

Sandon Capital Activist Fund

July 2012 Monthly Report

Entry/Exit Prices: \$1.1596/\$1.1503

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% |
| Investment Manager | Sandon Capital Pty Ltd | Performance Fees | 15.375% of returns above cash |
| Website | www.sandoncapital.com.au | Buy/Sell Spread | ±0.40% |
| Inception | 4 Sep 2009 | Applications/Withdrawals | Monthly/Quarterly |

Fund Performance (calculated net of all fees, assuming reinvestment of distributions and using unit mid-price. YTD figure is compounded)

| | 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% | | | | | | 2.6% |

Fund Commentary

The Fund delivered a return of 3.3% in July.

The major contributors to the result were Calliden Group Ltd (CIX) (~1.4%), which rose 20% and Ingenia Communities Holdings Ltd (INA) (~0.8%), which rose just over 20% during the month. We also booked small gains from positions in Spotless Group Ltd (SPT), following approval of the scheme of arrangement and payment of final fully franked dividend and Collins Food Group Ltd (CKF), which also paid a fully franked dividend during the month. There was very little impact to the return from any negative returns.

There were no announcements from INA that might explain the share price movement, however, there appears to be increasing demand for the issue, perhaps in anticipation of some positive announcements in the full year results. We believe the same to be true to for CIX. 2012 has, so far, proven far less catastrophic in weather terms than 2011, with only two small catastrophes declared to date, whereas by this time in 2011, there had been 5 big catastrophes (including the Queensland floods and Cyclone Yasi). CIX will also soon report half year results to 30 June 2012. These should provide indications of how the revised strategy is progressing.

We continue to remain cautious about the global macro outlook, though actual (and expected) regulatory responses (that we do not consider solve root problems) can engender significant positive market responses. The consequences of the significant macro factors at play globally are difficult to predict or quantify.

We remain focused on opportunities that have high levels of tangible assets, marketable securities or cash and whose prospects are somewhat independent of market and economic conditions, as we believe these offer the best risk-adjusted returns in the current environment.

Portfolio Exposures

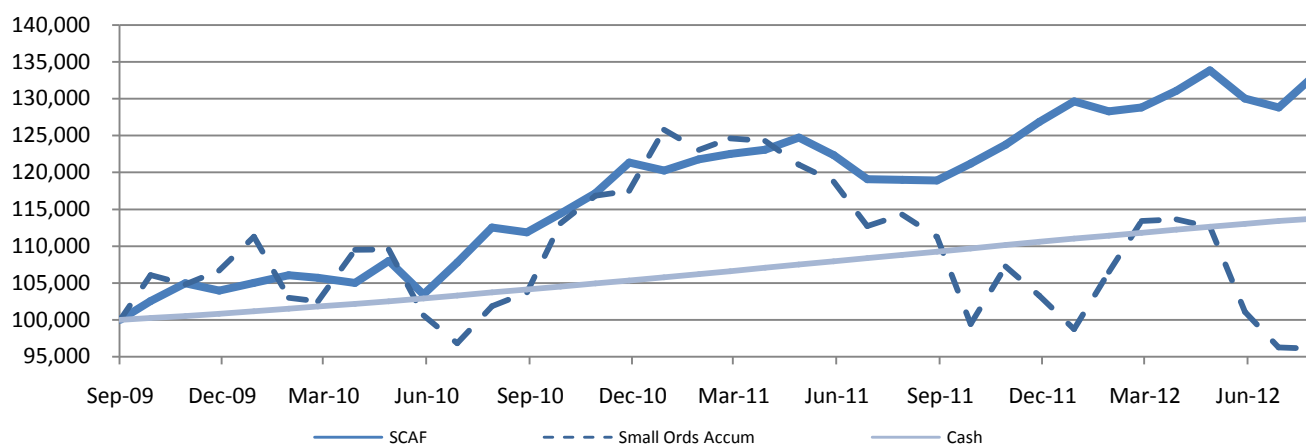
| | | | |
|---------------|-----|----------------|----|
| Long Exposure | 31% | Long Positions | 16 |
| Cash | 69% | | |

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.

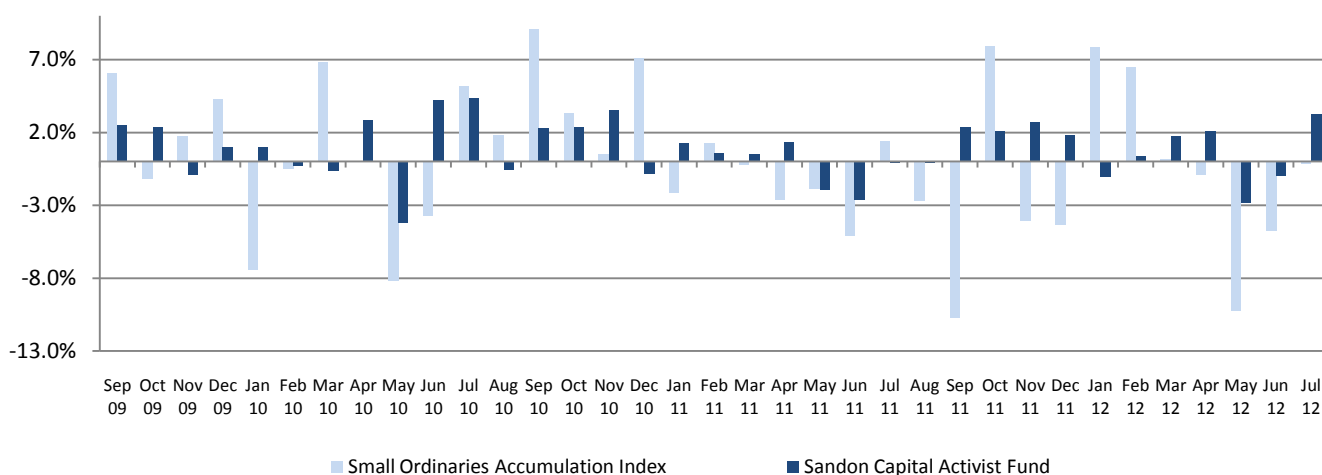
Fund performance is after fees and assumes distributions are reinvested. Past performance is not a reliable guide to future performance. This information has been prepared without taking into account your investment objectives, financial situation, or needs. Before making an investment decision you should 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 18 December 2009. In particular, it is important that you understand the risks associated with an investment in the Fund set out on page 9 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.

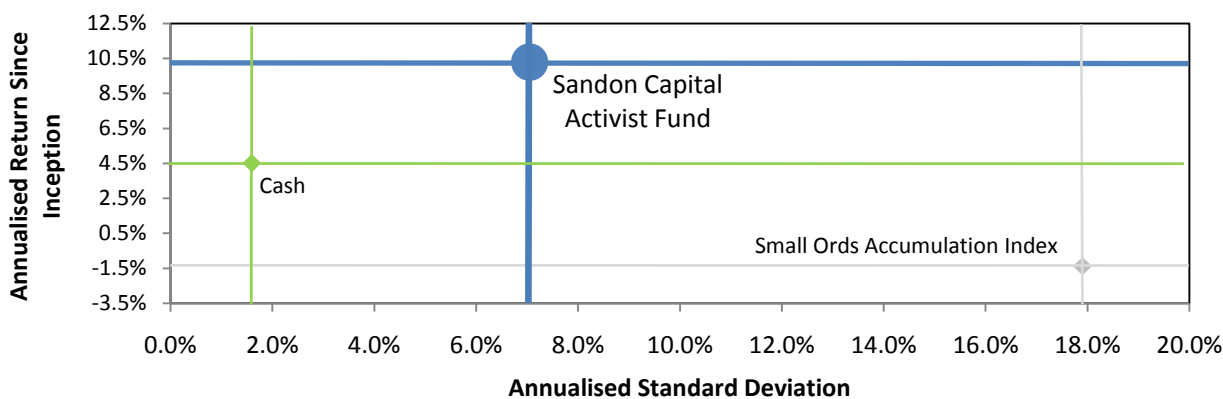
Growth of \$100,000 invested since inception (assumes reinvestment of distributions)



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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