

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	-2.21%	-2.33%	-0.30%	3.49%	-2.33%	11.50%	14.57%	10.61%
Benchmark Return ²	-2.84%	-0.77%	0.24%	3.71%	-0.77%	13.46%	11.00%	5.90%
Active Return (After fees)	0.63%	-1.56%	-0.54%	-0.22%	-1.56%	-1.96%	3.57%	4.71%

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.

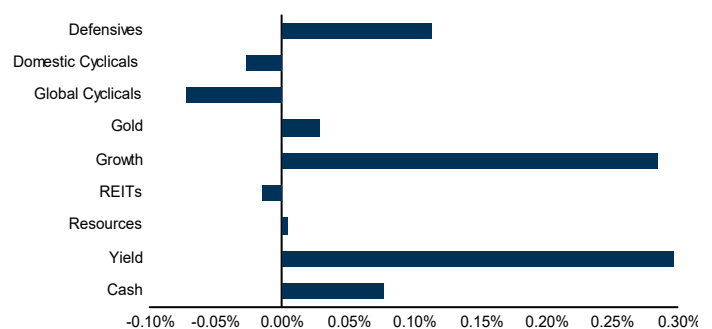
Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	\$423.1 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

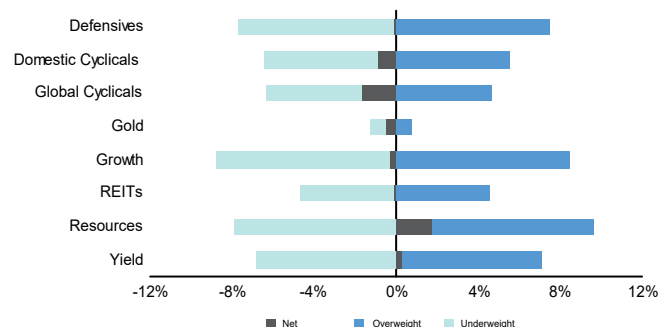
Portfolio Metrics

As at end of month	
Long exposure	125%
Short exposure	-26%
Gross exposure	150%
Net exposure	99%
Number of long positions	120
Number of short positions	60
Since Inception	
Information Ratio ⁶	1.4
Tracking Error ⁶	3.4%

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 -2.21% in September, outperforming the S&P/ASX 200 Accumulation Index by 0.63% which returned -2.84%.

The Sage Groups that were the strongest contributors to performance were Yield, Growth and Defensives with Global Cyclical being a detractor. The key drivers for performance in Yield was driven by long positions in insurers QBE Insurance (ASX: QBE +5%) and Suncorp Group (ASX: SUN +2%) as insurers benefitted from rising long term bond yields. Growth was driven by a short position in Xero (ASX: XRO -10%) as global technology names were hit hard, especially those trading at very high valuations and a long position in Telix (ASX: TLX +3%) on the back of positive sentiment surrounding the growth of the radiopharmaceutical industry. On the negative side, the Global Cyclical Sage Group was impacted by a short position in Seven Group Holdings (ASX: SVW +12%) as the market became more positive on the growth of its major business Westrac.

Market Review

The S&P/ASX 200 Accumulation Index fell -2.84% in September driven by a 50-basis point spike in US and Australian bond yields amid higher oil prices, an increase in headline inflation and market expectations that further rates by the US Federal Reserve may be needed to contain inflation. Increased Treasury issuance amidst high fiscal deficits and the expiry of quantitative easing have also been driving real yields higher. Resources was the only Sage Group to finish in positive territory for the month, driven by energy stocks on the back of higher oil prices due to resilient demand and ongoing OPEC production cuts. The weakest Sage Groups were Gold driven by higher real yields, REITs given real estate valuations are highly sensitive to changes in bond yields and Growth as the valuation of long duration cashflows is also negatively impacted by higher long term bond yields.

Portfolio Positioning and Market Outlook

The global economy has remained relatively robust in the face of tighter monetary policy. Corporates and households are displaying lower sensitivities to interest rates than would have been expected historically. With corporate balance sheets in reasonably good shape and where debt does exist, it has generally been hedged or issued at longer maturities. Households also have lower sensitivity with fixed rate debt in many cases, but an ageing demographic that is net cash has been a beneficiary of higher rates and they are displaying a higher propensity to consume than would have been thought. This has helped to bolster corporate profitability and kept equity markets at near highs, particularly with the narrative around inflation being benign.

However, in recent months there has been a concerning move higher in real bond yields, emanating out of the US treasury market. Higher primary fiscal deficits as well as an increased refinancing burden as the Federal Reserve allows its balance sheet to unwind as bonds mature, has helped drive real interest rates not just to pre-covid, but pre-GFC highs. As central banks globally all follow the same path, it is not clear that this process has finished quite yet. This has major implications for equity market valuations, which if long term real growth and risk premia remain unchanged, should at least in theory be directly related to real interest rates.

To complicate matters the inflation impulse is likely to pick up in the short-term following the surge in oil prices. There are also some indicators pointing to the end of the inventory cycle unwind that occurred following the reopening of borders and the overstocking across supply chains. A stronger impulse on goods inflation combined with higher oil prices and sticky services inflation will make it tough for central banks to give any relief on interest rates to borrowers. The combination of inflation well above target levels, a blowout in real interest and the potential for a growth slowdown leave us very cautious on equity market valuations. The market has become more cautious on leveraged commercial property exposures and has begun selling REITs and leveraged infrastructure names, but we see a risk that this broadens across the high multiples being paid for many growth and defensive stocks.

In commodities, Sage Capital remains positive on oil as demand remains robust, inventories continue to fall and production cuts from Saudi Arabia and Russia remain until at least year end. The recent resurgence in geopolitical tensions across the Middle East is also likely to build some risk premia back into oil prices. Sage Capital have become more cautious on lithium stocks in the short term as supply appears to have been coming on faster than demand growth and supply chains still appear overstocked. Sage Capital are more neutral iron ore as Chinese steel production has remained reasonably robust with aid of exports and policy easing measures.

Overall, across the portfolio Sage Capital retain 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 and as always Sage Capital 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 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)

September 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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