

SANDON CAPITAL

Sandon Capital Activist Fund

August 2016 Monthly Report

Entry/Exit Prices: \$1.5733/\$1.5608

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 Fund inception	Annualised volatility since Fund inception	Total Return since Fund inception
SCAF	0.0%	14.3%	13.2%	14.6%	13.0%	7.8%	134.5%
S&P/ASX 200 Accum.	-1.6%	9.3%	6.6%	9.7%	7.6%	12.7%	67.0%
Small Ordinaries Accum.	-1.6%	26.5%	7.1%	2.6%	3.4%	15.8%	26.6%

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%	0.0%	1.0%	0.3%	0.2%	-4.1%	3.9%	-4.9%	2.3%	3.5%	1.0%	0.9%	3.6%
2016	-1.3%	-3.3%	2.7%	1.8%	0.8%	0.7%	4.6%	0.0%					5.9%

Portfolio Exposures

Net Exposure	87%	Long Positions	33
Net Cash	13%	Short Positions	1

Fund Commentary

The Fund was flat in August, bringing total returns (net of all fees and expenses) since inception to the equivalent of 13.0% per annum. Cash levels ended the month at approximately 13%.

The main positive contributions came from Armidale Investment Corporation Ltd (AIK) and Centrepont Alliance Limited (CAF). AIK announced it had completed the partial acquisitions of three asset finance companies. The cash component of these acquisitions will be funded by a rights issue and placement (both at 11 cents per share). The Fund will exercise all its rights.

The share prices of several companies declined during the month, including those of Fleetwood Corporation Ltd (FWD) and Clarius Group Ltd (CND). FWD delivered what we considered a poor result, though unsurprising. We remain convinced that FWD requires a change in strategy to avoid continuing losses in the underperforming caravan manufacturing business. We advocate exiting loss-making businesses, which current Board and management have failed to turn around, which would allow FWD to return to profitability and focus on becoming a pure-play manufactured accommodation supplier. CND reported another loss, which was disappointing. On a more positive note, it appears CND's China operations are now cashflow positive, and appear to be growing strongly.

During the month we exited completely from Ardent Leisure Group, having owned the securities since April 2015. The investment in AAD delivered an internal rate of return of approximately 33%, including distributions.

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.

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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

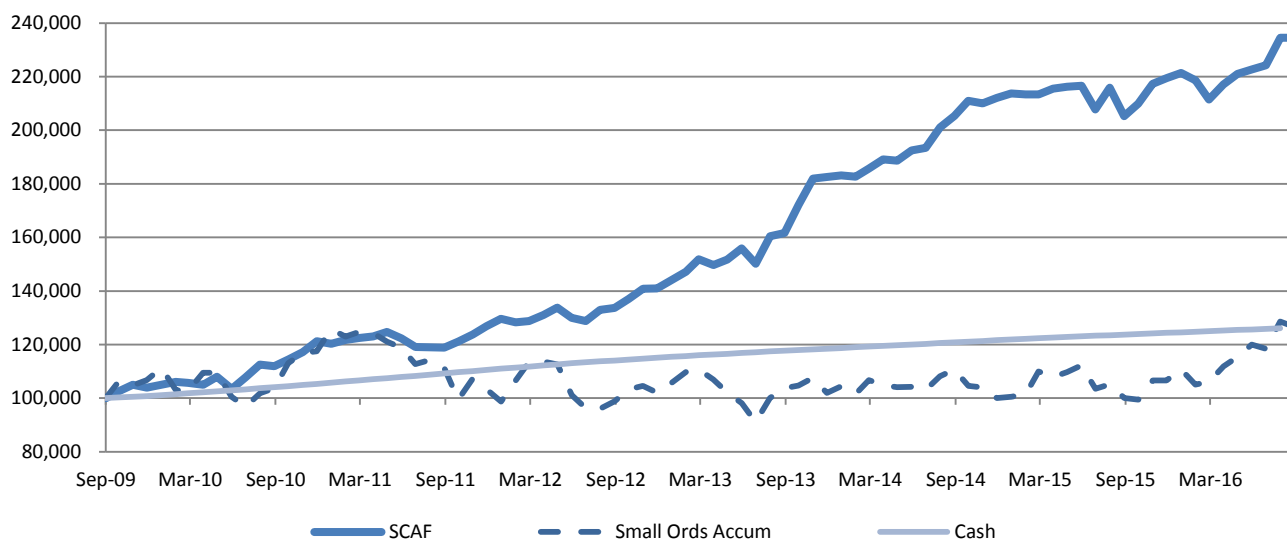
Structure	Wholesale unit trust	Minimum Investment	\$250,000 (or as agreed with trustee)
Trustee	Fundhost Ltd	Trustee Fees	0.21%
Custodian	National Australia Bank	Management Fees	1.33%
Fund Auditor	EY	Performance Fees	15.375% of returns above cash
Investment Manager	Sandon Capital Pty Ltd	Highwater Mark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

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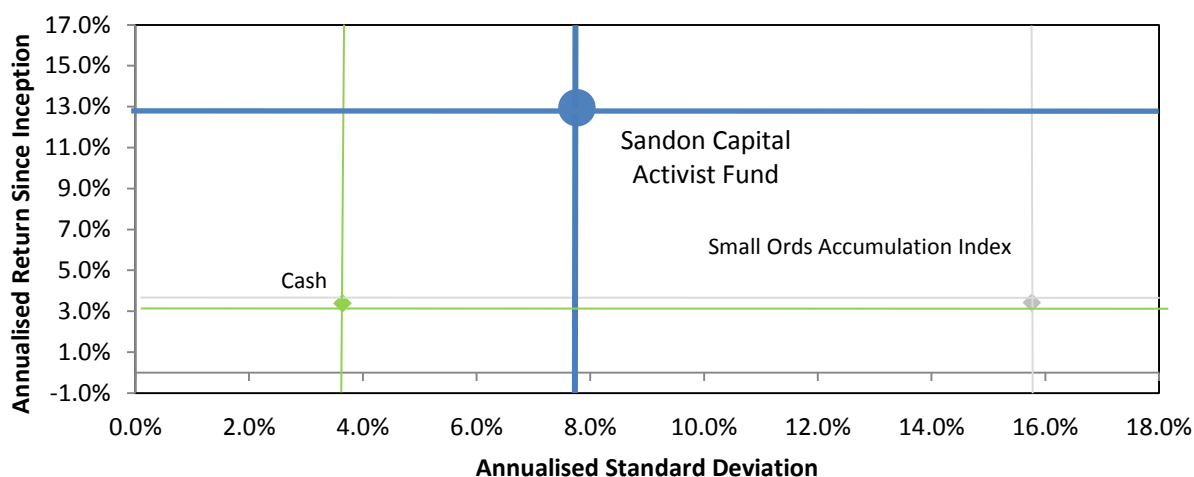
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Growth of \$100,000 invested since inception (assumes reinvestment of distributions)



Comparison of 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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