CC Sage Capital Equity Plus Fund (APIR: CHN8862AU)

June 2025

Class A

Fund Performance

Returns[1]	1 month	3 months	CYTD	FYTD	1 year	3 years p.a.	5 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	1.12%	7.24%	5.17%	11.57%	11.57%	12.90%	14.31%	12.01%
Benchmark Return[2]	1.41%	9.50%	6.44%	13.81%	13.81%	13.56%	11.85%	8.66%
Active Return (After fees)	**-0.29%**	**-2.26%**	**-1.27%**	**-2.24%**	**-2.24%**	**-0.66%**	**2.46%**	**3.35%**

About Sage Capital

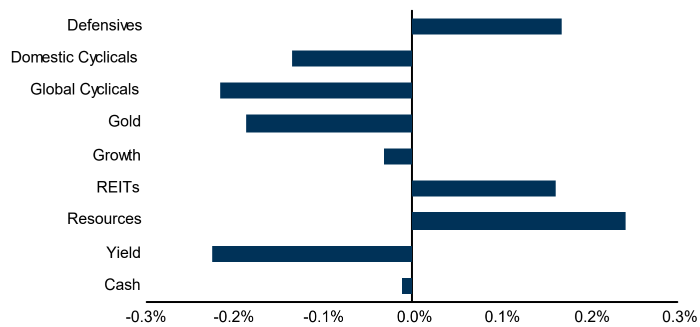
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

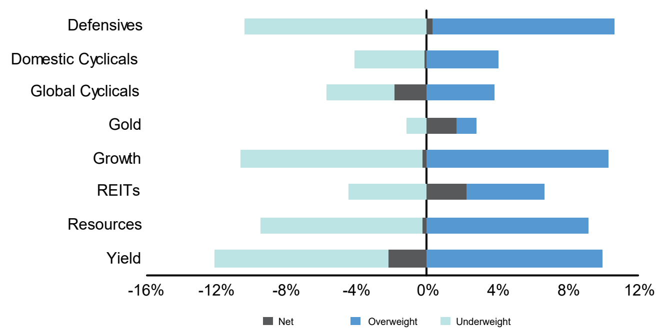
Contributors to Fund Performance*



Fund Facts

Investment Style	An Australian equity active extension long short strategy
Net Asset Value	$568.0 million [3]
Inception Date	20 Aug 2019
Benchmark	S&P/ASX 200 Accumulation Index
Management Fee	0.79% 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	127%
Short exposure	-28%
Gross exposure	155%
Net exposure	99%
Number of long positions	123
Number of short positions	58
Since Inception	
Information Ratio [6]	1
Tracking Error [6]	3.4%

Platform Availabilty

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

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[1] 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. [2] Benchmark refers to the S&P/ASX 200 Accumulation 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.

Performance Review

The CC Sage Capital Equity Plus Fund returned 1.12% in June and 7.24% over the quarter, underperforming the S&P/ASX 200 Accumulation Index by 0.29% and 2.26%, respectively.

The underperformance coincided with incredibly volatile global markets in the June quarter. This began with a sharp sell off at the beginning of April triggered by the announcement of higher-than-expected tariffs by the Trump administration. Tariffs were subsequently paused a week later which drove a sharp risk-on rally in equity markets with the ASX200 ending the quarter up +9.5%. A range of other US government policy announcements led to further big stock moves across different sectors domestically.

The portfolio wasn’t materially exposed overall to companies that were directly impacted by the tariff announcements, though there were some winners and losers. For example, a long position in South 32 (ASX: -10%), whose stock price fell after the announcement of tariffs on aluminium.

Financials were strong generally, and the Sage Group Yield was up +15% across the market. US banking regulation and fiscal stimulus, along with the flow-on effects drove the Yield group higher. Sage Capital’s net alpha in the Yield group, of -0.58%, was largely attributable to a short position in Commonwealth Bank (ASX: CBA +22%). This more than offset the gains made in Q1, as CBA’s share price multiple rebounded back beyond previous record highs. Macquarie Bank (ASX: MQG +19%) was another strong performer during the period. However, the underweight position was a modest drag on the portfolio, as “buy-the-dip” trading activity supported the stock, and expectations of US bank deregulation provided a tailwind for its capital markets business.

Elsewhere, insurers generally acted as a decent hedge in the space led by Insurance Australia Group Limited (ASX: IAG +17%), while a long position in Challenger (ASX: CGF +34%), which is set to benefit from local financial deregulation remained positive. Going forward, Sage Capital sees the share price of CBA as unsustainable in the long run given the lack of earnings growth, and we’re acutely aware there is a long list of other fund managers (and even super funds) waiting for a potential turning point.

Another area of US policy changes and announcements that were floated were related to the Food and Drug Administration agency cuts and pricing. Local sentiment was already tough after the failure of the Opthea Limited Stage 3 trial in March, and US policy announcements added to the uncertainty. Telix Pharmaceuticals (ASX: TLX -6%) has been one of Sage Capital’s stronger portfolio successes for a number of years now but was caught up in the very weak performance of the healthcare sector over the quarter, contributing to a drag on portfolio performance.

Other positions that impacted performance negatively included a long position in lithium producer Pilbara Resources (ASX: PLS -21%) which significantly underperformed other lithium names with no negative stock specific news, and Amcor (ASX: AMC -6%) which reported its third quarter 2025 results, revealing softer volumes and consumers trading down to private label products which are lower margin.

On the positive side, a key contributor was a long position in Life360 (ASX:360 +62%), which continues to deliver strong platform growth and has a very large installed user base. Sage Capital is particularly excited about its future revenue opportunities in both location-based advertising and, beyond this, a potential eventual entry into elderly care. In advertising, Life360 has unrivalled location-based data, with over 90% of the user base locations tracked continuously. This enables advertising to be tailored to microscale geographic areas (such as a local coffee shop), a unique and potentially highly valuable characteristic.

Elsewhere, positive contributions on the long side came from WiseTech Global (ASX: WTC +35%), which announced a strategic acquisition that was well received by the market, and Goodman Group (ASX: GMG +21%), whose data centre development pipeline continues to expand, attracting strong funding support from third-party capital, while market momentum once again bolstered the AI trade. Other positive contributors were a short position in Reece Limited (ASX: REH -8%), which was downgraded amidst a challenging building environment and signs of a stronger competitive environment in the US, and IDP Education (ASX: IEL -61%), which was punished after a major downgrade driven by lower student enrolment numbers and continued uncertainty around immigration policies.

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Market Review

There has been a significant level of macroeconomic uncertainty across markets of late. From intensifying geopolitical tensions in the Middle East to a barrage of US policy shifts with direct impacts on global trade, inflation, and growth, uncertainty is undeniably elevated. The April announcement of sweeping new US tariffs—dubbed "Liberation Day"—initially rattled investors, triggering concerns about a US recession and renewed inflationary pressures. But just weeks later, those fears seem to have faded. The S&P 500 has staged a V-shaped rebound, and the ASX 200 has surged to record levels.

In Australia, part of the market rally can be explained by increased inflows from offshore investors looking for exposure outside the US. Australia stands out as a relatively safe, stable economy with low direct exposure to global trade tensions and an attractive valuation given the current Australian dollar/US dollar exchange rate. Recent data shows flow from offshore have increased particularly in passive money buying the index which would explain why stocks such as CBA, which are a large part of the ASX 200 index, continue to defy gravity and all sensible measures of value.

The US market's V-shaped recovery since Liberation Day is harder to explain. The impact to the economy from tariffs standalone is significant and yet the market is higher now than before they were announced. From a short-term perspective, it appears investors found reassurance in a reasonably robust US Q1 earnings season and continued resilience of the US consumer.
Another driver may be the deepening conviction around the transformative potential of AI. AI was a dominant theme during earnings season—not just in technology, but increasingly across sectors like retail, financials, healthcare, and travel.

Several CEOs have spoken with growing confidence about using AI not only to cut costs but to unlock innovation and efficiency gains across their businesses. Used effectively, AI could shift the productivity frontier. By reducing the amount of time people spend on repetitive, low-value tasks, it opens the door for more strategic, creative, and value-accretive work. If this plays out at scale, it could drive a structural uplift in GDP growth over the medium term. Complementing this optimism is a renewed policy focus in the US on deregulation, re-shoring of manufacturing, and faster approvals for business formation and infrastructure. These thematics will take time to play out but do provide potential to set the stage for a new investment cycle.

Portfolio Positioning and Market Outlook

Resilient economic activity and strong liquidity support have been beneficial for markets however uncertainties remain. The tariff situation remains unresolved at this stage and while war in the Middle East appears to be deescalating, the situation is far from stable with the potential for disruption to oil infrastructure or supply through the Strait of Hormuz.

Periods of extended uncertainty tend to put a dampener on business confidence and slowdown investment decision making, which could weigh on capital expenditure and growth near term. Uncertainty around price and inflation impacts is also resulting in the US Federal Reserve being very cautious on cutting interest rates too much too soon despite cajoling and threats from President Trump.

Sage Capital is negative on the US housing market as it is showing clear signs of slowing and believe there will need to be a significant quantum of interest rate cuts to stimulate demand from new home buyers and lure existing owners who are currently locked into super low fixed rates to upgrade their home or renovate. As a result, Sage Capital is underweight in stocks with exposure to US housing such as James Hardie Industries (ASX: JHX).

In Australia, looking across financials, the interest rate cut cycle is in full effect, with potentially three more expected interest rate cuts this calendar year. This has earnings implications across the sector, which are broadly negative. Australian banks are likely to see net interest margins fall as the funding cost advantage they enjoy from near-zero-rate transaction accounts diminishes while mortgage rates decline. This is particularly negative for banks with strong retail deposit funding positions, such as Commonwealth Bank and Westpac. Ironically, Australian banks have rallied into this, trading in lockstep with their US peers, who, due to the nature of the US mortgage market, are much less affected by interest rate cuts. Instead, they are benefiting from a loosening of capital standards and broader financial deregulation.

Elsewhere, Sage Capital has moderated its long positions in insurance and taken some profit as the end of the insurance premium cycle approaches and competition returns. However, a net long position is maintained due to strong capital generation and relative value within the sector. Challenger continues to offer compelling value and growth potential, supported by APRA's loosening of capital standards. Recent corporate activity, including Dai-ichi Life's acquisition of a 20% stake, further validates this outlook.

In the Resources Group, iron ore demand in China remains sluggish as domestic demand slows and steel mill capacity is gradually restricted with the government prioritising quality over production quantity. To date, excess capacity has been exported to Southeast Asian countries but Sage Capital believes these markets are now also in oversupply. Looking ahead on the supply side, we see additional production from Australia and Rio Tinto's Simandou project in Guinea arriving earlier than previously projected by markets. With total demand holding steady, these projects are likely to push down the marginal cost of seaborne iron ore, displacing Indian seaborne exports and sending prices lower. Sage Capital remains underweight iron ore names across the portfolio.

Conversely, in copper, strong medium-term demand has been driven by the electrification trend and restricted supply growth. Lead times on new copper mines can be up to seven years, and existing mine costs are continually increasing, requiring larger capital expenditure just to maintain production. Absent a recession, this dynamic can push copper prices above USD 5/lb in the medium term. Sage Capital holds a net long position in names within space.

Caution remains warranted on lithium, where although demand is strong and driven by the same electrification trend, production growth has been even stronger, resulting in market surpluses and mothballed projects that are likely to suppress any future price bounce.

The outlook for oil remains balanced, with prices currently trapped in no-man's-land, caught between the top of the US shale cost curve (around USD 60) and levels above USD 70, where the Organisation of the Petroleum Exporting Countries (OPEC) appears comfortable increasing supply.

Within healthcare, Sage Capital is positive on Resmed (ASX: RMD). Our discussions with industry contacts indicate that referrals for obstructive sleep apnea (OSA) continue to remain strong despite the emergence of GLP-1 drugs, and the growing popularity of wearable devices that track sleep quality is further raising awareness of OSA which should support growth going forward. Along with its strong balance sheet, robust earnings profile, reasonable valuation and relatively low exposure to political policy changes, Resmed is one of the portfolio's key holdings in the healthcare sector.

Looking ahead, we remain confident in the Sage Capital investment process – keeping risks tightly controlled and focussing on stock selection within Sage Groups to deliver alpha across a diversified portfolio.

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:

Tracking Errror - 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.

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