

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	1.26%	12.42%	16.14%	13.76%	5.45%	-	10.58%
Benchmark Return	0.31%	11.89%	13.55%	12.99%	-3.11%	-	3.81%
Active Return (After fees)	0.95%	0.53%	2.59%	0.77%	8.56%	-	6.77%

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	\$36.0 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	\$1.1471
Long Exposure	117%
Short Exposure	-18%
Gross Exposure	135%
Net Exposure	99%

Top 5 Active Holdings⁶

Stock Name	Sage Group*
Woolworths Group Ltd	Defensives
Ansell Ltd	Global Cyclical
Breville Group Ltd	Growth
Credit Corp Group Ltd	Yield
Westpac Banking Corp	Yield

Sector Allocation Weight⁷

Sage Group*	Fund	Benchmark	Active
Defensives	13.78%	16.93%	-3.15%
Domestic Cyclical	8.78%	7.92%	0.87%
Global Cyclical	4.83%	3.86%	0.97%
Gold	2.66%	2.92%	-0.26%
Growth	18.07%	18.03%	0.04%
REITs	3.85%	6.22%	-2.37%
Resources	18.30%	17.43%	0.87%
Yield	28.76%	26.70%	2.06%
Cash	0.97%	0.00%	0.97%

*Sage Capital uses a custom grouping system for long short positions.

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

AMP North	BT Panorama
BT Wrap	HUB 24 Super & IDPS
Macquarie Wrap	Mason Stevens
Netwealth	Praemium IDPS
Xplore Wealth	

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. ⁵ Active Holdings shows portfolio weights relative to the S&P/ASX 200 Accumulation Index. 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 generated net returns of 1.26%, outperforming its benchmark by 0.95% during the month. Pleasingly, this return came across all both our long and short exposures and all eight Sage Groups (Defensives, Domestic Cyclical, Global Cyclical, Gold, Growth, REITs, Resources and Yield).

January was a strong month for the Sage portfolios, with every Sage Group making a positive contribution. The best performing Sage Group was Growth. A key contributor to performance was a long position in Breville Group (BRG), maker of coffee machines, toasters and other home appliances, which rose 13% as elevated spending on household items continued, evidenced by a wave of upbeat trading updates from retailers. We continue to hold BRG as we like its global growth potential and high returns on capital. Our short position in global fund manager Magellan Financial (MFG) also aided performance with the stock dropping 11% as poor fund performance resulted in lower performance fees and earnings downgrades. We have subsequently closed our short position, as we believe Magellan is a quality business with good long-term growth prospects.

Global Cyclical and Resources Groups were also strong contributors. Of note were long positions in global fertiliser company Nufarm (NUF) which rose 18% as the global agricultural recovery gathered pace and resource companies Lynas Rare Earths (LYC) up 20% as the lithium price rallied and Nickel Mines (NIC) which ended the month up 14%.

Market Review

The S&P/ASX 200 Accumulation Index rose by 0.31% during the month, finishing relatively flat after a sell-off in the final days of the January. A steepening yield curve triggered a rotation away from long duration lower growth assets into recovery sectors. As a result, the best performing Sage Groups across the market were Global Cyclical, Domestic Cyclical and Yield while REITs, Defensives and Gold lagged the overall index.

Portfolio Positioning & Outlook

The prospect of a broad recovery in economic activity continues both domestically and abroad. This is being driven by steady progress on vaccinations allowing some likely easing in lockdown conditions as well as plentiful fiscal and monetary support. The portfolio is well positioned for this recovery, although we have been rebalancing some of our domestic retail exposure towards home building. Retailers have been producing quite staggering profits but, will face some headwinds as JobKeeper payments and super withdrawals wind down. Housing demand is continuing to increase as building incentives combine with low interest rates and a desire for space driven by the work from home trend. This acceleration in household formation should last the next couple of years but, may need a more aggressive immigration program to maintain demand after that. The early success of vaccines is also improving sentiment towards the travel industry which had been consolidating in recent months.

The most significant risk across markets are the clear pockets of speculation that are building up. This is apparent in the frenzy around IPO's as well as the expansion in the market capitalisation of loss-making companies. Most recently, the lunacy of GameStop has been making headlines in terms of retail speculation and stop losses on shorts. The broad diversification and style neutrality of our approach means that we are largely untouched by this volatility. While we see central banks continuing to support markets with easy liquidity, a recovery in growth and inflation as the oil price collapse rolls off could easily see bonds pressured and further sharp rotations between growth and value. With these risks we continue to view it as prudent to maintain a balanced style and avoid positions in the more speculative parts of the market.

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