

Fund Performance

| Returns ¹ | Month | Quarter | FYTD | 6 Months | 1 Year | 3 Years p.a. | Since Inception p.a. (20-Aug-2019) |
|-----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------------------------------|
| Fund Net Return | 2.79% | 7.91% | 4.93% | 2.52% | 3.08% | - | 4.41% |
| Benchmark Return | 2.83% | 6.04% | 3.35% | -4.48% | -5.08% | - | -3.79% |
| Active Return (After fees) | -0.05% | 1.87% | 1.58% | 7.00% | 8.16% | - | 8.20% |

Fund Benefits

About the Fund

- The CC Sage Capital Equity Plus Fund (the Fund) is an active extension long/short strategy.
- It takes both long and short positions where the proceeds from the short positions are reinvested in long positions to retain exposure to the equity market.
- It provides exposure to a diversified portfolio of stocks aiming to provide an improved risk/return trade-off and more consistent returns over time.

Fund Facts

| | |
|--|---|
| Structure | Australian unit trust |
| Investment Style | An equitised/active extension long/short strategy |
| Net Asset Value | \$13.8 million ² |
| Inception Date | 20 Aug 2019 |
| Benchmark | S&P/ASX 200 Accumulation Index |
| Management Fee | 0.79% p.a. ³ |
| Administration Fee | 0.10% p.a. ³ |
| Performance Fee | 20.5% p.a. ⁴ |
| Distributions | Semi-annually at 31 December and 30 June |
| Minimum Suggested Investment Period | At least 5 years |
| Exit Price | \$1.0404 |
| Long Exposure | 117% |
| Short Exposure | -18% |
| Gross Exposure | 134% |
| Net Exposure | 99% |

Top 5 Holdings

| Stock Name | Sector |
|---------------------------------|-------------|
| CSL Limited | Health Care |
| BHP Group Limited | Materials |
| Commonwealth Bank of Aust | Financials |
| National Australia Bank Limited | Financials |
| ANZ Banking Group Limited | Financials |

Sector Allocation Weight ⁶

| Sector Name | Fund | Benchmark | Active |
|------------------------|--------|-----------|--------|
| Communication Services | 1.65% | 3.96% | -2.31% |
| Consumer Discretionary | 9.75% | 7.44% | 2.31% |
| Consumer Staples | 7.39% | 6.44% | 0.96% |
| Energy | 3.39% | 3.77% | -0.38% |
| Financials | 26.96% | 26.28% | 0.68% |
| Health Care | 12.71% | 11.86% | 0.85% |
| Industrials | 7.65% | 7.48% | 0.17% |
| Information Technology | 4.77% | 4.08% | 0.69% |
| Materials | 20.37% | 20.10% | 0.28% |
| Real Estate | 3.76% | 6.88% | -3.12% |
| Utilities | 0.65% | 1.72% | -1.07% |
| Cash | 0.94% | 0.00% | 0.94% |

Fund Disclosures

| | |
|--|-----|
| Key service provider changes | Nil |
| Key individual changes | Nil |
| Risk profile or investment strategy material changes | Nil |

Further Information

| | |
|--------|------------------------------------|
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Platform Availability

| | |
|---------------------|----------------|
| HUB 24 Super & IDPS | Macquarie Wrap |
| Netwealth | Praemium IDPS |

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 Fund management fees and operating costs. Individual Investor level taxes are not taken into account when calculating net returns. This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance. ² Net Asset Value refers to the CC Sage Capital Equity Plus Fund ARSN 634 148 913 and is calculated as Fund assets less Fund liabilities. ³ All figures disclosed include the net effect of GST and RITC. ⁴ Performance Fee of 20.5% based on outperformance over the Fund Benchmark, net of the Management Fee and includes the net effect of GST and RITC. ⁶ Relative Sector Breakdown shows portfolio weights relative to the S&P/ASX 200 Accumulation Index.

Performance Review

The CC Sage Capital Equity Plus Fund delivered a return of 2.79% in August which resulted in underperformance of 0.05% under the S&P/ASX 200 Accumulation return of 2.83%. The equity market continued its positive trajectory from its March lows, finishing up 2.8% in August, a bounce of 34% off the March lows, but remains in negative territory for the year to date.

Key stock contributors for the month were long positions in Corporate Travel Management (CTD) (+83%) which reported a better than expected result and rallied as investor confidence increased about its ability to return to profitability even in a world of subdued corporate travel, Reliance Worldwide (RWC) (+43%) whose earnings surprised the market, benefiting from the strong US housing market and NRW Holdings (NRW) (+20%) delivered a stronger than expected result and provided guidance which drove earnings upgrades. Our short position in Whitehaven Coal (WHC) (-33%) also contributed to performance, reporting a poor result and spooking the market with its high debt levels. Other notable positive contributions came from a long position in Charter Hall Group (CHC) (+19%) whose result showed stronger than expected funds management growth and earnings guidance that drove upgrades and BWX Limited (BWX) (+29%) which had a good result and provided solid guidance.

Key detractors for the month were short positions in WiseTech Global (WTC) (+36%) which provided guidance higher than market expectations, Monadelphous Group (MND) (+27%) which rallied post a "less bad" result and Flight Centre (FLT) (+25%) as it reported a lower than expected monthly cash burn and broke out corporate earnings for the first time.

Market Review

In August, the S&P/ASX 200 Accumulation Index was up 2.83%, with liquidity and low interest rates driving technology and growth stocks in particular. Information Technology (+15.5%) was the best performing sector, followed by Consumer Discretionary (+8.7%), REITs (+7.9%), Industrials (+4.6%) and Health Care (+4.0%). Utilities (-4.8%), Communication Services (-3.8%) and Consumer Staples (-0.4%) were the worst performers, but this was largely driven by poor profit reports from key constituents such as AGL and Telstra.

Market Outlook

The reporting season saw significant volatility across the market with positioning seemingly as important as the quality of results. Some of the interesting trends were strength across the retailing space, with shifts in spending patterns, the move to online and income support from the government and early super withdrawal enough to offset the move higher in unemployment. Many businesses had some level of disruption though, such as a slowdown in elective surgery in healthcare or an exposure to leisure and hospitality that was affected by lockdowns. None were quite as impacted as the travel sector though, which largely ground to a halt. The mining sector sailed through unaffected, while the significant exposure to iron ore was a material boost to profits and dividends.

We are approaching a very interesting juncture in the outlook for markets. Prospects of a successful vaccine for COVID-19 have increased significantly in recent months. There are now around 200 vaccines in development and a dozen of those are in late stage clinical trials. The Sage Capital investment team see a markedly increased chance of having a successful vaccine candidate by early 2021.

This has significant implications for the earnings and returns of a range of companies. Humans are highly adaptive and have responded to coronavirus lockdowns by materially shifting their spending patterns. They are spending less money on travel, eating out and socialising and much of that spending has shifted into new areas including home office, homewares and electronics. This has been confirmed in the recent reporting season where retailers with an exposure to these spending patterns, in particular those with a meaningful online presence witnessed a boom in sales. Conversely, those companies with exposure to travel or transportation didn't have earnings to report. While unemployment has spiked, government stimulus and rent and loan deferrals have insulated earnings for significant parts of the listed market.

A vaccine is likely to see life return largely towards the "old normal" and for spending patterns to reverse. However, we are also likely to see some more permanent changes in behaviour, with the increased acceptance of working from home probably the most significant. This has the potential to drive significant long-term shifts in demand for CBD office space, transportation and the viability of related businesses. However, it will be difficult to disentangle these shifts in spending patterns and structural changes from the impact of government stimulus and support measures and a recovery from lockdowns and social distancing. In the short-term, the market is more likely to focus on recovering earnings and Sage Capital will likely maintain some exposure to affected industries such as travel and hospitality.

Another potential impact of positive vaccine news is a rotation away from high priced technology shares. Sage Capital has previously discussed the exponential impact that falling real interest rates have on the valuations of companies with high growth rates. Conversely, it doesn't take much in the way of positive growth news and slightly higher bond yields to drive a significant valuation correction across the market. While Sage Capital is wary of shorting companies that are delivering good earnings growth, we also don't want the portfolio exposed to a significant valuation rotation. As such, Sage Capital is maintaining a neutral stance on average across the growth stocks and has also taken some profits in our long gold position.

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