

### Fund Performance

Returns <sup>1</sup>	1 month	3 months	6 months	CYTD	FYTD	1 year	3 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	2.85%	5.08%	1.74%	5.08%	-0.37%	2.54%	6.86%	8.28%
Benchmark Return <sup>2</sup>	0.33%	1.07%	2.14%	1.07%	3.18%	4.16%	2.07%	1.46%
Active Return (After fees)	2.52%	4.01%	-0.40%	4.01%	-3.55%	-1.62%	4.79%	6.82%

### About Sage Capital

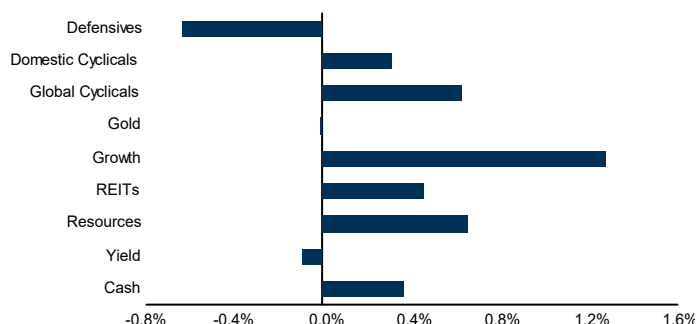
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

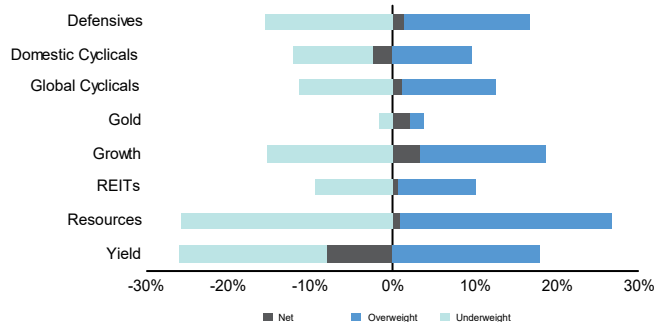
### Contributors to Fund Performance\*



### Fund Facts

<b>Investment Style</b>	An Australian equity market neutral long short strategy
<b>Net Asset Value</b>	\$676.8 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

### Allocation Weights\*



### Portfolio Metrics

<b>As at end of month</b>	
Long exposure	118%
Short exposure	-118%
Gross exposure	235%
Net exposure	0%
Number of long positions	54
Number of short positions	61
<b>Since Inception</b>	
Sharpe Ratio <sup>6</sup>	1.2
Volatility <sup>6</sup>	6.4%
Maximum monthly drawdown	-5.4%

### Platform Availability

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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<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. 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. <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 2.85% in March outperforming the RBA Cash Rate which returned 0.33%.

The strongest contributors to performance were Sage Groups\* Growth, Resources and Global Cyclical with Defensives being a detractor. Key drivers in Growth were a long position in Resmed (ASX: RMD +13%) which announced the launch of a new face sleeping mask and continued its rally after being sold off last year on GLP-1 obesity drug concerns, along with short positions in Seek (ASX: SEK -4%), REA Group (ASX: REA -4%) and Cochlear (ASX: COH -3%) which underperformed after strong price performance in February.

Key drivers of performance in Resources were long positions in Sandfire Resources (ASX: SFR +17%) on the back of upgrades to copper price forecasts and Karoon Energy (ASX: KAR +12%) driven by a higher oil price, and a short position in Arcadium Lithium (ASX: LTM -13%) as global sales of electric vehicles continued to fall. Global Cyclical benefited from a long position in Webjet (ASX: WEB +27%) which held an upbeat strategy day result, revealing its ambitious revenue targets which was well received by the market. Defensives was impacted by long positions in AGL Energy (ASX: AGL -2%), Telstra (ASX: TLS +1%) and Transurban (TCL -2%) which lagged the strong market.

## Market Review

The S&P/ASX 200 Accumulation Index rose 3.27% in March as Australian 10-year bond yields fell 17 basis points and the market factored in diminishing odds of a recession. Commodities were mixed with gold prices up and strong demand for physical gold. Oil was strong on a more optimistic demand outlook and supply discipline by OPEC. Iron ore became weaker on concerns around the health of the Chinese economy and a slow ramp up in steel production. All Sage Groups\* ended in positive territory.

The strongest contributors to the index return were Sage Groups\* Gold (+16%) as the gold price hit a record high, REITs (+10%) supported by a fall in bond yields and Global Cyclical (+7%) driven in large part by Webjet (ASX: WEB) which was up 27% after an upbeat investor day result. The weakest parts of the market were the Sage Group\* Growth (+1%) as many quality names gave back some of their strong gains in February, and Defensives (+2%).

## Portfolio Positioning and Market Outlook

Equity markets remain buoyant, underpinned by increasing confidence that the world is moving towards an easing cycle. This confidence is further supported by macroeconomic data points related to inflation and the labour market. Market participants are heavily scrutinising comments from US Federal Reserve Board members, seeking clues into the potential timing of interest rate cuts.

In Australia, an orderly slowdown appears to be under way, although the impact of income tax cuts in the middle of this year could provide a boost to spending. Corporate profit margins remain healthy and surprisingly resilient after their Covid-19 era boost. Balance sheets are strong and while there are some signs of mortgage stress developing, households generally have substantial buffers.

While corporate earnings look solid, the risk for markets is that they've now priced in an overly optimistic path for interest rates. Recent inflation prints have shown a stickiness in core services inflation. Disruption to the Red Sea stemming from the shipping saga and higher oil prices both have the potential to tick goods inflation higher. Central bankers and bond markets have been winding back their interest rate cut expectations, but this has yet to be reflected in equity markets which poses a near term risk.

Sage Capital continues to prefer companies with pricing power and those that can continue to grow regardless of the economic cycle, as the lagged impact of rising costs and slower demand continues to play out. Sage Capital remains positive on insurers over banks given insurer's pricing power and the belief that the insurance margin cycle has further to run. By comparison, bank valuations are looking 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.

Within resources, Sage Capital remains positive on oil but more cautious on iron ore given the weakness in the Chinese economy. Lithium continues to exhibit high volatility due to a slowdown in electric vehicle (EV) demand. Currently, Sage Capital maintains a neutral stance in this sector.

One area we are monitoring closely is the acceleration of generative Artificial Intelligence (AI). Although it is only in its early stages of adoption, the pace of change and potential impact on a broad range of industries is enormous. Going forward, Sage Capital believes companies that embrace generative AI and execute well in this area have the opportunity to develop significant competitive advantages over peers that do not. As time goes on beneficiaries of AI will become broader, but in these early stages the winners are companies providing the infrastructure and technology for large language models. Sage Capital currently has exposure to this thematic via a long position in Goodman Group (GMG) which is involved in building the infrastructure for datacentres.

Sage Capital continues to maintain low net exposure to the Sage Groups\* to limit the impact of unpredictable macro risks. The portfolios remain well diversified and liquid.

### 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. 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.

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