

Fund Performance

Returns ¹	1 month	3 months	6 months	CYTD	FYTD	1 year	3 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	2.50%	-1.20%	2.31%	0.05%	5.89%	3.09%	12.14%	12.54%
Benchmark Return ²	1.18%	-2.39%	0.75%	-3.63%	6.99%	-3.43%	5.51%	5.88%
Active Return (After fees)	1.32%	1.19%	1.56%	3.68%	-1.10%	6.52%	6.63%	6.66%

About Sage Capital

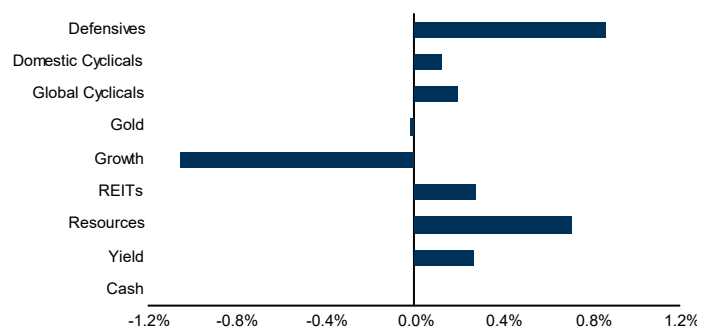
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

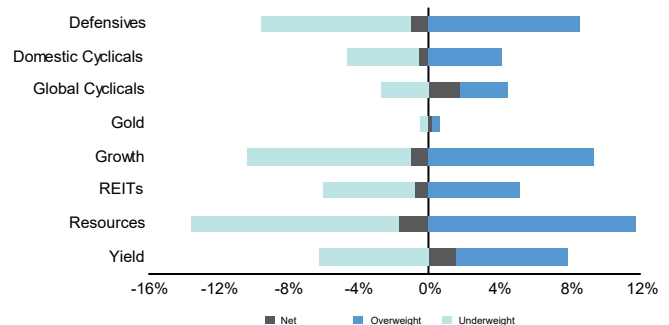
Contributors to Fund Performance*



Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	\$262.8 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

Allocation Weights*



Portfolio Metrics

As at end of month	
Long exposure	125%
Short exposure	-27%
Gross exposure	152%
Net exposure	98%
Number of long positions	114
Number of short positions	61
Since Inception	
Information Ratio ⁶	2
Tracking Error ⁶	3.3%

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

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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 2.50% in August, outperforming the S&P/ASX 200 Accumulation Index by 1.32%. The Resources and Defensives Sage Groups* were key positive contributors to performance with the Growth Sage Group being a detractor. The Resources Sage Group was driven by long positions in Allkem (AKE + 23%) and Pilbara Resources (PLS +17%) both which rallied on the back of strength in realised lithium pricing, reflecting underlying market tightness on the back of growing battery demand. A long position in Santos (STO +10%) which delivered a solid result, announced a buyback and an imminent selldown in PNG LNG that would be positive for value accretion.

The Defensives Sage Group was driven by short positions in TPG Telecom (TPG -16%) which fell as its result showed poor post-paid subscriber growth in mobile, Endeavour Group (EDV -7%) which fell after a weaker than expected result and ASX Limited (ASX -11%) where costs growth surprised on the upside and interest rate earnings leveraged surprised on the downside.

The Growth Sage Group was negatively impacted by a short position in WiseTech Global (WTC +17%) which reported a very strong result and long positions in ResMed (RMD -6%) which reported a solid result but gave back some of its recent share price gains and Xero (XRO -6%) after citing softer net subscriber additions at its AGM.

Market Review

The S&P/ASX 200 Accumulation Index was up 1.18% for the month of August, with major share price moves being driven by company fundamentals during August reporting season. Company results revealed generally solid profits - impressive given the tough environment of cost inflation, supply chain bottlenecks and labour shortages. Cost increases have generally been able to be passed on through price rises and there is little evidence to suggest that consumer spending is slowing post the recent interest rate hikes. On the macro front, 10-year bond yields rose following stronger employment and wages data while the equity market gave up much of its gains late in the month after US Federal Reserve Chair Jerome Powell's speech at the Jackson Hole Economic Symposium, where he reiterated a strong commitment to quashing inflation at the expense of economic growth.

The strongest Sage Groups were Resources driven by lithium and energy stocks as lithium and natural gas prices continued to soar; Global Cyclical was driven in large part by Qantas which exited the year with very strong momentum, lower than expected debt and gave an upbeat outlook for FY23; and Domestic Cyclical was driven by a bounce in consumer discretionary stocks post reporting strong results. The weakest Sage Groups were Gold and REITs driven by higher bond yields and rising interest costs.

Portfolio Positioning and Market Outlook

It is of Sage Capital's view that the extent to which interest rates need to rise to tame inflation is going to be the single most important determinant of the market direction and the composition of performance. On the bullish side, there is some evidence of peaking inflation.

As the global economy reopens, consumer spending is shifting back towards services, moderating demand for goods and taking the pressure out of supply chains. This is supported by a peak in global manufacturing indicators and a decline in the prices paid component. While the easing of inflationary pressures in tradable goods gives cause for optimism that the job is nearly done, non-tradable services inflation is high and continues to rise. This is coming from tight labour markets and strong wages growth driving cost push inflation. As US Federal Reserve Chair, Jerome Powell highlighted at the Jackson Hole Economic Symposium, near term growth will likely need to be sacrificed to get some slack back into labour markets and break the nexus between wages and prices. There are some tentative signs that the US employment market is peaking along with wage growth, but in the near term this will possibly be overshadowed by the energy crisis roiling the world.

Surging gas and electricity prices in Europe are tightening supplies globally and are likely to drive a move higher in inflation through next year. While the market had a respite in July with a strong risk rally, the outlook is now more clouded with central banks seemingly willing to drive economies to battle inflation and anchor long term expectations.

On the domestic front, with interest rates higher than they have been since 2016 and continuing to rise, Sage Capital is cautious on segments of the market heavily exposed to consumer spending, which is expected to fall considerably towards the end of the year. For retailers in particular, combined with the high inventory levels seen from company reports in August, a fall in demand could result in a sharp contraction in margins as companies attempt to clear excess stock. While this risk has been reflected in share price falls to a certain extent, Sage Capital believes the drop off in consumer spending could be sharper than the market is anticipating, especially as incredibly low fixed rate mortgages roll off in 2023.

Sage Capital remains cautious on China as housing woes persist and believes recent policy changes are unlikely to improve economic growth in the near term. There is some pick up in infrastructure activity, but even this is likely to be overshadowed by weak housing and a decline in global manufacturing from tighter policy. This is reflected in the portfolio through the underweight exposure to iron ore.

Overall, Sage Capital is cautious on Australian equity market valuations for the near term, with the ASX Industrial price to earnings ratio high compared to real yields and particularly high for this stage of an aggressive rate tightening cycle. Sage Capital maintains low net exposure to the Sage Groups to limit exposure to 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.

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