CC Sage Capital Absolute Return Fund (APIR: CHN5843AU)

Class A

September 2026

Fund Performance

Returns[1]	1 month	3 months	6 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	Since inception p.a. (20-Aug-2019)
Fund Net Return	-0.57%	3.82%	4.72%	-1.63%	1.45%	3.51%	5.88%	5.68%
Benchmark Return[2]	0.36%	1.10%	2.18%	4.08%	4.21%	3.33%	2.44%	2.41%
Active Return (After fees)	**-0.93%**	**2.72%**	**2.54%**	**-5.71%**	**-2.76%**	**0.18%**	**3.44%**	**3.27%**

About Sage Capital

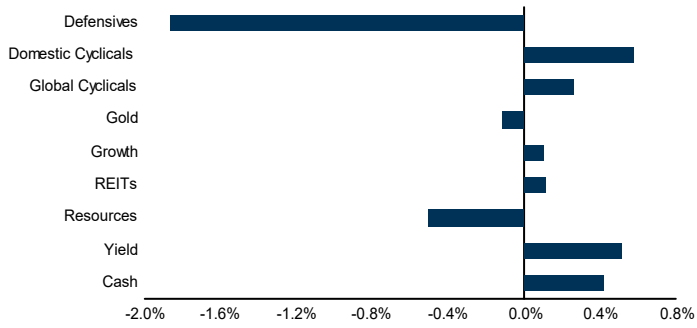
As an Australian equities long short manager, Sage Capital views the market through eight unique Sage Groups enabling the team to focus on individual stock drivers and hedge systematic market risks. This style and cycle neutral investment process is designed to deliver consistent returns regardless of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

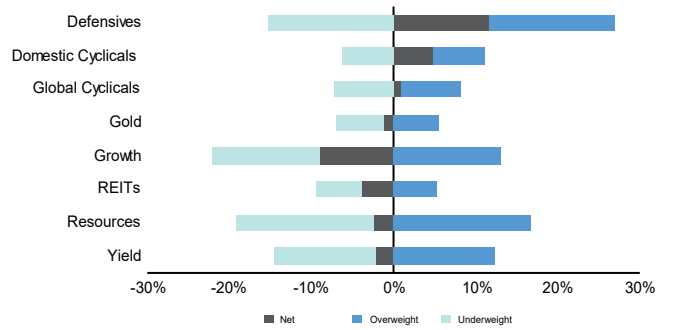
Contributors to Fund Performance*



Fund Facts

Investment Style	An Australian equity market neutral long short strategy
Net Asset Value	A$132m [3]
Inception Date	20-Aug-2019
Benchmark	RBA Cash Rate Total Return Index
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	100%
Short Exposure	-101%
Gross Exposure	202%
Net Exposure	-1%
Number of Long Positions	59
Number of Short Positions	67
Since Inception	
Sharpe Ratio [6]	0.8
Volatility [6]	6.6%
Maximum monthly drawdown	-11.7%

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 -0.57% in September versus the RBA Cash Rate of 0.36%, an active return of -0.93%.*

September market performance was heavily driven by interest rate rises both in Australia and the US. Healthcare and energy were the only sectors to produce positive returns over the month, while technology was the weakest performing sector. In terms of attribution, the strongest contributors to performance were the Sage Groups^ Yield and Domestic Cyclicals, while Defensives was the primary detractor.

Yield and Domestic Cyclicals were positive contributors to performance

Within Yield, key positive contributors were long positions in QBE Insurance Group (ASX: QBE +5%), which benefitted from the rise in bond yields, and AMP (ASX: AMP +9%), which rose on the back of growing confidence in the earnings potential of its Chinese joint venture and improved capital allocation. Within Domestic Cyclicals, a long position in Ampol (ASX: ALD +7%) was a key contributor to performance. The stock benefitted as hopes of a reopening of the Strait of Hormuz faded during the month, while ongoing Houthi attacks in the Red Sea and continued Ukraine attacks on Russian refineries helped support elevated refining margins.

Global Cyclicals group was a strong performer for the portfolio

Across Global Cyclicals, long positions in Ansell (ASX: ANN +11%), and Orica (ASX: ORI +6%), both added value. Ansell continued its strong momentum from its earnings result, supported by an ongoing share buyback while Orica calmed some short-term market concerns by announcing new ammonium nitrate supply contracts in North America after the force majeure from CF Industries, a large US fertilizer and nitrogen products company.

Resources group dragged down by aluminium and lithium weakness

The Resources group ended the month as a slight detractor amid high volatility. Alcoa (ASX: AAI -12%) was a primary drag on performance as it lost its gains from the previous month as aluminium prices weakened on concerns of returning supply from the Middle East and growing output in Indonesia. Meanwhile, the lithium sector experienced softness after downgrades to battery storage and EV sales forecasts, dragging rare earth stocks with it on sentiment. Despite these headwinds, Sage Capital's long and short positions across the lithium space added a small net positive during the month, alongside a short position in iron ore.

Defensives group largest detractor in performance

The Defensives group performance was negatively impacted by long positions in NextDC (ASX: NXT -22%), and Light & Wonder (ASX: LNW -17%). NextDC fell as the market weighed a sharp step-up in capex to build contracted capacity, funded in part by an A$1.1 billion convertible note, its third capital raise in four months; hedging of the notes added selling pressure. Light & Wonder fell after a sell down by a long-term shareholder left the market with some indigestion while US interest rate rises and higher gas prices left investors skittish on consumer facing stocks.

Growth group shorts offset Xero weakness

The other key detractor was a long position in Xero (ASX: XRO -31%), which fell to a seven-year low as the market extended its concern about AI disruption of small business software and higher bond yields weighed on its valuation given its long duration growth. However, a broad range of short positions across the Growth group performed well in the rising bond yield environment, resulting in a small positive attribution.

^ Sage Groups: Sage Capital uses a custom grouping system for long and 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 complement traditional GICS sectors when comparing and selecting stocks within a sector.

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Market Review

The S&P/ASX 200 Accumulation Index fell 2.4% in September as higher domestic and global yields weighed on valuations. The US Federal Reserve raised interest rates by 25 basis points, its first increase since 2023, and the US 10-year Treasury yield rose more than 50 basis points to 5.3%, a level last seen in 2007. The 30-year yield moved above 5.6%, which flowed through to higher US mortgage rates. The gold price fell more than 6% as real yields rose and Brent crude rose more than 10% to trade above US$100 a barrel as US-Iran talks stalled and the Strait of Hormuz tightened again.

Domestically, the RBA raised the cash rate to 4.60%, the fourth increase this year and the highest level in 15 years. Long duration growth and technology sectors were hit the hardest. However, a softer than expected August CPI print late in the month reduced immediate interest rate hike fears and drove a late rally in discretionary retail stocks.

Portfolio Positioning and Market Outlook

Global markets continue to be pressured by higher real bond yields and an immediate circuit breaker is not apparent. The US 10-year Treasury yield is holding above 5%, levels last seen in 2007, driven by three converging forces: a near-US$2 trillion federal deficit, a wave of hyperscaler AI bond issuance competing for long-duration capital, and an energy-driven inflation spike. The US Federal Reserve responded with a 25 basis point hike in September and although softer US payrolls reduce the likelihood of a follow-up interest rate hike in late October, elevated yields present a direct valuation headwind for global equities and long-duration growth assets heading into year-end.

Energy prices have been the primary conduit for geopolitical inflation risk. Brent crude oil has climbed back above US$100/barrel as Iranian attacks on Strait of Hormuz shipping intensify. Meanwhile, Ukrainian drone strikes on Russian refineries continue to squeeze global diesel and fuel supplies. These high energy costs are feeding straight into headline inflation, supporting energy producers and refiners while squeezing transport and consumer-facing sectors. These conflicts appear to be spreading rather than being resolved and remain a challenge for both central banks and consumers.

Domestically, inflation remains well above target despite four interest rate hikes this year. Headline CPI reached 4.0% in August, pushed up by housing costs and a spike in fuel prices following the end of excise relief, while trimmed mean inflation sits stubbornly at 3.6%. Policy tightening is taking a clear toll.

In housing, national dwelling values are down over 5% from the March 2026 peak, with Sydney and Melbourne recording annual falls of 7.0% and 6.2%, respectively. Consumer sentiment has taken a hit, with the unemployment rate pushing higher and mortgage applications continuing to contract. For banks, the small boost to net interest margins from higher interest rates is increasingly being offset by slower credit growth, greater competition and rising mortgage arrears.

Sage Capital expects headline CPI to stay near 4% into early 2027 while oil remains high. RBA Governor Michele Bullock said the Board expects the current cash rate to be restrictive enough to return inflation to target, but that it will do what is needed, including raising rates further. A stronger-than-expected inflation print or another oil price surge could bring a fifth interest rate hike into play, compounding the risks for household spending in 2027. This outlook leaves Sage Capital generally cautious towards cyclical and banking stocks, while recognising that the current monetary policy tightening cycle is likely approaching its peak.

The outlook for commodity markets presents a stark contrast. Iron ore carries a downward bias heading into 2027, as weak Chinese steel demand and poor mill profitability coincide with incoming supply from Simandou. Copper is the opposite story, trading well above $US6/lb, driven by grid expansion, electrification, and data centre demand alongside tight mine supply and falling inventories. Sage Capital's outlook remains unchanged and continues to drive much of the stock positioning.

The September quarter served as a reminder that during periods of sharp macroeconomic shifts, particularly movements in bond yields, sector rotation can outweigh the impact of stock selection. That is the environment in which style neutrality matters and Sage Capital remains confident that the broad positioning across the Sage Groups^ leaves the portfolios well placed to capture stock-specific dispersion even as the macroeconomic environment shifts around us.

Fund Disclosures

Key service provider changes	Nil
Key individual changes	Nil
Risk profile or investment strategy material changes	Nil

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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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