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Cor Capital maintains 'essential' 25% cash weighting

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Cor Capital has failed to be deterred by queries and is maintaining its 25% weighting to cash, saying it is 'essential' to the fund's outperformance.

By [Laura Dew](#)

Cor Capital has said its 25% cash weighting is essential to performance of its absolute return fund avoiding losses in this turbulent environment.

The Melbourne-based boutique fund manager said its multi-asset real return [Cor Capital](#) fund was designed to generate stable returns regardless of market conditions.

With this in mind, the fund was holding equal weights of developed market equities, fixed interest, precious metals and cash at 25% each.

This had paid off with the fund returning 9.6% over one year to 30 June versus losses of 0.37% by the Australian Core Strategies absolute return sector, according to data from FE Analytics.

Founder Davin Hood said: "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 whether the ongoing money printing causes inflation or whether the fiscal support tap is turned off too early.

"Regardless, we are positioned with 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.

"The 25% cash allocation is sometimes queried by observers. However, it is essential if we are to achieve our goal of avoiding losses over any rolling 12-month period and has been a significant contributor to the success of the fund since inception in 2012," added Hood.

Performance of Cor Capital fund versus absolute return sector over one year to 30 June 2020



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