

Fund Performance

Returns ¹	1 month	3 months	6 months	FYTD	1 year	3 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	0.41%	3.82%	6.21%	9.95%	9.77%	-	11.19%
Benchmark Return ²	0.00%	0.01%	0.02%	0.06%	0.08%	-	0.32%
Active Return (After fees)	0.41%	3.81%	6.19%	9.89%	9.69%	-	10.87%

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.

Fund Facts

Investment Style	An Australian equity market neutral long short strategy
Net Asset Value	\$52.0 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

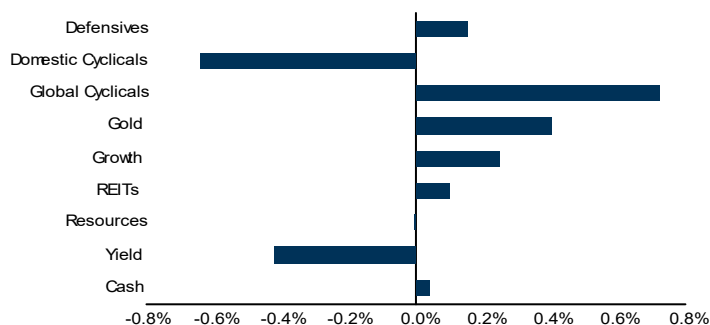
Platform Availability

AMP MyNorth	Ausmaq
BT Panorama	BT Wrap
Colonial First Wrap	HUB 24
Macquarie Wrap	Mason Stevens
Netwealth	Powerwrap
Praemium IDPS	

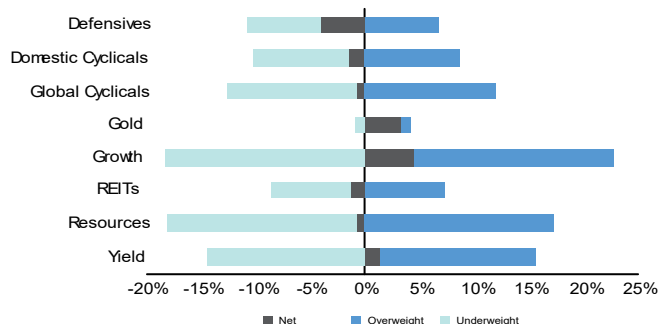
Contact Details

Phone: 1800 940 599
 Email: clientservices@channelcapital.com.au
 Web: www.sagecap.com.au

Sage Group Contributors to Fund Performance (Gross of Fees)



Sage Group Allocation Weights



Portfolio Metrics

Since Inception

Sharpe Ratio ⁶	2.1
Volatility ⁶	5.3%
Maximum monthly drawdown	-1.1%

As at end of month

Long exposure	95%
Short exposure	-95%
Gross exposure	189%
Net exposure	0%
Number of long positions	49
Number of short positions	47

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 returned 0.41% in May versus the RBA Cash Rate of 0.00%, resulting in outperformance of 0.41%. Global Cyclicals* was a strong positive contributor to performance, driven by our long position in Corporate Travel (CTD +13%) and short in Flight Centre Travel (FLT -9%). A short position in A2 Milk (A2M -24%) in the Growth Sage Group also aided performance as it gave yet another poor trading update, revealing large quantities of excess inventory and continued slow sales in China. This outperformance was tempered somewhat by two long positions in the Growth Sage Group: EML Payments (EML -42%) which fell after the Central Bank of Ireland raised concerns on its risk and control frameworks and Fisher and Paykel Healthcare (-17%) which fell after giving a conservative but cautious outlook for the coming year. A long position in Perseus Mining (PRU +18%) was also a strong contributor as gold stocks rallied given their perceived hedge attributes against anticipated higher inflation as well as a short position in AGL (-9%) as it continued to suffer from falling wholesale electricity prices.

Market Review

The S&P/ASX200 Accumulation Index finished up 2.34% in May. A big focus of the market was the possibility of higher than expected inflation and the impact on bond yields so it's no surprise the strongest performing Sage Groups were Gold (+10%) for its inflation hedge attributes and Yield (+6%) which comprises companies that tend to perform well when bond yields are expected rise such as banks and insurers. In this environment, value outperforms growth, which is what Sage Capital saw play out during the month. At Sage Capital, we focus on managing the portfolios such that we are not exposed to style rotations and aim to deliver consistent returns driven by stock selection.

Portfolio Positioning and Market Outlook

Sage Capital are closely watching vaccination rates around the world and the path to reopening for many economies. There remains a high level of uncertainty for many companies in the aftermath of the pandemic, be it the timing of international borders reopening, snap lockdowns, supply chain disruptions and elevated freight costs and labour shortages. However, the success in vaccines in suppressing infections and illness is seeing a more rapid opening of economies across the US and Europe. This is likely to start driving a normalisation in spending patterns and reversal of many lockdown induced impacts.

There is ongoing debate as to the extent and duration of inflation pressures and the flow on effect to bond yields as well as the impact of rising costs on company margins. Central banks are sanguine at this stage, although markets are likely to become nervous if higher inflation persists through the end of the year. Sage Capital prefer to be long companies with some level of competitive advantage and pricing power so that cost increases can be passed through.

While heightened uncertainty remains as we exit the global pandemic, the future is certainly more clear than it was a year ago and we are taking measured positions to benefit from a gradual global reopening while examining valuations closely to ascertain what range of outcomes is being priced in. As always, Sage Capital remain relatively neutral across the Sage Groups which allows the portfolio to be well insulated from unexpected systematic macro risks while benefiting from our stock selection.

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.

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.

The information contained in this report is provided by the Investment Manager, Sage Capital Pty Ltd ACN 632 839 877 AR No. 001276472 ('Sage Capital'). Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML') is the Responsible Entity and issuer of units in the CC Sage Capital Absolute Return Fund ARSN 634 149 287 ('the Fund'). Neither CIML nor Sage Capital, their officers, or employees make any representations or warranties, express or implied as to the accuracy, reliability or completeness of the information contained in this report and nothing contained in this report is or shall be relied upon as a promise or representation, whether as to the past or the future. Past performance is not a reliable indication of future performance. This information is given in summary form and does not purport to be complete. Information in this report, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling units in the Fund and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. Readers are cautioned not to place undue reliance on forward looking statements. Neither CIML nor Sage Capital have any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date of this report. For further information and before investing, please read the Product Disclosure Statement available from www.sagecap.com.au and www.channelcapital.com.au.