

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	-3.06%	-7.61%	-5.82%	0.33%	-5.32%	1.36%	12.55%	9.57%
Benchmark Return ²	-3.78%	-7.19%	-5.30%	-0.21%	-4.52%	2.95%	8.88%	4.81%
Active Return (After fees)	0.72%	-0.42%	-0.52%	0.54%	-0.80%	-1.59%	3.67%	4.76%

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.

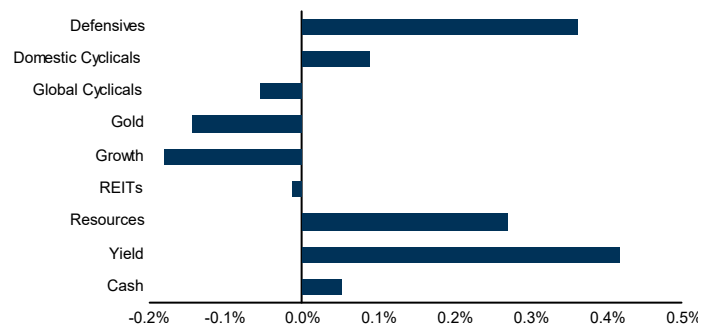
Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	\$408.1 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

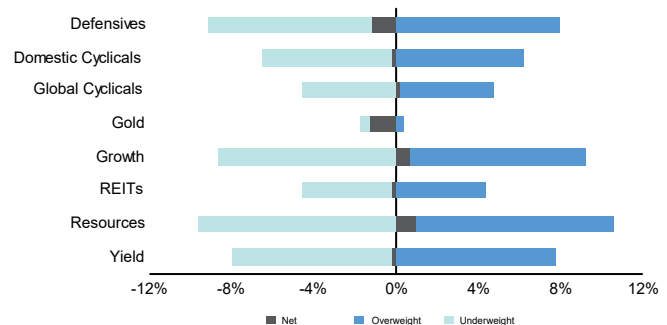
Portfolio Metrics

As at end of month	
Long exposure	127%
Short exposure	-28%
Gross exposure	155%
Net exposure	99%
Number of long positions	118
Number of short positions	60
Since Inception	
Information Ratio ⁶	1.4
Tracking Error ⁶	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	

Contact Details

Phone: 1800 940 599
 Email: clientservices@channelcapital.com.au
 Web: www.sagecap.com.au

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 -3.06% in October, outperforming the S&P/ASX 200 Accumulation Index by 0.72% which returned -3.78%.

The Sage Groups* that were the strongest contributors to performance were Yield, Defensives and Resources with Growth being a detractor. Performance of Yield was driven by a short position in Credit Corp Group (ASX: CCP -38%) which downgraded earnings guidance and announced a large impairment charge due to deteriorating credit conditions in the US. The performance of Defensives was aided by a long position in AGL Energy (ASX: AGL 0%) which was supported by its exposure to higher electricity costs and a short position in Healius (ASX: HLS -21%) which fell as the ACCC decision regarding the takeover by Australian Clinical Labs continues to be pushed out. Resources was driven by short positions in lithium exposed miners Mineral Resources (ASX: MIN -15%), IGO Limited (ASX: IGO -25%) and Lontown Resources (ASX: LTR -45%) which fell on fears of near-term supply demand imbalance in the lithium market. Performance in Growth was impacted by a long position in Telix Pharmaceuticals (ASX: TLX -22%) which fell post a quarterly update which was solid but slightly softer than market expectations and ResMed (ASX: RMD -7%) which experienced a further decline, attributed to the hype around obesity drugs.

Market Review

The S&P/ASX 200 Accumulation Index fell -3.78% in October on geopolitical fears with the outbreak of war in the Middle East, as well as a rise in 10-year bond yields as the market factored in higher debt issuance by governments that wouldn't be purchased by central banks, as well as more persistent inflation. Australian 10-year bonds rose 44 basis points to 4.92% and US 10-year bonds rose 33 basis points to 4.90%. Oil fell over the month on global growth concerns, despite conflict between Israel and Palestine, while gold rose due to safe haven demand. All Sage Groups other than Gold ended in negative territory. Gold benefited from its safe haven status with the weakest Sage Groups being those most exposed to rate sensitive, leveraged or cyclical companies - Global Cyclical, Growth and REITs.

Portfolio Positioning and Market Outlook

The market continues to be buffeted by macroeconomic data points and driven by the expected trajectory of interest rates. The economy and the consumer have proved to be far more resilient to rate hikes than was expected, which is evidenced by strong spending, low unemployment and persistent inflation. After four months of being on hold, the RBA hiked rates in November on the back of a run of strong economic data and an upward surprise in inflation. The outlook commentary was still dovish, but Sage Capital continues to see further tightening as more likely than not given inflation is still too high and likely to remain sticky, particularly in categories that are sensitive to labour costs. The end game of a more significant cyclical downturn seems increasingly likely, although the market continues to keep looking through it.

This 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. Some softer US economic data and a positioning unwind has given some short-term reprieve from higher yields and allowed REITs and leveraged infrastructure names to rebound from lows, but Sage Capital sees a risk that the broader market is ignoring a structural shift up in real interest rates and that the high multiples being paid for many growth and defensive stocks are unsustainable.

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, however geopolitical events continue to drive a lot of volatility. Sage Capital has 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 is more neutral on iron ore as Chinese steel production has remained reasonably robust with aid of exports and policy easing measures.

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 macroeconomic risks. As always, the portfolio 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.

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.



CC Sage Capital Equity Plus Fund (APIR: CHN8862AU)

October 2023

Class A

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