

SANDON CAPITAL

Sandon Capital Activist Fund

August 2021 Monthly Report

Entry/Exit Prices: \$2.7401/\$2.7237

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 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Annualised since Fund inception	Annualised volatility since Fund inception	Total Return since Fund inception
SCAF	4.5%	55.9%	19.0%	15.8%	15.2%	14.1%	13.0%	389.3%
S&P/ASX 200 Accum.	2.5%	28.1%	9.9%	10.9%	10.3%	9.0%	13.3%	180.7%
Small Ordinaries Accum.	5.0%	29.5%	10.1%	11.0%	6.7%	6.5%	16.5%	113.2%
Cash	0.0%	0.0%	0.8%	1.2%	2.0%	2.5%	4.9%	33.8%

Portfolio Exposures

Net Exposure	97%	Long Positions	31
Net Cash	3%	Short Positions	0

Fund Commentary

The Fund return for August 2021 was +4.5%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 14.1% per annum. Cash levels ended the month at approximately 3%.

Key contributors to the month's returns included IDT Australia Ltd (**IDT**), City Chic Collective Ltd (**CCX**) and COG Financial Services Ltd (**COG**). The largest detractor was BCI Minerals Ltd (**BCI**), which was impacted by a falling iron ore price, despite BCI's Iron Valley iron ore royalty comprising a small part of the investment thesis and value of the company.

Overall, the August reporting season was a very positive one for our portfolio of companies. A significant proportion of our largest holdings reported record earnings and dividends, and many provided strong outlook commentaries. Importantly, many of our holdings are now showing the benefits of significant turnarounds and/or growth initiatives implemented in recent years that are now bearing fruit.

CCX is a case in point. When we first invested in CCX's predecessor, Specialty Fashion Group, it was perceived as a company with a tenuous balance sheet and stable of underperforming, low growth brands. Following the sale of the legacy brands and the acquisition of plus-sized businesses – Avenue, Evans and Navabi – City Chic is now rightly perceived as a high growth business that generates outstanding profitability, cash flow and returns. There are very few listed companies globally that are experiencing the top line growth rates of CCX whilst at the same time delivering strong profits and free cash flow. Importantly, given the company's small share of a large global market, and with the recent investments in acquisitions, inventory and marketing, we believe growth rates at CCX should continue for the foreseeable future. The company remains a core holding for the portfolio.

IDT was again a strong driver of returns for the Fund, with the share price rising a further 70% in August, following the 24% increase in July. In addition to reporting its FY21 result, which disclosed the first profit in a decade, the company announced that it had signed a Sterile Readiness Agreement with the Federal Government Department of Health. As part of this agreement, IDT will provide its facility on an exclusive basis to the Department of Health, for a period of up to 4 months, should the government decide to nominate a COVID-19 vaccine to be manufactured at the site. IDT would also need to enter into a commercial arrangement with a vaccine company before the commencement of production of a vaccine. Whilst the market's focus for IDT is on the short-term prospects of winning a vaccine manufacturing contract, we do not believe this is a make or break event for the company. Longer term, we believe there are significant opportunities for IDT to restore itself to its former glory, either via the development of new vaccines through its partnership with Monash University and the Victorian Government and/or the re-onshoring of critical elements of the pharmaceutical supply chain.

In previous newsletters, we have alluded to new positions that we have been accumulating in the portfolio. During the month, our shareholding in A2B Ltd (**A2B**) across all the Sandon Capital portfolios increased above 5%, triggering a substantial shareholding disclosure to the ASX. We expect to provide more insights into our A2B investment post the company's strategy day in late September and leading into the AGM in November. In addition to A2B and other recent investments, we continue to uncover opportunities in the market into which to deploy our capital at attractive rates of return.

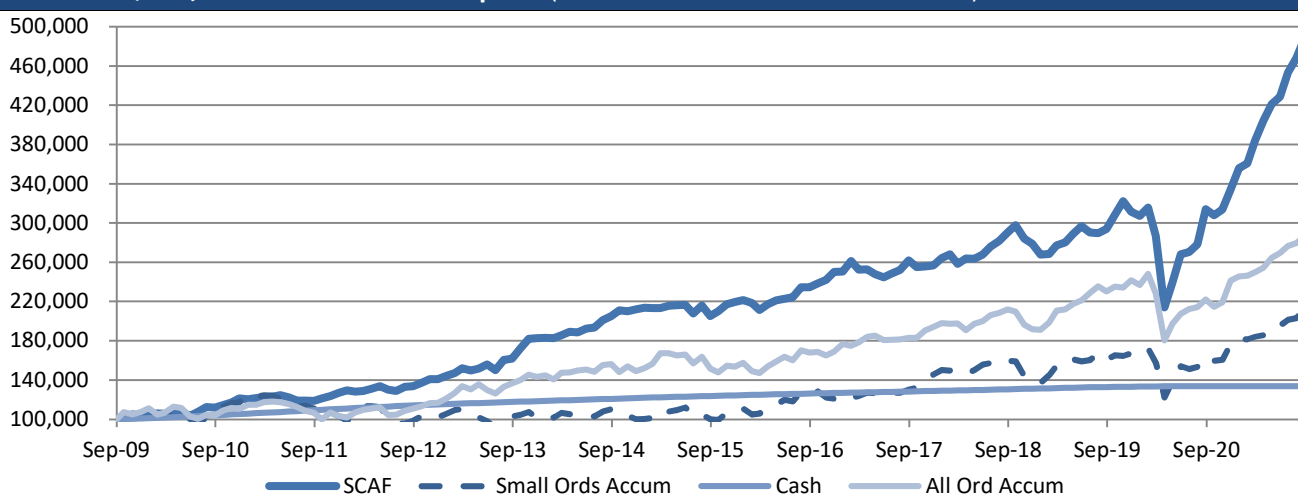
Fund Description

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.

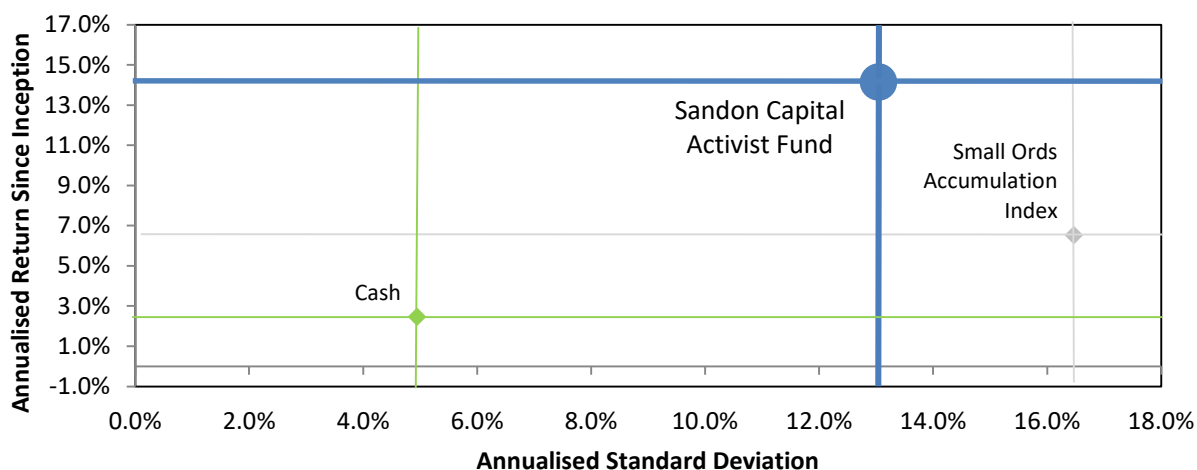
Fund Details

Structure	Wholesale unit trust	Minimum Investment	\$250,000 (or as agreed with trustee)
Trustee	One Fund Services Ltd	Trustee Fees	0.21%
Custodian	One Investment Group	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

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.

One Fund Services Limited ("OFSL"), ACN 615 523 03, AFSL 493421, is the issuer and trustee of the Sandon Capital Activist Fund. The material contained in this communication is general information only and was not prepared by OFSL but has been prepared by Sandon Capital Pty Ltd ("Sandon Capital"), ACN 130 853 691, AFSL 331663. Sandon Capital has made every effort to ensure the accuracy and currency of the information contained in this document. However, no warranty is made as to the accuracy or reliability of the information. Investors should consider the Information Memorandum ("IM") dated 31 May 2021 issued by OFSL before making any decision regarding the Fund. The IM contains important information about investing in the Fund and it is important investors obtain and read a copy of the IM before deciding about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. Past performance is no guarantee of future performance. This report does not take into account a reader's investment objectives, particular needs or financial situation and is general information only to wholesale investors and should not be considered as investment advice and should not be relied on as an investment recommendation.