

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	2.29%	0.67%	4.79%	9.72%	0.67%	14.07%	12.72%	11.97%
Benchmark Return ²	0.18%	0.43%	0.52%	0.53%	0.43%	0.54%	0.33%	0.36%
Active Return (After fees)	2.11%	0.24%	4.27%	9.19%	0.24%	13.53%	12.39%	11.61%

About Sage Capital

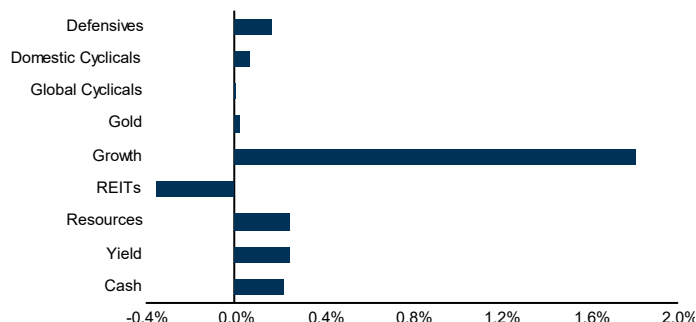
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

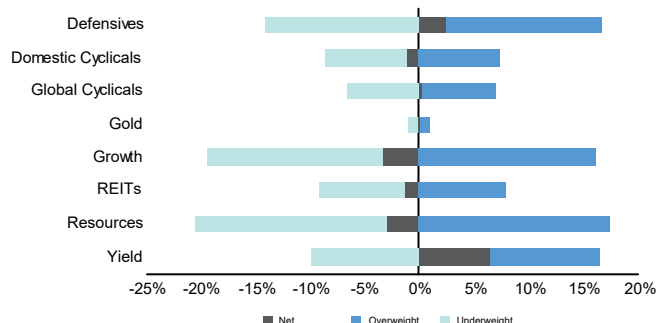
Contributors to Fund Performance*



Fund Facts

Investment Style	An Australian equity market neutral long short strategy
Net Asset Value	\$434.5 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

Allocation Weights*



Portfolio Metrics

As at end of month	
Long exposure	90%
Short exposure	-90%
Gross exposure	180%
Net exposure	0%
Number of long positions	49
Number of short positions	82
Since Inception	
Sharpe Ratio ⁶	2
Volatility ⁶	6%
Maximum monthly drawdown	-4.1%

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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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 2.29% in September versus the RBA Cash Rate of 0.18%.

The Growth, Yield and Resources Sage Groups* were the strongest contributors to performance with REITs being a detractor. The Growth Sage Group was driven by a long position in ResMed (RMD +5%) which rallied on the prospect of further market share gains as more bad news emerged from its key competitor, a short position in Carsales.com (CAR -16%) which fell on the back of poor updates from US peers raising concerns about the recent US acquisition and a short position in Pinnacle Investment Management (PNI -19%) which declined along with other fund managers as markets fell. The Yield Sage Group was driven by a long position in Computershare (CPU +0.2%) which rose as short-term cash rate expectations increased and a short position in Macquarie Group (MQG -14%) which fell being sensitive to credit spreads which spiked up over the month. The Resources Sage Group was driven by long positions in lithium stocks Pilbara Minerals (PLS +25%) and Alkerm (AKE -0.4%) as the lithium price continued to rise and a short position in Worley (WOR-12%) as the oil price fell amid a deteriorating demand outlook.

The REITs Sage Group was a detractor to performance impacted by long positions in Charter Hall Group (CHC -15%) and Shopping Centres Australasia Property Group (-14%) which fell as higher bond yields impacted REIT valuations.

Market Review

The S&P/ASX 200 Accumulation Index fell -6.17% for the month of September, driven by a spike in real bond yields of around 1% as central banks continued to raise rates to tame inflation and the market became increasingly concerned that this will lead to a recession in the US next year. In Australia, the Reserve Bank of Australia (RBA) continued its aggressive pace of monetary tightening, raising the cash rate for the fourth time in a row by another 50 bp in September to 2.35%.

All Sage Groups fell in the month, with Resources falling the least, being the Sage Group that is least sensitive to rising real yields. The weakest Sage Groups were REITs, Global Cyclical and Domestic Cyclical. REITs fell the most being very sensitive to rising bond yields, Global Cyclical fell on fears of a US recession and Domestic Cyclical fell driven by broad falls across consumer discretionary stocks and builders as the market became increasingly concerned about the outlook for the Australian consumer given interest rate rises.

Portfolio Positioning and Market Outlook

The market continues to be driven overwhelmingly by macro factors with the extent to which interest rates need to rise to tame inflation being a key driver. While there are some signs that the RBA may be taking a more cautious approach to rate rises, equity markets will largely be driven by the trajectory of the US where interest rates are being hiked at pace which Sage Capital expects to continue into next year.

Price/Earnings multiples have come down significantly over 2022, with the Industrials ex-Banks multiple now at a more palatable 22x versus 30x at the beginning of the year, but still a few points above the 20-year average. While there is further room for multiples to contract in the face of rising real bond yields, the majority of the derating has likely already occurred, and earnings will be more in focus. As such, company commentaries during the upcoming AGM season will be under the spotlight.

On the domestic front, conditions remain strong. The housing market is slowing in an orderly fashion, with prices down ~5% from their peak in April and Sage Capital is yet to see signs of significant housing stress. The labour market remains strong and with the buffer of excess savings accumulated during the pandemic and the recent drop in the oil price providing some relief, which may lead to consumer spending stay stronger for longer. However, Sage Capital remains cautious on consumer discretionary stocks, particularly those exposed to housing, being cognisant of the delay between rate rises and impact on consumer spending, as well as impact of the large proportion of very low fixed interest rates which roll off in 2023.

Sage Capital continues to favour stocks with pricing power and resilient demand profiles with many of the healthcare stocks fitting this description. Sage Capital remains cautious on iron ore as recent policy changes are unlikely to improve economic growth in China in the short or medium term, while energy appears closer to a bottom as OPEC steps in to support the oil price.

Overall, Sage Capital maintains low net exposure to the Sage Groups to limit exposure to unpredictable 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.



CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

September 2022

Class A

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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