

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	-6.70%	-9.71%	-5.51%	2.55%	2.55%	16.44%	11.09%
Benchmark Return ²	-8.77%	-11.90%	-9.93%	-6.47%	-6.47%	9.33%	3.76%
Active Return (After fees)	2.07%	2.19%	4.42%	9.02%	9.02%	7.11%	7.33%

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.

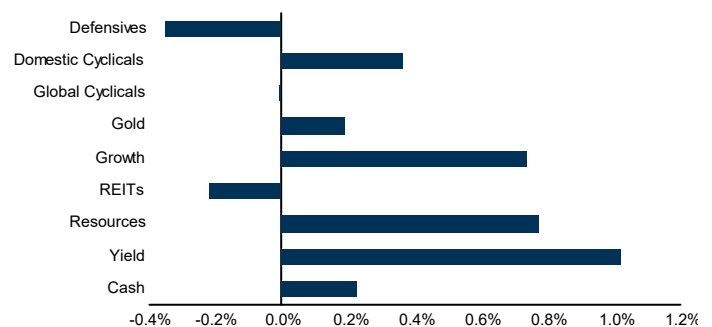
Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	\$226.1 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

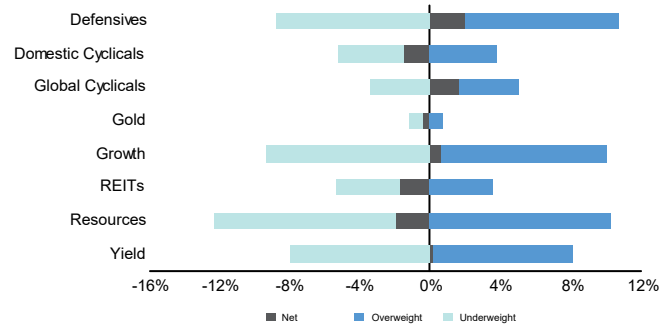
Portfolio Metrics

As at end of month	
Long exposure	124%
Short exposure	-25%
Gross exposure	148%
Net exposure	99%
Number of long positions	119
Number of short positions	55
Since Inception	
Information Ratio ⁶	2.5
Tracking Error ⁶	2.9%

Contributors to Fund Performance*



Allocation Weights*



Platform Availability

AMP MyNorth	ANZ Grow Wrap	Ausmaq
BT Panorama	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

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 Equity Plus Fund returned -6.70% in June versus the S&P/ASX 200 Accumulation Index which ended down -8.77% resulting in outperformance of 2.07%.

Performance in the Yield Sage Group* was driven by underweights in Commonwealth Bank (CBA -13%) and Westpac (WBC -18%) as banks came under pressure on fears of recession and softer credit growth. Performance in the Growth Sage Group was driven by short positions in Cochlear (COH -11%) and WiseTech Global (WTC -10%), both falling along with other expensive names and Reece (REH -14%) which fell on concerns of a slowdown in the building sector. The Resources Sage Group was driven by short positions in Oz Minerals (OZL -26%) which cut copper production guidance and guided to higher costs and lithium exposed Mineral Resources (MIN -24%) and Lake Resources (LKE -48%) which fell on concerns of demand/supply imbalance.

On the negative side, key detractors in the Defensives Sage Group were long positions in Ramsay Healthcare (RHC -6%) which was weak around concerns the takeover bid by the KKR consortium may be revised down or not go through and Sonic Healthcare (SHL -10%) which fell on concerns of funding cuts.

Market Review

The S&P/ASX 200 Accumulation Index finished June down -8.77% erasing all gains for the financial year resulting in a -6.47% return for FY22. Weakness in the equity market was driven by fears of a recession, sharp rate hikes (US +75 bps, Australia +50 bps) and the Chair of the US Federal Reserve Jerome Powell signalling that further sizable increases in interest rates would be required to fight the high level of inflation. All Sage Groups ended the month down with the weakest being Gold reflecting the market's more cautious view on the gold price as interest rates rise, Yield dragged down in large part by the banks on fears of slower credit growth rising risk of bad debts, Domestic Cyclical driven by consumer discretionary and building stocks on fears of a recession and REITs as real estate valuations are highly sensitive to interest rates. Defensives fell the least, held up by the more economically resilient supermarket and gaming stocks.

Portfolio Positioning and Market Outlook

The market outlook is clouded by some significant and divergent themes. At the forefront is the elevated inflation outlook and the central bank response of higher interest rates and quantitative tightening. This is occurring globally with the US largely leading the pace and Europe and Japan lagging. This tightening of financial conditions is most apparent in higher bond yields, the multiple compression that has occurred across equity markets and the meltdown in excess liquidity proxies such as cryptocurrencies. However, Sage Capital has also seen leading indicators of economic activity like manufacturing PMIs turn negative which could present a potential red herring for markets. This contraction in manufacturing is the beginning of an unwind of a giant inventory cycle that was driven by Covid-19 lockdowns and a shift in consumption from services to goods. Reopening has seen these trends begin to reverse and it is likely that manufacturing activity softens with new orders contracting until inventory levels have normalised. This may be interpreted by markets that central bank tightening is working and that inflation has peaked, however Sage Capital sees that this may be too early for these impacts to have flowed through the economy and frankly policy is still very loose. This may not stop markets having a relief rally around long duration assets and rate sensitive discretionary names.

On the other side of the inventory cycle is an energy shock that is still flowing through the global economy and that provides little prospect for a rapid moderation in inflation. Given that over two thirds of activity in developed economies is driven by the services sector and that labour markets remain very tight, central banks are unlikely to back off from their tightening cycles until there is clear evidence that core inflation is moderating. In the short term there will be tension between weaker manufacturing activity and softer goods inflation and tight labour markets, high energy prices and policy tightening.

Sage Capital retains a cautious stance towards markets as company earnings come under pressure as margins retreat from peak levels. Sage Capital maintains low net exposure to the Sage Groups to limit exposure to these systematic macro risks while focusing on individual company earnings to drive stock selection. The portfolio as always, remains well diversified, liquid and positioned to weather the myriad of unknowns.

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:

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)

June 2022

Class A

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