

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

Entry Price Exit Price
\$1.9196 \$1.9082

APRIL 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	-1.4%	11.0%	-3.2%	5.8%	9.6%	282.2%
S&P/ASX 200 Accumulation	-2.9%	9.1%	7.3%	8.0%	8.2%	219.8%
Small Ordinaries Accumulation	-3.1%	7.4%	0.0%	3.9%	4.7%	95.3%
Cash	0.4%	4.2%	2.1%	1.5%	2.4%	42.2%

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 April 2024 was -1.4%, 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 10%.

The largest positive contributors were Carbon Conscious Investments Ltd (CCIL) (+1.2%), Fleetwood Ltd (FWD) (+0.9%) and IDT Australia Ltd (IDT) (+0.7%). These were offset by COG Financial Services Ltd (COG) (-2.8%), Magellan Financial Group Ltd (MFG) (-0.6%) and Karoon Energy Ltd (KAR) (-0.5%).

During the month, Sandon Capital Pty Ltd entered into a formal association agreement with Samuel Terry Asset Management Pty Ltd with respect to the affairs of Karoon Energy Ltd (KAR). In the past few years, Karoon has evolved from being an oil and gas explorer to being a fully-fledged producer. Unlike many of its oil and gas producing peers, Karoon does not yet pay dividends to its shareholders. We believe it should. The first phase of our campaign has focused on the upcoming Annual General Meeting (AGM). We believe shareholders should vote in a way that sends a clear message to the Board. You can read our letter to the Karoon Board detailing and [explaining our voting intentions here](#).

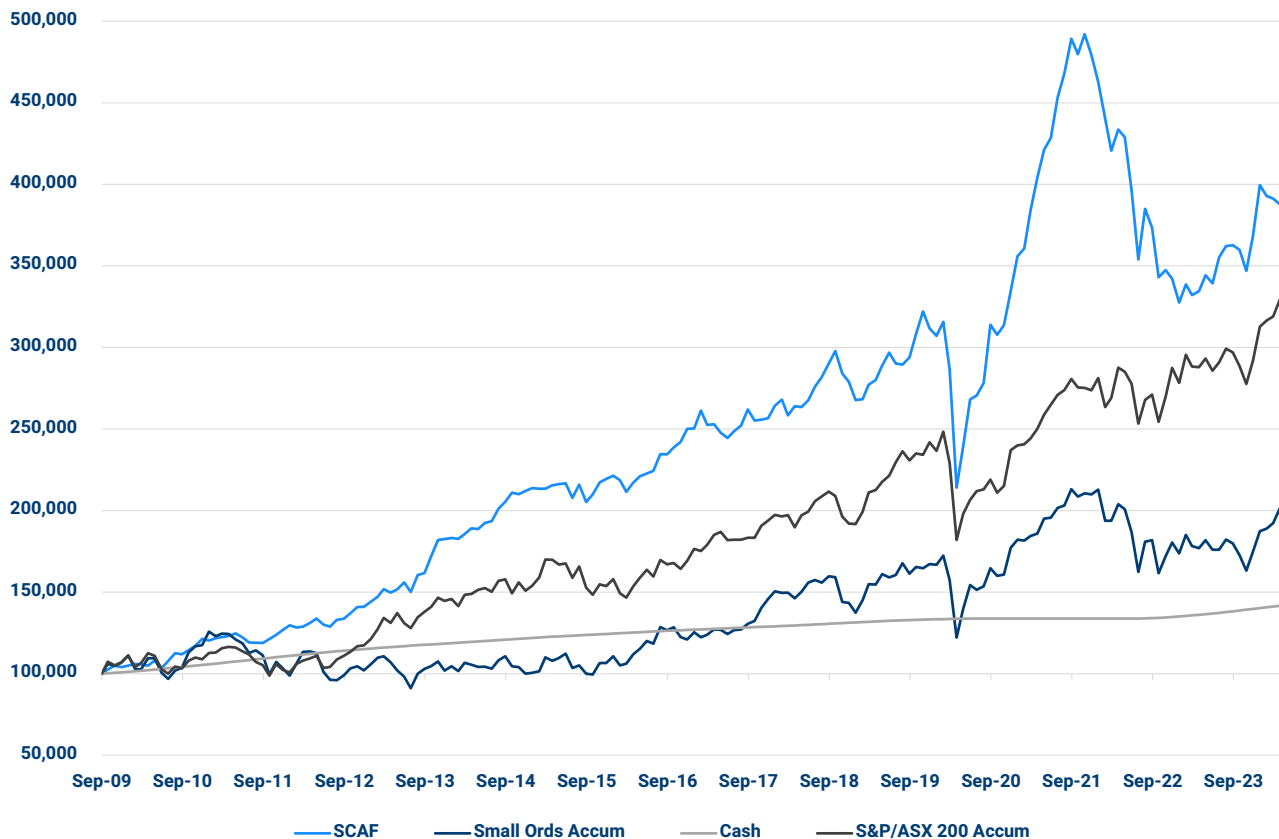
Sandon Capital Investments Ltd (SNC), a listed investment company managed by Sandon Capital Pty Ltd, announced that it had entered into a merger implementation deed with CCIL for a recommended takeover offer pursuant to which SNC will offer to acquire all the shares of CCIL not owned by SNC and Sandon Capital Activist Fund (SCAF) for \$0.0667 in cash. Further details can be found in the [Bidder's Statement on CCIL's website](#). SCAF will retain its CCIL shares.

IDT announced it had entered into a Master Service Agreement with Sanofi, a global healthcare company, to support the preclinical formulation development and manufacture of Sanofi's mRNA for clinical trials targeting a range of indications to support unmet medical needs. The value of the services under the initial order will be \$3-3.5 million, with the potential for follow-on work packages. IDT also announced that its 3Q revenue had increased 48% versus the prior corresponding period (pcp), with the strongest growth exhibited by the key Active Pharmaceutical Ingredient and Advanced Therapies segment. The future looks bright for IDT and we are excited about the company's prospects of returning to profitability in the foreseeable future.

Coventry Group Ltd (CYG) announced the acquisition of the Steelmasters Group, for a total consideration of \$42.1 million. Steelmasters Group is a leading Australasian supplier and manufacturer of industrial and speciality fasteners through its network of 12 branches (four in New Zealand and eight in Australia) with its head office in Auckland, New Zealand. The Group operates under several brands, 'Steelmasters' and 'Galvmasters' in New Zealand and 'Boltmasters' and 'Profast' in Australia. The acquisition was funded through an equity raise of \$30 million, a Share Purchase Plan of up to \$2 million, with the remainder (~\$10 million) to be funded with debt. We consider Steelmasters to be extremely complementary to CYG's existing operations and expect the acquisition to have a materially positive impact on CYG's earnings, cash flow and value.

COG announced a soft trading update with 3QFY24 NPATA down 7% on the pcp. Despite this, growth in NPATA for the 9 months YTD has been 6.5%. The Novated Leasing division displayed very strong growth in the 3Q, with earnings tripling against the pcp. This was offset by weakness in the Asset Management and Leasing business which has achieved strong originations growth but has been adversely impacted by a margin squeeze due to increased funding interest rates on historical originations. With interest rates having stabilised past 10 months, we expect margins to rebound over the next 6-12 months.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	90%
Net Cash	10%
Long Positions	22
Short Positions	1

TOP 5 POSITIONS

COG Financial Services	15%
Coventry Group	13%
Fleetwood	13%
Global Data Centre Group	11%
Magellan	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

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

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