CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

June 2021

Class A

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	-1.98%	0.11%	4.32%	7.77%	7.77%	-	9.49%
Benchmark Return[2]	0.00%	0.01%	0.02%	0.07%	0.07%	-	0.30%
Active Return (After fees)	**-1.98%**	**0.10%**	**4.30%**	**7.70%**	**7.70%**	**-**	**9.19%**

About Sage Capital

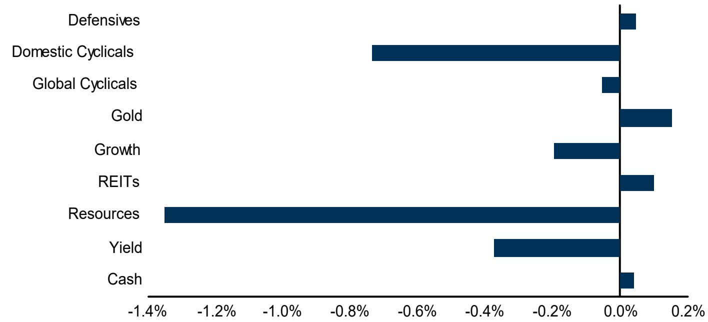
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

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

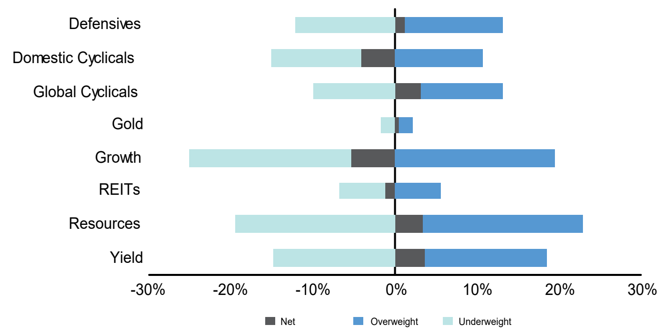
About the Fund

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	$57.8 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 Availabilty

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

Portfolio Metrics

Since Inception	
Sharpe Ratio [6]	1.7
Volatility [6]	5.5%
Maximum monthly drawdown	-2%
As at end of month	
Long exposure	106%
Short exposure	-105%
Gross exposure	211%
Net exposure	1%
Number of long positions	55
Number of short positions	46

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[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.

SAGE CAPITAL

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Performance Review

The CC Sage Capital Absolute Return Fund returned -1.98% in June versus the RBA Cash Rate of 0.00%, resulting in underperformance of 1.98%. Top positive contributors to performance included the Sage Groups*, Growth and REITs. In Growth, long positions in ResMed (RMD +21%) and Afterpay (APT +27%) drove performance. RMD rallied following a competitor issuing a product recall which is likely to boost RMD's market share and Afterpay had a strong month along with most other technology stocks as growth stocks in general staged a comeback. Positive performance from the REITs Group was driven by a long position in Charter Hall Group (CHC +8%) on the back of continued upgraded property valuations. A long position in Metcash (MTS +13%) also aided performance after reporting a strong full year result and announcing an off-market buyback.

On the negative side, Resources, Domestic Cyclicals and Global Cyclicals were a drag on performance. In Resources, key detractors were short positions in: lithium and iron ore producer Mineral Resources (MIN +18%) which rallied as increases in the long-term price forecasts pervaded the market, Iluka (ILU +19%) which traded up on expectations of elevated mineral sands prices as supply in the market tightens and Worley Limited (WOR +13%) which rallied with a surge in the oil price. A key detractor was the outperformance of these stocks above the long positions across the lithium and energy sectors which were all flat to down. A long position in Genworth Mortgage Insurance (GMA -20%) also hurt performance when it announced that its long-standing contract with CBA was up for tender, despite trading at a discount to book value already.

Market Review

The S&P/ASX 200 Accumulation Index finished up 2.26% in June. During the month, the US Federal Reserve indicated that there may be a tightening of rates earlier than anticipated given the strong economic recovery and outlook for higher inflation. This resulted in a flattening of the yield curve and a drop in the 10-year bond yield which is a key positive driver for the performance for many stocks in the Sage Growth Group (+5.3%) and REIT Group (+5.5%). Within Growth, high growth Technology stocks were particularly strong. In contrast, the Gold Group (-13.3%) fell sharply as gold is a commodity that is highly sensitive to inflation expectations and hence bond yields. The gold price did disconnect a little from real yields during the month though, which in Sage Capital's view should have been more supportive. The Sage Capital investment team focus on managing portfolios to minimise exposure to style rotations and unexpected macro events with the aim to deliver consistent returns driven by stock selection.

Portfolio Positioning and Market Outlook

The global economy is approaching an inflection point with central banks beginning to pivot away from further monetary accommodation. This reflects a stronger recovery than expected as vaccines have enabled a faster reopening of the global economy. The strong growth, aided by low rates and fiscal support, has combined with some capacity constraints in the economy to drive a sharp bounce in inflation. The official line from central banks is that this is the transitory cycling of some Covid-19 impacts, but inflation expectations are being upgraded. Sage Capital believes that whether inflation proves to be transitory or not, it will be the key driver of markets over the next year. With the risk that inflation persists and central bank tapering of QE begins in earnest there is a risk that the yield curve begins steepening once again.

The spread of the more infectious Covid-19 Delta variant and other mutations of Covid-19 have generated some uncertainty over vaccine efficacy. While it appears that most vaccines are less effective against the Delta variant, they do appear to still provide strong protection against infection and very good protection against serious illness and death. That said, further mutations that challenge vaccine efficacy could derail the current reopening trend across the global economy.

Australia continues to experience snap lockdowns and border closures and the vaccination rollout has been slow. The recent spread of the Delta variant has provided a renewed impetus to vaccination efforts with a clear acceleration occurring. The RBA has recently begun pivoting away from its commitment to ultra-loose monetary policy. The ending of the term funding facility for banks and limiting the duration of bond purchases should begin to see fixed mortgage rates rise and begin to temper growth in the housing market. The services sector is rebounding strongly with forward employment indicators showing ongoing strength and skilled labour shortages if anything becoming an issue.

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