

SANDON CAPITAL

Sandon Capital Activist Fund

April 2015 Monthly Report

Entry/Exit Prices: \$1.6050/\$1.5923

Performance Results (calculated net of all fees, assuming reinvestment of distributions and using unit mid-price. Indices are before fees.)

| | 1 month | 1 year | 3 yrs (p.a.) | 5 yrs (p.a.) | Annualised since inception | Annualised volatility since inception | Total Return since inception |
|-------------------------|-------------|--------|-----------------|-----------------|----------------------------------|---|------------------------------------|
| SCAF | 0.3% | 14.6% | 17.3% | 14.9% | 14.6% | 7.3% | 116.2% |
| S&P/ASX 200 | -1.7% | 10.2% | 14.6% | 8.5% | 9.5% | 12.3% | 67.0% |
| Small Ordinaries | 1.7% | 5.3% | -0.9% | 0.0% | 1.6% | 15.9% | 9.7% |

Net Monthly Returns

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| 2009 | | | | | | | | | 2.5% | 2.4% | -0.9% | 1.0% | 5.0% |
| 2010 | 1.0% | -0.3% | -0.7% | 2.9% | -4.2% | 4.2% | 4.4% | -0.6% | 2.3% | 2.4% | 3.5% | -0.9% | 14.5% |
| 2011 | 1.3% | 0.6% | 0.5% | 1.3% | -1.9% | -2.7% | -0.1% | -0.1% | 1.9% | 2.1% | 2.5% | 2.2% | 7.8% |
| 2012 | -1.0% | 0.4% | 1.8% | 2.1% | -2.8% | -1.0% | 3.3% | 0.5% | 2.5% | 2.8% | 0.1% | 2.2% | 11.1% |
| 2013 | 2.1% | 3.2% | -1.4% | 1.3% | 2.8% | -3.7% | 6.9% | 0.7% | 6.5% | 5.7% | 0.3% | 0.3% | 27.1% |
| 2014 | -0.3% | 1.6% | 1.9% | -0.3% | 2.0% | 0.5% | 3.9% | 2.1% | 2.8% | -0.5% | 1.0% | 0.8% | 16.7% |
| 2015 | -0.2% | 0.3% | 1.0% | 0.3% | | | | | | | | | 1.2% |

Portfolio Exposures

| | | | |
|--------------|-----|-----------------|-----|
| Net Exposure | 72% | Long Positions | 32 |
| Net Cash | 28% | Short Positions | nil |

Fund Commentary

The Fund delivered a return of 0.3% in April, bringing total returns (net of all fees and expenses) since inception to the equivalent of 14.6% per annum.

A main contributor to the month's result was Armidale Investment Corporation Ltd (AIK), which completed its rights issue at 9 cents per share and whose share price ended the month at 10.5 cents per share. The Fund exercised its entitlements in full, and bought additional shares in the shortfall facility. The next significant items of news to come from AIK will be an announcement of whether it is proceeding with the acquisition of the finance brokerage business that was flagged as part of the rights issue announcement.

AMP China Growth Fund Limited (AGF) also posted strong returns during the month as mainland Chinese "A" shares continued to rise. Despite a 40% increase in the AGF NTA so far this calendar year, the discount to NTA remains substantial (~27% by our estimation). In our minds, this reinforces the many challenges faced by AGF in its current form, for example its lack of cash distribution (as any distributions are mandatorily reinvested as additional units). We remain agnostic on the prospects for the Chinese "A" class share market and at the same time remain focused on the substantial discount to NTA at which AGF units trade.

Fundhost Limited (ABN 69 092 517 087) (AFSL 233045) ("Fundhost") as trustee of, and issuer of units in, the Sandon Capital Activist Fund ("Fund"). Sandon Capital Pty Limited (ABN 98 130 853 691) (AFSL 331 663) ("Sandon Capital") is the Investment Manager of the Fund.

Fund performance is after fees and assumes distributions are reinvested. Past performance is not a reliable guide to future performance. This information has been prepared without taking into account your investment objectives, financial situation, or needs. Before making an investment decision you should consider the appropriateness of the information having regard to these matters. Before you invest it is important that you read and understand the terms set out in the Sandon Capital Activist Fund Information Memorandum ("IM") dated 25 October 2013. In particular, it is important that you understand the risks associated with an investment in the Fund set out on page 6 of the IM.

Information provided by the Investment Manager are views of the Investment Manager only and can be subject to change. While information in this report is given in good faith and is believed to be accurate, Fundhost and Sandon Capital give no warranty as to the reliability or accuracy of the information, nor accept any responsibility for any errors or omissions of third parties. To the extent permitted by law, neither Fundhost nor Sandon Capital, including their employees, consultants, advisors, officers or authorised representatives are liable for any loss or damage arising as a result of reliance placed on the contents of this report.

Other movements in the portfolio were minor.

Onthehouse Holdings Limited (OTH) announced the appointment of a new director, Ms Lisa Hickson to replace retiring director Mr Anthony Eisen. Mr Eisen was an independent director nominated by Sandon Capital and its then associates in 2014 and is replaced by Ms Hickson. OTH remains a core position for the Fund and Sandon Capital remains fully supportive of the new Board. We look forward to the announcement of the results of the new Board's strategic review.

The Fund continues to build a position in a company we consider offers highly attractive engagement prospects and anticipate reporting on this in coming weeks.

Fund Description

The objective of the Fund is to deliver returns to investors through a combination of capital growth and distributions. The Fund aims to achieve this objective by seeking to invest in opportunities that are considered by Sandon Capital to be trading below their intrinsic value and that offer the potential of being positively influenced by investors taking an active role in proposing changes in the areas of corporate governance, capital management, strategic and operational issues, management arrangements and other related activities. Neither returns nor capital are guaranteed.

Fund Details

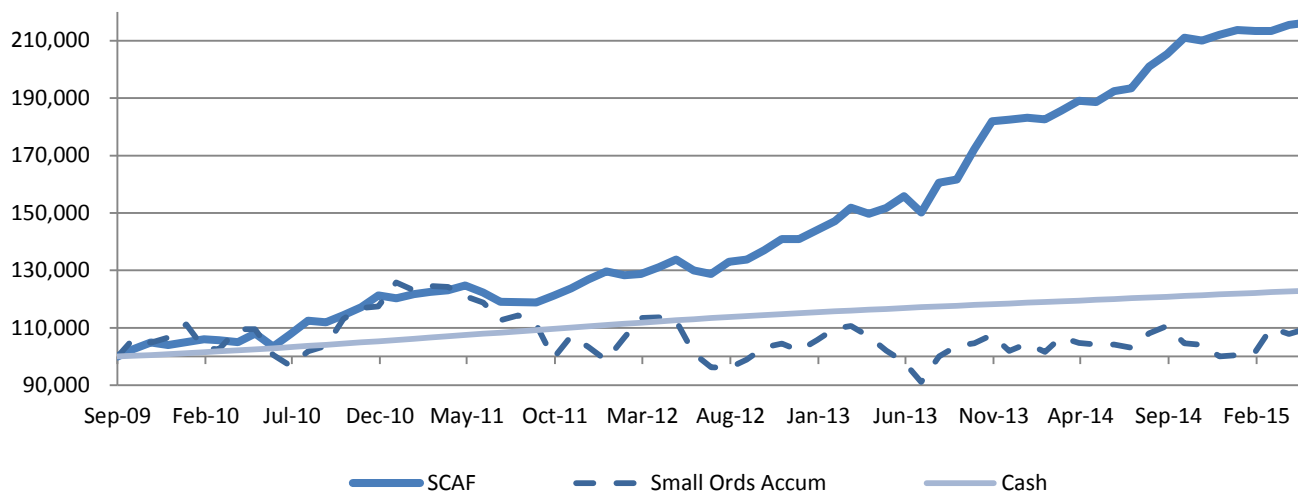
| | | | |
|--------------------|--|--------------------------|---------------------------------------|
| Structure | Wholesale unit trust | Minimum Investment | \$250,000 (or as agreed with trustee) |
| Trustee | Fundhost Ltd | Trustee Fees | 0.21% |
| Custodian | National Australia Bank | Management Fees | 1.33% |
| Fund Auditor | EY | Performance Fees | 15.375% of returns above cash |
| Investment Manager | Sandon Capital Pty Ltd | Highwater Mark | Yes |
| Website | www.sandoncapital.com.au | Buy/Sell Spread | ±0.40% |
| Inception | 4 Sep 2009 | Applications/Withdrawals | Monthly/Quarterly |

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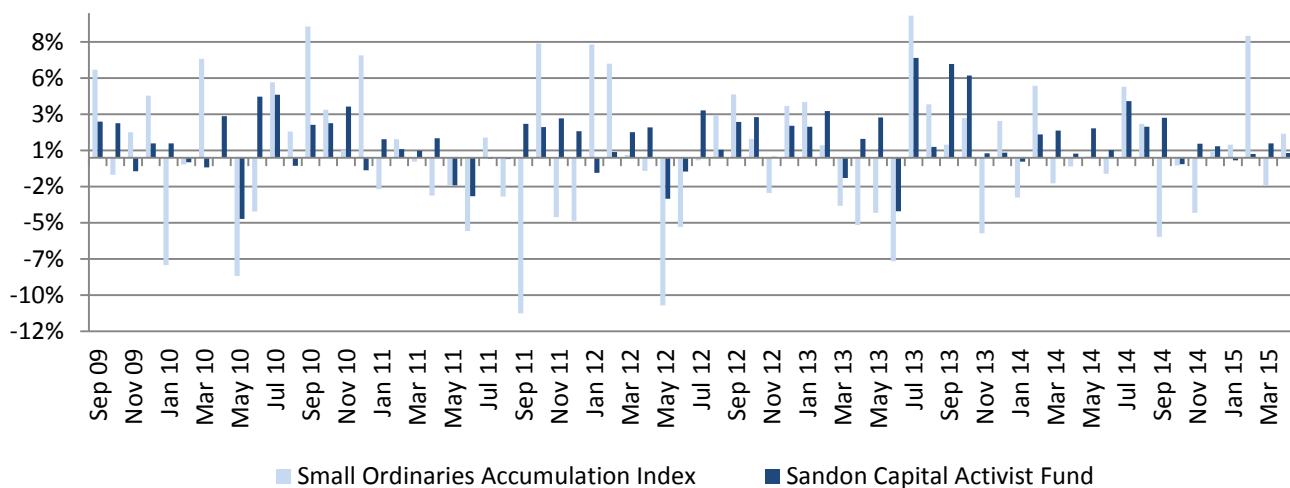
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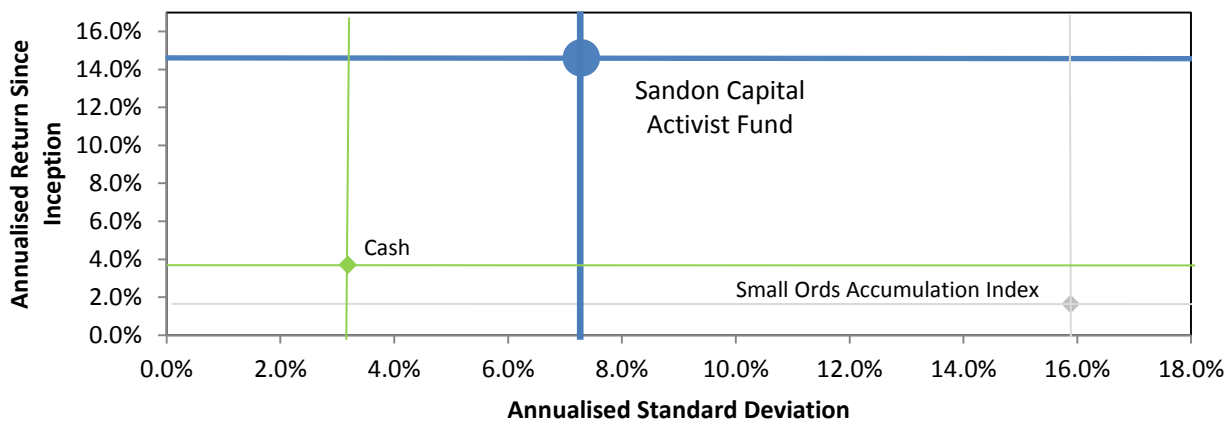
Growth of \$100,000 invested since inception (assumes reinvestment of distributions)



Comparison of Monthly Index Returns



Comparison of Annualised Return versus Volatility



Source for all charts: Sandon Capital, Bloomberg

Note: SCAF returns are net of all fees and expenses. Fund inception is 4 September 2009.

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