

## MONTHLY REPORT

# Sandon Capital Activist Fund (SCAF)

Entry Price      Exit Price  
**\$1.9210      \$1.9096**

**SEPTEMBER 2022**

## PERFORMANCE RESULTS

	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Annualised since fund inception	Total Return since Fund inception
SCAF	-8.1%	-28.5%	3.6%	6.1%	9.9%	<b>243.0%</b>
S&P/ASX 200 Accum.	-6.2%	-7.7%	2.7%	6.8%	7.4%	<b>154.3%</b>
Small Ordinaries Accum.	-11.2%	-22.6%	-0.8%	4.1%	3.7%	<b>61.6%</b>
Cash	0.2%	0.3%	0.3%	0.9%	2.3%	<b>34.2%</b>

## FUND COMMENTARY

The Fund return for September 2022 was -8.1%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 9.9% per annum. Cash levels ended the month at approximately 5%.

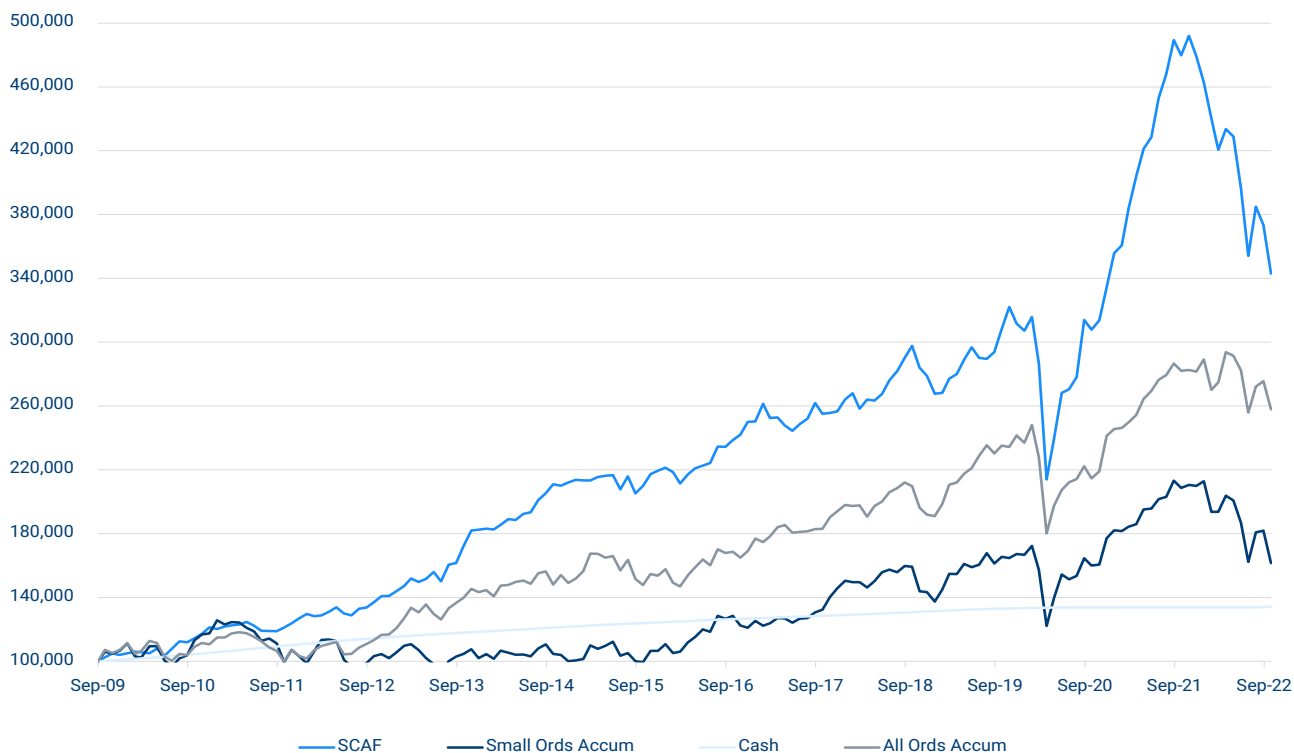
The largest detractors for the month were COG Financial Services Ltd (COG) (-1.9%), City Chic Collective Ltd (CCX) (-0.9%), Fleetwood Ltd (FWD) (-0.8%) and IDT Australia Ltd (IDT) (-0.6%). There were a multitude of other positions that were smaller detractors and very few positive contributors for the month.

There were minimal company specific releases during the month with the main driver of the poor portfolio performance being the continued volatility in global capital markets. Most markets saw significant declines with the S&P500 down 9.2%, the NASDAQ down 10.4%, the S&P/ASX200 down 6.2% and the Australian Small Ordinaries index down 11.2%. Investor concerns range from rising global interest rates to the war in the Ukraine to COVID lockdowns in China. There was a new addition to the list in September – dysfunction in bond markets in the UK.

Company specific fundamentals are an afterthought at the moment as many investors attempt (futilely in our opinion) to divine the next economic data point to justify their 'investment' decisions. Our investment process remains unchanged in volatile times such as these. We continue to pore over annual reports and other research to help us determine a company's value. We generally ignore the volatility in the market, seeking only to take advantage of it when it offers the opportunity to buy or sell securities at what we deem to be attractive prices.

We expect to receive updates from our portfolio companies over the next 4-6 weeks as the annual general meeting season unfolds. For most, we expect the operating environment and outlook will be consistent with the positive commentary that was provided with FY22 results in August. At some point, these positive fundamentals will be reflected in share prices. In the meantime, we are focusing our attention to the ever increasing number of potential investment opportunities crossing our desk as a result of the market turmoil.

## GROWTH OF INVESTMENT SINCE INCEPTION



## PORTFOLIO EXPOSURES

Net Exposure	95%
Net Cash	5%
Long Positions	26
Short Positions	0

## TOP 5 POSITIONS

COG Financial Services	20%
Fleetwood	12%
Coventry Group	9%
A2B	8%
BCI Minerals	6%

## 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

<b>Structure</b>	Wholesale unit trust
<b>Trustee</b>	One Fund Services Ltd
<b>Custodian</b>	One Investment Group
<b>Fund Auditor</b>	EY
<b>Investment Manager</b>	Sandon Capital Pty Ltd
<b>Inception</b>	4 Sep 2009
<b>Minimum Investment</b>	\$250,000 (or as agreed with trustee)
<b>Trustee/Admin Fees</b>	0.21%
<b>Management Fees</b>	1.33%
<b>Performance Fees</b>	15.375% of returns above cash
<b>High water Mark</b>	Yes
<b>Buy/Sell Spread</b>	±0.30%
<b>Applications/Withdrawals</b>	Monthly /Quarterly

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