SANDON CAPITAL

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

Entry Price	Exit Price
$1.8347	$1.8237

DECEMBER 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	-4.2%	-29.2%	2.2%	4.4%	9.3%	**227.6%**
S&P/ASX 200 Accum.	-3.2%	-1.1%	5.4%	7.1%	8.0%	**178.2%**
Small Ordinaries Accum.	-3.7%	-18.4%	1.4%	2.9%	4.2%	**73.7%**
Cash	0.2%	1.0%	0.4%	0.9%	2.3%	**35.1%**

FUND COMMENTARY

The Fund return for December 2022 was -4.2%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 9.3% per annum. Cash levels ended the month at approximately 4%.

The largest contributors to the poor monthly performance were City Chic Collective Ltd (CCX) (-1.2%), Earlypay Ltd (EPY) (-1.1%), COG Financial Services Ltd (COG) (-1.1%) and Fleetwood Ltd (FWD) (-0.9%). These were partially offset by BCI Minerals Ltd (BCI) (+0.6%) and Wellard Ltd (WLD) (+0.6%).

During the month, two of the larger investments in the portfolio – A2B Ltd (A2B) and Global Data Centres (GDC) – released material announcements that highlight the long-term value inherent in their stocks. Despite these positive announcements, the share prices of both finished down for the month.

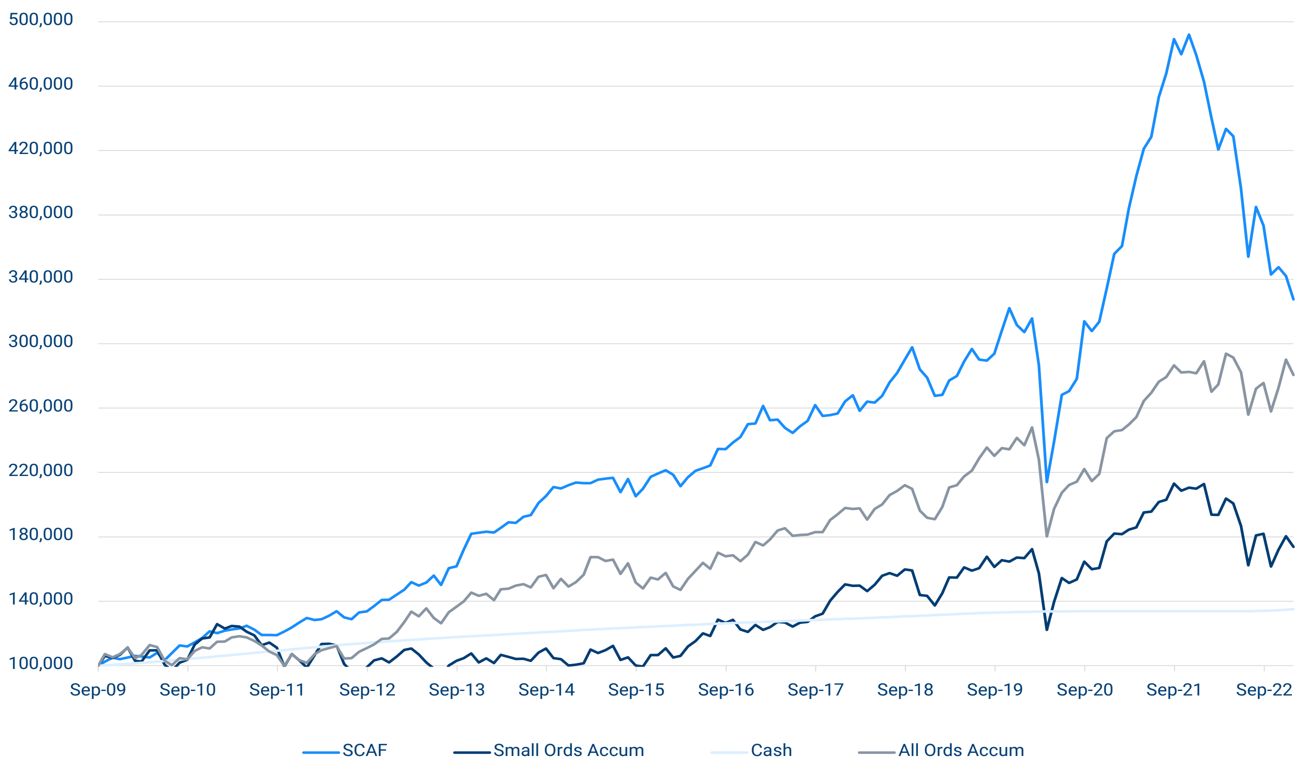
A2B announced that it had exchanged contracts for the sale of its property at Bourke Road, Alexandria for $19m with StorHub, a Singapore-based, pan-Asian self-storage property investor. Settlement is expected to occur in April 2023. With A2B's core operating business returning to profitably and its balance sheet expected to have net cash in excess of $15m following the sale of the Bourke Road property, we expect A2B to be in a position to announce the resumption of dividend payments with its full year result in August 2023.

GDC announced that its subsidiary, Etix Everywhere (Etix), completed the acquisition of CIV France (CIV), which comprises two data centres in Lille, France. This acquisition is complementary to Etix's existing French data centres and now make it the leading regional data centre player in the country. Furthermore, Etix has implemented power price increases from 1 January which will recoup the increases seen over the past ~6 months. Following these initiatives, GDC expects to grow operating earnings by 70-75% in FY23 and should see further growth in the future due to a full year's contribution from CIV as well as the scaling up of latent capacity across the data centre portfolio.

CCX provided a 1H23 trading update, disclosing that demand had been weaker than expected since the AGM. In the 24 weeks to 18 December, global revenue was down 7% with increased promotional activity resulting in further gross margin compression. Combined with the higher fulfilment costs noted at the AGM, the company is now expecting to report a small underlying EBITDA loss for the for 1H23. Inventory is expected to be at the lower end of the range provided at the AGM ($168-174m).

EPY announced that its largest customer, RevRoof Pty Ltd (RevRoof), had appointed PKF as a voluntary administrator. Shortly thereafter, EPY appointed Grant Thornton as Receiver and Manager over the assets of RevRoof to protect its position. EPY is RevRoof's major secured creditor with an outstanding exposure of $29m. At this point, it is too early to determine how much of this amount will be recovered. As a result of the RevRoof administration, EPY is in the process of enhancing its approach to credit provisioning and has subsequently withdrawn the earnings and dividend guidance provided at its AGM in November. Changes were made at Board and management level at EPY throughout 2022. We would expect further changes to be announced following this disappointing update.

GROWTH OF INVESTMENT SINCE INCEPTION



PORTFOLIO EXPOSURES

Net Exposure	96%
Net Cash	4%
Long Positions	26
Short Positions	0

TOP 5 POSITIONS

COG Financial Services	19%
Fleetwood	12%
Coventry Group	9%
A2B	7%
BCI Minerals	7%

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

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