

Class A

Fund Performance

Returns ¹	1 month	3 months	6 months	FYTD	1 year	2 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	1.74%	5.28%	5.40%	5.28%	9.90%	12.05%	10.98%
Benchmark Return ²	0.00%	0.01%	0.01%	0.01%	0.04%	0.23%	0.27%
Active Return (After fees)	1.74%	5.27%	5.39%	5.27%	9.86%	11.82%	10.71%

About Sage Capital

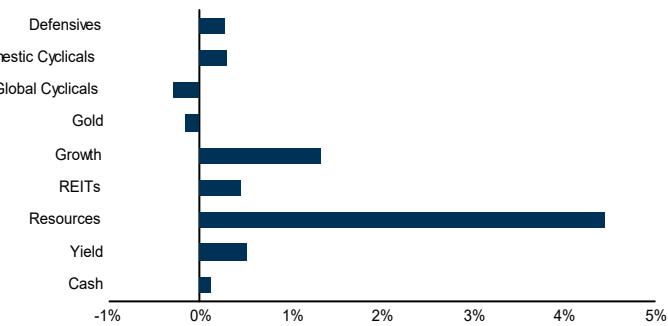
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

The Sage Capital investment team owns 100% of the firm and invests alongside its clients.

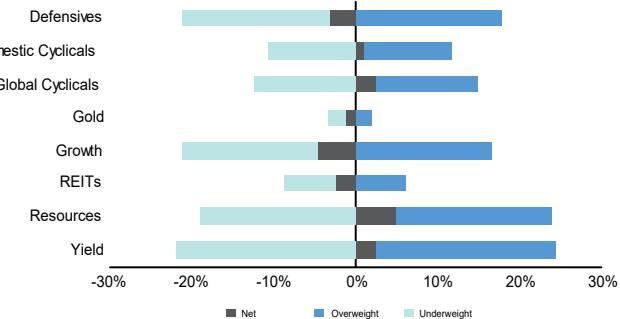
About the Fund

The CC Sage Capital Absolute Return Fund aims to provide an uncorrelated source of returns whilst eliminating equity market exposure, where long and short positions offset each other.

Sage Group Contributors to Fund Performance (Gross of Fees)



Sage Group Allocation Weights



Fund Facts

Investment Style	An Australian equity market neutral long short strategy
Net Asset Value	\$83.3 million ³
Inception Date	20 Aug 2019
Benchmark	RBA Cash Rate
Management Fee	1.29% 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

Platform Availability

AMP MyNorth	Ausmaq	BT Panorama
BT Wrap	Colonial First Wrap	HUB24
Macquarie Wrap	Mason Stevens	MLC Wrap/Navigator
Netwealth	Powerwrap	Praemium

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Portfolio Metrics

Since Inception	
Sharpe Ratio ⁶	2
Volatility ⁶	5.4%
Maximum monthly drawdown	-2%
As at end of month	
Long exposure	118%
Short exposure	-119%
Gross exposure	236%
Net exposure	-1%
Number of long positions	51
Number of short positions	58

¹ Performance is for the CC Sage Capital Absolute Return 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 RBA Cash Rate Total Return 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 Absolute Return Fund had another strong month in September, returning 1.74% versus the RBA Cash Rate of 0.00%, resulting in outperformance of 1.74%. Top positive contributors to performance by Sage Groups* were Resources, Domestic Cycicals and Yield. In the Resources Sage Group, the portfolio benefited from short positions in Mineral Resources (MIN -18%) and Fortescue Metals (FMG -21%) as the iron ore price fell for a second month in a row on the back of slowing demand from China. Long positions in energy stocks also drove performance including Santos (STO +19%) and Karoon Energy (KAR +26) as the oil price jumped as demand exceeded supply. In the Domestic Cycicals Sage Group, performance came from a broad range of stocks that mildly outperformed the market including long positions in Ampol, CSR and Accent Group and a short position in Wesfarmers which underperformed. In the Yield Sage Group, the key drivers were long positions in Computershare (CPU +10%) which benefits from rising bond yields which spiked up during the month, Macquarie Group (MQG +9%) which released a bullish trading update and Auckland International Airport (AIA +9%) which rose when with Sydney Airport (SYD +3%) received an increased takeover offer.

Detracting Sage Groups were Defensives and Global Cycicals. The chief detractor in the Defensives Sage Group was a short position in TPG Telecom (TPG +16%) which bounced on more positive sentiment on the mobile market. Chief detractor in the Global Cycicals Sage Group was a short position in Flight Centre (FLT +31%) which rallied as the reopening of international borders becomes more of a reality by year end.

Market Review

The S&P/ASX 200 Accumulation Index recorded its first negative month for 2021, finishing down -1.85% in September but still up 14.83% year to date. It was an eventful month in the resources space with an unprecedented demand shock for iron ore due to Chinese policy cuts and economic slowdown exacerbated by the collapse of one of its largest property developer, Evergrande. This resulted in the iron ore price plummeting 30% to around half of where it was just 2 months ago taking iron ore stocks down with it. Energy stocks on the other hand had a very strong month as the oil price continued to soar, up over 60% year to date and 8% for the month due to global demand outstripping supply as companies reign back investment in fossil fuel projects and OPEC not increasing output.

US bond yields have also jumped sharply during the month as the US Federal Reserve signalled that it will begin tapering earlier than expected in November. As a result, the strongest Sage Group for the month was Yield (+2%), which comprises stocks which benefit from bond yields rising. The weakest Sage Groups were Gold (-10%) due to a weaker gold price, Resources (-6%) driven by the iron ore names and Growth (-4%) which comprises long duration growth stocks which tend to underperform when bond yields rise.

Portfolio Positioning and Market Outlook

The debate continues regarding the critical issue of inflation and whether it is temporary or here to stay. There is continuing evidence globally of labour shortages, rising material costs and when combined with the energy price surge, it makes the prospect of continued higher inflation more likely. The US Federal Reserve has also flagged it will begin tapering later this year, hence Sage Capital expect bond yields will likely move higher from here.

Sage Capital are cognisant of the impact of rising bond yields on equity valuations, particularly when coming from such a low starting point. Equities tend to be able to withstand a rising bond yield environment if the increase is simply due to strong economic growth, however, if the increase is more related to monetary policy tinkering as seems be the case now, the outlook for equities and growth stocks in particular is more complex.

Because of the unpredictable nature of various macroeconomic factors, Sage Capital manage portfolios using Sage Groups, which helps insulate the portfolios from macroeconomic shocks and, in the current environment, Sage Capital believe this risk control is more important than ever.

Within the Yield Sage Group, the portfolio currently has long positions in companies with strong earnings outlooks and will likely benefit the most from higher bond yields. Within the Growth Sage Group, the portfolio is positioned long in companies that Sage Capital believes have strong pricing power, solid growth and reasonable valuations and short companies where Sage Capital see earnings risk and very stretched valuations. In the Resources Sage Group, Sage Capital continue to prefer energy related stocks over iron ore as Sage Capital believes the reduction in Chinese demand for iron ore and the oil supply/demand imbalance will continue for a while longer.

As always, Sage Capital remain relatively neutral across the Sage Groups which allows the portfolio to be well insulated from unexpected systematic macro risks whilst benefiting from stock selection.

Fund Disclosures

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

CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

September 2021

Class A

*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.

Definition of Terms:

Sharpe Ratio - Annualised average monthly excess Fund return (net of fees) divided by Fund volatility. Excess return is the Fund return minus the risk free rate, which is the RBA Cash Rate.

Volatility - Annualised standard deviation of monthly returns (net of fees) since inception.

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