

### 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	-1.48%	0.42%	6.70%	4.35%	12.98%	9.16%	14.39%	12.74%
Benchmark Return <sup>2</sup>	-2.45%	0.30%	6.37%	3.63%	13.80%	7.16%	7.93%	6.89%
Active Return (After fees)	0.97%	0.12%	0.33%	0.72%	-0.82%	2.00%	6.46%	5.85%

### 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 Equity Plus Fund aims to achieve positive returns in excess of the S&P/ASX 200 Accumulation Index, after fees and expenses, over the long term by taking both long and short positions in selected Australian shares.

### Fund Facts

<b>Investment Style</b>	An Australian equity active extension long short strategy
<b>Net Asset Value</b>	\$308.3 million <sup>3</sup>
<b>Inception Date</b>	20 Aug 2019
<b>Benchmark</b>	S&P/ASX 200 Accumulation Index
<b>Management Fee</b>	0.79% 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

### Portfolio Metrics

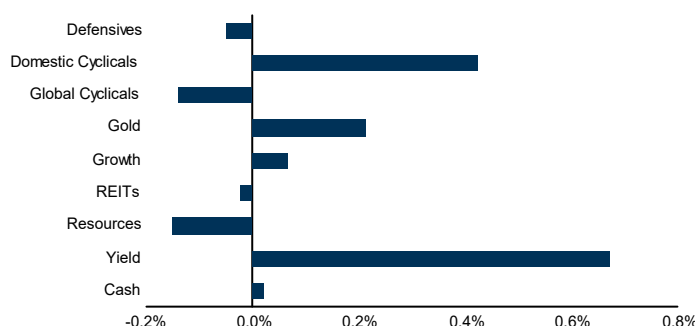
#### As at end of month

Long exposure	126%
Short exposure	-27%
Gross exposure	153%
Net exposure	99%
Number of long positions	115
Number of short positions	66

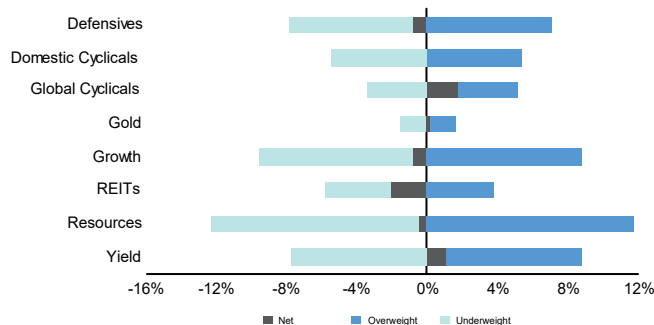
#### Since Inception

Information Ratio <sup>6</sup>	1.7
Tracking Error <sup>6</sup>	3.4%

### Contributors to Fund Performance\*



### Allocation Weights\*



### Platform Availability

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

### Contact Details

Phone: 1800 940 599  
 Email: [clientservices@channelcapital.com.au](mailto:clientservices@channelcapital.com.au)  
 Web: [www.sagecap.com.au](http://www.sagecap.com.au)

<sup>1</sup> Performance is for the CC Sage Capital Equity Plus 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 S&P/ASX 200 Accumulation 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 Equity Plus Fund returned -1.48% in February versus the S&P/ASX 200 Accumulation Index return of -2.45%.

The REITs and Global Cyclical Sage Groups\* were the strongest contributors to performance, with Growth and Resources Sage Groups being detractors. REITs performance was driven by long positions in Charter Hall Group (ASX: CHC +15%) and Goodman Group (ASX: GMG +15%) which rose due to combination of falling bond rates and strong results from Prologis, an overseas competitor, which cited continued high rental growth for industrial property. Global Cyclical was driven by a short position in Amcor (ASX: AMC -5%) which fell on uncertainties about the outlook for consumer packaging volumes and a long position in Corporate Travel Management (ASX: CTD +25%) which was strong on the back of an expected pick-up in activity following China's reopening.

On the negative side, Growth Sage Group performance was impacted by short positions in Pro Medicus (ASX: PME +21%) which announced several new client wins, and Breville Group (ASX: BRG +23%) which rallied on a short squeeze as industry data indicated trading over the Christmas period was stronger than expected. The Resources Sage Group performance was impacted by a long position in Santos (ASX: STO 0%) which gave guidance for lower than expected production due to the temporary shut down of the John Brookes platform in Western Australia and a short position in Sims Limited (ASX: SGM +17%) which bounced on perceived improvements in the scrap metal market since the last weak trading update.

## Market Review

The S&P/ASX 200 Accumulation Index finished down -2.45% in February with both the US Federal Reserve and Reserve Bank of Australia (RBA) raising rates a further 0.25% as inflationary pressures continue, and bond yields steadily rose. Company reporting season featured a higher than normal number of earnings misses and beats, demonstrating the high degree of forecasting uncertainty across the market, and outlook statements that were generally cautious. Major themes included uncertainty around future demand for consumer and housing exposed companies and wage inflation where the focus has shifted from labour availability to labour cost. The strongest Sage Groups were Global Cyclical and Defensives with the weakest being Gold and Resources. Global Cyclical was driven by Flight Centre (ASX: FLT +20%) which gave an upbeat outlook statement and announced an acquisition and capital raising that was well received by the market and Defensives which was driven in large part by Medibank Private (ASX: MPL +14%) whose result indicated that churn has stabilised and customer growth has returned post the cyber attacks on its business. Weakness in Gold was driven by a stronger US dollar and rising real yields and Resources fell a result of lower commodity prices across the board on the back of a stronger US dollar and softer demand from China.

## Portfolio Positioning and Market Outlook

Sage Capital expects interest rates both in Australia and the US to continue to rise as inflation is not yet tamed and labour markets remain stubbornly resilient. A key variable for the trajectory of interest rates and equity markets globally remains labour market data out of the US including job openings, payrolls and hourly pay. Broadly, Sage Capital believes equity market valuations are not fully reflecting higher real yields and also appear to be factoring in a soft landing scenario. History has shown that macroeconomic policy is a blunt tool which makes it difficult to engineer a soft landing making a recession a more likely outcome.

In Australia, data continues to indicate consumer spending remains solid, though this is being aided by declines in the savings rate and Sage Capital expects the full impact of recent interest rate hikes to be increasingly felt later this year. Sage Capital remains cautious on companies directly exposed to discretionary consumer spending and lower house prices but Sage Capital believes travel is a category that could prove to be more resilient due to pent up demand from the pandemic. Overall, Sage Capital continues to prefer companies with resilient earnings streams and pricing power in industries such as healthcare, insurance and telecommunications. Sage Capital is cautious on banks as aggressive competition for deposits is becoming evident as fixed rate mortgages roll off which will reduce margins going forward.

Sage Capital continues to focus on individual company earnings to drive stock selection and maintains low net exposure to the Sage Groups to limit exposure to unpredictable macro risks. The portfolio is as always, well diversified, liquid and positioned to weather the myriad of unknowns.

## 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:

**Tracking Error** - The standard deviation of excess returns (net of fees).

**Information Ratio** - The excess return of the Fund (net of fees), divided by the tracking error.



## CC Sage Capital Equity Plus Fund (APIR: CHN8862AU)

February 2023

### Class A

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 Equity Plus Fund ARSN 634 148 913 ('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](http://www.sagecap.com.au) and [www.channelcapital.com.au](http://www.channelcapital.com.au). A Target Market Determination for the Fund is available at [www.channelcapital.com.au](http://www.channelcapital.com.au).