

## MONTHLY REPORT

# Sandon Capital Activist Fund (SCAF)

 Entry Price  
 (Lead Units)  
**\$1.8075**

 Exit Price  
 (Lead Units)  
**\$1.7967**
**SEPTEMBER 2023**

## PERFORMANCE RESULTS

	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Annualised since fund inception	Total Return since Fund inception
SCAF	-0.8%	4.9%	5.3%	3.9%	9.5%	<b>259.3%</b>
S&P/ASX 200 Accum.	-2.8%	13.5%	11.0%	6.7%	7.8%	<b>188.6%</b>
Small Ordinaries Accum.	-4.0%	6.8%	2.6%	1.6%	4.0%	<b>72.6%</b>
Cash	0.3%	3.4%	1.2%	1.2%	2.4%	<b>38.7%</b>

*Note: Inception date is Sep 2009. Entry/Exit prices are for Lead Series Units. SCAF returns are net of all fees and expenses and are calculated for Lead Series units. Investors should refer to their personalized statements for performance of their investment.*

## FUND COMMENTARY

The Fund return for September 2023 was -0.8%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 9.5% per annum. Cash levels ended the month at approximately 3%.

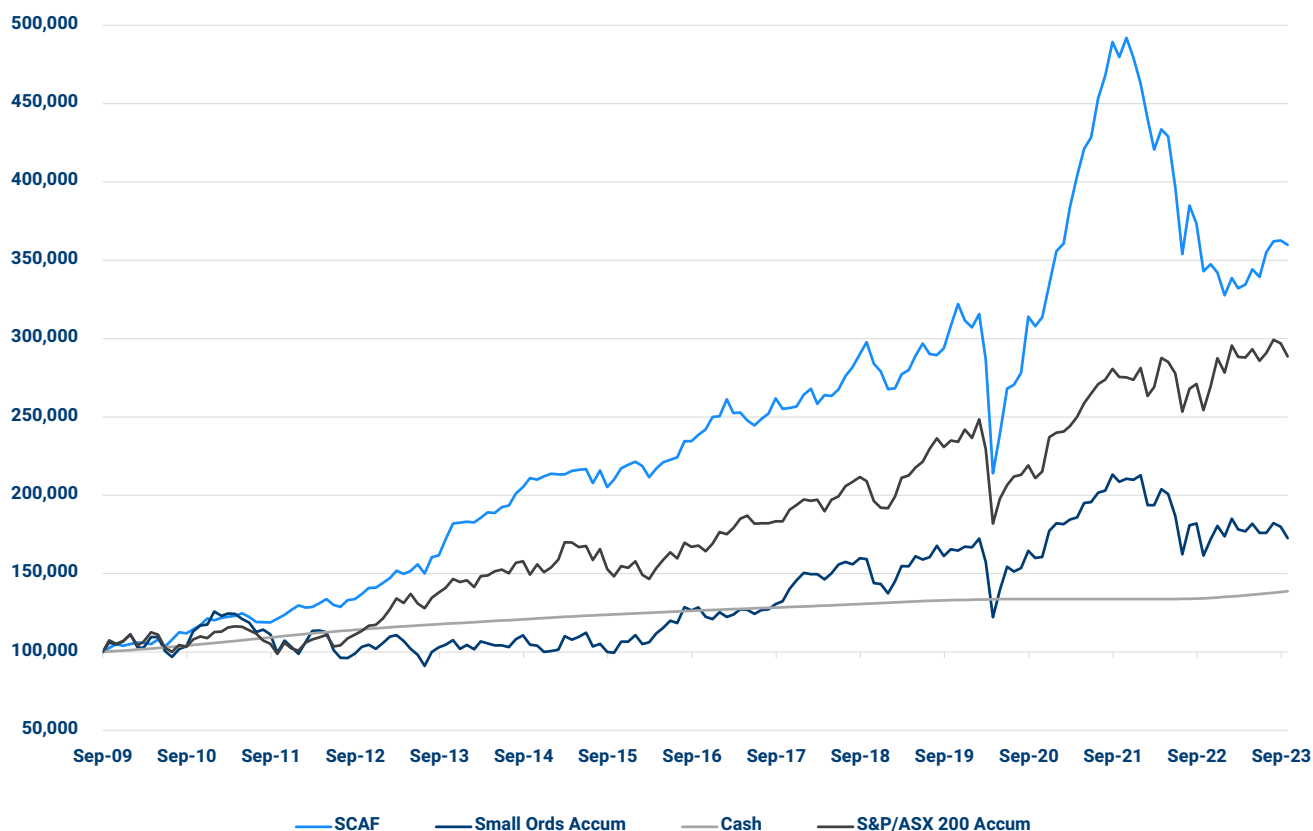
The largest contributors to performance were Midway Ltd (MWY) (+1.0%) and Global Data Centre Group (GDC) (+0.9%). The largest detractors were Fleetwood Ltd (FWD) (-1.9%) and Coventry Group Ltd (CYG) (-0.9%).

There were few company announcements during September following the just completed August reporting season. Capital markets were very volatile during September as longer-term interest rates rose and investors began to accept that it will likely be some time before central banks consider lowering short-term interest rates. We expect volatility to be prevalent in capital markets for some time as asset prices adjust to a world in which interest rates return to historical levels from the artificially depressed levels seen over the past 15 years following the global financial crisis.

GDC announced that Etix Everywhere (Etix) completed the acquisition of five French data centres, increasing the maximum potential capacity of the Etix portfolio to 17.3MW. This acquisition was funded by a combination of new equity issued to Eurazeo, a current shareholder in Etix, and debt. We consider transactions like this as consistent with the Etix strategy to grow, which increases its relevance to potential acquirers, which in turn will assist GDC's mandate to sell its assets over time. Media reports during September suggested that hyperscale data centre developer and operator AirTrunk might be considering a sale or IPO. GDC owns an ~1% stake in AirTrunk. Based on the earnings reported for AirTrunk and the current trading multiples of listed hyperscale data centres, we believe GDC's holding in AirTrunk could be worth \$100-130m, well above the current carrying value of \$45m. This gives us confidence that the monetisation of GDC assets will realise closer to \$3 per unit, well above the current unit price (\$1.89 per unit) and the fair value NAV reported by GDC (\$2.47 per unit).

While aware of the world in which we invest, we do not try to guess, pre-empt or anticipate what might happen in the economy or the equity market in the short term. We remain confident in the medium to long term operating and financial outlook for our core holdings. We are scouring the market for new opportunities, as times of fear and turmoil typically offer the most attractive prices. We remind ourselves daily of the investing adage “buy low, sell high.” Part of this reminder is the opportunity to buy low appears at the most uncomfortable moments (that is, when prices are falling!).

## GROWTH OF INVESTMENT SINCE INCEPTION



## PORTFOLIO EXPOSURES

Net Exposure	97%
Net Cash	3%
Long Positions	23
Short Positions	2

## TOP 5 POSITIONS

COG Financial Services	18%
Fleetwood	16%
A2B	12%
Global Data Centre Group	10%
Coventry Group	8%

## 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>	Crowe
<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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