

SANDON CAPITAL

Sandon Capital Activist Fund

November 2021 Monthly Report

Entry/Exit Prices: \$2.6840/\$2.6680

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	-2.6%	43.3%	19.8%	13.9%	14.2%	13.6%	13.0%	379.3%
S&P/ASX 200 Accum.	-0.5%	15.5%	12.6%	10.1%	10.4%	8.6%	13.2%	173.8%
Small Ordinaries Accum.	-0.3%	18.4%	13.5%	11.7%	7.4%	6.2%	16.3%	109.9%
Cash	0.0%	0.0%	0.7%	1.1%	1.9%	2.4%	5.0%	33.8%

Portfolio Exposures

Net Exposure	98%	Long Positions	31
Net Cash	2%	Short Positions	0

Fund Commentary

The Fund return for November 2021 was -2.6%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 13.6% per annum. Cash levels ended the month at approximately 2%.

The major contributor to this month's return was IDT Australia Ltd (**IDT**) (+0.9%). The detractors included Coventry Group Ltd (**CYG**) (-0.7%) and Nuix Ltd (**NXL**) (-0.6%). The rest of the portfolio was also largely down.

November saw the bulk of the portfolio companies hold their Annual General Meetings. Although few gave earnings guidance, the qualitative commentary and announcements made during the month bodes positively for the future performance of the portfolio. Notwithstanding the positive outlook commentary and the longer dated revenue pipelines within many of our companies, the share prices of most were down. We consider most share price moves to be related to general investor anxiety than company performance.

Last month, IDT's share price fell due to an absence of news. This month the share price rose after the company announced that it had manufactured Australia's first mRNA vaccine candidate, developed by Monash Institute of Pharmaceutical Sciences (MIPS) and the Doherty Institute. IDT manufactured 450 doses of a vaccine that will be used in the first phase of clinical trials expected to begin soon. The Federal Government is yet to announce its decision on domestic mRNA vaccine manufacturing. Irrespective of the outcome, until an announcement is made, we expect IDT's share price to remain highly volatile.

NXL, which is a recent addition to the portfolio, fell more than 26% during the month, after a poor trading update delivered at the AGM. NXL, whose initial public offerings was one of the hottest tickets in town, has had a disastrous first year as a listed company. It has been plagued by scandal and delivered far less than investors had been led to expect.

Unsurprisingly, its first six months as a listed company piqued our interest, as its share fell from a high of \$11.16 to a low of \$1.97. Expecting the company is not yet out of the woods, we have (and continue) to slowly accumulate NXL shares. At this stage, we have nothing further to add.

Fleetwood Ltd (**FWD**) and COG Financial Services Limited (**COG**) both gave encouraging updates at their respective AGMs. FWD is well-placed after having been awarded contracts totalling \$68 million for the Centres for National Resilience (CNR), the Orwellian-named federal quarantine facilities. FWD is also well-placed to win some of the work at the WA CNR, for which the lead contract has been awarded to Multiplex (as is the case in Melbourne and Brisbane). COG reported on a solid 2021 and updated its market share of the SME finance broker market to 18%. Using data presented by COG in their AGM update, it would seem COG brokers are involved in approximately 12.6% of all bank-funded SME finance in Australia. We don't believe the market quite understands the pivotal role COG and its brokers play in SME finance. We remain patient supporters of the strategy.

We expect financial market volatility will continue, with COVID (and any future variants), interest rates and inflation, and geopolitics all likely sources of concern. Markets are likely to overshoot, both up and down. We continue to see such volatility as opportunity for patient long term investors like us.

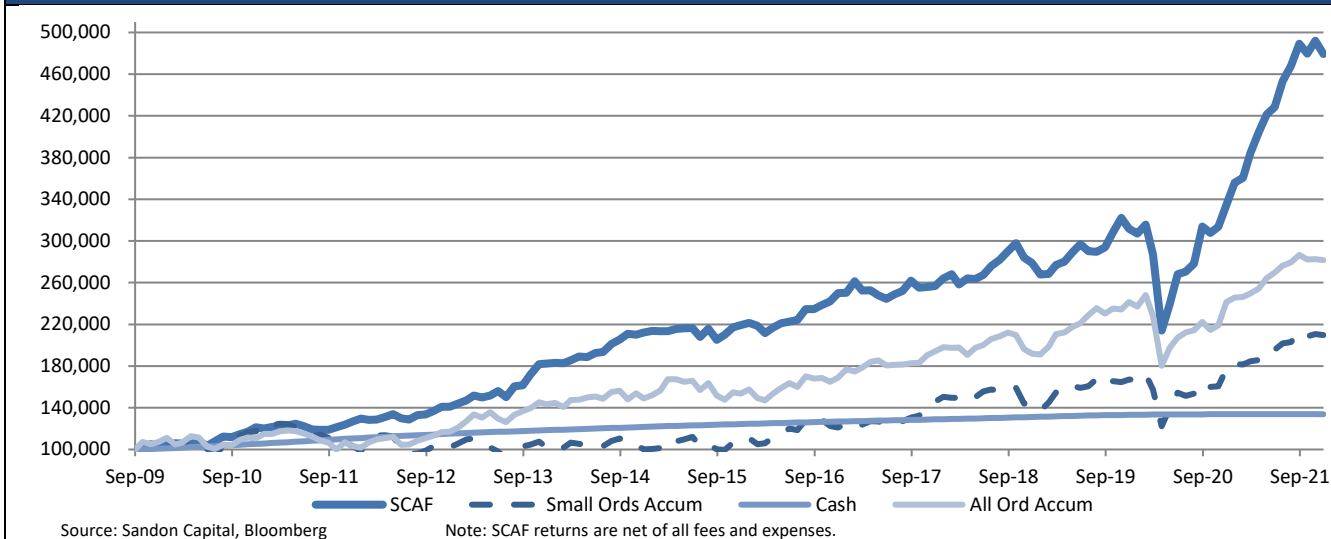
Fund Description

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.

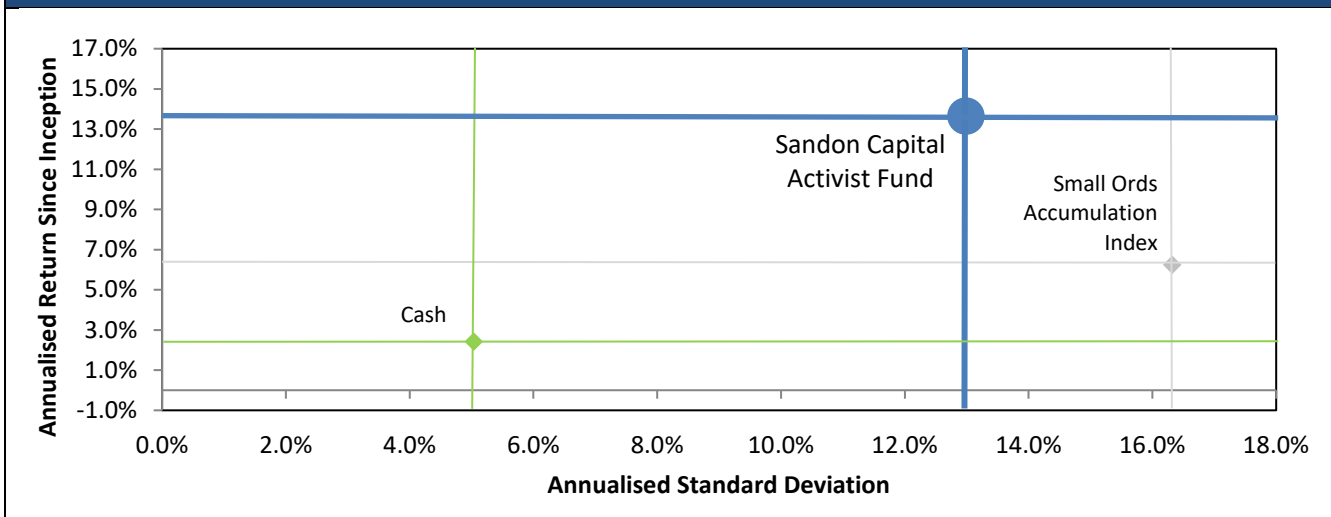
Fund Details

Structure	Wholesale unit trust	Minimum Investment	\$250,000 (or as agreed with trustee)
Trustee	One Fund Services Ltd	Trustee/Admin 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



Sources 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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