

SANDON CAPITAL

Sandon Capital Activist Fund

July 2021 Monthly Report

Entry/Exit Prices: \$2.6210/\$2.6054

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	3.3%	68.3%	18.4%	14.8%	14.7%	13.8%	13.0%	368.0%
S&P/ASX 200 Accum.	1.1%	28.6%	9.5%	10.0%	9.8%	8.8%	13.4%	173.9%
Small Ordinaries Accum.	0.7%	32.3%	9.2%	9.6%	5.9%	6.1%	16.5%	103.1%
Cash	0.0%	0.0%	0.9%	1.2%	2.1%	2.5%	4.9%	33.8%

Portfolio Exposures

Net Exposure	96%	Long Positions	31
Net Cash	4%	Short Positions	0

Fund Commentary

The Fund return for July 2021 was +3.3%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 13.8% per annum. Cash levels ended the month at approximately 4%.

Key contributors to the month's returns included Fleetwood Ltd (FWD), IDT Australia Ltd (IDT) and COG Financial Services Ltd (COG). The largest detractor was City Chic Collective Ltd (CCX).

There was no company specific announcement from IDT that would explain the 24% move in its share price for the month, however previous COVID outbreaks in Australia have translated to strong share price gains for IDT and we believe the same is true this month. [Media reports](#) in late July confirmed that IDT had made a submission to the government's approach to market to enable Australia's onshore mRNA manufacturing capability. Final submissions were due on 16th July. We look forward to further updates from IDT and the government in due course.

FWD share price also enjoyed a strong month, albeit there were no announcements from the company. The new CEO, Bruce Nicholson, began in the role on 1 July, and was introduced to shareholders during the month. Prior to meeting the new CEO (via Zoom), funds managed by Sandon Capital disclosed their shareholding in FWD had increased to 11.9%. We look forward to Bruce successfully executing the Board's strategy to ensure FWD realises its undoubted potential.

COG released unaudited FY21 trading results on 27 July. Net Assets Financed (NAF) for the full year increased 13% to \$5.1 billion and net profit rose more than 130% to \$19.5 million. The outlook comments for the 2022 financial year were encouraging, despite supply chain disruptions. The current lockdowns in NSW and Victoria are likely to have some impact on closing leasing deals, however we see this as largely short term. As noted by COG in its announcement, the effect of these delays is that orders are pushed out, rather than cancelled.

CCX was the largest detractor for the month in spite of the company announcing a very strong trading update. Revenues in FY21 increased 33% against the previous year and expected EBITDA of \$42-42.5 million represents 58-60% growth on FY20. More importantly, CCX also announced the acquisition of Navabi, a predominantly German online marketplace selling women's plus-size brands, for consideration of €3.9 million (net of cash acquired).

We see this acquisition as key to CCX building out its presence in the €40 billion European plus-size market. Similar to the recent acquisitions of Avenue in the United States (October 2019) and Evans in the United Kingdom (December 2020), CCX is taking an incremental, lower risk approach to entering new markets. We are excited about Navabi and its strong online presence (>10m annual customer visits pre COVID) joining the CCX stable and expect the CCX team to continue its track record of successful acquisition integration. With a now tangible presence in all key plus-size geographic markets, we look forward to many years of profitable growth ahead for the company.

August is where reporting season heats up, with most of our companies are expected to report later in the month. Those that have pre-announced their results have reported strong profit growth and encouraging outlooks. We look forward to reading results in detail as they are released and we will be keenly scrutinising any outlook statements.

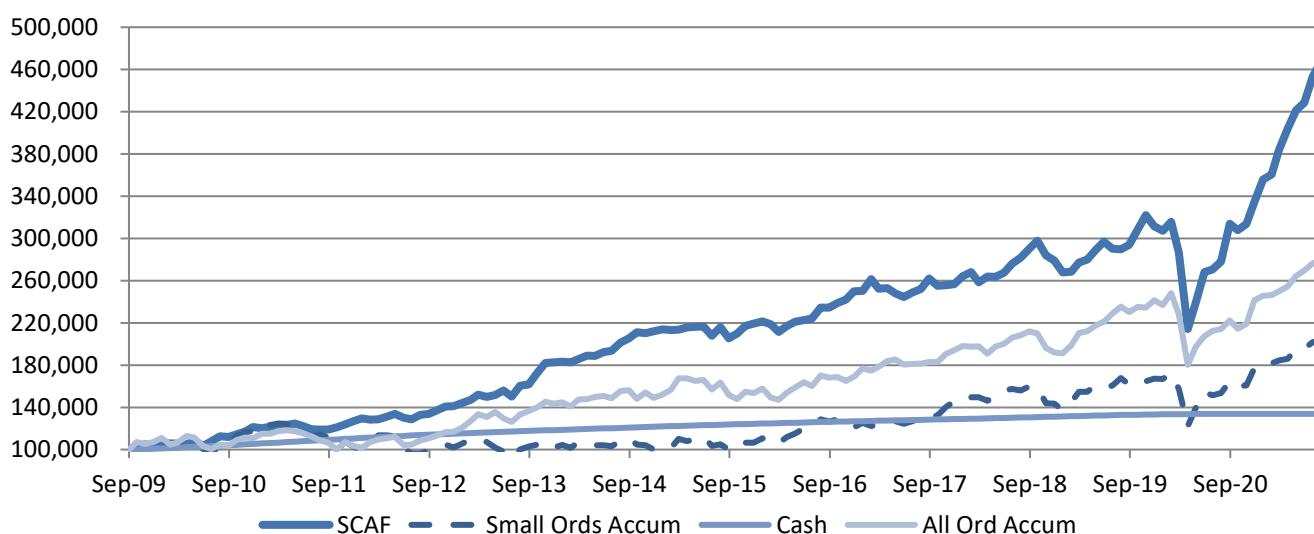
Fund Description

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.

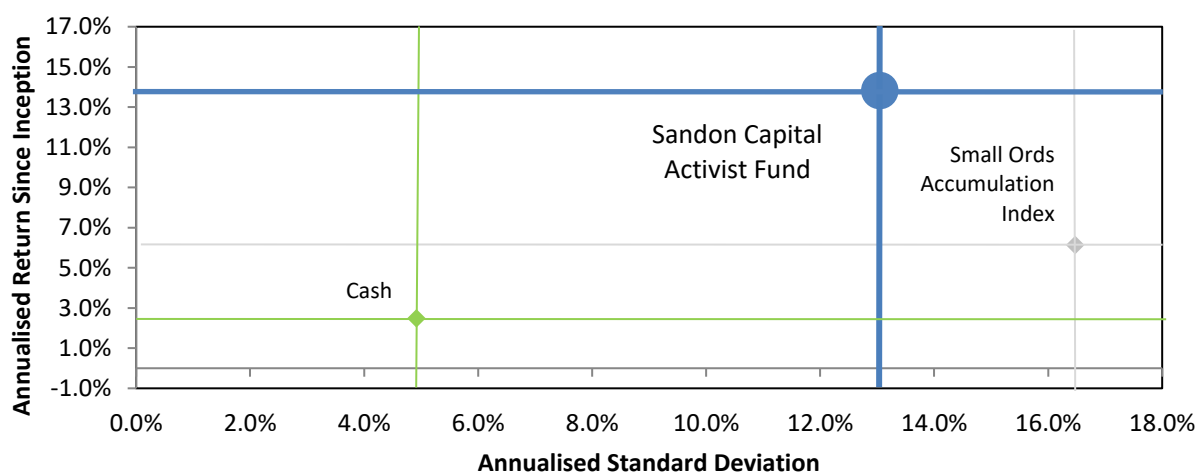
Fund Details

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.

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