

### Fund Performance

Returns <sup>1</sup>	1 month	3 months	6 months	FYTD	1 year	2 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	0.32%	4.71%	8.85%	14.60%	14.73%	12.33%	12.39%
Benchmark Return <sup>2</sup>	0.00%	0.01%	0.02%	0.03%	0.04%	0.07%	0.23%
Active Return (After fees)	0.32%	4.70%	8.83%	14.57%	14.69%	12.26%	12.16%

### About Sage Capital

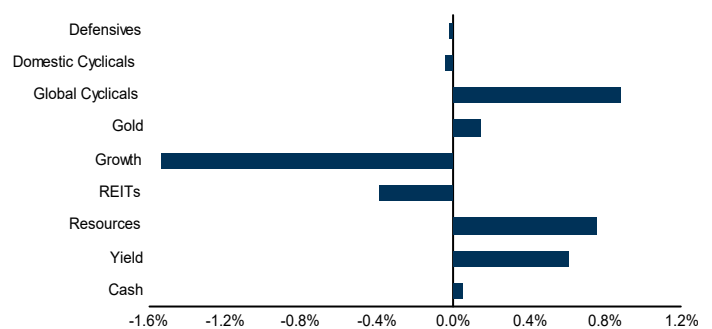
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

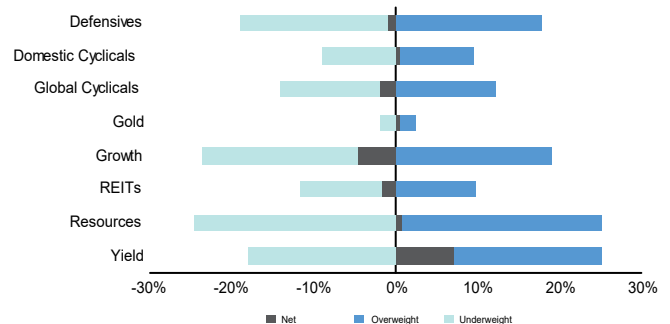
### Contributors to Fund Performance\*



### Fund Facts

<b>Investment Style</b>	An Australian equity market neutral long short strategy
<b>Net Asset Value</b>	\$278.2 million <sup>3</sup>
<b>Inception Date</b>	20 Aug 2019
<b>Benchmark</b>	RBA Cash Rate
<b>Management Fee</b>	1.29% p.a. <sup>4</sup>
<b>Administration Fee</b>	0.10% p.a. <sup>4</sup>
<b>Performance Fee</b>	20.5% p.a. <sup>5</sup>
<b>High Water Mark</b>	Yes
<b>Distributions</b>	Semi-annually at 31 December and 30 June

### Allocation Weights\*



### Portfolio Metrics

<b>As at end of month</b>	
Long exposure	122%
Short exposure	-122%
Gross exposure	244%
Net exposure	-1%
Number of long positions	59
Number of short positions	67
<b>Since Inception</b>	
Sharpe Ratio <sup>6</sup>	2.4
Volatility <sup>6</sup>	5.1%
Maximum monthly drawdown	-2%

### Platform Availability

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

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<sup>1</sup> 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. <sup>2</sup> Benchmark refers to the RBA Cash Rate Total Return Index. <sup>3</sup> Net Asset Value is calculated as Fund assets less Fund liabilities. <sup>4</sup> All figures disclosed include the net effect of GST and RITC. <sup>5</sup> 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. <sup>6</sup> Refer to Definition of Terms at the end of the report.

## Performance Review

The CC Sage Capital Absolute Return Fund returned 0.32% in March versus the RBA Cash Rate of 0.00%, resulting in outperformance of 0.32%.

Key contributors to performance by Sage Groups\* were Global Cyclical, Resources and Yield. Performance in the Global Cyclical Sage Group was driven by a long position in fertiliser producer Incitec Pivot (IPL +23%) which rallied as global fertiliser prices continued to climb on the back of strong demand combined with supply constraints stemming from export restrictions in Russia and China, conflict in the Ukraine and higher gas prices. Performance in the Resources Sage Group was driven by long positions in lithium producers IGO Limited (IGO +29%) and Alkem Limited (AKE +26%) on the back of a rally in the lithium price. The Yield Sage Group was driven by a short position in Magellan Financial Group (MFG -13%) as the group continued to suffer from fund outflows following a management reshuffle and the announcement in February that its Chief Investment Officer is taking a leave of absence. A long position in Computershare (CPU +14%) which is a major beneficiary of higher cash rates also aided performance.

The main detractor from performance was the Growth Sage Group, driven by long positions in US home building exposed stocks James Hardie (JHX -9%) and Reliance Worldwide (RWC -6%) which fell along with their US peers on fears that rising mortgage rates will crimp demand. Other detractors included short positions in technology stocks Block Inc (SQ2 +19%) and Novonix Ltd (NVX +23%) which rallied along with the technology sector in general.

## Market Review

The S&P/ASX 200 Accumulation Index finished March up 6.89%, outperforming all other developed equity markets. The month was characterised by news flow relating to peace talks between Russia and the Ukraine, high volatility and a breakdown in the typical relationship between bond yields and equities, with markets rallying even as bonds moved higher in yield. All Sage Groups were up for the month, the strongest being Resources (+11%) and Yield (+9%). The Resources Sage Group was driven by continued strength in commodity prices, year to date iron ore is up 34%, aluminium 25%, nickel 58% and oil 38%. The Yield Sage Group strength was due to bond yields climbing higher again with the Australian 10-year bond yield now at 2.8% versus 1.7% at the beginning of year. The weakest Sage Group was REITs (1%), which unlike the Yield Sage Group, doesn't experience any revenue uplift from higher bond yields.

## Portfolio Positioning and Market Outlook

Sage Capital believes the impact of rising inflation will continue to be felt across all parts of the economy with the Russia and Ukraine war and further Covid lockdowns in China exacerbating the global shortage of raw materials and driving up food and energy prices. Using food as an example, the wheat price is up 30% year to date and the prices of some standard grocery items are rising as much as 50% due to elevated raw material and freight costs. Cost of living concerns are becoming mainstream and beginning to be reflected in falling consumer confidence. In the consumer space, Sage Capital prefers companies with pricing power that can benefit from higher inflation such as supermarkets. Sage Capital are more cautious on consumer discretionary stocks with a backdrop of high levels of household debt, rising cost of essentials, moderating house prices and looming interest rate rises.

The persistent high inflationary environment has also induced the US Federal Reserve (the Fed) to pivot more hawkishly on its outlook for monetary policy. They are now openly discussing raising rates by 50 basis points at upcoming meetings and more aggressively winding down the balance sheet. This has already been reflected in a rapid steepening at the short end of the interest rate curve but has also seen the long end move higher. Historically, cyclical have performed well at the start of tightening cycles, but this is generally because the Fed has been ahead of the curve in pre-emptively moving to tame inflationary pressures. This contrasts to the current environment where the Fed has arguably never been so far behind the curve and is moving rapidly to regain credibility and control. Achieving a soft landing in this environment will be challenging in the extreme, so a recessionary outcome is quite likely. The nominal yield curve has already begun inverting, perhaps signalling recession, although we prefer to look at the real yield curve which highlights quite easy monetary conditions. This creates a lot of uncertainty, with tightening liquidity likely to increase volatility. The cycle likely has further to run, but risk premia are likely to keep expanding as a hard landing becomes a real risk. Sage Capital retains a preference for companies that either have positive earnings exposure to higher yields, or reasonably defensive earnings. High valuation multiples are likely to be compressed as liquidity tightens.

The other risk with tightening US dollar liquidity is a slowing in emerging markets with fixed exchange rates. These countries are also likely to be pressured with a higher proportion of household consumption going to food and energy. It's worth remembering that China also runs a fixed exchange rate and will struggle to loosen domestic liquidity conditions while the Fed is tightening. The prospect for stimulus to offset the contraction in the property sector may be limited and we remain more cautious on iron ore.

Given this high level of macro uncertainty, Sage Capital continues to focus on company earnings in the portfolios which are, as always, well diversified and positioned to weather the myriad of unknowns. Utilising Sage Groups allows systematic macro risks to be minimised as much as possible 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. Contributors to Active Performance is Gross of Fees.

#### 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.

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