SAGE
CAPITAL

CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

February 2024

Class A

Fund Performance

Returns[1]	1 month	3 months	6 months	CYTD	FYTD	1 year	3 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	-0.37%	-1.89%	0.45%	2.16%	-3.13%	-0.75%	6.45%	7.77%
Benchmark Return[2]	0.34%	1.08%	2.13%	0.74%	2.84%	4.12%	1.95%	1.41%
Active Return (After fees)	**-0.71%**	**-2.97%**	**-1.68%**	**1.42%**	**-5.97%**	**-4.87%**	**4.50%**	**6.36%**

About Sage Capital

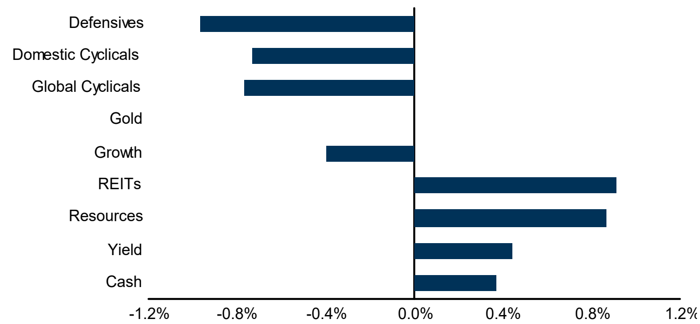
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

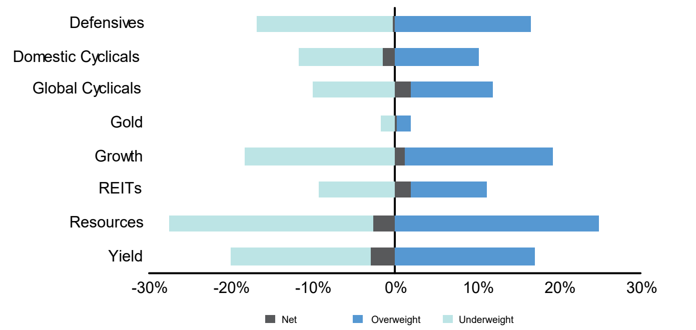
Contributors to Fund Performance*



Fund Facts

Investment Style	An Australian equity market neutral long short strategy
Net Asset Value	$685.4 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

Allocation Weights*



Portfolio Metrics

As at end of month	
Long exposure	113%
Short exposure	-115%
Gross exposure	229%
Net exposure	-2%
Number of long positions	58
Number of short positions	63
Since Inception	
Sharpe Ratio [6]	1.2
Volatility [6]	6.4%
Maximum monthly drawdown	-5.4%

Platform Availabilty

AMP MyNorth	ANZ Grow Wrap	Ausmaq
BT Panorama	Colonial First Wrap	HUB24
IOOF	Macquarie Wrap	Mason Stevens
MLC Wrap/Navigator	Netwealth	Powerwrap
Praemium	Xplore Wealth	

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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. The comparison to the RBA Cash Rate is displayed as a reference to the target return for the Fund and is not intended to compare an investment in the Fund to a cash holding. Securities held by the Fund may be exposed to a higher degree of risk than an investment in cash as the value of securities can rise and fall. [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.

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Performance Review

The CC Sage Capital Absolute Return Fund returned -0.37% in February versus the RBA Cash Rate of 0.34%.

The strongest contributors to performance were Sage Groups* Resources and REITs, while Defensives and Global Cyclicals were detractors. Key drivers of performance in Resources were a short position in Fortescue (ASX: FMG -10%) which underperformed as iron ore port inventories rose in China following the Lunar new year, a long position in Pilbara Minerals (ASX: PLS +18%) which squeezed up as lithium prices bounced. A short position in Sims (ASX: SGM -16%) after its earnings result highlighted the structural pressures in collecting scrap metal in the US, where demand is strong, and selling it to global steel makers competing against cheap Chinese steel exports. REITs was driven by a long position in Goodman Group (ASX: GMG +17%) which upgraded its earnings result and showcased a significant data centre development opportunity, and a short position in Lendlease Group (ASX: LLC -12%) which was downgraded in a messy set of results calling for another strategic review later this year. In Defensives, short positions in Wesfarmers (ASX: WES +16%) and The A2 Milk Company (ASX: A2M +20%) both of which rallied on “better than feared” first half results, detracted from performance, while in Global Cyclicals detractors included a short position in Reece (ASX: REH +18%) which rallied after delivering a better than expected result and a long position in Qantas (ASX: QAN -8%) which delivered a solid result but flagged a higher level of permanent costs to improve customer service versus market expectations.

Market Review

The S&P/ASX 200 Accumulation Index reached a new high rising +0.79% in February. Company profit reports dominated stock price moves in February with more beats than misses due to low expectations and generally better than expected profit margins. The strongest Sage Groups* in the benchmark were Domestic Cyclicals (+10%) driven by a takeover offer for CSR (ASX: CSR +27%) and discretionary retailers rallying after delivering better than feared results, and REITs (+5%) mainly due to the strong performance of Goodman Group (ASX: GMG +17%) and HMC Capital (ASX: HMC +14%) both of which delivered strong results and are harnessing the exploding data centre opportunity. The weakest parts of the market were Resources stocks on the back of concerns about the Chinese economy with the iron ore price down 12%. The S&P/ASX 200 Resources Index fell -6% with the Sage Gold Group* down -7% and the Sage Resources Group* down -6%.

Portfolio Positioning and Market Outlook

After a policy pivot at the end of last year, the US inflation outlook seems more persistent and US Federal Reserve officials have been busy walking back expectations of imminent interest rate cuts. Recent inflation numbers have been a little higher than expected with goods inflation stabilising and services inflation persisting, driven by tight labour markets and strong wages growth. Bond yields have retraced higher as a result, but to date this has had little impact on the equity market. One reason for this has been the strength in profits which was apparent through the recent reporting seasons in the US and Australia. Nvidia has been lifting the market to new highs with consistent profit surprises driven by demand for AI chips, but profits across the broader market have generally been solid. The other key driver has been easing financial conditions. This has occurred despite the increase in short term interest rates, likely the result of a very easy fiscal position and the run down in the Treasury General Account in combination with a solid economy and strong profit generation. This has manifested itself in falling credit spreads, strong equity prices and surging prices for things like gold and bitcoin. These liquidity dynamics might pull back a little as the US Treasury needs to start funding those large deficits again.

China is currently going through its annual policy setting process, targeting GDP growth at 5%. Without more direct measures to stimulate the property sector and sluggish consumer sentiment this may prove difficult to achieve. Sage Capital’s outlook for iron ore is reasonably neutral as weaker domestic trends in China are being offset by strength in the rest of Asia and a lack of new supply growth. Lithium remains very volatile after a collapse in prices last year as electric vehicle demand growth was slower than expected and a large destocking cycle. Some supply has been cut, but there are plenty of new low-cost projects that are likely to keep the market in surplus. After a short-term bounce for restocking the medium-term trends remain bearish for lithium.

The domestic economy is holding up better than expected which has been reflected in better trading results from retailers, many of whom have been boosted by the persistence of higher margins. While this is still at risk of normalisation, the stage 3 tax cuts in the middle of this year are likely to deliver a significant boost to consumption. The banking sector has been running strongly on a more sanguine economic outlook and the prospect of interest rate cuts. They are now looking quite stretched given that there is no bad debt cycle to recover from and intense mortgage competition is unlikely to disappear in a market with low top line growth. Sage Capital’s preference remains with the insurers, where the insurance margin cycle has further to play out.

Sage Capital continues to maintain low net exposure to the Sage Groups* to limit exposure to unpredictable macro risks, and as always the portfolios remain well diversified and liquid.

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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. Contributors to Active Performance is Gross of Fees.

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.