

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	2.49%	1.95%	2.54%	8.60%	2.49%	13.82%	16.02%	12.45%
Benchmark Return ²	2.88%	2.04%	1.22%	7.53%	2.88%	11.67%	11.99%	7.13%
Active Return (After fees)	-0.39%	-0.09%	1.32%	1.07%	-0.39%	2.15%	4.03%	5.32%

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.

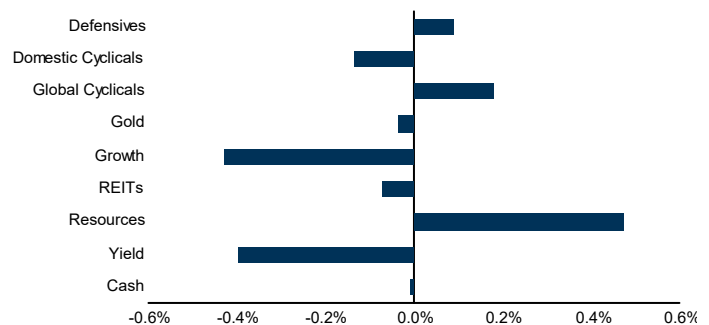
Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	\$337.2 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

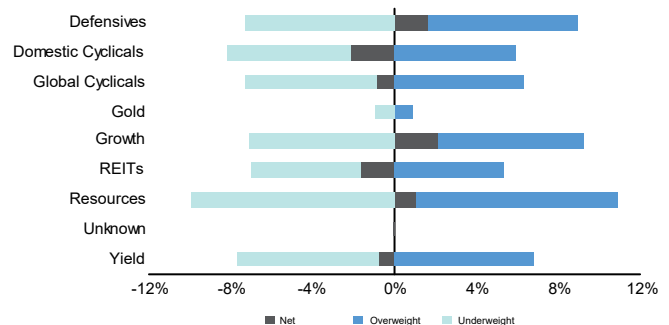
Portfolio Metrics

As at end of month	
Long exposure	129%
Short exposure	-30%
Gross exposure	158%
Net exposure	99%
Number of long positions	119
Number of short positions	60
Since Inception	
Information Ratio ⁶	1.6
Tracking Error ⁶	3.2%

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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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 2.49% in July underperforming the S&P/ASX 200 Accumulation Index by -0.39% which returned 2.88%.

The Sage Groups that were the strongest contributors to performance were Resources and Global Cyclical with Growth and Yield being detractors. The key drivers of performance in Resources included short positions in iron ore producer Fortescue Metals Group (ASX: FMG -2%) which gave soft volume and higher capex guidance and Sims Metals (ASX: SGM -4%) on the back of lower scrap prices and a long position in oil producer Santos (ASX: STO +6%) which was driven by a higher oil price. Global Cyclical were driven by long positions in Corporate Travel (ASX: CTD +17%) which reiterated guidance and gave a positive trading update, along with James Hardie Industries (ASX: JHX +9%) which was driven by an improvement in US housing demand and Incitec Pivot (ASX: IPL +10%) which rallied on indications there may be multiple potential buyers of its fertiliser business.

On the negative side, Growth was impacted by short positions in Megaport (ASX: MP1 +41%) which moved to cashflow profitability and Seek (ASX: SEK +15%) which was strong on speculation that job ad numbers may be bottoming. Within the Yield Sage Group, performance was impacted by a long position in Macquarie Group (ASX: MQG -2%) which fell after guiding to a weaker profit outlook at their AGM, with a long position in QBE Insurance (ASX: QBE +1%) and short positions in Commonwealth Bank (ASX: CBA +5%) and Westpac (ASX: WBC +5%) that saw investors take profits in insurers and rotated into banks on signs that aggressive competition in mortgages is abating.

Market Review

The S&P/ASX 200 Accumulation Index was up 2.88% in July driven by better than expected inflation numbers in both Australia and the US with a pause in interest rate hikes by the Reserve Bank of Australia, which increased investor confidence that a soft landing may be achieved. Commodity prices were generally strong, particularly oil which rose 14% on tighter market fundamentals as Saudi Arabia and Russia signalled production cuts while economic data in the US was stronger than expected. The strongest Sage Groups were Yield driven by a rebound in banks, Global Cyclical which was driven by strength in travel stocks on the back of upbeat trading updates and Domestic Cyclical as economically sensitive stocks rallied on the prospect that interest rates have peaked, and a recession may be avoided. The weakest Sage Group was Defensives as investors rotated out of a safe haven of stocks into higher risk segments in the market.

Portfolio Positioning and Market Outlook

Financial markets have become quite buoyant as falling headline inflation numbers have increased confidence around a soft economic landing and a stronger earnings outlook. The downside risk is that the market is not pricing in that global economies will remain resilient and labour markets remain tight, with wages growth to remain high and core services inflation will likely keep overall inflation above central bank targets. This means that central banks will need to keep rates tighter for longer or risk any price shocks reaccelerating inflation from a higher base. Whilst the Covid-19 related supply side shocks have abated and shipping and manufacturing pressures are unlikely to reaccelerate, it is still relatively easy to identify potential inflationary triggers. The impact of the Ukrainian/Russian conflict continues to drag on and food prices have started to reaccelerate, the Saudis are starting to cut oil supply and Europe remains a cold winter away from gas prices surging again. The central bank dilemma is that if inflation remains well behaved, they are essentially tightening monetary policy into a slowdown as real interest rates begin to rise. With the risk that interest rates must rise if inflation picks up or the economy slows further as inflation falls, we will see more significant downside to earnings than the market is pricing.

In Australia, households remain far more exposed to interest rate pressures with the predominant variable interest rate mortgage structure. Whilst this pressure is spread unevenly, there is clear evidence that retail sales are coming under pressure as indebted households are forced to tighten their belts. This has meant that the Reserve Bank of Australia has been able to stay more dovish than its global peers, keeping interest rates lower, which has been reflected in a weaker Australian dollar. The market has been keen to buy cyclical stocks such as builders and retailers on the view that we have seen the last of the interest rate rises, but as with the rest of the world, the combination of intransigent core inflation and the long lag effects of monetary policy means that downside risks to the economy and earnings are still ahead of us and unquantified.

The hoped for stimulus from China is still yet to eventuate, although there has been a positive shift in rhetoric to being more supportive of growth. Despite this, the ongoing financial stress within property developers and increasing concerns around local government financing vehicles is keeping domestic steel demand soft. Overall steel production has remained solid, but this has been through an acceleration of exports back towards record levels. Given the soft global demand backdrop and increasing seasonal supply in iron ore, Sage Capital remain cautious on bulk commodity stocks. Sage Capital remains more positive on oil as OPEC+ supply discipline is helping to tighten the market while demand has been more resilient than feared. Further Chinese stimulus policies could shift preferences, but they seem more likely to be focussed on supporting consumer demand and the Electric Vehicle (EV) transition, rather than more commodity intensive construction and infrastructure, which further supports our stance on energy transition commodities such as lithium and copper.

Overall, across the portfolio, Sage Capital retains a preference for stocks with strong pricing power able to drive their own growth independent of the economic cycle. Sage Capital continues to maintain low net exposure to the Sage Groups to limit exposure to unpredictable macro risks. The portfolios are 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 Cyclicals, Global Cyclicals, 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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