

Fund Performance

Returns ¹	1 month	3 months	6 months	FYTD	1 year	2 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	0.76%	3.47%	9.02%	5.00%	34.38%	15.91%	15.90%
Benchmark Return ²	-0.10%	0.51%	6.34%	1.61%	27.96%	8.41%	8.95%
Active Return (After fees)	0.86%	2.96%	2.68%	3.39%	6.42%	7.50%	6.95%

About Sage Capital

As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of the market environment.

The Sage Capital investment team owns 100% of the firm and invests alongside its clients.

About the Fund

The CC Sage Capital Equity Plus Fund aims to achieve positive returns in excess of the S&P/ASX 200 Accumulation Index, after fees and expenses, over the long term by taking both long and short positions in selected Australian shares.

Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	\$82.8 million ³
Inception Date	20 Aug 2019
Benchmark	S&P/ASX 200 Accumulation Index
Management Fee	0.79% p.a. ⁴
Administration Fee	0.10% p.a. ⁴
Performance Fee	20.5% p.a. ⁵
High Water Mark	Yes
Distributions	Semi-annually at 31 December and 30 June

Platform Availability

AMP MyNorth	Ausmaq	BT Panorama
BT Wrap	Colonial First Wrap	HUB24
IOOF eXpand	IOOF Pursuit	Macquarie Wrap
Mason Stevens	MLC Wrap/Navigator	Netwealth
Powerwrap	Praemium	Xplore Wealth

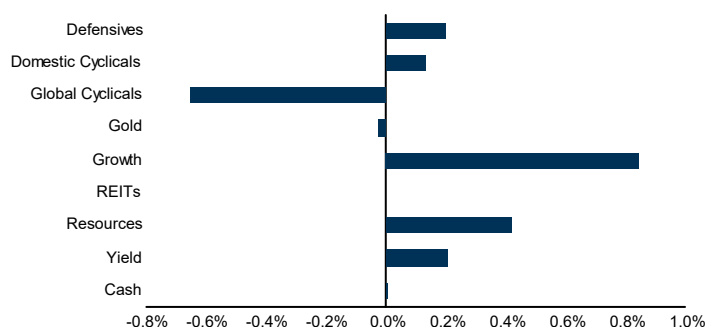
Contact Details

Phone: 1800 940 599

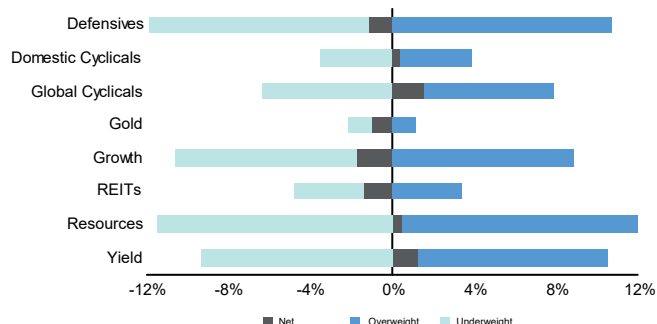
Email: clientservices@channelcapital.com.au

Web: www.sagecap.com.au

Sage Group Contributors to Active Performance (Gross of Fees)



Sage Group Allocation Weights



Portfolio Metrics

Since Inception

Information Ratio ⁶	2.3
Tracking Error ⁶	3%

As at end of month

Long exposure	129%
Short exposure	-30%
Gross exposure	159%
Net exposure	98%
Number of long positions	119
Number of short positions	46

¹ Performance is for the CC Sage Capital Equity Plus Fund ('the Fund') - Class A, and is based on month end unit prices in Australian Dollars. Net return is calculated after management fees and operating costs. Individual investor level taxes are not taken into account when calculating net returns. This is historical performance data. The value of an investment can rise and fall and past performance is not indicative of future performance. ² Benchmark refers to the S&P/ASX 200 Accumulation Index. ³ Net Asset Value is calculated as Fund assets less Fund liabilities. ⁴ All figures disclosed include the net effect of GST and RITC. ⁵ Performance Fee of 20.5% (including the net effect of GST and RITC) based on outperformance of the Fund Benchmark, net of the Management Fee. ⁶ Refer to Definition of Terms at the end of the report.

Performance Review

The CC Sage Capital Equity Plus Fund returned 0.76% in October versus the S&P/ASX 200 Accumulation Index which fell -0.10% resulting in outperformance of 0.86%. The top positive contributors to performance by Sage Group* were Growth, Resources and Defensives. Key contributors in the Growth Sage Group were long positions in Netwealth Group (NWL +19%) and Reliance Worldwide (RWC +11%) which performed well following positive quarterly updates and short positions in Domino's Pizza Enterprises (DMP -16%) which fell after a strong run post its result in August and Treasury Wine Estates (TWE -7%) which gave a downbeat quarterly update citing pandemic related logistical challenges getting worse not better and a slower than expected recovery in demand.

Resources performance was driven by a short position in iron ore miner Mineral Resources (MIN -14%) and long positions in energy stocks Karoon Energy (KAR +17%) and Senex Energy (SXY +20%) as the oil price continued to run, up 15% in the past 2 months as demand continues to outstrip supply.

In the Defensives Sage Group key contributors were a long position in supermarket and hardware retailer Metcash Limited (MTS +3.5%) and a short position in Star Entertainment Group (SGR -18%) which fell following media reports alleging criminal activity.

The primary detracting Sage Group was Global Cyclical driven by short positions in Orica Limited (ORI +10%) which rose as the market gained confidence in improving explosives demand and Monadelphous (MND +10%) and a long position in Ansell (ANN -8%) which was weak following an update from a peer citing industry margin headwinds.

Market Review

The S&P/ASX 200 Accumulation Index finished down -0.10% in October, marking the second down month. The market was pressured by rising bond yields which climbed for the second month in a row as markets priced in higher inflation and future interest rate hikes. Gold was the strongest Sage Group during the month, up 9%, driven by various positive production updates and heightened corporate activity. The weakest Sage Groups were Defensives (-3%) driven in large part by the sharp fall in Star Entertainment Group, and Resources (-3%) driven by weakness in iron ore exposed companies such as Mineral Resources, Rio Tinto and Fortescue Metals as Chinese steel production continued to moderate off the back of power shortages and production regulations.

Portfolio Positioning and Market Outlook

As we move through some quarterly reporting and AGM season, Sage Capital continues to see outlook statements clouded by uncertainties regarding shipping delays and heightened freight costs, shortages of raw materials and labour, and generally rising input costs. The majority of these issues have been driven by Covid-19 disruptions that have coincided with rebounding demand post the pandemic, hence it is still unclear as to whether this is the start of an extended period of inflation or a more temporary issue. However, with labour markets tight and these disruptions likely to last longer than initially expected, Sage Capital have a preference for companies that either directly benefit, such as a range of resources and cyclical, or are able to pass through input price pressures and maintain or expand margins.

Central banks are finally starting to take notice and adjust policy as well. The US Federal Reserve has begun tapering its asset purchases while central banks from New Zealand to Norway and Eastern Europe have raised rates and the Reserve Bank of Australia has abandoned its efforts at yield curve control. This could be the beginning of the end for a bull market that has been fuelled by extraordinary liquidity injections stemming from fears of an economic armageddon driven by the Covid-19 pandemic. In any case, the prospect of rising interest rates sees us favour companies that will benefit from such a situation like insurers who have significant short term investment balances.

As always, the portfolios are well diversified and Sage Capital remain relatively neutral across the Sage Groups which allows the portfolio to be well insulated from systematic macro risks such as higher than expected inflation, while benefiting from bottom-up stock selection.

Fund Disclosures

Key service provider changes	Nil
Key individual changes	Nil
Risk profile or investment strategy material changes	Nil

*Sage Capital uses a custom grouping system for long short positions (Defensives, Domestic Cyclical, Global Cyclical, Gold, Growth, REITs, Resources and Yield). With a focus on the principal macro earnings drivers for each stock, Sage Groups allow for comparisons to GICS for selecting stocks within a sector.

Definition of Terms:

Tracking Error - The standard deviation of excess returns (net of fees).

Information Ratio - The excess return of the Fund (net of fees), divided by the tracking error.



CC Sage Capital Equity Plus Fund (APIR: CHN8862AU)

October 2021

Class A

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