

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

 Entry Price
 (Lead Units)
\$1.8479

 Exit Price
 (Lead Units)
\$1.8369

NOVEMBER 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	6.1%	7.6%	3.2%	5.7%	9.6%	268.0%
S&P/ASX 200 Accum. ⁽¹⁾	5.0%	1.5%	7.1%	8.7%	7.8%	191.6%
Small Ordinaries Accum. ⁽¹⁾	7.0%	-3.2%	-0.5%	4.0%	4.0%	74.7%
Cash ⁽¹⁾	0.3%	3.7%	1.5%	1.3%	2.4%	39.7%

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.

(1) Source Bloomberg index data

FUND COMMENTARY

The Fund return for November 2023 was 6.1%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 9.6% per annum. Cash levels ended the month at approximately 3%.

Performance for the month was largely driven by stock specific positive announcements. The largest contributors were IDT Australia Ltd (IDT) (+2.2%), COG Financial Services Ltd (COG) (+1.9%), A2B Australia Ltd (A2B) (+1.4%), Midway Ltd (MWY) (+1.0%) and Magellan Financial Group Ltd (MFG) (+0.7%). The largest detractors were Fleetwood Ltd (FWD) (-0.5%) and Coventry Group Ltd (CYG) (-0.5%).

IDT announced early in the month that unaudited 1QFY24 revenue increased ~300% versus the prior corresponding period (pcp), albeit off a low base. Pleasingly, each of the company's three business pillars (API manufacturing, Advanced Therapies, Specialty Orals) is participating in the strong growth. This is the highest level of quarterly revenue in almost two years and demonstrates that the turnaround under the new Board and management team is gaining traction. At its AGM towards the end of the month, the company highlighted that it had won a further three contracts worth \$6.9 million in October and November. This is likely to lead to further strong revenue growth in the quarters ahead. The pipeline of sales opportunities continues to expand, both domestically and overseas, and the value of proposals submitted continues to grow. Whilst this doesn't guarantee the outcome of a contract win, it does highlight that many more potential customers are becoming aware of IDT's capabilities in addressing global drug shortages, supporting sovereign manufacturing capabilities and developing and manufacturing new treatments for cancers and mental health.

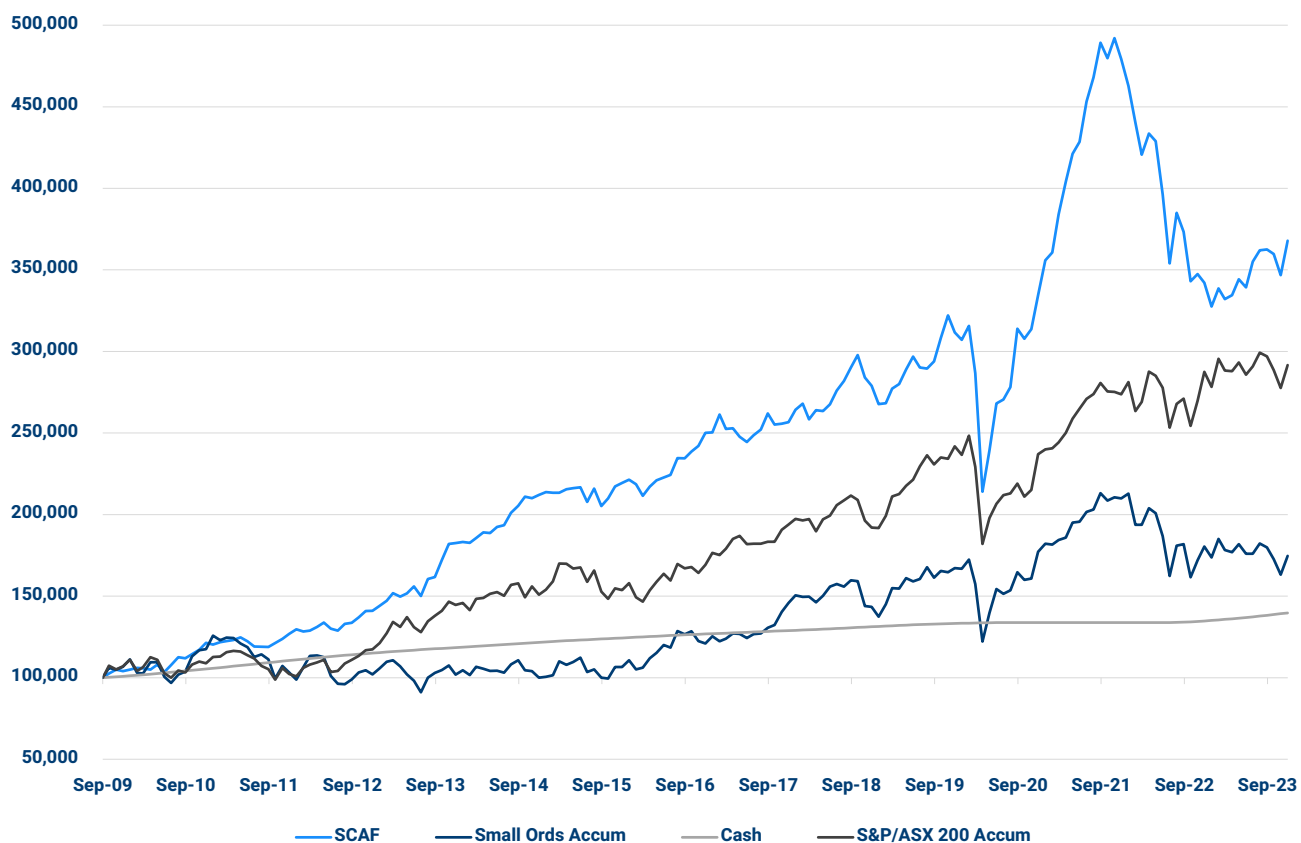
A2B announced that it had exchanged contracts for the sale of its Downing Street, Oakleigh property for \$8 million, with settlement occurring on 7th December. This brings to a close the company's property disposal process, raising a total of \$105 million before expenses and tax. We consider this an outstanding result given the softening exhibited in the commercial property market over the past 12-18 months. Importantly, the bulk of the sale proceeds from the property disposals are to be returned to shareholders, with a special fully franked dividend of 55 cps expected to be announced in the next 4-6 weeks.

At its AGM, A2B reiterated that it is on track to deliver 20% growth in operating EBITDA in FY24. This will be partly offset by additional rental expenses as a result of the announced property sales, however underlying EBITDA is still expected to grow at least 10%. Growth in the underlying taxi fleet continues to track ahead of plan and we expect the company to easily achieve its target of additional 400 cars for the year. The underlying fleet growth will help to offset a moderation in demand for taxis arising from the softening economic environment and resultant reduction in discretionary spending.

MWY finally delivered its long-awaited grain strategy, announcing that it had entered into a binding Memorandum of Understanding to sell approximately one quarter of its Geelong port site to CHS Broadbent, who will build and operate an 80,000 tonne grain storage and export terminal. The sale price for the five hectares of land is \$15.5m, which compares favourably to the current book value of \$16.5 million for the entire nineteen hectare site. MWY will be required to contribute \$4.5 million for site alterations to accommodate the new CHS Broadbent grain export terminal. In addition to monetising excess land at well above book value, the agreement with CHS Broadbent also helps mitigate the significant cost of the take-or pay agreement for the shiploader owned by Geelong Port.

Soon after the grain strategy news, MWY announced that it had refinanced its banking facilities to be more focused on working capital rather than core debt, which better suits the needs of the business today post the sale of the plantation assets. This allowed the company to declare a 5 cent per share special dividend. Over the next 12 months, we estimate significant inflows of cash - \$20 million net proceeds from the final tranche of the plantation sale and \$15.5 million for the sale of land at Geelong port - will be received by MWY. We expect a significant portion of this cash will be returned to shareholders in the form of fully franked dividends.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	97%
Net Cash	3%
Long Positions	22
Short Positions	1

TOP 5 POSITIONS

COG Financial Services	18%
Fleetwood	13%
A2B	12%
Global Data Centre Group	11%
Coventry Group	9%

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 Managed Investment Funds Limited
Fund Auditor	Crowe Australasia
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

Copyright © 2023 Sandon Capital Pty Ltd All Rights Reserved

This document has been prepared by Sandon Capital Pty Ltd (ACN 130 853 691) (AFS License 331663) (**Sandon Capital**). This document contains general information only. It is not intended to take the place of professional, legal, tax or financial advice. Sandon Capital has prepared this document in good faith in relation to the facts known to it at the time of preparation. In preparing this document, Sandon Capital did not consider the investment objectives, financial situation or particular needs of any recipient, and the recipient should not rely on the opinions, recommendations and other information contained in this document alone. Sandon Capital does not express any views about the accuracy or completeness of the information in this document and is not required to update the information in this document. Past performance is not a reliable indicator of future performance.

One Fund Services Limited ("OFSL"), ACN 615 523 03, AFSL 493421, is the issuer and trustee of the Sandon Capital Activist Fund. The material contained in this communication is general information only and was not prepared by OFSL but has been prepared by Sandon Capital Pty Ltd ("Sandon Capital"), ACN 130 853 691, AFSL 331663. Sandon Capital has made every effort to ensure the accuracy and currency of the information contained in this document. However, no warranty is made as to the accuracy or reliability of the information. Investors should consider the Information Memorandum ("IM") dated 1st October 2022 issued by OFSL before making any decision regarding the Fund. The IM contains important information about investing in the Fund and it is important investors obtain and read a copy of the IM before deciding about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. Past performance is no guarantee of future performance. This report does not take into account a reader's investment objectives, particular needs or financial situation and is general information only to wholesale investors and should not be considered as investment advice and should not be relied on as an investment recommendation.

Lonsec Research Ratings and Logos: The rating issued 10/2023 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.