

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

Entry Price
\$1.9073

Exit Price
\$1.8959

JULY 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	6.6%	14.3%	-4.0%	7.4%	10.0%	314.0%
S&P/ASX 200 Accumulation	4.2%	13.5%	7.4%	7.5%	8.5%	239.7%
Small Ordinaries Accumulation	3.5%	9.3%	-0.6%	3.5%	4.7%	99.2%
Cash	0.4%	4.3%	2.4%	1.6%	2.5%	43.7%

Note: Inception date is Sep 2009. Entry/Exit prices are for CUM entitlement 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 July 2024 was +6.6%, 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 portfolio had a very strong July, driven by a number of favourable announcements from our investments. The largest positive contributors were Fleetwood Ltd (FWD) (+1.7%), Magellan Financial Group Ltd (MFG) (+1.3%), IDT Australia Ltd (IDT) (+1.0%), COG Financial Services Ltd (COG) (+0.9%), Global Data Centre Group (GDC) (+0.8%), BCI Minerals Ltd (BCI) (+0.8%) and Wellard Ltd (WLD) (+0.7%). There were no negative contributors of note.

FWD announced that it had secured a contract to design, build and install 60 homes for the Queensland Department of Housing, Local Government, Planning and Public Works. The contract is expected to deliver approximately \$40 million of revenue in FY25. FWD have been supplying a limited number of houses into the social housing market for a number of years and we expect this market to be a key driver of future growth for the Building Solutions segment.

MFG's latest Funds Under Management announcement demonstrated the continued stabilisation of outflows seen over the past 10 months. The company also announced that it generated \$19 million in performance fees in FY24. We expect the after-tax amount of this performance fee to be passed through to shareholders on top of the regular dividend. Much has been achieved at MFG over the past 12 months and the business today is on a much sounder footing than at any time over the past few years. However, we believe that the new Board continues to fall well short when it comes to capital management. We consider the recent conversion of Closed Class Units in the Magellan Global Fund (**Fund**) to Open Class Units in the Fund is the perfect catalyst to return excess, non-operating assets to shareholders.

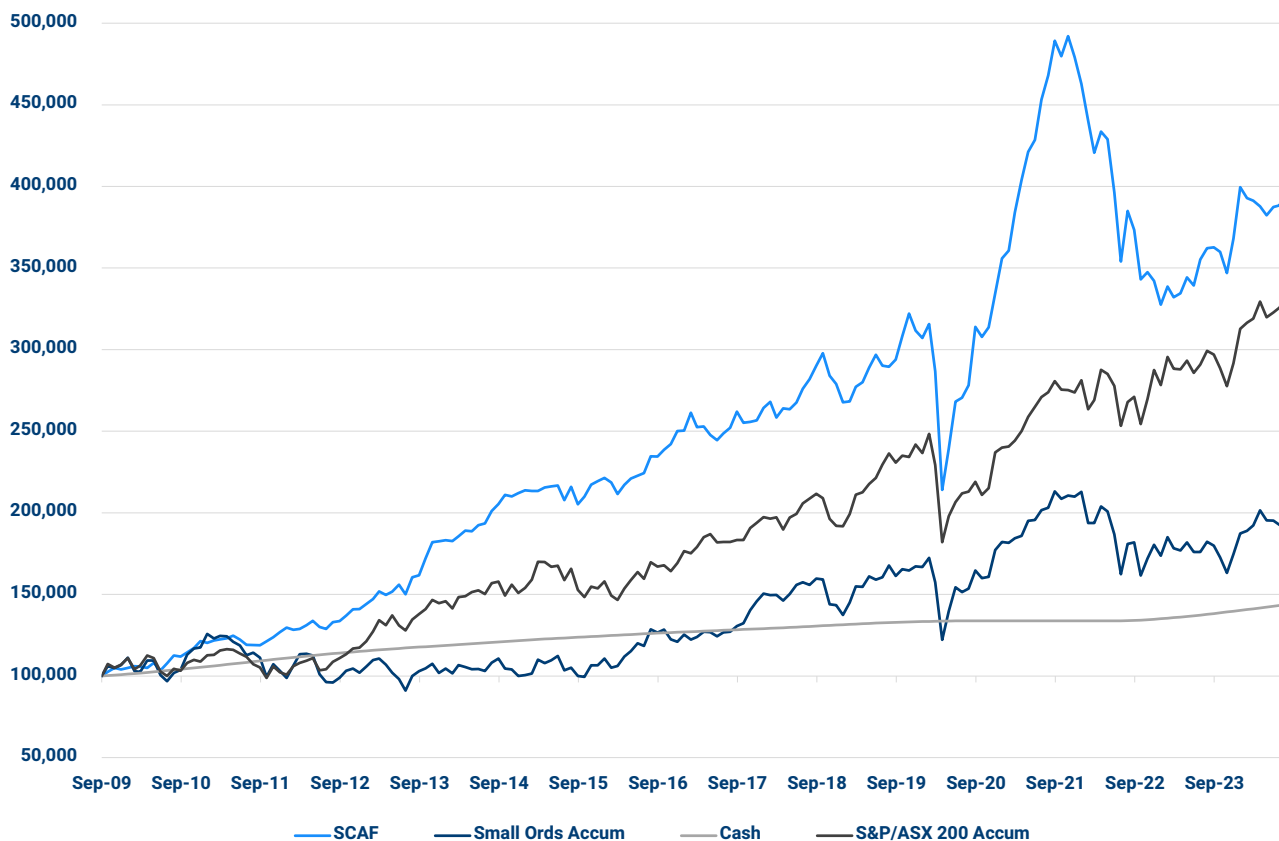
IDT provided a strong operating update with 4Q unaudited revenue rising 87% to \$4.6 million. This brings FY24 revenue to \$13.5 million, a 92% increase on the prior corresponding period (pcp). The important Advanced Therapies and API Manufacturing segments have been the key drivers of the growth. We believe IDT remains well placed to deliver on its target to be free cash flow positive before the end of the calendar year.

COG announced unaudited FY24 results, with NPATA of \$24.1 million increasing ~2% on the pcp. Excluding the TL Commercial operating lease business, which is currently in run-off, NPATA of \$22.7m represented a 12% increase on the pcp. The strong result was driven by the Novated Leasing segment, partly offset by the Finance Broking & Aggregation and Asset Management & Lending segments. A large parcel of shares was traded during the month, later revealed to be sold by a fund that had previously announced it was winding up. The sale of this stake, and the consequent elimination of the overhang may have contributed to the improved share price performance of COG for the month.

WLD signed a binding contract to sell its oldest livestock vessel, the M/V Ocean Ute, for US\$12.0 million in cash, a price that is a premium to book value. The company's Board expects to return the majority of the net sales proceeds to shareholders. WLD also continues to engage with KPMG (Singapore) to seek a commercial resolution that will result in the return to WLD of full, unencumbered legal title to its last remaining ship, the M/V Ocean Drover. We expect to receive an update on these negotiations with the full year result in late August.

There has been a breakout of manic activity in capital markets in the early part of August. Many market participants continue to react to short term data points, attempting to divine the near-term outlook for stocks, an exercise we believe is both futile and counterproductive to generating long term outperformance. Our long-term fundamental investment process remains unchanged, and we see the current volatility as friend rather than foe. Our like-minded investor base allows us to profit from market dislocations and the current environment is no different. We consider the portfolio to be materially undervalued and have seen a number of investments take strategic actions to liberate this value through asset sales and/or meaningful capital management decisions. The majority of our holdings are in a net cash position, allowing them to capitalise on attractive growth opportunities, or if these aren't available, return cash to shareholders. We continue to uncover new opportunities and look forward to reporting on them in future updates.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	95%
Net Cash	5%
Long Positions	20
Short Positions	0

TOP 5 POSITIONS

Global Data Centre Group	16%
COG Financial Services	14%
Fleetwood	13%
Coventry Group	11%
Magellan Financial Group Ltd	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 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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