

SANDON CAPITAL

Sandon Capital Activist Fund

March 2021 Monthly Report

Entry/Exit Prices: \$2.2649/\$2.2469

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	5.2%	88.8%	15.2%	13.2%	12.6%	12.8%	13.1%	304.0%
S&P/ASX 200 Accum.	2.4%	37.5%	9.7%	10.2%	8.0%	8.2%	13.5%	150.1%
Small Ordinaries Accum.	0.8%	52.1%	8.3%	10.7%	4.1%	5.5%	16.7%	85.9%
Cash	0.0%	0.1%	1.1%	1.3%	2.3%	2.5%	4.8%	33.8%

Portfolio Exposures

Net Exposure	99%	Long Positions	30
Net Cash	1%	Short Positions	0

Fund Commentary

The Fund return for March 2021 was +5.2%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 12.8% per annum. Cash levels ended the month at approximately 1%.

Key contributors to the month's returns included IDT Australia Ltd (IDT) (+4.6%), COG Financial Services Ltd (COG) (+0.8%), and Coventry Group Ltd (CYG) (+0.8%). The major detractors were Deterra Royalties Ltd (DRR) (-0.4%) and Alliance Resources Ltd (AGS) (-0.4%).

IDT released a one sentence announcement that put a rocket under the share price (+140% for the month), disclosing that it had been requested by the Australian Government's Department of Health to undertake "a feasibility assessment to assess the possibility of utilising the Company's sterile manufacturing facility to supplement the production capability for a COVID-19 vaccine." Whilst the company has not yet disclosed which vaccine it may be asked to produce, we do note that IDT's capabilities are wide ranging. In a release to the ASX in August 2020, IDT disclosed that its current and potential COVID-19 vaccine and treatment capabilities included:

- Sterile vial fill/finish of liquid and lyophilised products;
- Bulk liquid formulation;
- Cold chain management and storage (cGMP);
- Solid oral dose form manufacture (tablet/capsule);
- Manufacture of Active Pharmaceutical Ingredients (APIs) and excipients;
- Process and analytical method development; and
- In-house analytical and microbiological testing

Given the difficulties that have so far been encountered with the vaccine roll out in Australia, we eagerly await future updates from IDT on how it might assist the Government in its vaccination effort.

After previously disclosing that it had received a number of unsolicited approaches and proposals in relation to a potential transaction involving its Wagering & Media (W&M) business, Tabcorp Holdings Ltd (TAH) announced that it had "decided to undertake a strategic review to assess and evaluate all structural and ownership options to maximise the value of TAH's businesses for the benefit of shareholders".

We have long argued that TAH's Lotteries and W&M businesses have distinctly different business models that should not be housed under the same corporate umbrella. We are pleased to see new Chairman, Steven Gregg, take steps to potentially streamline and simplify TAH's corporate structure following what were clearly lowball offers for the company's W&M business. Importantly, the strategic review does not rule out any options that may be pursued and we were particularly encouraged by Chairman Gregg's comments in the press that "you just need to make shareholders get the best result". The delay in appointing a replacement for the departing CEO was also, in our view, a common-sense decision.

After many years of operational and financial underperformance, it seems that the wheel at TAH might be finally starting to turn, with shareholders set to benefit.

Shortly after the end of the month, Monash Absolute Investment Company Ltd (MA1) released its long awaited notice of meeting for its restructure into an exchange traded managed fund. The end of this long-running saga is now well and truly in sight.

We continue to be excited by the prospects for a number of our holdings in 2021. We look forward to reporting to you on their progress in future newsletters.

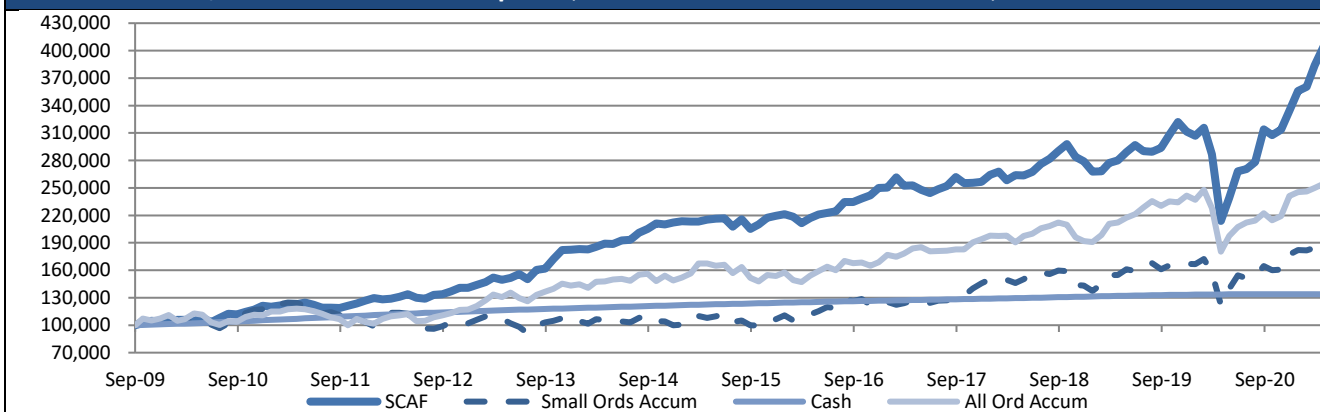
Fund Description

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.

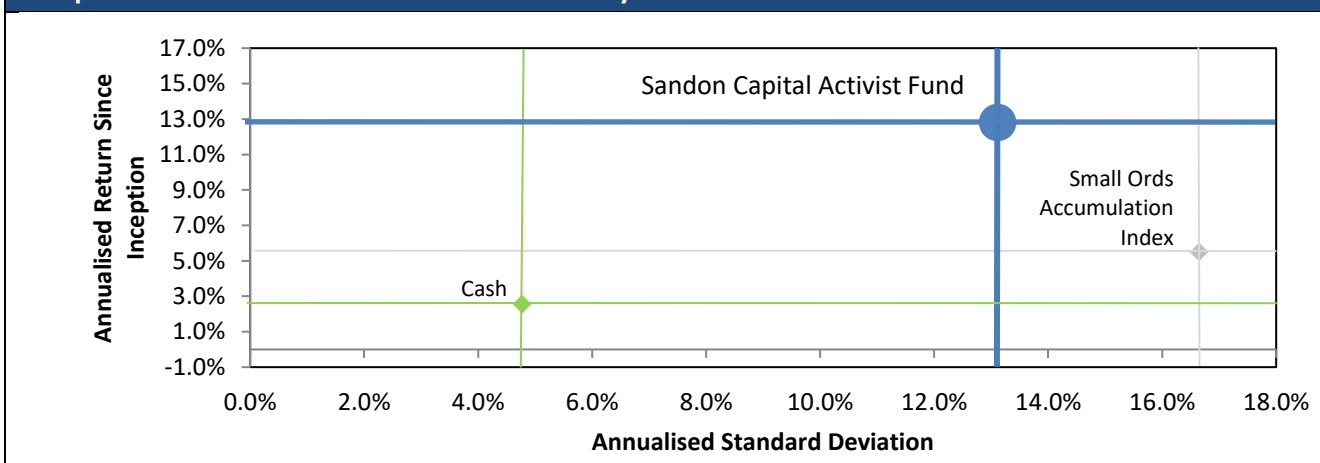
Fund Details

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

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.

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 July 2019. In particular, it is important that you understand the risks associated with an investment in the Fund set out on page 5 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.