CC Sage Capital Equity Plus Fund (APIR: CHN8862AU)

January 2024

Class A

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	2.16%	11.74%	3.23%	2.16%	5.79%	5.85%	12.32%	11.76%
Benchmark Return[2]	1.19%	13.99%	5.79%	1.19%	8.84%	7.09%	9.56%	7.66%
Active Return (After fees)	**0.97%**	**-2.25%**	**-2.56%**	**0.97%**	**-3.05%**	**-1.24%**	**2.76%**	**4.10%**

About Sage Capital

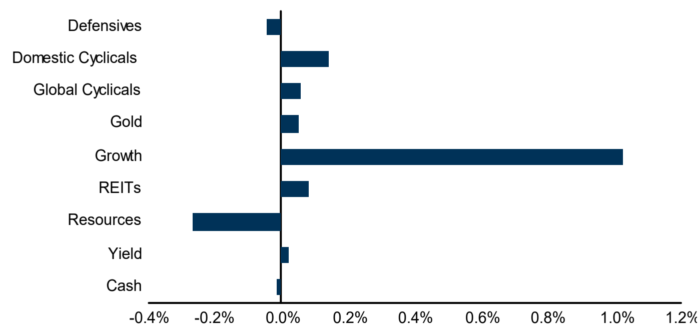
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

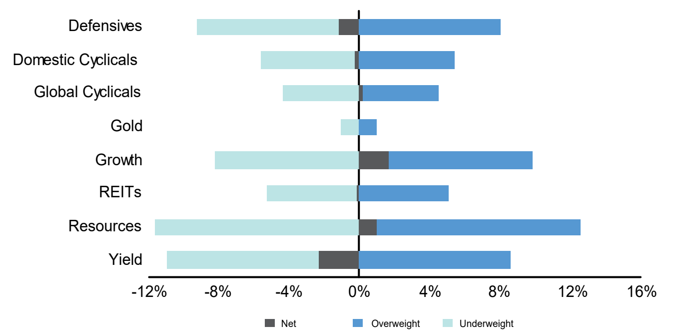
Contributors to Fund Performance*



Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	$492.9 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

Allocation Weights*



Portfolio Metrics

As at end of month	
Long exposure	128%
Short exposure	-29%
Gross exposure	158%
Net exposure	99%
Number of long positions	122
Number of short positions	56
Since Inception	
Information Ratio [6]	1.2
Tracking Error [6]	3.5%

Platform Availabilty

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.

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Performance Review

The CC Sage Capital Equity Plus Fund returned 2.16% in January outperforming the S&P/ASX 200 Accumulation Index by 0.97% which returned 1.19%.

The Sage Groups* of Growth and Domestic Cyclicals were the strongest contributors to performance with Resources being a detractor. Performance of Growth was driven by a short position in Dominos Pizza Enterprises which dropped by (ASX: DMP -33%) after issuing a large profit downgrade driven by poor performance in Japan and France, and a long position in Resmed (ASX: RMD +15%) which delivered a quarterly result that beat market expectations. The results suggested potentially less negative long term impact on demand for its core products from patients using the new GLP-1 drugs to treat obesity.

A long position in Telix Pharmaceuticals (ASX: TLX +14%) also aided performance after it gave a positive trading update that indicates its total addressable market is continuing to expand. Domestic Cyclicals were driven by a long position in JB Hi-Fi (ASX: JBH +8%) which rose on signs that consumer spending was relatively robust over the Christmas trading period. Resources were negatively impacted by a long position in Pilbara Minerals (ASX: PLS -10%) which fell with declining spodumene prices, although this was offset by other short positions in the lithium sector. Within iron ore, Sage Capital's long position in BHP Group (ASX: BHP -6%) underperformed a short position in Fortescue (ASX: FMG +3%) following a weaker quarterly result.

Market Review

The S&P/ASX 200 Accumulation Index rose 1.19% in January as inflation data gave the market further confidence that interest rates have peaked. The strongest Sage Groups* were Yield and Growth, driven by lower bond yields, and Global Cyclicals driven by more positive sentiment around global growth with the weakest Sage Group* being Resources, driven by a -6% drop in the iron ore price. Lithium also continued its freefall with Platts spodumene down -13%.

Portfolio Positioning and Market Outlook

From a macroeconomic perspective, inflation continues to moderate although the market may have become too optimistic around the prospects of rapid rate cuts. Both the Reserve Bank of Australia and the US Federal Reserve have expressed concerns around the risk of potential resilience of services inflation due to tight labour markets, so greater confidence is required that inflation is moving sustainably back to targets before cutting interest rates. A potential risk to the inflation story is the disruption to shipping around the Red Sea. This has seen a surge in the shipping rates for containerised freight, which while not impacting goods inflation yet, is starting to appear in survey-based measures of pipeline inflation such as the US Purchasing Manager's Index prices paid component. Any rebound in inflation would limit the ability of central banks to cut interest rates and risk a harder landing for the economy.

The focus for now is on the Australian company reporting season. We expect overall demand to soften over the next six months as the cumulative impact of interest rate tightening and the depletion in excess savings begin to drag on aggregate demand. A slowing trend is already visible in some measures of labour demand although the market remains quite tight. We will be looking for commentary from companies with regard to cost management, particularly labour, in this environment. Stocks sensitive to domestic demand have performed well recently as investors have lowered the probability of a hard landing in Australia. This sets up many companies to have to deliver very good earnings this reporting season to justify their share price appreciation. Those that don't, are likely to de-rate or at best settle into a period of share price consolidation.

The end of last year saw a strong re-rating of the bank sector as the market began to focus on upcoming interest rate cuts. Historically the banking sector does well in an interest rate cutting cycle as the economy would be coming out of recession and loan losses would be at cyclically elevated levels. This current cycle has been very different with no real stress and banks have been writing back COVID-era provisions for the last few years. An interest rate cutting cycle is likely to put pressure on net interest margins further, as lending rates come down faster than average funding costs due to the banks benefiting from low interest rate deposit funding. Low book growth, an intense competitive environment and continued pressure on net interest margins leaves the sector looking expensive.

Trends across resources are similar to last year. Lithium remains very weak as a slower than expected take-up of electric vehicles has left the market in surplus, while iron ore remains solid despite a weak Chinese property sector as there has been no major new supply and Chinese steel production for manufacturing, infrastructure and exports remains strong. Energy has been rangebound as stronger onshore production in the US has tended to offset supply cuts across OPEC.

Overall, Sage Capital continues to maintain low net exposure to the Sage Groups* to limit exposure to unpredictable macro risks.

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 Errror - 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.