

**RETURN<sup>#</sup>** (net of fees)

**1yr: +10.0%**

**3yr: +6.8%** per ann

**5yr: +6.1%** per ann

### Positioned for Profit - Protected from Losses.

The Cor Capital Fund is an 'all weather' investment that seeks to generate stable returns, regardless of prevailing economic or financial market conditions. Common uses include:

#### ENHANCE CASH RETURNS

#### STABILISE HIGHER RISK INVESTMENT PORTFOLIOS

#### STANDALONE STRATEGY

The Fund portfolio is highly liquid and diversified; holdings include traditional asset classes such as equities, real estate, precious metals, fixed interest and cash. The investment strategy is quantitative and systematic. Based on behavioural and mathematical as well as economic and market principles, its sources of return and risk are unconventional:

- » Broad portfolio mix
- » Disciplined risk rebalancing
- » Volatility capture
- » Protective overlay

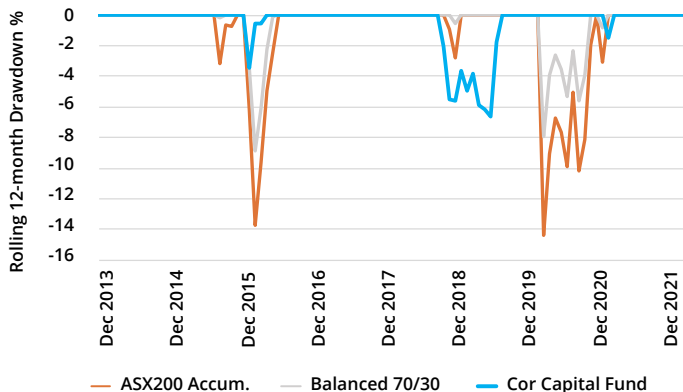
#### Fund Total Return as of 31 March 2022 (net of fees)

		Return	CPI	Volatility
1-Mth		1.6%		
3-Mth		3.2%		
6-Mth		5.2%		
CYTD		3.2%		
1-Yr	Ann.	10.0%	3.5%	8.4%
3-Yr	Ann.	6.8%	2.1%	7.8%
5-Yr	Ann.	6.1%	2.0%	8.0%

Source of performance: Cor Capital.

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

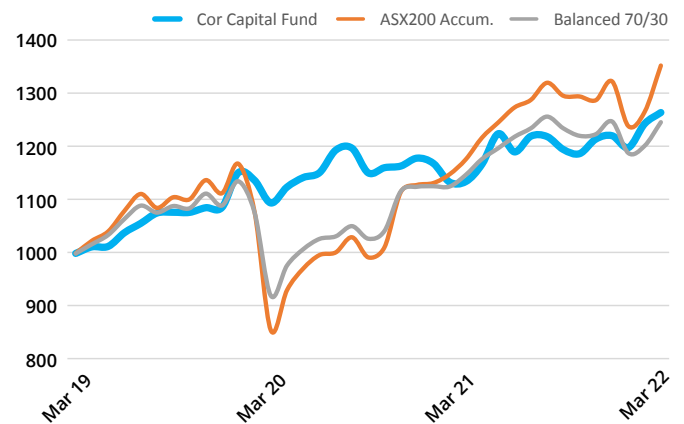
#### Drawdowns (12-month return when negative)



#### Fund Details

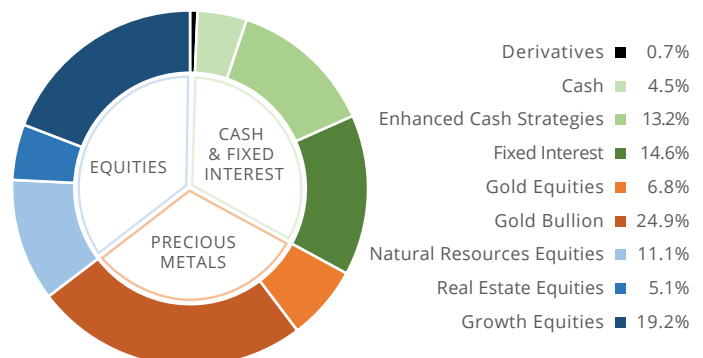
Type	Absolute Return / Alternative
Strategy	Multi-strategy / Multi-asset
Objective	Maximise return above change in CPI over 3 year periods without generating a negative return over any 12 month period
Inception date	8 August 2012
Net Asset Value / Redemption Price	1.1380/1.1363
Currency	AUD
Liquidity	Daily Applications and Redemptions
Minimum investment	A\$25,000
Structure	Aust. Registered Managed Investment Scheme
APIR code	COR0001AU
ARSN	609 666 042

#### Track Record - 3 Years



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.

#### Capital Allocation



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

# Cor Capital Fund

## Quarterly Manager Commentary – March 2022

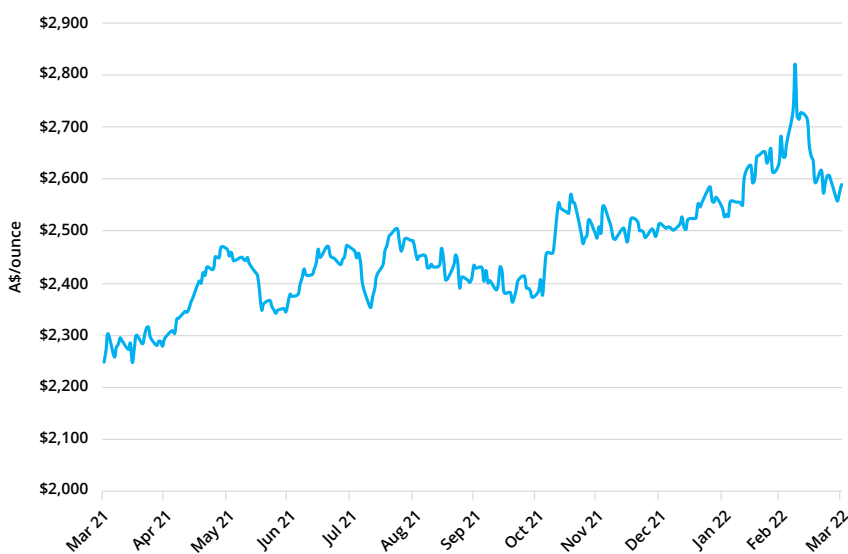
The Cor Capital Fund returned +3.2% (net of fees) for the March 2022 quarter. The 12-month return was +10.0% and over 3 years the return was +6.8% per annum.

Global stock markets partially recovered following the January correction when a higher-than-expected US inflation measure signalled earlier, higher interest rates. The US S&P500 Index sold off -5.8% and the ASX200 -6.4% during January alone. Losses extended into February after the Russian invasion of Ukraine although a partial recovery took place in March. For the first quarter of calendar 2022 the S&P500 was down -4.6% with the ASX200 Index up +2.2% given its greater exposure to surging energy and commodity prices. The Australian dollar gained +3.0% over the quarter.

Overall, stock markets appear very resilient in the face of the precarious global economic situation. In absolute returns the liquidity regime remains very loose in an historical context, but the direction is towards major tightening. While consumers and a strong labour market continue to support earnings in the short-term, the risk of a US Federal Reserve Policy mistake is real. If the Fed finds itself too far behind the curve on inflation and seeks to gain back credibility with larger policy rate increases, it could tip the US economy into recession. The evolving situation in Eastern Europe and its effect on commodity supply and prices risks a recession across wider Europe. The possibility of these outcomes is not yet priced into markets which are still focussed purely on interest rate risk and not the credit or liquidity risks that could arise.

Investors are still viewing the world in relative terms and equities look like the best place to invest at the moment given capital risk in bonds and negative real returns on cash. Should inflation and inflation anticipation set into people's behaviour and planning, corporate earnings could come under pressure and global recession becomes more likely. With years of liquidity support being wound back at the same time, absolute capital protection would become the priority and stock markets could sell off heavily.

### Chart 1: Gold Bullion price - 1 year



Source: Bloomberg

Cor Capital Fund investors are aware that we maintain a significant exposure to precious metals in the Fund due to its (safe-haven) negative correlation to stock market sell-offs and its financial and monetary system 'insurance'. This role was tested during the quarter and the precious metal passed the test. The gold price in AUD terms increased +2.6% over the quarter (even with a strong AUD) and we reduced exposure to gold bullion, gold mining equities and gold derivatives positions at a high point during early March when the price peaked at over A\$2,800 per ounce.

Fixed interest markets are currently experiencing their most significant sell-

off in decades. The AusBond Composite Index returned -5.9% over the quarter and Australian 10-year government bonds -11.1%. While bond markets seem to be saying inflation is too high and central banks need to act, movements of this magnitude should not be unexpected when the most significant buyers of bonds (central banks) start withdrawing support with a view to quantitative tightening.

# Cor Capital Fund

Although government bonds are largely held by central banks and mandated owners such as insurance companies, or by long time holders waiting for maturity and not concerned with market price movements, all asset prices are influenced by changes in the bond yield used as a discount rate. For example, the earnings yield on stocks (inverse of the PE ratio) is tracked against the yield on bonds – if the bond yield increases then so should the earnings yield. This means a contraction in the PE ratio or a fall in stock prices for a given level of earnings. The same applies to rental yields on real estate. Central banks will find it difficult to wind back bond purchases without a flow-on to the demand for other assets.

In implementing the Cor strategy, we don't forecast prices or predict market outcomes, but we are also far from being a passive asset allocator. Our approach is to position widely enough that we don't miss the major (but unpredictable) moves, and then harvest growth by making portfolio adjustments contrary to the buying and selling of the 'crowd'. Pointing out this objective, largely quantitative approach isn't intended to trivialise current global events or the challenges of the last couple of years. The situation and range of possible outcomes could be highly consequential for the global economy and trade for many years, let alone the medium-term value of investment portfolios. We believe a systematic approach to investment management will improve the odds of success during such complex and fast-moving periods.

The true test of any 'all weather' investment strategy is consideration of 'alternative histories' – how would the strategy have performed had things turned out differently? Whatever happens from here geopolitically, or with regard to the evolving pandemic, major influences on asset class returns and wealth is always in the form of (explosive or evolving) changes to growth and inflation expectations, and financial system security. Direction, quantum, and timing may be uncertain, but the range of possibilities is limited and known; the risks are therefore manageable with the right strategy.

## **Best performing position over the last 12 months.**

The Fund equities portfolio returned +16.5% for the 12-months ended 31st March 2022, which was in excess of the ASX200 Index return of +14.9%. The equity portfolio is 'flatter' in structure than the benchmark index due to its focus on absolute diversification. Because the weighting of smaller market cap companies in the Fund is meaningful, the portfolio can properly benefit from significant individual stock performance.

## **Worst performing position over the last 12 months.**

For the 12-months to the end of March 2022 the Fund's fixed interest sub portfolio returned -5.61%. and since August 2021 we have used our discretion to hold more cash and less fixed interest than the target allocation. The fact that the Fund returned in excess of +10.0% in a year where the composite bond index fell -5.6% demonstrates the robustness and absolute return attributes of the strategy overall.

## **Performance attribution for the last year.**

The largest positive asset-class contributor to Fund returns over the last year was the equities sub-portfolio with a +5.5% contribution making up a significant portion of the full +10.0% gross return. Notably however, none of the top five individual contributors to performance were direct equity holdings. Gold bullion alone contributed +3.2%. Bond yields moved higher over the year to a greater degree than at any time in the Fund's history. The direct effect on the Fund return was limited to negative -0.70% which is an acceptable result. The protective derivatives overlay contributed +2.1% out of the +10.0% Fund total return. This is in line with our expectations for periods of heightened market volatility.

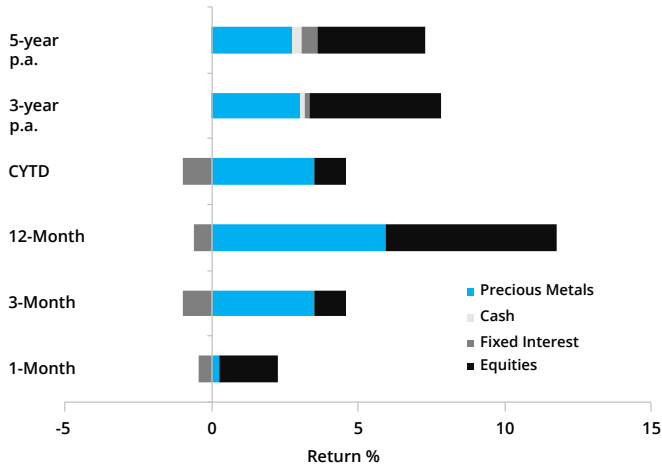
## **Conditions likely to result in outperformance or underperformance for the Fund.**

The Fund is expected to perform well during periods of high volatility. Range trading markets provide the best opportunities for the protective options overlay. We believe the Fund will prove to be of most value during periods of financial system or monetary instability, as was the case across the globe in 1Q2022 and may well remain so when the next 'surprise' occurs.

Relative underperformance is more likely should there be a return to an equities bull market. Such a situation may still result in positive performance for the Fund, underperformance relative to growth strategies notwithstanding.

# 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

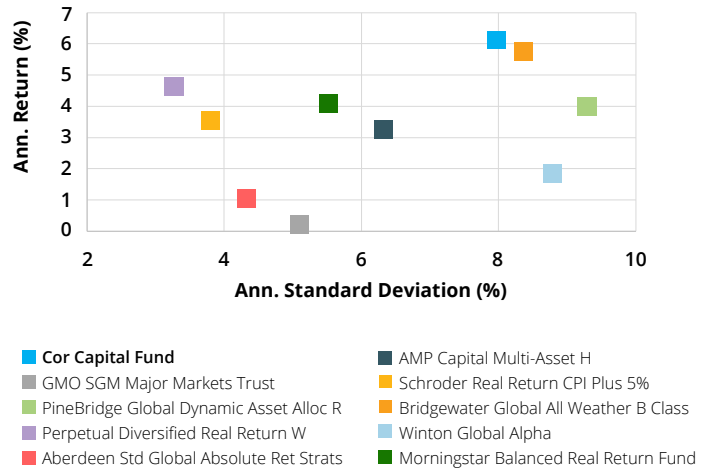
Rank	Lowest ASX200 Return (%)	Month	Fund Return (%)	Diff.
1	-20.65	Mar-20	-3.82	16.83
2	-7.79	Aug-15	-0.34	7.45
3	-7.69	Feb-20	-1.33	6.36
<b>4</b>	<b>-6.35</b>	<b>Jan-22</b>	<b>-1.92</b>	<b>4.43</b>
5	-6.05	Oct-18	-3.68	2.37
6	-5.48	Jan-16	0.43	5.91
7	-5.38	Sep-14	-1.03	4.35
8	-5.30	Jun-15	-2.29	3.02
9	-4.50	May-13	-0.28	4.23
10	-3.77	Mar-18	-0.92	2.85
11	-3.66	Sep-20	-3.95	-0.29
12	-3.25	Nov-14	0.48	3.74
13	-3.03	Jan-14	0.92	3.95
14	-2.96	Sep-15	-0.66	2.29
15	-2.75	May-17	4.38	7.14
<b>Total</b>	<b>-88.62</b>		<b>-14.00</b>	<b>74.63</b>
<b>Av.</b>	<b>-5.91</b>		<b>-0.93</b>	<b>4.98</b>

Source of performance: Bloomberg, Cor Capital.  
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## Additional Information

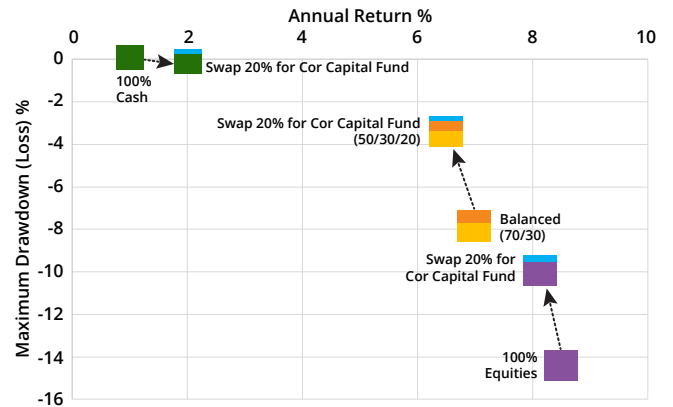
<b>Management Fee</b>	1.0% p.a.	<b>Responsible Entity</b>	Equity Trustees
<b>Performance Fee</b>	N/A	<b>Custodian</b>	BNP Paribas
<b>Fund expenses</b>	0.35% p.a.	<b>Distribution Frequency</b>	6-monthly
<b>Unit price spread</b>	0.15%	<b>Hist. 3-year Distribution Yield</b>	5.38% p.a.

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



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.

## 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) - Calendar Year

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
<b>2022</b>	-1.92%	3.61%	1.60%										<b>3.24%</b>
<b>2021</b>	-0.92%	-3.09%	-0.02%	2.77%	4.77%	-2.88%	2.36%	-0.15%	-2.08%	-0.75%	2.20%	0.42%	<b>2.32%</b>
<b>2020</b>	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>
<b>2019</b>	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>
<b>2018</b>	-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>
<b>2017</b>	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>
<b>2016</b>	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>
<b>2015</b>	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>
<b>2014</b>	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>
<b>2013</b>	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>
<b>2012</b>	-	-	-	-	-	-	-	2.03%	2.25%	0.02%	0.16%	0.13%	<b>4.64%</b>

## Monthly Performance History (net of fees) - Financial Year

Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
<b>2022</b>	2.36%	-0.15%	-2.08%	-0.75%	2.20%	0.42%	-1.92%	3.61%	1.60%				<b>5.23%</b>
<b>2021</b>	3.56%	0.20%	-3.95%	0.75%	0.16%	1.17%	-0.92%	-3.09%	-0.02%	2.77%	4.77%	-2.88%	<b>2.14%</b>
<b>2020</b>	1.57%	1.73%	0.04%	-0.12%	0.71%	-0.05%	5.87%	-1.33%	-3.82%	2.61%	1.49%	0.70%	<b>9.48%</b>
<b>2019</b>	-3.41%	-3.70%	-1.76%	-3.68%	-2.31%	2.25%	0.46%	1.92%	0.17%	1.12%	-0.01%	2.42%	<b>-6.61%</b>
<b>2018</b>	3.03%	-1.52%	3.33%	0.83%	1.34%	2.33%	-1.64%	3.31%	-0.92%	3.30%	0.29%	2.91%	<b>17.67%</b>
<b>2017</b>	1.73%	-0.50%	-0.21%	-1.71%	-0.71%	1.29%	0.20%	0.63%	0.70%	0.60%	4.38%	-0.93%	<b>5.49%</b>
<b>2016</b>	0.20%	-0.34%	-0.66%	1.67%	-3.04%	-0.12%	0.43%	3.57%	-0.44%	2.59%	0.59%	1.45%	<b>5.90%</b>
<b>2015</b>	1.01%	0.10%	-1.03%	-0.13%	0.48%	1.93%	4.00%	0.56%	-0.40%	-0.65%	1.23%	-2.29%	<b>4.80%</b>
<b>2014</b>	4.71%	2.14%	-1.49%	0.55%	-0.90%	-0.22%	0.92%	2.34%	-1.34%	0.50%	-0.26%	0.76%	<b>7.81%</b>
<b>2013</b>		2.03%	2.25%	0.02%	0.16%	0.13%	1.57%	0.63%	-0.83%	-0.36%	-0.28%	-3.61%	<b>1.60%</b>

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

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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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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.