

### Fund Performance

Returns <sup>1</sup>	1 month	3 months	6 months	CYTD	FYTD	1 year	3 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	-2.00%	0.05%	0.48%	4.40%	13.04%	5.47%	16.38%	11.86%
Benchmark Return <sup>2</sup>	-2.53%	-0.89%	-0.58%	2.71%	12.80%	2.90%	11.43%	6.17%
Active Return (After fees)	0.53%	0.94%	1.06%	1.69%	0.24%	2.57%	4.95%	5.69%

### 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.

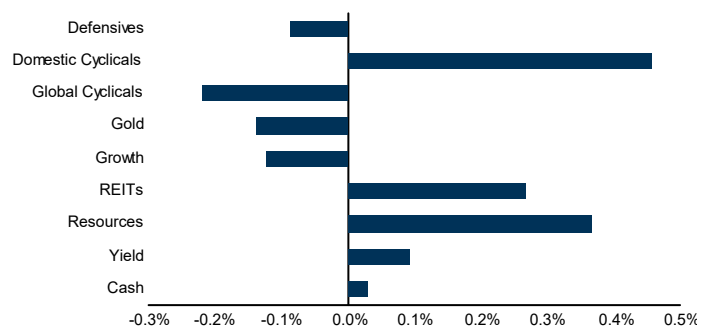
### Fund Facts

<b>Investment Style</b>	An Australian equity active extension long short strategy
<b>Net Asset Value</b>	\$321.3 million <sup>3</sup>
<b>Inception Date</b>	20 Aug 2019
<b>Benchmark</b>	S&P/ASX 200 Accumulation Index
<b>Management Fee</b>	0.79% 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

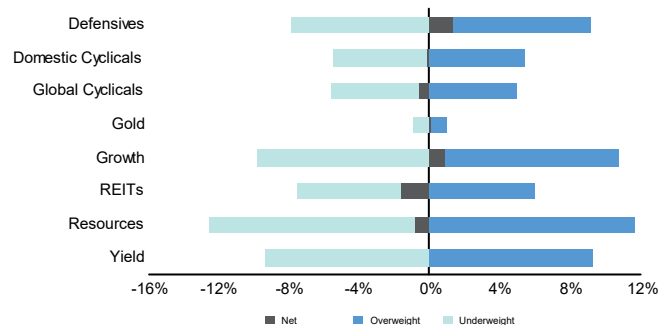
### Portfolio Metrics

<b>As at end of month</b>	
Long exposure	131%
Short exposure	-32%
Gross exposure	162%
Net exposure	99%
Number of long positions	116
Number of short positions	65
<b>Since Inception</b>	
Information Ratio <sup>6</sup>	1.7
Tracking Error <sup>6</sup>	3.3%

### Contributors to Fund Performance\*



### Allocation Weights\*



### Platform Availability

AMP MyNorth	ANZ Grow Wrap	Ausmaq
BT Panorama	Colonial First Wrap	Colonial FirstChoice
HUB24	IOOF eXpand	IOOF Pursuit
Macquarie Wrap	Mason Stevens	Netwealth
Praemium	Xplore Wealth	

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<sup>1</sup> 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. <sup>2</sup> Benchmark refers to the S&P/ASX 200 Accumulation 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 Equity Plus Fund returned -2.00% in May outperforming the S&P/ASX 200 Accumulation Index by 0.53% which returned -2.53%.

The Sage Groups\* Domestic Cyclical and Resources were the strongest contributors to performance with Global Cyclical and Gold Groups being detractors. The key drivers to performance in Domestic Cyclical were long positions in Ampol (ASX: ALD +5%) as the market gained increasing confidence in the prospect of a continued recovery in fuel volumes and a more stable margin environment and Graincorp (ASX: GNC +12%) which reported a strong first half result and upgraded full year guidance by 20%. Resources performance was aided by long positions in lithium producers Pilbara Minerals (ASX: PLS +4%) as the lithium price rallied on a recovery in Chinese EV sales, Allkem (ASX: AKE +21%) which announced a merger with US lithium processor Livent Corp to become a vertically integrated producer of lithium and a short position in Fortescue Metals Group (ASX: FMG -8%) which fell on the back of iron ore price weakness due to weak China steel prices and soft demand.

On the negative side, Global Cyclical was impacted by a short position in James Hardie (ASX: JHX +13%) which reported and gave better than expected guidance for the next quarter and a long position in ALS Limited (ASX: ALQ -12%) which reported a weaker than expected result in its Life Sciences business and more challenging conditions for sample volumes in the Geochemistry division.

### Market Review

The S&P/ASX 200 Accumulation Index fell -2.53% in May as the Reserve Bank of Australia (RBA) unexpectedly hiked interest rates at the beginning of the month and inflation surprised to the upside at the end of the month raising the likelihood of further interest rate rises. The Growth Sage Group was the only group that ended in positive territory with Gold, Domestic Cyclical and Global Cyclical being the weakest. Growth was driven by technology stocks on the back of a rally US technology stocks sparked by a focus on the potential opportunities related to generative Artificial Intelligence and in particular Xero (ASX: XRO +18%) which reported a good result highlighting potential to improve free cash flow generation. Gold was weak due to a stronger US dollar and optimism around the US debt ceiling talks reduced investor demand for safe haven assets such as gold. Domestic Cyclical was driven primarily by weakness in discretionary retailers on fears of the impact on consumers of higher interest rates and Global Cyclical was weak driven by several companies in the group that reported earnings, revealing a more challenging global growth environment.

### Portfolio Positioning and Market Outlook

The debate continues around whether central banks can engineer a soft economic landing in the face of high inflation as economic data releases continue to be scrutinised for clues to the next move. Recent data in the US has ignited hopes of a soft landing and suggests that the US Federal Reserve (US Fed) may pause raising rates. Inflation is off its highs, the manufacturing sector is clearly slowing, bank lending standards have tightened and there are some signs of a slowing in the labour markets as continuing jobless claims drift higher and the quits rate recedes. However, core inflation remains sticky and wages growth has settled at a high level, meaning there is no easing cycle in sight just yet.

In Australia policy outcomes have been even more confusing as the Reserve Bank of Australia (RBA) changes tack from pausing to inflation fighting. More work likely needs to be done here as real rates remain negative and below the level of other countries, while recent inflation data has displayed some more worrying trends. The path to a soft landing is narrower in Australia as high household debt and leverage to variable interest rates creates more risk around household spending and a potential recession. Consumer stress is likely to get worse from here as a large proportion of low fixed rate mortgages roll off over the coming 6 months. We remain cautious on discretionary retailers, preferring exposure to travel which is still in recovery mode post pandemic and there are no signs that demand is abating.

Sage Capital expects the global economy to continue to slow for the rest of the year and prefer companies with earnings streams that are relatively sheltered from the economic cycle in industries such as healthcare, telecommunications and supermarkets. Sage Capital has become relatively more constructive on the banks as there are signs that the fierce mortgage and deposit competition is abating, but still prefer insurers for their pricing power at this point in the cycle. On the resources front, the ongoing weakness in global manufacturing and subdued property market in China makes Sage Capital cautious on iron ore and Sage Capital remains more positive on oil as OPEC supply discipline provides some downside protection from economic weakness. Sage Capital are positive on lithium and other transition metals such as copper and aluminium in the longer term, however our positioning in lithium stocks tend to be tempered given the extreme short-term volatility of the lithium price.

Sage Capital continues to maintain low net exposure to the Sage Groups to limit exposure to unpredictable macro risks and as always the Sage Capital portfolio is 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 Equity Plus Fund (APIR: CHN8862AU)

May 2023

### Class A

#### 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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