

**5yr Ann:** +5.1%    **3yr Ann:** +4.6%    **12M:** +2.6%    **3M:** +0.1%    **1M:** -2.1%    (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:

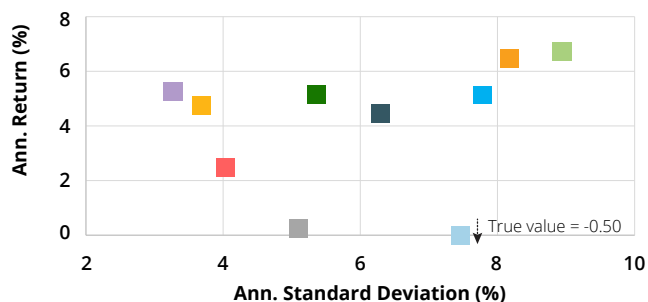
- » Unconventional portfolio mix
- » Systemised risk rebalancing & volatility harnessing
- » Active derivative strategy

### Fund Total Return as of 30 September 2021 (net of fees)

		Return	CPI	Volatility
1-Mth		-2.1%		
3-Mth		0.1%		
6-Mth		4.7%		
CYTD		0.5%		
1-Yr	Ann.	2.6%	3.8%	8.1%
3-Yr	Ann.	4.6%	1.7%	8.0%
5-Yr	Ann.	5.1%	1.8%	7.8%

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

### Fund Comparison: Risk vs Return over 5 years (net of fees)



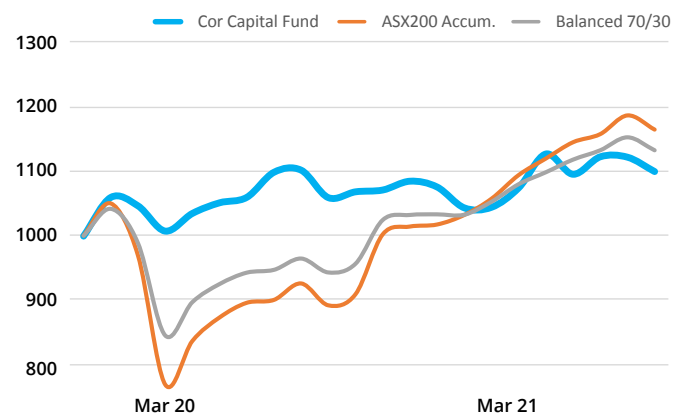
- Cor Capital Fund
- AMP Capital Multi-Asset H
- GMO SGM Major Markets Trust
- Schroder Real Return CPI Plus 5%
- PineBridge Global Dynamic Asset Alloc R
- Bridgewater Global All Weather B Class
- Perpetual Diversified Real Return W
- Winton Global Alpha
- Aberdeen Std Global Absolute Ret Strats
- Morningstar Balanced Real Return Fund

Risk vs Return chart compares annualised 5-year returns to risk as measured by the annualised standard deviation of returns. Source: Bloomberg, Cor Capital, SQM.

### Fund Details

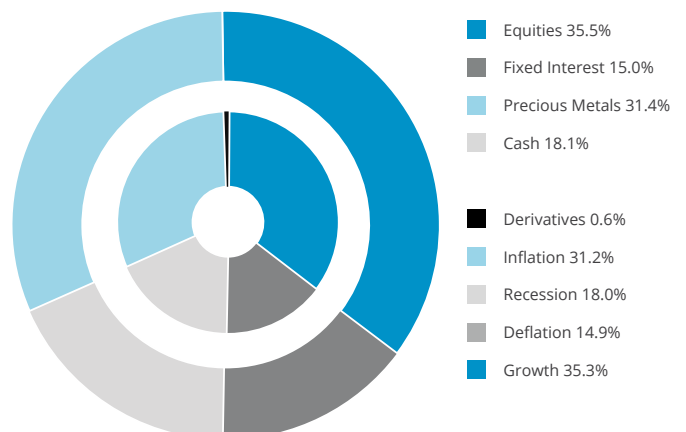
Type	Absolute Return / Alternative
Strategy	Multi-strategy / Multi-asset
Objective	Maximise return above change in CPI over 3 year periods without generating a negative return over any 12 month period
Inception date	8 August 2012
Net Asset Value / Redemption Price	1.0922/1.0905
Currency	AUD
Liquidity	Daily
Minimum investment	A\$25,000
Structure	Aust. Registered Managed Investment Scheme
APIR code	COR0001AU
ARSN	609 666 042

### Track Record



Track record chart displays the change in value of \$1000 invested over the period shown. 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 – September 2021

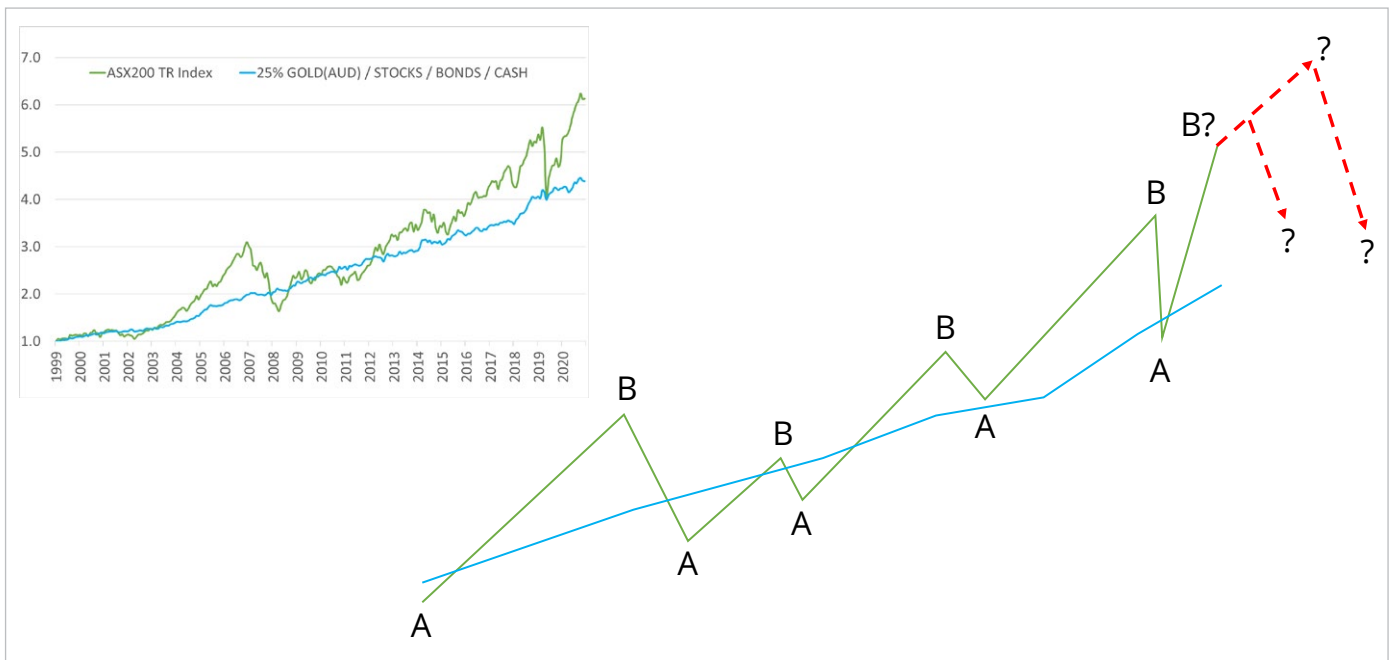
The road less travelled is actually the more reliable path.

With Australian stock prices back above pre-pandemic highs, stock funds are posting magnificent performance numbers; those utilizing borrowing even more so. Intuitively it feels like aggressive risk-taking makes sense. Borrowing rates are low and central bank and government policy seem to have market values covered. What could go wrong?

In this quarter's report we've set out a practical guide to investing in the Cor Capital Fund in context of the bull-bear cycles experienced by riskier investments such as stock markets.

We often describe our approach as unconventional and even unpopular, or perhaps the 'road less travelled'. A conceptual comparison of performance 'paths' can help to clarify why this is the case and how we exploit common investor behaviour to your benefit. Chart 1 therefore summarises two alternative growth paths since 1999 (actual data is shown in the embedded chart). The **green** path represents Australian stocks and the **blue** path a basic strategy of four equally weighted investments in gold, stocks, bonds and cash; a 'permanent'-type portfolio and for this discussion, representative of our enhanced version, the Cor Capital Fund.

Chart 1 – Two Paths



The green path shows the typical performance cycle of major stock markets and real-estate in recent times; that of an extended period of growth AB, before a relatively shorter/sharper correction, BA. History suggests that the longer the growth path continues uninterrupted, the greater the correction.

Adding to the level of risk is that the overall 20+ year trend line is actually steeper than that of many prior periods. This is likely due to unprecedented monetary stimulus and government spending at least as much as it is to growth from technology, innovation and emerging economies, particularly since the GFC and certainly since the beginning of the pandemic.

It appears that a sizable correction is on the cards, however the reality may be somewhere in between – perhaps a moderate correction (triggered by a China conflict, COVID setback, or energy crisis) before more debt and stimulus is added, pushing the inevitable asset deflation out for another time.

Those on the green path will be feeling good about recent growth but must be wondering what to do from here. Those on the blue path, such as investors in the Cor Capital Fund, don't need to make this call. They are taking a more patient, informed 'roundabout' path to growth.

# Cor Capital Fund

## To summarise Cor Capital's philosophy:

Changes to growth and inflation expectations drive asset prices, but these changes are unpredictable. Surprises of consequence are more common through history than perceived by investors.

Because the range of possible scenarios and market responses are limited, stable positive returns can be achieved by:

- » Diversifying broadly across the main growth and inflation risks (i.e. every asset class has its day so have a decent allocation to each)
- » Rebalancing risk regularly (i.e. trimming the winners and topping up the losers adds to returns over time)

With reference back to Chart 1, we believe the blue path is more reliable and useful for protecting and growing wealth:

- Along the blue path, portfolio risk is automatically rebalanced and so on average selling is done at relatively high prices and buying at relatively low prices – patiently doing the opposite to the impatient crowd. On the blue path all of the important decisions are made up front; on the green path stressful decisions with consequences need to be made regularly.
- In contrast, human nature means most investors who start on the green path don't keep up with the same performance. It just feels so right to them to trade with the crowd; enter into or add to stocks far up the curve from point A and as point B approaches; or anxiously trim or exit stocks as point A approaches on the way down. People are naturally attracted to yesterday's gains and are afraid of yesterday's losses.
- The blue path avoids significant drawdowns (interim losses). This means the risk of getting unlucky with regard to timing of capital flows is avoided, providing for more flexibility for adding capital or taking it out for another use.
- When you place some capital on the blue path, being 100% wrong in hindsight (say, about where stocks were headed) is fine; you still participate in some of the growth but you avoid much of the inevitable painful crunches. For capital placed on the green path, being 100% wrong in either direction can prove to be expensive.

- The blue path avoids many of the tempting strategies (and risks) used to try to improve on the performance of green path. Concentration in asset allocation or high conviction security selection are examples. So is borrowing to invest and other complex 'short volatility' strategies.
- Nobody goes broke on the blue path. Some people go broke on the green path.

However, investors on the blue path do miss out on a few things:

- The green path generates large performance numbers from time to time. On the blue path you miss out on the 30 percent falls and the 40 percent gains, even if you might end up at a similar destination; particularly given point 'B' above.
- On the green path wealth grows for extended periods of time while the blue path may be tracking sideways and underperforming. In a relative sense, the blue path will catch up quickly when the correction arrives.
- If enough risk is taken, some people can get rich on the green path from points A to B, and appear to have impeccable timing.
- Nobody gets rich on the blue path. But they stay rich.
- Some professional stock pickers have a track record of consistently outperforming the green path although they generally won't avoid drawdowns or volatility, and so unfortunate market timing is still a risk to the investor.
- In opposition to 'E' above, concentration in asset allocation, high conviction security selection, and other complex strategies can be rewarding when they succeed. Such exhilaration is not experienced by those on the blue path.

Investors in the Cor Capital Fund typically agree with the points A-L listed above. They have experienced or observed the seduction and fear at points on the green path, as well as the behavioural challenges to implementation along the blue path. It is the management of these emotions and challenges that form the edge of the roundabout investor. Difficult to pinpoint, this edge is a process rather than the possession of any immediate market insights.

# Cor Capital Fund

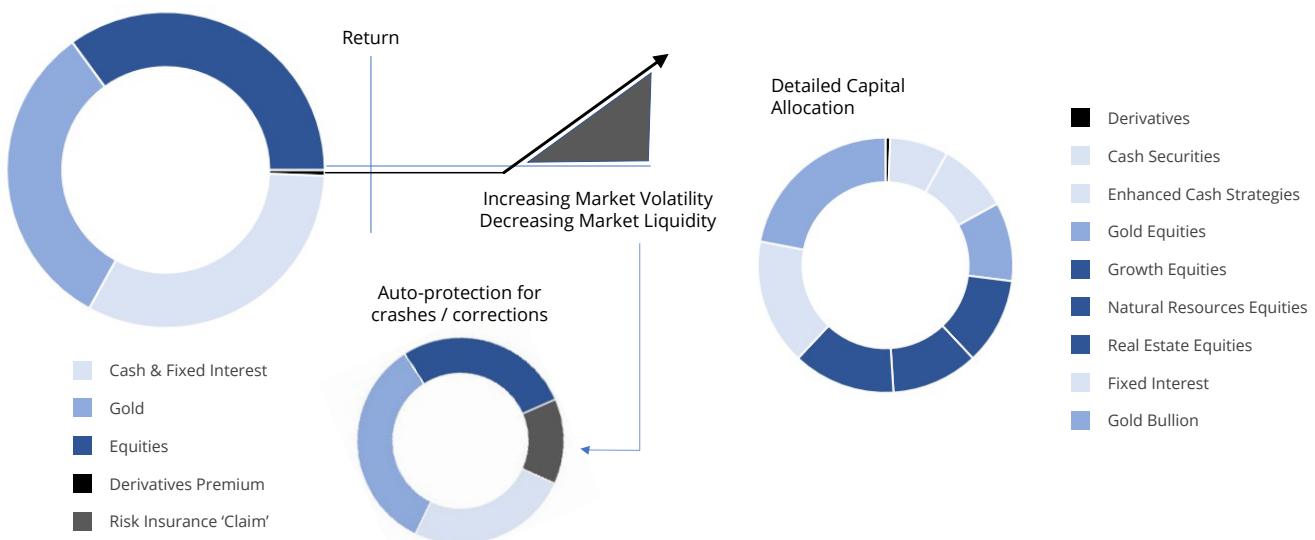
For example, Chart 1 shows that stock market routs can occur over short periods and be violent in nature. Under these conditions Cor Capital's broad asset allocation and rules-based discipline provide an edge where we can be very active in opposition to the crowd's urgency to sell. Strategic cash holdings, gold bullion, or government bonds can be sold to fund stock purchases at attractive levels. We don't have many friends in these boring defensive assets during the good times, but they become critical to performance at exactly the right time.

Since we started the Fund in 2012, we have gradually built on our own version of this roundabout edge. In the early days the Fund portfolio closely resembled the four equal asset class weightings described as underlying the blue path in Chart 1. Over time we have carefully improved the process and built a more efficient and effective version of the strategy, including but not limited to the following:

- » Using a small amount of bought options contracts for capital protection and exposure management.
- » Improving the underlying asset class sub-portfolio structures in support of overall portfolio goals.
- » Improving the harnessing of volatility / rebalancing bonus across the overall portfolio.

Ultimately these changes are about raising the 'blue path' while preserving the Fund's capital protection and stability. To that end, our more evolved target portfolio is now structured as follows:

Capital Allocation



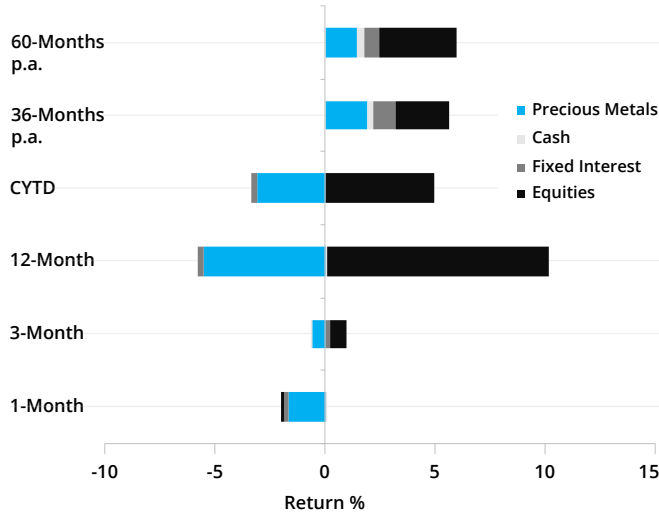
In summary, we believe it is the big global events and reactions to them (rational and otherwise) that determine long-run returns and ultimately how wealth is accumulated and distributed. We seek to use our edge well at these critical junctures, but it is also important that you understand the general nature of our approach.

Whether you use your investment in the Cor Capital Fund as **1)** a core holding that allows you to focus on other things, **2)** an alternative to complement your stocks and real-estate, or **3)** as a small allocation to enhance your cash return, we trust this outline adds some value to your understanding of Cor and your own investment decision making.

On that note, those in the second group **2)** should take a final look at Chart 1. It seems that a correction below the blue path may indicate points where the stock market is oversold, at which time you can behave as a rational contrarian and sell some Cor Capital Fund units to buy cheap stocks. Of course, this implies that current market levels justify the opposite move!

# 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.

## Tail Risk Analysis: Worst of ASX200 v. Fund

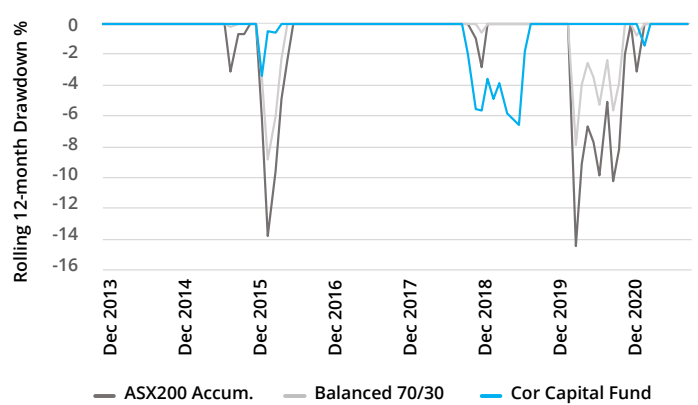
Rank	Lowest ASX200 Return (%)	Date	Fund Return (%)	Diff.
1	-20.65	Mar-20	-3.82	16.83
2	-7.79	Aug-15	-0.34	7.45
3	-7.69	Feb-20	-1.33	6.36
4	-6.05	Oct-18	-3.68	2.37
5	-5.48	Jan-16	0.43	5.91
6	-5.38	Sep-14	-1.03	4.35
7	-5.30	Jun-15	-2.29	3.02
8	-4.50	May-13	-0.28	4.23
9	-3.77	Mar-18	-0.92	2.85
10	-3.66	Sep-20	-3.95	-0.29
11	-3.25	Nov-14	0.48	3.74
12	-3.03	Jan-14	0.92	3.95
13	-2.96	Sep-15	-0.66	2.29
14	-2.75	May-17	4.38	7.14
15	-2.45	Jun-16	1.45	3.91
<b>Total</b>	<b>-84.73</b>		<b>-10.63</b>	<b>74.10</b>
<b>Av.</b>	<b>-5.65</b>		<b>-0.71</b>	<b>4.94</b>

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

## Additional Information

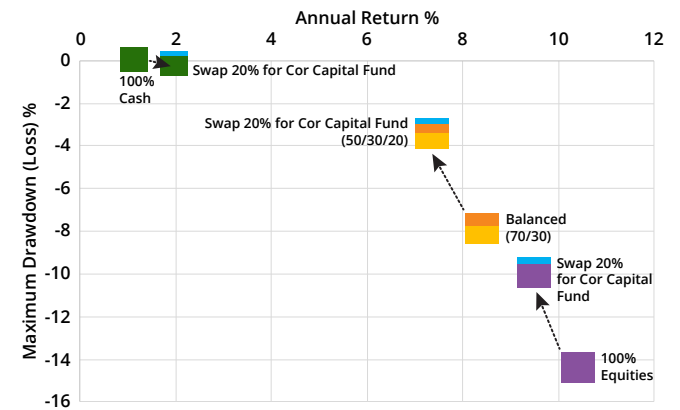
<b>Management Fee</b>	1.0% p.a.	<b>Responsible Entity</b>	Equity Trustees
<b>Performance Fee</b>	N/A	<b>Custodian</b>	BNP Paribas
<b>Fund expenses</b>	0.35% p.a.	<b>Distribution Frequency</b>	6-monthly
<b>Unit price spread</b>	0.15%	<b>Hist. 3-year Distribution Yield</b>	3.29% p.a.

## Drawdowns



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

## Using the Cor Capital Fund to Improve Your Portfolio



Drawdown vs Return chart compares annualised 5-year returns to maximum 12-month drawdown (loss). Source: Bloomberg, Cor Capital, SQM.

# Cor Capital Fund

## Monthly Performance History (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2021	-0.92%	-3.09%	-0.02%	2.77%	4.77%	-2.88%	2.36%	-0.15%	-2.08%				<b>0.46%</b>
2020	5.87%	-1.33%	-3.82%	2.61%	1.49%	0.70%	3.56%	0.20%	-3.95%	0.75%	0.16%	1.17%	<b>7.19%</b>
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%	<b>10.38%</b>
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%	<b>-5.62%</b>
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%	<b>15.80%</b>
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%	<b>8.26%</b>
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%	<b>0.00%</b>
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%	<b>5.35%</b>
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%	<b>1.70%</b>
2012	-	-	-	-	-	-	-	2.03%	2.25%	0.02%	0.16%	0.13%	<b>4.64%</b>

Source of performance: Cor Capital

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

## Contact Us

T +61 3 9221 6255

E [contact@corcapital.com.au](mailto: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.

### 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](http://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.

Cor Capital Fund's Target Market Determination is available at <https://swift.zeidlerlegalservices.com/tmds/COR0001AU>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.