

## MONTHLY REPORT

# Sandon Capital Activist Fund (SCAF)

Entry Price      Exit Price  
\$1.9730      \$1.9612

JANUARY 2024

## PERFORMANCE RESULTS

	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Annualised since Fund inception	Total Return since Fund inception
SCAF	-1.7%	16.0%	2.9%	7.9%	10.0%	<b>292.9%</b>
S&P/ASX 200 Accumulation	1.2%	7.1%	9.6%	9.7%	8.3%	<b>216.5%</b>
Small Ordinaries Accumulation	0.9%	2.1%	1.3%	5.4%	4.5%	<b>89.0%</b>
Cash	0.4%	3.9%	1.7%	1.3%	2.4%	<b>40.7%</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. Index and cash returns sourced from Bloomberg. Investors should refer to their personalised statements for the performance of their investment.*

## FUND COMMENTARY

The Fund return for January 2024 was -1.7%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 10.0% per annum. Cash levels ended the month at approximately 5%.

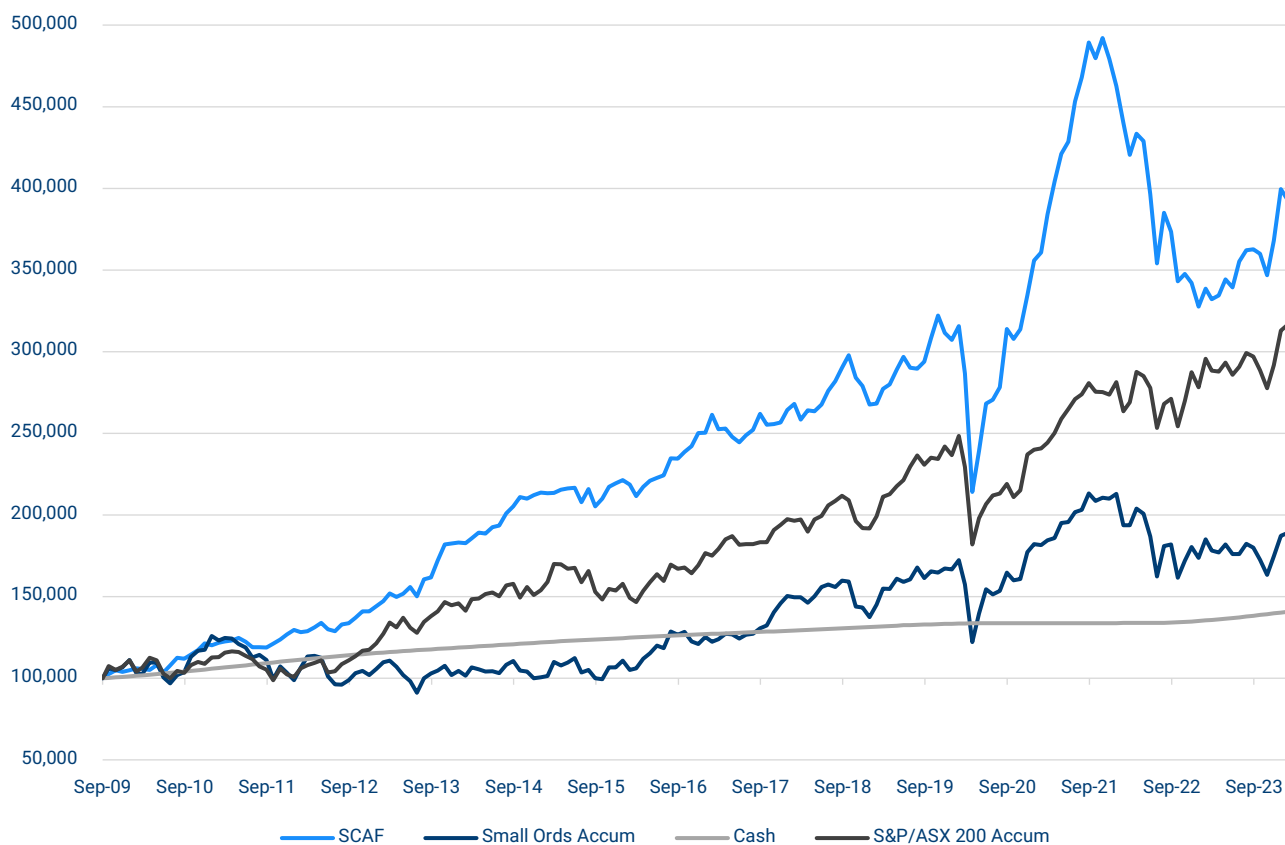
The performance of the portfolio for the month was disappointing, albeit there was little fundamental news flow to explain this. The major positive contributor was Coventry Group Ltd (CYG) (+0.9%). Detractors included A2B Australia Ltd (A2B) (-0.4%), COG Financial Services Ltd (COG) (-0.4%), Fleetwood Ltd (FWD) (-0.4%) and Midway Ltd (MWY) (-0.3%).

CYG confirmed the strong trading update that was provided in mid-December with the company reporting preliminary 1HFY24 revenue of \$185.3 million (+5.4% vs 1HFY23) and EBITDA of \$9.8 million (+18.1% vs 1HFY23). We discussed this in detail in the December newsletter and have nothing further to add on the trading update specifically. A very positive broker initiation on the stock also helped raise awareness of the attractive company specific fundamental drivers that are expected to deliver robust earnings and cash flow growth over the medium term.

A2B ended the month trading at a small discount (~1.4%) to the scheme of arrangement offer from ComfortDelGro (\$1.45 per share). The closing price in December (\$2.13 per share) exceeded the cash value of the ComfortDelGro offer (\$1.45 per share) and the special fully franked dividend (\$0.60 per share). The implication was that buyers were prepared to pay a premium (8 cents per share) to receive a 25 cent per share imputation credit. Since the announcement of the scheme proposal, we have sold about one third of the Fund's A2B position for an average price of ~\$2.15 per share, above the cash price implied by the scheme. These sales and the special dividend have increased the Fund's cash levels with some of the cash invested in new opportunities.

February is an important month in the calendar with most of the portfolio reporting December half results. Although these are only six month results, and thus reflect short term performance, each company's financial statements and commentary does provide important markers as to how our investment is performing against its stated plans and our own thesis for the business. We look forward to providing you with an update from the reporting season in our next monthly report.

## GROWTH OF INVESTMENT SINCE INCEPTION (\$)



## PORTFOLIO EXPOSURES

Net Exposure 95%

Net Cash 5%

Long Positions 26

Short Positions 1

## TOP 5 POSITIONS

COG Financial Services 17%

Fleetwood 13%

Coventry 11%

Global Data Centre Group 10%

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

<b>Structure</b>	Wholesale unit trust
<b>Trustee</b>	One Fund Services Ltd
<b>Custodian</b>	One Managed Investment Funds Limited
<b>Fund Auditor</b>	Crowe Australasia
<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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