



Media Release

22 June 2020

SQM awards Superior 'High investment grade' rating for Cor Capital Fund

- *SQM Research* considers the Fund has substantial potential to outperform over the medium-to-long term.*
- *The Fund's risk-adjusted returns (as measured by Sharpe and Information ratios) have been significantly better than the peer average.*
- *Management is of a very high calibre.*

The Melbourne-based boutique fund manager [Cor Capital](#) have received a positive upgrade by investment research firm, SQM Research, to Superior 'high investment grade' rating for its flagship fund, the Cor Capital Fund, which has \$110 million in FUM.**

The Cor Capital Fund (the "Fund") is a multi-asset real return fund with an absolute return objective. The Fund aims to deliver attractive real returns (well above Australian inflation, net of manager fees) while aiming to avoid negative returns over any 12-month period (in all investment environments).

The Fund sits in the top decile over one, three and 5-year timeframes, and on Morningstar's Australia 'multi asset – balanced' database of 132 funds, the Cor Capital Fund was the #1 performer over both 1 and 5 years, #2 over 3 years, as at 31 May 2012.

According to SQM Research "the Cor Capital Fund is a differentiated strategy within the Multi asset real return and Alternatives universe of funds", and notes its "analysis pointed to strong defensive characteristics in the face of extreme equity tail risk."

The Fund's philosophy has counterparts with the "all weather" style of investing (including 'risk parity'), and more closely with the "permanent portfolio" style (popularised by the influential US financial commentator Harry Browne). Cor Capital has enhanced its own take on this philosophy over many years, with additional focus on harnessing volatility being one example.

The Fund is relatively unusual in the Australian context as it has distinct structure of limiting investment to four broadly weighted asset sectors: Large cap Australian equities, precious metals, Australian bonds and Australian cash.

SQM Research states: "The very experienced portfolio management team of Davin Hood (Managing Director and Portfolio Manager) and Tom Rachcoff (Executive Director and Portfolio Manager) strongly believe in the strategy. They have more than 50% shareholding in the company and are co-invested in the Fund, providing a powerful alignment of interests with investors.

"The Fund's investment philosophy can be described as unconventional and contrarian. It exhibits a 'very modest view of the value of forecasting' as the Manager puts it. The strategy design is subjective while its implementation is largely objective via quantitative models. The Manager

believes that asset class returns are largely driven by changes in the expected rate of economic growth and inflation. This is not an unconventional view. What is unconventional, particularly amongst active absolute return fund managers, is the belief that changes to such expectations are uncertain and unpredictable for practical investment purposes.

“The Fund has displayed strong performance across all time periods when compared with the peers. The relative outperformance has been more significant in recent years,” notes SQM Research.

SQM Research notes the Fund’s 1-year performance (to April 2020) has been notably strong.

Over the twelve months to **Apr-2020**, the Fund returned 9.71% (after fees) compared to 2.17% for the benchmark (CPI in this case). This is an outperformance of 7.55%.

The Fund has a consistent track record with SQM Research noting “it has outperformed its benchmark (CPI) in 98% of rolling three-year periods since its inception.”

Davin Hood, founder of Cor Capital, commented the Fund was established to meet a demand from investors with a ‘keep me wealthy’ mindset.

“Reliable medium-term investments with liquidity are difficult to find. The Fund is designed to be a smooth ride under a wide range of market conditions. It is an expressly ‘all weather’ investment vehicle ideal as a core holding in most portfolios. This explains why we don’t forecast prices or specific outcomes; we focus on asset dynamics instead, like volatility, and big picture risks such as inflation or growth surprises. One of the only things we rely on is the consistency of the human response given certain market conditions, of which there are relatively few,” says Hood.

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** as at Apr-2020.

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About Cor Capital

Established in 2012, Cor Capital is an investment management firm based in Melbourne. It is the manager of the Cor Capital Fund, an Australian registered managed investment scheme that seeks to generate stable positive returns, regardless of prevailing economic or financial market conditions. 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.

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