CAPITAL

CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

March 2021

Class A

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	1.65%	4.21%	7.65%	4.27%	9.98%	-	10.96%
Benchmark Return[2]	0.00%	0.01%	0.06%	0.03%	0.09%	-	0.35%
Active Return (After fees)	**1.65%**	**4.20%**	**7.59%**	**4.24%**	**9.89%**	**-**	**10.61%**

About Sage Capital

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.

Fund Facts

Investment Style	A market neutral long/short strategy
Net Asset Value	$41.7 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

Sage Capital Investment Team

Sean Fenton	Kelli Meagher CFA
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Contact Details

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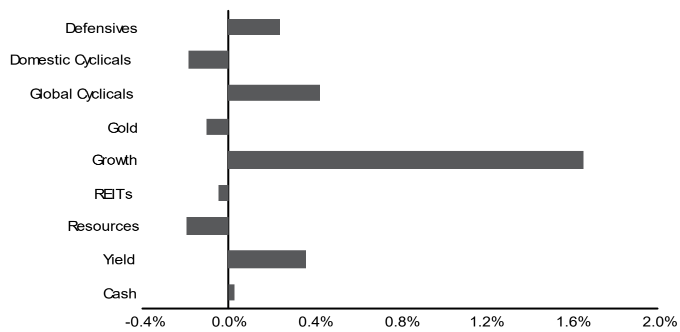
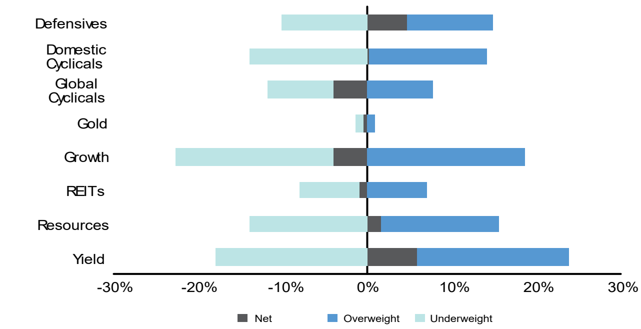
Gross Contribution to Sage Group



Sage Group Allocation Weights



Portfolio Metrics

Since Inception	
Sharpe Ratio [6]	2
Volatility [6]	5.5%
Maximum monthly draw	-1.1%
As at end of month	
Long Exposure	103%
Short Exposure	-100%
Gross Exposure	203%
Net Exposure	2%
No. of Longs	49
No. of Shorts	55

[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 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] 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% based on outperformance over the Fund Benchmark, net of the Management Fee and includes the net effect of GST and RITC. [6] Refer to Definition of Terms at the end of the report.

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Performance Review

The CC Sage Capital Absolute Return Fund returned 1.65% in March versus the RBA Cash Rate of 0.00%, resulting in outperformance of 1.65%.

Stock selection drove performance with a top contributor being a long position in Graincorp which rose 24% during the month driven by an upbeat investor day and the benefit of heavy rainfall across the east coast of Australia. Stocks in the Growth Sage Group* were strong contributors to performance including short positions in Zip Co (Z1P) and A2 Milk (A2M). The Buy Now Pay Later (BNPL) segment as a whole was weak and Zip Co was no exception, falling by 29%. Trading on such large multiples they were vulnerable to a pull back, driven by higher US bond yields and fears of increased competition with PayPal's entry to the market. A2 Milk continued its downward spiral, falling by 13% as it continued to lose market share to domestic infant formula brands in China. Long positions in several "COVID winners" also drove performance, with JB Hi-Fi (JBH) up 19% and Metcash (MTS) and Ansell (ANN) both up 9% as the market assessed that these companies may continue to benefit from COVID spending dynamics for longer than expected.

Key detractors to performance were a short position in Premier Investments (PMV) which reported a strong result and rallied 23% along with other Consumer Discretionary stocks and a short position in Crown Resorts (CWN) which rose 18% after receiving a highly conditional takeover bid from Blackstone Group.

Market Review

The S&P/ASX200 Accumulation Index finished up 2.44% in March. Post a large spike in the 10-year bond yield in February, Australian bond yields fell modestly in March, supporting returns for Utilities, REITs and Consumer Discretionary stocks. Resources was the worst performing sector falling 6%, giving back most of the strong gains in February. Technology also underperformed, largely driven by Afterpay (APT) which was down 15% along with other BNPL names.

Sage Capital also saw an uptick in M&A activity with a takeover bid for Crown Resorts by Blackstone Group, Computershare (CPU) acquiring the assets of Wells Fargo Corporate Trust Services and REA Group (REA) acquiring Mortgage Choice (MOC). With low funding costs and improving confidence Sage Capital also expect to see increased M&A activity. COVID winners, in particular, could take advantage of their recent spike in profits, cashflow and share price to acquire assets to support longer term growth.

Portfolio Positioning and Market Outlook

Australia has done a remarkable job of navigating the global pandemic, and while not perfect, JobKeeper has done its job of keeping the Australian economy afloat, with it now in a good position to stage a strong recovery as the COVID-19 vaccines are rolled out.
National house prices continue to accelerate which is supportive for spending through wealth effects and should encourage households to save less, which is particularly important at this point as direct fiscal stimulus measures taper off. It should also support construction activity and employment. The vaccine rollout will support a shift in spending from goods to services such as travel, entertainment and eating out and Sage Capital will be closely watching spending trends, especially for retailers who have enjoyed unsustainably high boosts in sales through COVID and will begin to cycle those strong sales numbers.

The global economic recovery has driven a steepening in the yield curve and supported a rotation to cyclicals and value over growth for several quarters. This dynamic may continue as growth and inflation rebound, but could easily reversion with central bank policy support and intervention. As such, Sage Capital view it as prudent to control risk across this dynamic which is a core part of our investment philosophy. Sage Capital continue to favour companies with strong earnings outlooks and exposure to an economic recovery while remaining cautious on stocks where valuations have become stretched or boosted by easy liquidity and speculation. Sage Capital remain broadly neutral across the Sage Groups and continue to believe a style neutral approach to portfolio management will deliver the best returns through time.

Fund Disclosures

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

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.