

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

 Entry Price
\$2.0141

 Exit Price
\$2.0021
OCTOBER 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	3.4%	26.0%	-3.9%	6.3%	10.2%	337.2%
S&P/ASX 200 Accumulation	-1.3%	24.9%	8.0%	8.2%	8.5%	246.8%
Small Ordinaries Accumulation	0.8%	26.6%	-0.6%	4.7%	4.9%	106.7%
Cash	0.4%	4.4%	2.8%	1.8%	2.5%	45.3%

Note: Inception date is Sep 2009. Entry/Exit prices are for the 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 October 2024 was 3.4%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 10.2% per annum. Cash levels ended the month at approximately 4%.

The largest positive contributors were Fleetwood Ltd (FWD) (+1.5%), Coventry Group Ltd (CYG) (+0.9%), Nuix Ltd (NXL) (+0.7%), BCI Minerals Ltd (BCI) (+0.6%), IDT Australia Ltd (IDT) (+0.5%) and Magellan Financial Group Ltd (MFG) (+0.5%). These were partially offset by Karoon Energy Ltd (KAR) (-0.5%) and Midway Ltd (MWY) (-0.5%).

FWD announced that it had secured additional occupancy for two years at its Searipple accommodation village in Karratha with the Saipem Clough Joint Venture (SCJV). SCJV is the prime contractor for the construction of the Perdaman Industries fertiliser plant on the Burrup Peninsula. The take-or-pay contract is expected to generate a minimum of \$13.5 million in revenue for FWD, with the SCJV having options to take additional rooms. As a result of this contract, occupancy at Searipple is locked in at 72% for FY25 and we expect occupancy to trend at these high levels into FY26 and beyond. This helps to underpin strong earnings and cashflow at FWD for at least the next two years.

At its Annual General Meeting (AGM) in late October, CYG provided a trading update that was weaker than expected with September quarter revenue flat with the prior corresponding period and EBITDA up 0.7%, impacted by difficult economic conditions in New Zealand and on the east coast of Australia. In a strategy update, the company highlighted that the primary driver of longer-term growth will be an aggressive rollout of greenfield sites, believing it can more than double the footprint of its Konnect & Artia Australia (KAA) business in the next five years. Should this target be achieved, earnings and cash flow later this decade at CYG will be significantly higher than today.

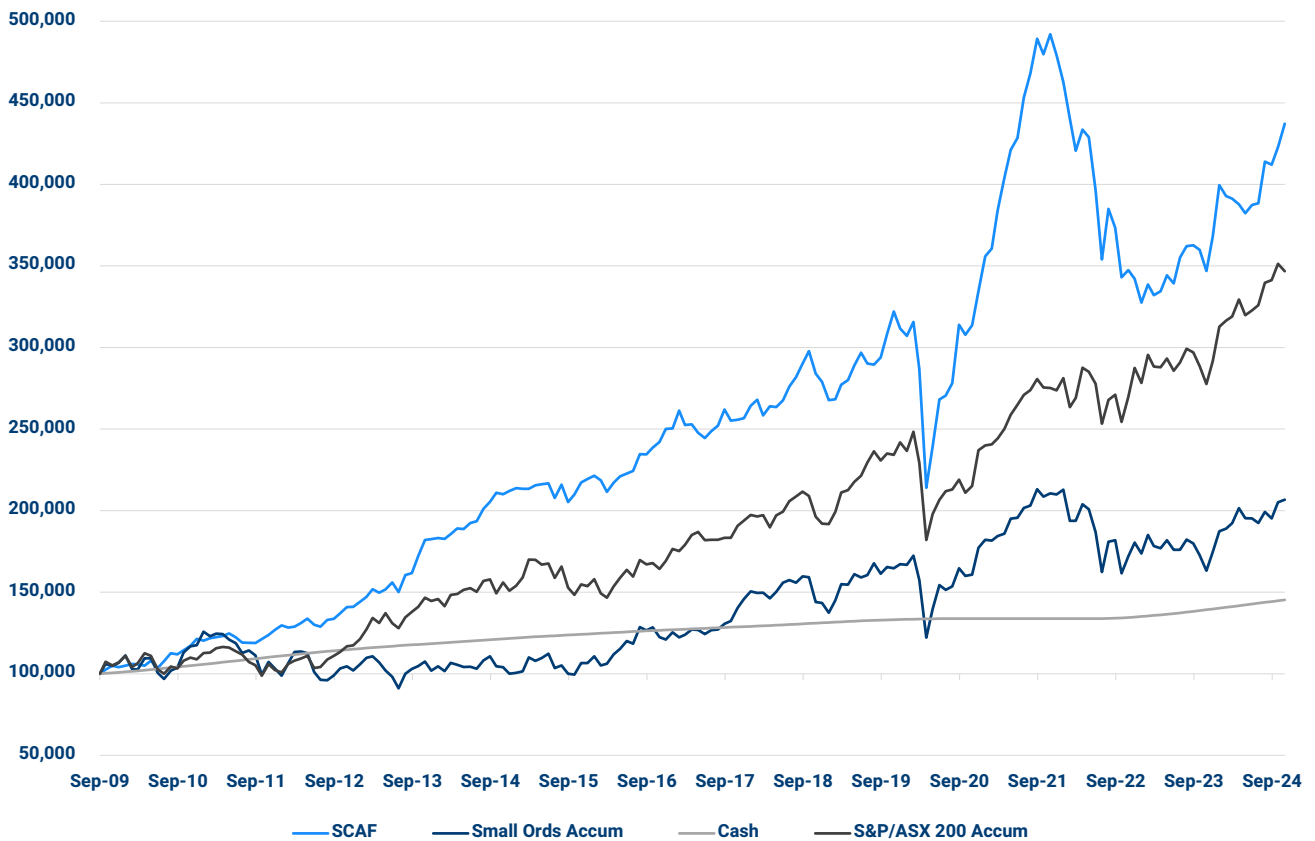
The construction of BCI's Mardi salt project continued to move ahead with a total of \$788 million invested as of 30 September 2024 and construction 50% complete. In early October, the company completed financial close on its \$981 million syndicated debt facility, with the first drawdown from the facility expected in the March quarter of 2025. BCI remains on track for the first shipment of salt in the December quarter of 2026 and should become a significant supplier of high-quality industrial salt to global markets for many decades to come.

Unaudited revenue of \$5.2 million at IDT reached a two year high in the September quarter, increasing by 70% over the prior corresponding period. The strongest growth was seen in the Advanced Therapies division, supported by the recently announced Sanofi Australia contracts and growing demand for Antibody Drug Conjugates (ADC) and messenger RNA (mRNA) technologies. Importantly, the company is generating a significant amount of repeat work from returning customers, thereby establishing more predictable revenue streams. The outlook remains robust with \$6.8 million of contracts secured in the September quarter and 37 proposals submitted with a value of \$24.7 million, with ~60% of these to existing customers.

In its September quarter production report, KAR downgraded its full year production guidance to the bottom end of the previous range. As the relatively fixed cost base is spread over fewer barrels of production, unit costs were raised to the upper end of the previous range. On a more positive note, the company announced another US\$25m buyback, a significant increase to the contingent resource at Who Dat East and the discovery of hydrocarbons at the Who Dat South exploration well. If Who Dat East and Who Dat South prove to be economical, they could unlock attractive, low capex growth options for KAR.

Global Data Centres confirmed that it will be suspended from the close of trading on ASX on 20 November 2024 as a result of disposing of its main undertaking (Etix Everywhere). The trust also confirmed that the available proceeds from the sale of Etix and Malaga are forecast to be \$2 per unit and expected to be distributed to unitholders by the end of November 2024. Between these proceeds, and the proceeds from the Wellard Ltd capital return, we expect significant cash to be returned to the Fund. There are a number of opportunities into which we expect to redeploy this cash and we look forward to reporting on these in the future.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	96%
Net Cash	4%
Long Positions	22
Short Positions	0

TOP 5 POSITIONS

Fleetwood	15%
Global Data Centre Group	14%
COG Financial Services	11%
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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