

## MONTHLY REPORT

# Sandon Capital Activist Fund (SCAF)

Entry Price      Exit Price  
\$2.1132      \$2.1006

JANUARY 2025

## PERFORMANCE RESULTS

	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Annualised since Fund inception	Total Return since Fund inception
SCAF	3.3%	16.8%	1.4%	7.8%	10.4%	<b>358.7%</b>
S&P/ASX 200 Accumulation	4.6%	15.2%	11.4%	8.0%	8.7%	<b>264.5%</b>
Small Ordinaries Accumulation	4.6%	12.3%	3.1%	4.3%	5.0%	<b>112.3%</b>
Cash	0.4%	4.4%	3.2%	1.9%	2.5%	<b>46.9%</b>

*Note: Inception date is Sep 2009. SCAF returns are net of all fees and expenses. 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 2025 was 3.3%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 10.4% per annum. Cash levels ended the month at approximately 2%.

The largest positive contributors were Wellard Ltd (WLD) (+3.1%), Alterra Ltd (+0.8%), Karoon Energy Ltd (KAR) (+0.7%), IDT Australia Ltd (IDT) (+0.5%) and an undisclosed position (+0.5%). These were partially offset by Coventry Group Ltd (CYG) (-1.2%) and Nuix Ltd (NXL) (-1.1%).

WLD announced that it had signed a binding contract to sell its remaining livestock vessel, the M/V Ocean Drover, for US\$50.0 million in cash, almost three times its reported carrying value at 30 June 2024. WLD currently has confirmed charters for the vessel until June 2025 and expects completion of the sale to occur in July 2025. If the sale is approved by shareholders, the WLD Board intends to return all of the net sale proceeds of the M/V Ocean Drover to shareholders (~15 cents per share) plus an additional capital return of any surplus cash on hand as at the date of completion. WLD Executive Chairman, John Klepec, and his team have achieved an outstanding outcome for shareholders.

In addition to the two US\$25.0 million buybacks that have previously announced, KAR intends to undertake an additional US\$75.0 million buyback over the course of 2025. The existing dividend payout ratio of 20-40% of underlying Net Profit After Tax has also been maintained. We are encouraged that the company's focus is now on returning excess capital to shareholders in an efficient manner. KAR also announced it is in constructive negotiations with Alterra & Ocyan regarding the potential acquisition of the Baúna FPSO (offshore floating production, storage and offloading vessel). Subject to price, this might prove a sensible use of capital as it could assist in addressing operational issues, would save ~US\$60 million in annual lease costs, enable commercial development of ~10mmbbls of resources and defer abandonment spending.

IDT announced another positive update with 1QFY25 revenue nearly doubling to \$5.3 million. 1HFY25 revenue is expected to be \$10.5 million, an 82% increase on the prior period. The company won \$12.9 million of contracts in 2QFY25, mainly from returning customers and US based customers. This bodes well for continued revenue growth going forward along with improved profitability as customers transition from development work to higher margin

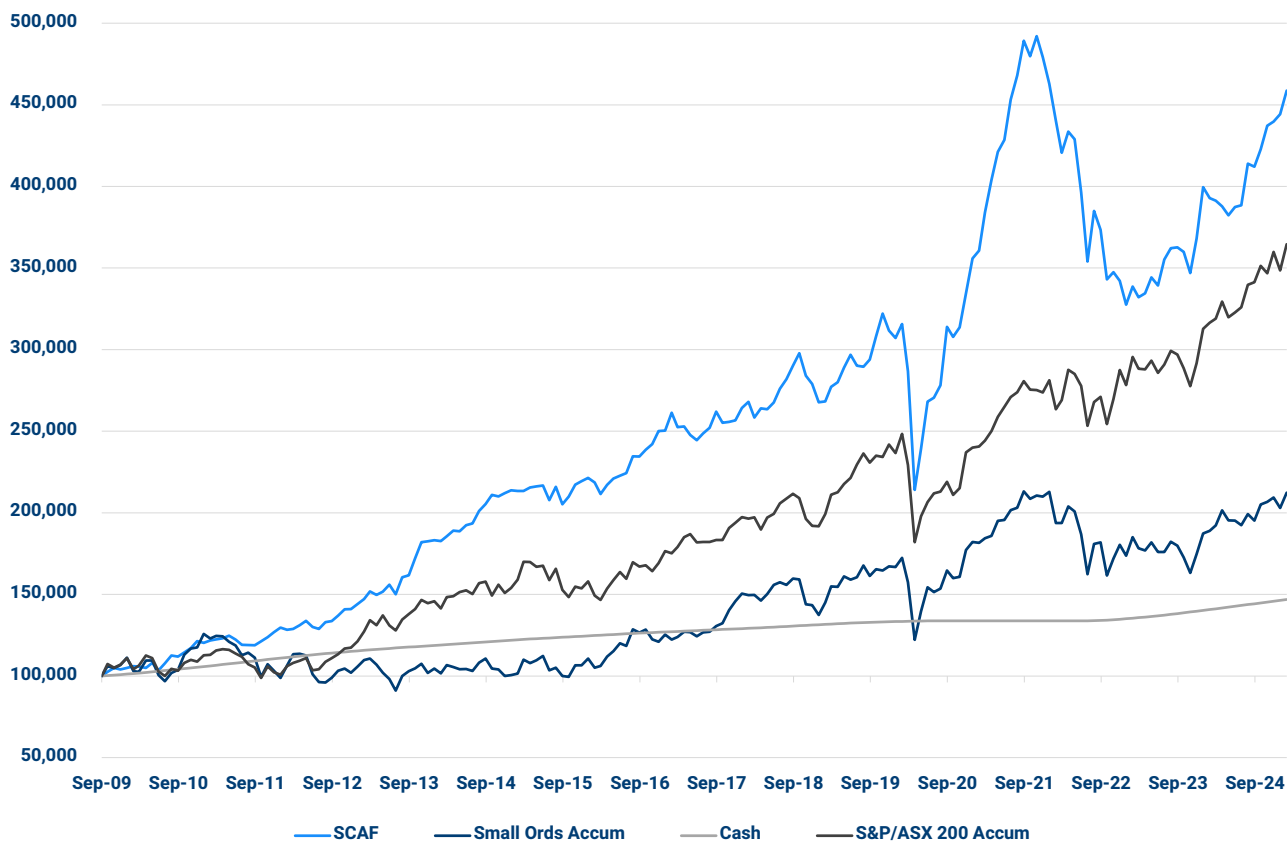
manufacturing contracts. Importantly, the strongest growth is coming from the Advanced Therapies vertical, which typically attracts higher margins due to the need for more complex manufacturing processes.

CYG provided a soft trading update with 1HFY25 revenue of \$185.3 million down 0.4% on the prior year and unaudited EBITDA of \$9.9 million up 0.2%. Demand remains positive in the mining and resources sectors in Western Australia and Queensland, however there is some short-term softening in the other Australian states and economic conditions remain challenging in New Zealand. The implementation of the Enterprise Resource Planning (ERP) system upgrade also provided a headwind during the period. Now “live”, the ERP system should provide a tailwind in future periods, all other things being equal.

NXL also provided a soft trading update with 1HFY25 Annualised Contract Value (ACV) growth of 8-9% below market expectations. FY25 ACV growth is now expected to be 11-16% compared to previous expectations of ~15%. The increasing size and complexity of a number of contracts is contributing to longer procurement cycles for some clients. The company remains on track to be underlying cash flow positive for the full year.

We expect to receive the proceeds from the Midway Ltd Scheme of Arrangement and Global Data Centres Group return of capital over the next two months. We continue to uncover new opportunities in which to deploy this capital and look forward to updating our investors on these new investments in future newsletters.

## GROWTH OF INVESTMENT SINCE INCEPTION (\$)



## PORTFOLIO EXPOSURES

Net Exposure	98%
Net Cash	2%
Long Positions	24
Short Positions	2

## TOP 5 POSITIONS

Fleetwood	13%
COG Financial Services	11%
Coventry Group	9%
Global Data Centre Group	7%
Magellan	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 & Custodian	One Fund Services Ltd
Prime Broker	Barrenjoey Markets Pty 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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