

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	0.02%	3.96%	9.45%	9.45%	14.18%	12.74%	11.57%
Benchmark Return ²	0.00%	0.01%	0.02%	0.02%	0.03%	0.14%	0.25%
Active Return (After fees)	0.02%	3.95%	9.43%	9.43%	14.15%	12.60%	11.32%

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	\$181.9 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

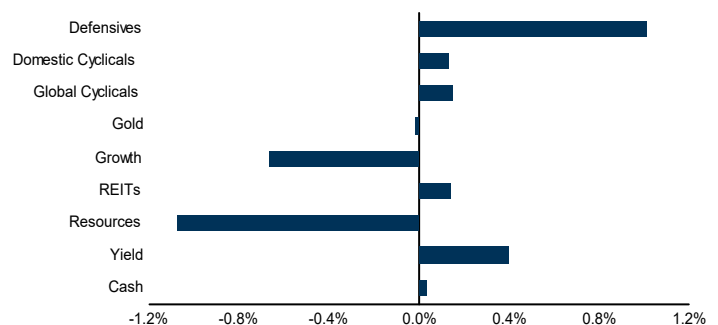
Platform Availability

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

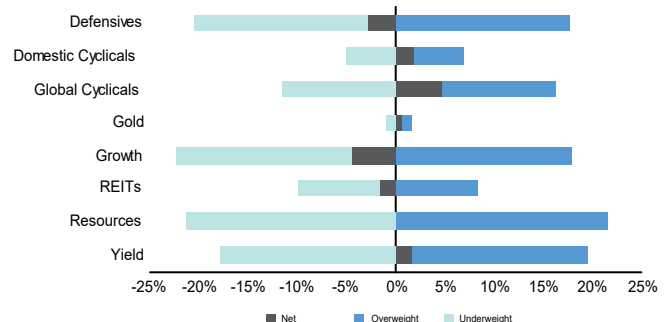
Contact Details

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

Sage Group Contributors to Fund Performance (Gross of Fees)



Sage Group Allocation Weights



Portfolio Metrics

As at end of month

Long exposure	110%
Short exposure	-110%
Gross exposure	220%
Net exposure	0%
Number of long positions	52
Number of short positions	59

Since Inception

Sharpe Ratio ⁶	2.2
Volatility ⁶	5.2%
Maximum monthly drawdown	-2%

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 0.02% in December versus the RBA Cash Rate of 0.00%, resulting in outperformance of 0.02%.

The top positive contributors to performance by Sage Groups* were Defensives and Yield. This included some strong contributions from a long position in Metcash (MTS +13%) which reported profits well above consensus expectations, aided by its diversification into hardware and a short position in Magellan Financial Group (MFG -36%) which fell heavily following the loss of key account, St James Place.

Detracting from performance were Resources and Growth Sage Groups. Expectations of stimulus in China saw the iron ore price bounce and a reversal of the falls from miners such as Fortescue Metals Group (FMG +13%) and Mineral Resources (MIN +24%) where Sage had short positions, while a short position in Reece (REH +15%) also detracted following strong results from US peers.

Market Review

The S&P/ASX 200 Accumulation Index ended December 2.75% and 17.23% for the year. The market was weaker at the start of the month as concerns lingered around 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 performing Sage Groups during the month were Resources (+7.5%), Yield (+5.0%) and REITs (+4.8%) with the weakest being Growth (-4.0%). 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 as well as strength in lithium stocks on the back rising lithium prices. The performance of Yield Sage Group was helped by a steepening yield curve with expectations that the US Federal Reserve would lift rates earlier than expected as well as a rebound in underperforming bank stocks. REITs were lifted by ongoing strength in Goodman Group (GMG) as well as an earnings upgrade from Charter Hall (CHC).

Portfolio Positioning and Market Outlook

As we look forward to 2022, market direction and stock performance is likely to be increasingly driven by inflation expectations and central bank policy and less by the vagaries of Covid-19. While the hyper-infectious Omicron covid variant is surging around the world, the silver lining is that it appears to have mutated into more of an upper-respiratory infection and the mortality rate has been plunging. This is beginning to look more like a disease that can be lived with on par with influenza than one requiring ongoing controls and restrictions. While this may ultimately help relieve pressure on the beleaguered travel industry, the strength of the broader economic recovery may now be moving out of the goldilocks zone.

Economic strength combined with supply chain disruptions has seen inflation surge well above expectations. In its recent minutes, the US Federal Reserve acknowledged that this inflation pressure isn't merely transitory but has broadened out across the economy. Importantly, the US economy and many others around the world are now near full employment and there is evidence that higher inflation is now feeding back into stronger wage growth. This dynamic threatens the longer-term stability of inflation expectations and has caused the US Federal Reserve to accelerate its tapering of asset purchases and bring forward its expectations of interest rate rises. This is likely to present a very different and more challenging environment for asset prices moving forward. Higher interest rates are likely to see valuation multiples compress across the market which will favour Cyclical and Yield Sage Groups over the Growth Sage Group, but may see a broader defensive tone if the market views that central banks need to drive a recessionary outcome to control inflation.

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 whilst 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)

December 2021

Class A

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