

### Fund Performance

Returns <sup>1</sup>	1 month	3 months	6 months	FYTD	1 year	3 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	0.69%	-0.91%	3.01%	0.69%	5.11%	-	9.44%
Benchmark Return <sup>2</sup>	0.00%	0.01%	0.01%	0.00%	0.06%	-	0.29%
<b>Active Return (After fees)</b>	<b>0.69%</b>	<b>-0.92%</b>	<b>3.00%</b>	<b>0.69%</b>	<b>5.05%</b>	-	<b>9.15%</b>

### 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

<b>Investment Style</b>	An Australian equity market neutral long short strategy
<b>Net Asset Value</b>	\$62.8 million <sup>3</sup>
<b>Inception Date</b>	20 Aug 2019
<b>Benchmark</b>	RBA Cash Rate
<b>Management Fee</b>	1.29% p.a. <sup>4</sup>
<b>Administration Fee</b>	0.10% p.a. <sup>4</sup>
<b>Performance Fee</b>	20.5% p.a. <sup>5</sup>
<b>High Water Mark</b>	Yes
<b>Distributions</b>	Semi-annually at 31 December and 30 June

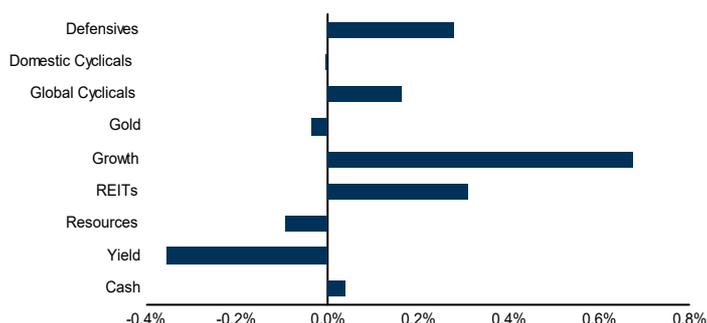
### Platform Availability

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

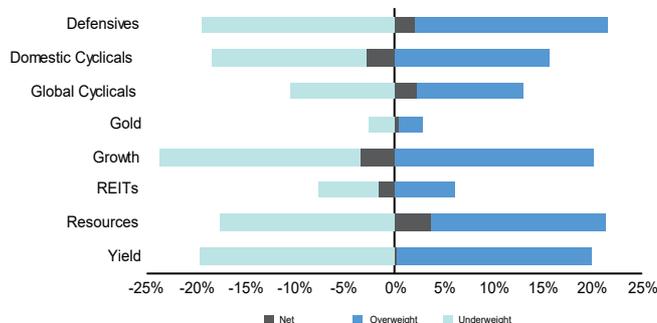
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### Sage Group Contributors to Fund Performance (Gross of Fees)



### Sage Group Allocation Weights



### Portfolio Metrics

<b>Since Inception</b>	
Sharpe Ratio <sup>6</sup>	1.7
Volatility <sup>6</sup>	5.4%
Maximum monthly drawdown	-2%
<b>As at end of month</b>	
Long exposure	120%
Short exposure	-120%
Gross exposure	241%
Net exposure	0%
Number of long positions	63
Number of short positions	59

<sup>1</sup> 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. <sup>2</sup> Benchmark refers to the RBA Cash Rate Total Return Index. <sup>3</sup> Net Asset Value is calculated as Fund assets less Fund liabilities. <sup>4</sup> All figures disclosed include the net effect of GST and RITC. <sup>5</sup> 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. <sup>6</sup> Refer to Definition of Terms at the end of the report.

## Performance Review

The CC Sage Capital Absolute Return Fund returned 0.69% in July. Top positive contributors to performance by Sage Groups\* were Growth, REITs and Defensives. In Growth, performance was driven by a broad range of stocks with two of note being Carsales.com (CAR +11%) which rose as the market digested its recent capital raising and took a more positive view of its US acquisition and ResMed (RMD +10%) which continued to rally on the prospect of gaining further market share post its key competitor's product recall. Positive performance from the REITs Sage Group was driven by a short position in Dexus (DXS -4%) which fell as the recovery in office occupancy appeared to stall and major re-leasing decisions were delayed and a long position in Charter Hall Group (CHC +5%) which rose as several industrial transactions provided strong look through valuations for the group.

The Yield Sage Group detracted from performance primarily driven by Computershare (CPU -8%) as the market became more cautious around its near term earnings outlook due to the fall in bond yields and Genworth Mortgage Insurance (GMA -7%) which continued to be dragged down post announcing its long-standing contract with CBA was up for tender.

## Market Review

The S&P/ASX 200 Accumulation Index finished up 1.10% in July. The strongest performing Sage Group was Resource (7%) as commodity prices, such as lithium, continued to surge on electric vehicle demand while the bulks producers are expected to pay large dividends with the strong iron ore price. Gold (+3%) and Defensives (+3%) were also strong as real interest rates moved further into negative territory on the back of continued central bank bond buying. The weakest Sage Groups were Growth (-2%) which was hit by some profit taking and Yield (-1%) which was held back by lower interest rates and future investment returns. 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

Economic re-opening is generally pushing ahead globally despite the increased prevalence of the Covid-19 Delta strain. Higher vaccination rates globally are proving effective at limiting hospitalisations and deaths which has allowed this momentum to continue. This stronger growth outlook is not being reflected in the bond market though, which has continued to rally with yields falling back towards lows despite significant upside inflation surprises. The message from central banks, including the US Federal Reserve, is that inflation will prove transitory and that they are prepared to be quite patient to allow it to come back down. This has helped to keep markets calm and allowed equities to continue pushing to new highs. This supportive environment is likely to continue until central banks begin to "taper" their bond purchases.

The earnings outlook remains very positive. The strong demand backdrop combined from fiscal and monetary support and economic re-opening is combining with pricing power to drive strong profits for many companies. The inflationary pressures from higher commodity prices and supply chain disruptions are generally benefitting companies who have been able to pass on price rises to other businesses and consumers and expand margins. The danger is that these expectations and behaviours become embedded, but that is a problem for another day.

On the domestic front, Australia continues to experience snap lockdowns and border closures with Sydney likely facing an extended hiatus. The silver lining is that it has created a new urgency around vaccinations which should allow for a more complete return to normal next year. Given the experience of previous lockdowns and some of the fiscal support available, the market seems content to look through any short-term economic impacts.

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 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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