

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	2.24%	5.74%	7.25%	9.42%	13.91%	13.30%	12.02%
Benchmark Return ²	0.00%	0.01%	0.02%	0.01%	0.03%	0.17%	0.25%
Active Return (After fees)	2.24%	5.73%	7.23%	9.41%	13.88%	13.13%	11.77%

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 Absolute Return Fund aims to provide an uncorrelated source of returns whilst eliminating equity market exposure, where long and short positions offset each other.

Fund Facts

Investment Style	An Australian equity market neutral long short strategy
Net Asset Value	\$162.9 million ³
Inception Date	20 Aug 2019
Benchmark	RBA Cash Rate
Management Fee	1.29% 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

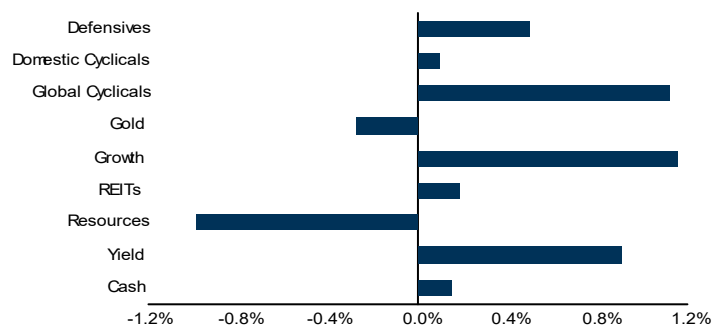
Platform Availability

AMP MyNorth	Ausmaq	BT Panorama
BT Wrap	Colonial First Wrap	HUB24
Macquarie Wrap	Mason Stevens	MLC Wrap/Navigator
Netwealth	Powerwrap	Praemium

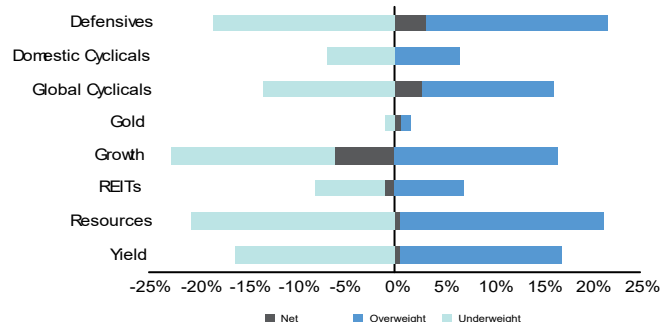
Contact Details

Phone: 1800 940 599
Email: clientservices@channelcapital.com.au
Web: www.sagecap.com.au

Sage Group Contributors to Fund Performance (Gross of Fees)



Sage Group Allocation Weights



Portfolio Metrics

Since Inception	
Sharpe Ratio ⁶	2.3
Volatility ⁶	5.3%
Maximum monthly drawdown	-2%
As at end of month	
Long exposure	109%
Short exposure	-108%
Gross exposure	216%
Net exposure	1%
Number of long positions	56
Number of short positions	55

¹ Performance is for the CC Sage Capital Absolute Return 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 RBA Cash Rate Total Return 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 Absolute Return Fund returned 2.24% in November versus the RBA Cash Rate of 0.00%, resulting in outperformance of 2.24%. The top positive contributors to performance by Sage Groups* were Growth, Global Cyclical and Yield. Key contributors in the Growth Sage Group were short positions in Zip Co (Z1P -20%) and Kogan (KGN -20%), both of which provided weak trading updates and a long position in James Hardie Industries (JHX +9%) which delivered another strong profit result. In the Global Cyclical Sage Group, a long position in Incitec Pivot (IPL +7%) drove performance, delivering a strong profit result and outlook given strong soft commodity and fertiliser prices. In the Yield Sage Group, short positions in Commonwealth Bank (CBA -11%) and Westpac (WBC -18%) were key drivers with both flagging competitive pressures and declining net interest margins.

The primary detractor for the month was the Resources Sage Group, primarily driven by short positions in iron ore producers Fortescue Metals (FMG +22%) and Mineral Resources (+17%) both of which bounced following 3 months of heavy share price falls as expectations of stimulus in China drove a relief rally in iron ore. A short position in Nickel Mines (NIC +36%) also detracted from performance as it rallied after announcing an agreement to acquire a 70% interest in next generation furnace lines.

Market Review

The S&P/ASX 200 Accumulation Index finished down -0.54% in November with weakness skewed to the end of the month with the emergence of the Omicron covid variant and comments from the US Federal Reserve signalling inflation may not be transitory and tapering may be accelerated. The strongest Sage Groups during the month were Resources (+4.7%), REITs (+4.4%) and Defensives (+4.1%) with weakest being Yield (-7.4%). Resources' strength was driven by a bounce in iron ore stocks following three months of steep declines plus the possibility of policy easing in China which would stimulate demand. Lithium stocks were also strong on the back of rising lithium prices. The performance of REITs and Defensives can largely be explained by the move down in bond yields and the general risk off tone in markets. These two Sage Groups tend to outperform when bond yields go down and given the 10-year bond yield dropped -38 bps during the month after two months of rising it is not surprising stocks in these groups rallied. The weakness in the Yield Sage Group can also be largely attributed to bond yield moves as there were expectations in the market that higher yields would lift the investment earnings for many stocks. Yield was also impacted by the share price weakness of Westpac and Commonwealth Bank after both banks flagged pressure in net interest margins from increasing competition as cheap funding rolls off.

Portfolio Positioning and Market Outlook

The Australian economy has shown incredible resilience with New South Wales and Victoria bouncing back after lockdowns and consumers eager and willing to spend. Companies continue to report rising costs, stock shortages, supply chain issues and a struggle to find staff resulting in higher wages which will result in margin pressure for some. Sage Capital believes that a higher level of inflation is here to stay, at least for a while, and continues to prefer companies with strong pricing power that can pass on any inflationary cost pressures to protect margins as well as those that directly benefit from inflation such as a range of resources and cyclical.

More broadly, Sage Capital expects the emergence of the Omicron variant to result in heightened volatility into the end of the year as the market awaits further information on its transmissibility, vaccine effectiveness and severity of disease. The outcome here will be a significant swing factor for the shape of the global recovery. Assuming no meaningful economic setback from Omicron, Sage Capital expects bond yields to continue to move higher as inflation moves to front of mind for central banks. More hawkish commentary from the US Federal Reserve could result in a faster removal of policy support and leave valuations at the more speculative end of the market vulnerable to a correction. Sage Capital are looking for shorting opportunities in this part of the market while continuing to invest in solid companies that are delivering strong earnings growth.

As always, the portfolios are well diversified and Sage Capital remains relatively neutral across the Sage Groups which allows the portfolio to be well insulated from systematic macro risks 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:

Sharpe Ratio - Annualised average monthly excess Fund return (net of fees) divided by Fund volatility. Excess return is the Fund return minus the risk free rate, which is the RBA Cash Rate.

Volatility - Annualised standard deviation of monthly returns (net of fees) since inception.



CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

November 2021

Class A

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