

Sandon Capital Master Fund

November 2021 Monthly Report

Performance Results (all figures are in AUD unless otherwise stated)

for the Sandon Capital Master Fund calculated net of Feeder Fund "Z" Class share fees, assuming reinvestment and using NAV. Indices are before fees. Feeder Fund investors should refer to their feeder fund statement for their own specific unit class returns

	1 month	1 year	3 yrs (p.a.)	5 yrs (p.a.)	Annualised since Fund inception	Annualised volatility since Fund inception	Total Return since Fund inception
SCMF	-2.0%	46.3%	-	-	27.5%	19.7%	69.3%

For long term return from the investment strategy, please refer to return from Sandon Capital Activist Fund.

Net Monthly Returns (reported on the same basis as above)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019										2.6%	-1.3%	0.1%	1.3%
2020	1.0%	-6.9%	-17.8%	8.4%	5.9%	1.7%	2.2%	11.3%	-0.4%	2.4%	9.0%	2.3%	16.9%
2021	1.2%	5.8%	8.3%	3.6%	2.7%	5.9%	3.7%	6.0%	-1.6%	3.3%	-2.0%		43.0%

Portfolio Exposures

Long Exposure	105%	Long Positions	25
Short Exposure	0%	Short Positions	-
Cash	0%	Australia	104%
Net Exposure	105%	International	1%
		Currency Exposure	104% AUD/ 1% USD

Fund Details

Structure	Cayman Islands Master Fund	Share Classes	A	B	C (founders)	Z
Auditor		Min Investment	USD1M	USD1M	USD1M	AUD1M
Prime Broker	BNP	Management Fees	1.5%	1.25%	1.0%	1.5%
Fund Administrator	BNP Fund Services	Performance Fees	15.0%	12.5%	10.0%	15.0%
Investment Manager	Sandon Capital Pty Ltd	Lock up (months)	No	36	12	No
Website	www.sandoncapital.com.au	Redemption Fee	No	3%	3%	No
Fund inception	1 October 2019	Highwater Mark				
		Applications / Redemptions	Monthly/monthly – 90 days' notice			

Fund Commentary

The Fund return for November 2021 was -2.0%. Net exposure was approximately 105%.

The major contributor to this month's return was IDT Australia Ltd (**IDT**) (+1.4%). The detractors included Coventry Group Ltd (**CYG**) (-0.7%) and Nuix Ltd (**NXL**) (-1.2%). 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.

Contact Details

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