatile and in drawdown as 2020 evolves. Year-to-date the ASX 200 Accum. Index was down **-10.4%** as at 30 June with listed retail property trust prices down more than 40 percent over the same period.

Performance Attribution and Portfolio Changes

The price of gold bullion in Australian dollar terms rose **+28.5%** over the last 12 months and our strategic exposure to it was the largest contributor to Fund returns over that period, contributing 66 percent of the Fund's gross return of **+10.6%**. Precious metals contributed a further 17 percent of the gross return both via rebalancing effects and within the options overlay strategy. Of note is the slight positive 12-month contribution of equities during a period where the Australian stock benchmark fell by **-7.7%**. As we have reported to you on a number of occasions, the Cor equities sub-portfolio has outperformed the benchmark for some time, however for the past 12 months all of the extra return has come from asset class rebalancing effects and from equity options trading within the overlay strategy.

"... it makes sense that gold is gaining more attention. Liquid non-financial assets are a rarity for all portfolio types and it wouldn't take much of a demand change to cause a huge price move. We expect to be surprised at the pace and timing of how it plays out."

Cor Capital - JULY 2019

Part of our approach to investing involves harnessing volatility by rebalancing the portfolio and its component parts when certain pre-defined exposure limits are reached. The increased market volatility over the last 6 months resulted in significantly more adjustments than usual with five asset class rebalances and 20 equities sub-portfolio rebalances actioned during the period. To put these adjustments into context, an asset class (for example precious metals) must outperform the other three (bonds, equities, cash) by more than 8 percent before a change is triggered. A single stock must outperform its peers by in excess of 30 percent. Such a large volume of rules-based changes over a short period highlights the benefits of a systematic approach during periods of heightened investor anxiety.

Cash is Trash?

Given we survived March's market meltdown in good shape it is timely to mention the Fund's 25 percent strategic allocation to cash. "Cash is trash" may be the case according to one well known hedge fund manager. Cash alone is certainly a poor long-term investment given the erosion of its purchasing power, and this is particularly true when interest rates are close to zero and other assets are being inflated as a matter of central bank policy.

However, it is inaccurate to conclude that the Cor Capital Fund's cash allocation represents a wasted drag on performance. In our experience the cash allocation is essential if we are to achieve our goal of avoiding drawdowns (losses) over any rolling 12-month period.

But why a 25% allocation? Our chosen quartile asset allocation reflects complete agnosticism to inflation, growth, and financial system outcomes over our investment time horizon. If rebalanced properly, non-correlated assets held in equal weightings also generate better portfolio compound returns, particularly when price volatility is high.

In addition to this downside protection, the Fund's cash position provides optionality. An example of this is the ability to maintain daily investor liquidity while at the same time accessing the individual time premium of riskier assets and strategies. Under certain conditions, cash held in equal weight with other non-correlated positions also maximises the premium earned from portfolio rebalancing.

Cor Capital Fund

On the surface it may appear that more sophisticated financial engineering could offer an efficient alternative to our cash position; we believe our approach is more robust and note that Cor Capital Fund results to date compare favourably to those with more complexity.

Outlook

Challenging deflationary and stagflationary scenarios are still both possible depending on how long the fiscal tap is permitted to flow, relative to how long it is required. Central bank liquidity injection has forced financial markets to separate from economic reality, and it remains to be seen how this gap will be closed. It feels too optimistic to bet on economic activity catching up to prices in a hurry or without hiccups.

For a long time, the US Federal Reserve and other central banks have had their way with asset price 'management' but it is possible that the direct income substitution currently being implemented by governments could ignite inflation before economic problems have been solved, thereby challenging recent monetary policy approaches. The opposite but less likely scenario is that fiscal support ceases too early. Obviously, we hope for the Goldilocks

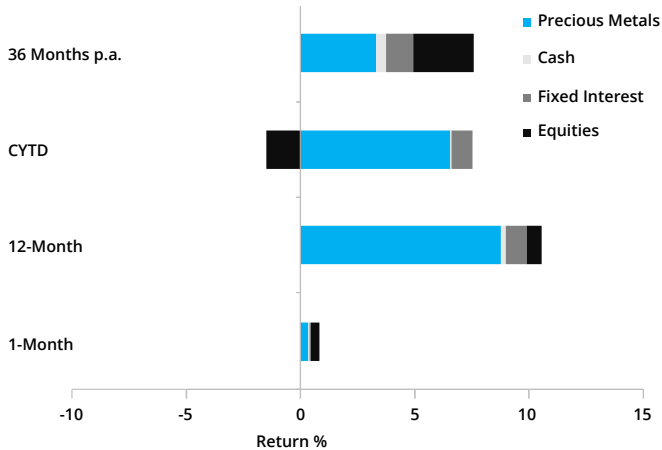
outcome in-between but as far as the Cor Capital Fund is concerned, feel we have a broad range of paths covered.

The absolute approach to diversification that we chose for the Fund at its genesis aligns well with the uncharted waters we are currently in. We have significant exposure to assets that should do relatively well given either of the extremes above; cash and sovereign bonds for a deep recession or deflation, and gold and commodity exposure for inflation. High volatility and modest-to-low returns are common elements in many current forecasts and we feel prepared for that scenario too.

This is a time for cool heads and robust structures. Managed investments that combine this criteria with a track record of delivering absolute returns are rare, and we are thus far glad we persisted with our more unconventional approach. Whether you employ the Cor Capital Fund as a liquid alternative investment or a core holding, we understand the importance of our role in helping you to survive and thrive on the other side of the prevailing global challenge.

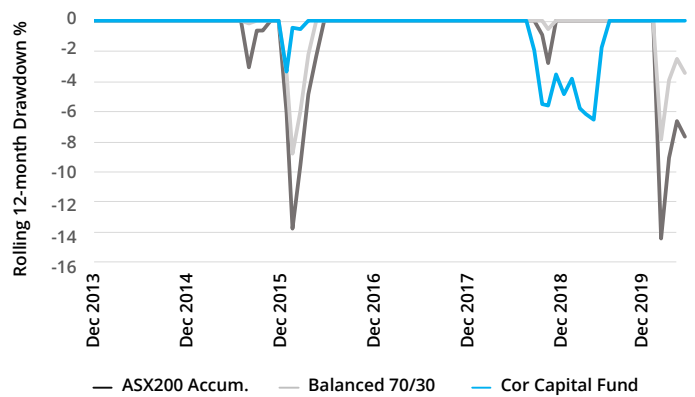
Cor Capital Fund

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

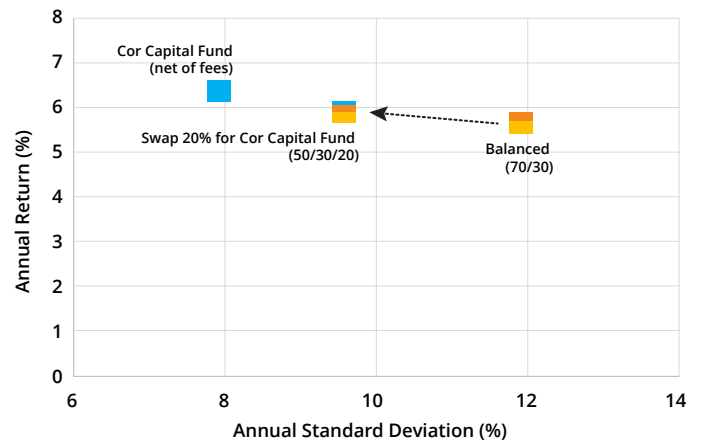
Tail Risk Analysis: Worst of ASX200 v. Fund

Rank	Lowest ASX200 Return (%)	Date	Fund Return (%)	Diff.
1	-20.65	Mar-20	-3.82	16.83
2	-7.79	Aug-15	-0.34	7.45
3	-7.69	Feb-20	-1.33	6.36
4	-6.05	Oct-18	-3.68	2.37
5	-5.48	Jan-16	0.43	5.91
6	-5.38	Sep-14	-1.03	4.35
7	-5.30	Jun-15	-2.29	3.02
8	-4.50	May-13	-0.28	4.23
9	-3.77	Mar-18	-0.92	2.85
10	-3.25	Nov-14	0.48	3.74
11	-3.03	Jan-14	0.92	3.95
12	-2.96	Sep-15	-0.66	2.29
13	-2.75	May-17	4.38	7.14
14	-2.45	Jun-16	1.45	3.91
15	-2.36	Aug-19	1.73	4.08
Total	-83.42		-4.95	78.47
Av.	-5.56		-0.33	5.23

Source of performance: Bloomberg, Cor Capital.

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Using the Cor Capital Fund to Improve a Balanced Growth Portfolio



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

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	2.58% 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
2020	5.87%	-1.33%	-3.82%	2.61%	1.49%	0.70%	-	-	-	-	-	-	5.35%
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%

Source of performance: Cor Capital

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*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.

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