

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

**5yr: 2.4%** per ann

**3yr: 1.3%** per ann

**1yr: -4.1%**

### 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

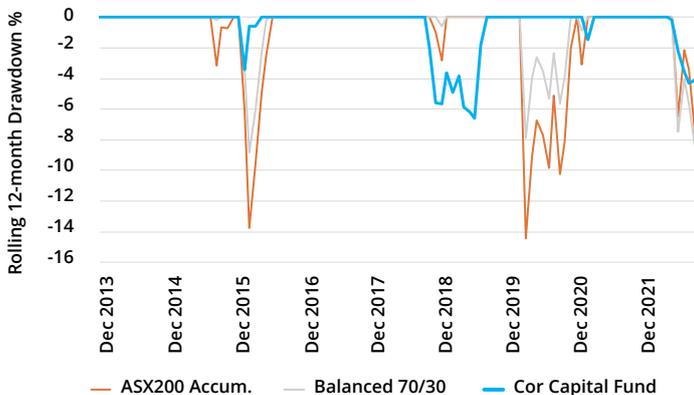
#### Fund Total Return as of 30 September 2022 (net of fees)

		Return	CPI	Volatility
1-Mth		-1.9%		
3-Mth		-1.9%		
6-Mth		-8.8%		
CYTD		-5.8%		
1-Yr	Ann.	-4.1%	6.1%	8.6%
3-Yr	Ann.	1.3%	3.2%	8.7%
5-Yr	Ann.	2.4%	2.6%	8.2%

Source of performance: Cor Capital.

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

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

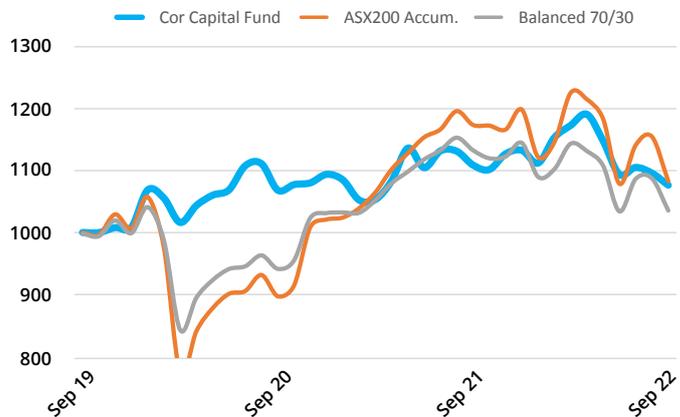


Drawdowns chart compares 12-month rolling negative total returns, where applicable, for each Fund or index. Source: Bloomberg, Cor Capital

#### Fund Details

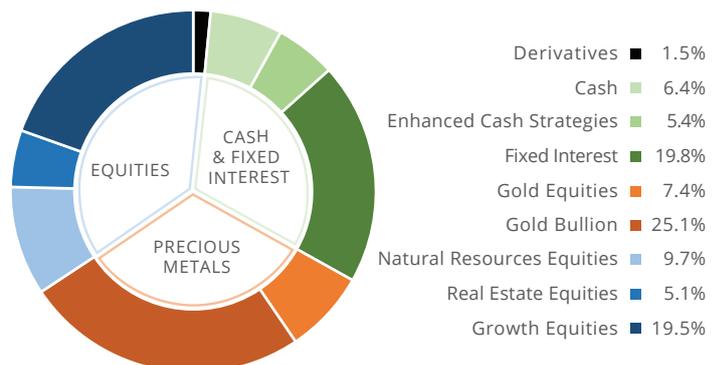
Type	Absolute Return / Alternative
Strategy	Multi-strategy / Multi-asset
Objective	Maximise return above change in CPI over 3 year periods without generating a negative return over any 12 month period
Inception date	8 August 2012
Net Asset Value / Redemption Price	1.0153/1.0138
Currency	AUD
Liquidity	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 and are before fees.

#### Capital Allocation



# Cor Capital Fund

## Quarterly Manager Commentary – September 2022

### MARKETS, PORTFOLIO RETURNS AND ATTRIBUTION

The global asset sell-off continued through the September quarter although Australian bond and equity investors were somewhat insulated via a -7.3% depreciation of the Australian dollar relative to the US dollar. Global inflation indicators continued to surprise, reducing the odds of policy interest rate moderation. The US S&P500 was down -4.9% for the quarter leaving it -23.9% lower for 2022 so far. US bonds are down -15.7% year-to-date. Unhedged numbers look better but are still significant, particularly for portfolios that don't actively rebalance. The Australian S&P/ASX200TR Index is down -9.6% so far for 2022 but posted a small positive return of +0.4% for the quarter. The Bloomberg Australian Composite Bond Index is down -10.1% so far for 2022 following a -0.64% quarter.

The Cor Capital Fund returned -1.9% for the September quarter and is down -5.8% so far for 2022. Over the period the Fund equities portfolio (-2.2%) underperformed the ASX200 equities benchmark due to its lower weighting to the banking sector. The Fund's gold portfolio (-2.4% for the quarter) includes a proportion of gold mining equity positions which have suffered from rising costs, a lower gold price, and the wider stock sell-off, causing it to underperform the AUD gold price (-0.9%) over the quarter. Our strategic purchase of USD call options added +0.50% to the Fund result for the period. While the Fund underperformed our modelled expectation over the quarter, variations even out when viewed over 12 months and we are well positioned for a positive reversion given continuing volatility and/or any break in USD strength. Over the last 12 months the Cor strategy has held up well against other 'all weather' or 'balanced' approaches, however, you will note from Page 1 of this report that annualised 3- and 5-year returns are now below our expectations; it is only 6 months since we reported solid results over all periods. While the size of the current drawdown should not be unexpected from time to time, there must be periods of growth in-between. We will continue to apply the utmost discipline in executing our strategy for stable medium-term absolute returns.

### GOLD PRICE RETURNS IN AUD

Of note to us in recent times is the commentary regarding gold bullion failing to fulfil its role as an inflation hedge or as a safe haven. In fact, the price of gold bullion has strongly out-performed consumer price indices over the medium to long term in both Australian and US terms. We would also highlight that the typical precious metal portfolio allocation is so small (<5%) that any benefit from it via uncorrelated returns or protection is minimal. Within the Cor Capital Fund however we have a meaningful exposure (25%+) and it has been our best performing asset class so far for 2022 and over the last 12-months. As our strongest performer, we've been moving some capital away from gold towards selected equities and fixed interest positions. Most asset returns measured in USD terms are weaker so far for 2022 and over the last 12 months with gold bullion down -9.2% and -5.5% over these periods respectively. However, this is mainly because the USD is so strong; in AUD terms the gold price is actually up +3.0% so far for 2022 and +6.7% over 12 months.

As well as the simple translation math, a strong USD reduces investor demand for gold, causing ETF selling and weak overall sentiment. While this has been the position for investors globally in recent times, gold bullion as measured in Australian dollars is a special case; sometimes the price moves in line with the USD gold price and then at other times in line with a strong US dollar (weak AUD). These qualities add to its value in the Cor portfolio but are broadly unappreciated. When the USD eventually weakens, global gold sentiment should turn positive and can support our unhedged gold holding even after currency effects. We also hold gold mining stocks and call options on USD gold which will benefit at the same time. Further to this, in a world of high debt levels and sustained inflation, a financial or geopolitical crisis is a realistic possibility. The benefits of holding a meaningful allocation to monetary metal outside of the financial system should not be discounted.

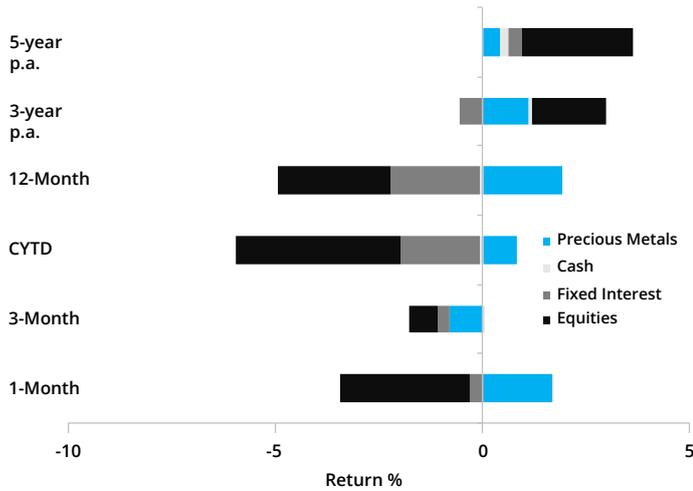
### OUTLOOK

So far during 2022 we have added small portions of Fund capital to equity and bond positions as valuations moved lower. Such a high level of pessimism as is currently the case amongst investors has historically signalled a good entry point for taking on more risk, specifically once recession is accepted as likely. Such a rally would be magnified were it to coincide with a moderation in monetary policy tightening. Another view is that asset prices have further to fall, earnings downgrades are yet to flow through to equity prices, inflation will settle at a much higher level than targets, government spending and debt remain too high and are undermining monetary policy success (inflation is certainly the friend of the indebted!), sustained stagflation is coming and financial system stability is at risk.

Based on our own experience of financial market booms and busts we don't as yet feel investors expressing the raw panic apparent during the 2000 tech crash, GFC or March 2020 Coronavirus crash. A rally in prices is possible in the short term but we remain squarely in the camp that believes the unintended consequences of unconventional monetary policy are yet to be realised. We therefore remain committed to our strategy of combining authentic diversification (a scarce asset in recent times) with volatility harvesting as a sound approach to navigating markets for stable medium-term returns.

# 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

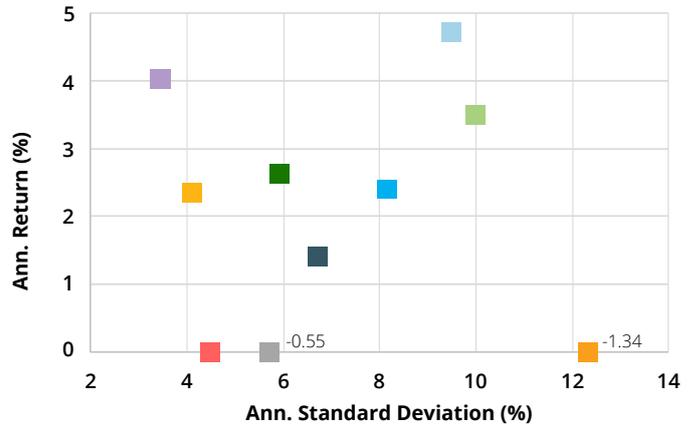
Rank	Lowest ASX200 Return (%)	Month	Fund Return (%)	Diff.
1	-20.65	Mar-20	-3.82	16.83
2	<b>-8.77</b>	<b>Jun-22</b>	<b>-4.81</b>	<b>3.96</b>
3	-7.79	Aug-15	-0.34	7.45
4	-7.69	Feb-20	-1.33	6.36
5	<b>-6.35</b>	<b>Jan-22</b>	<b>-1.92</b>	<b>4.43</b>
6	<b>-6.17</b>	<b>Sep-22</b>	<b>-1.87</b>	<b>4.31</b>
7	-6.05	Oct-18	-3.68	2.37
8	-5.48	Jan-16	0.43	5.91
9	-5.38	Sep-14	-1.03	4.35
10	-5.30	Jun-15	-2.29	3.02
11	-4.50	May-13	-0.28	4.23
12	-3.77	Mar-18	-0.92	2.85
13	-3.66	Sep-20	-3.95	-0.29
14	-3.25	Nov-14	0.48	3.74
15	-3.03	Jan-14	0.92	3.95
<b>Total</b>	<b>-97.86</b>		<b>-24.39</b>	<b>73.47</b>
<b>Av.</b>	<b>-6.52</b>		<b>-1.63</b>	<b>4.90</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>	3.15% p.a.

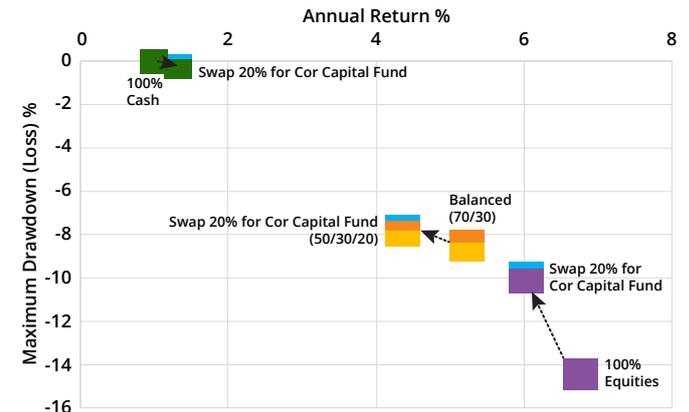
## Fund Comparison: Risk vs Return over 5 years (net of fees)



- 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
- Perpetual Diversified Real Return W
- Aberdeen Std Global Absolute Ret Strats
- Winton Global Alpha
- Bridgewater Global All Weather B Class
- 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.

## 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%	1.43%	-3.73%	-4.81%	0.94%	-0.95%	-1.87%				<b>-5.83%</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>2023</b>	0.94%	-0.95%	-1.87%										<b>-1.88%</b>
<b>2022</b>	2.36%	-0.15%	-2.08%	-0.75%	2.20%	0.42%	-1.92%	3.61%	1.60%	1.43%	-3.73%	-4.81%	<b>-2.18%</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.