

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

Entry Price Exit Price
\$2.3242 \$2.3102

SEPTEMBER 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	9.3%	36.6%	18.9%	13.4%	11.5%	473.9%
S&P/ASX 200 Accumulation	-0.8%	10.6%	15.2%	13.0%	8.8%	288.5%
Small Ordinaries Accumulation	3.4%	21.5%	15.5%	9.3%	5.8%	149.1%
Cash	0.3%	4.2%	4.0%	2.4%	2.6%	50.8%

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 September 2025 was 9.3%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 11.5% per annum. Cash levels ended the month at approximately 0%.

The largest positive contributors were COG Financial Services Ltd (COG) (+6.6%), Fleetwood Ltd (FWD) (+2.4%), BCI Minerals Ltd (BCI) (1.7%) and Southern Cross Media Group Ltd (SXL) (+0.9%). These were partially offset by Coventry Group Ltd (CYG) (-1.0%) and a few others whose contributions were less than 0.5%.

COG announced the acquisition of salary packaging business and novated leasing business, EasiFleet Pty Ltd for \$40 million via its salary packaging subsidiary business, Paywise. This provides Paywise with contracts across the Western Australia, Northern Territory, Tasmania, Queensland and ACT governments. It also strongly positions Paywise for the upcoming NSW and Victorian Government tenders. COG has capacity for further acquisitions given the net cash position and headroom under its acquisition finance facility.

On the last day of the month, we were unpleasantly surprised to learn that SXL had entered into a scheme of arrangement to acquire Seven West Media Ltd (SWM). At this stage, it might be worth repeating our comments about SXL's results in last month's report:

SXL delivered a solid FY25 result with net profit increasing 239% over the depressed FY24 result. The company is taking share in its key 25-54yo target market and the LiSTNR digital app continues to see strong growth, although this is starting to moderate. The recent divestment of the television assets has helped focus the business and improve the balance sheet. SXL expects another year of earnings growth and solid free cash flows in FY26. Whilst dividend payments have resumed, we would prefer to see further debt paydown before the company meaningfully returns its large bank of franking credits (\$183.8m, or 77 cents per share) to shareholders.

Unitholders may therefore not be surprised to learn that Sandon Capital has expressed significant concerns regarding this development. SXL's "All about audio" strategy was one that made sense to us. That strategy became a reality once the moribund TV assets were sold, including some stations to SWM. Victory was in sight. But that was not to be.

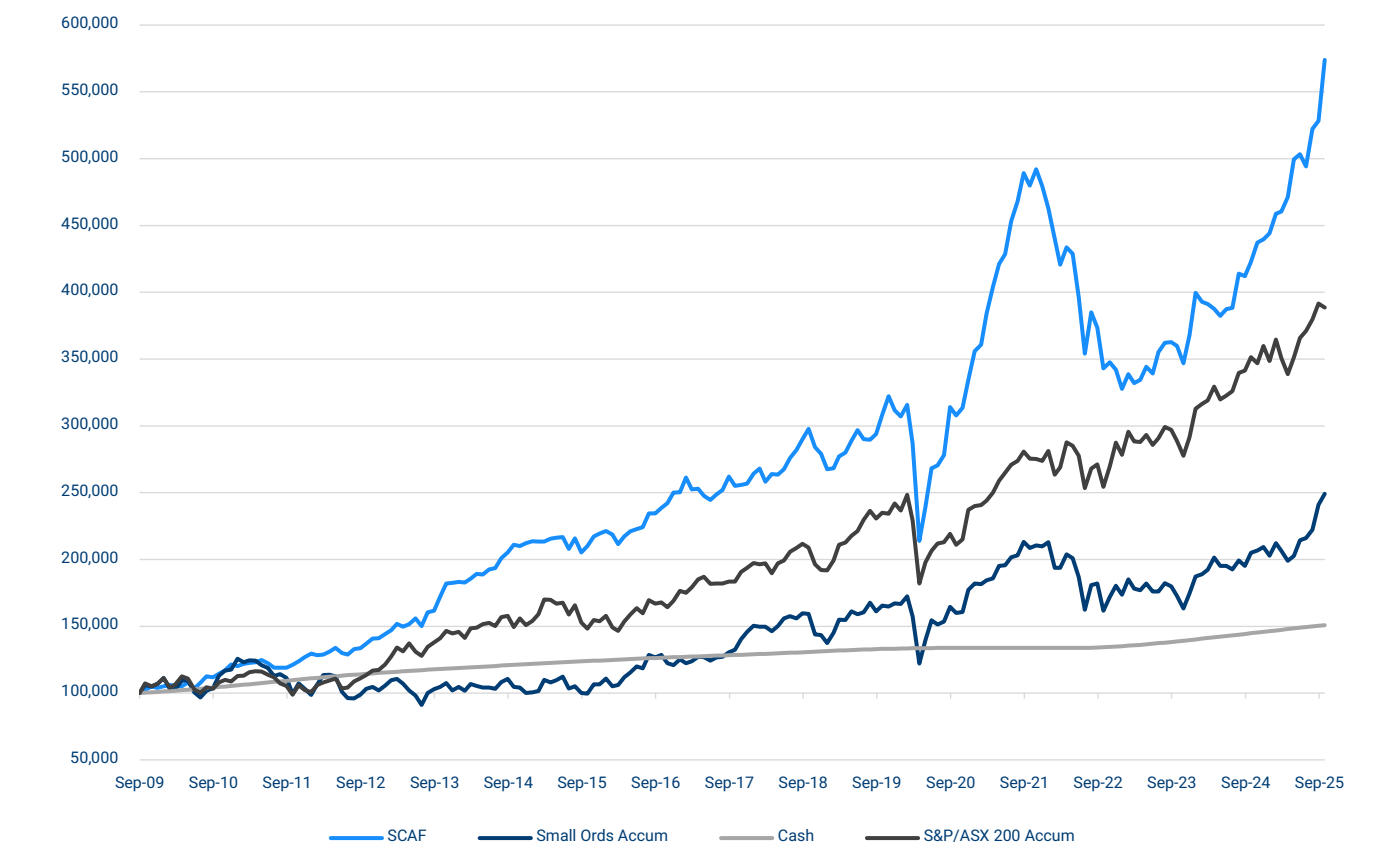
We consider the transaction to be a “nil-premium reverse takeover” in all but name. Although the merged entity will be 50.1% owned by current SXL shareholders and 49.9% owned by SWM shareholders, the board will comprise a majority of SWM directors and the CEO of the merged entity will be the current SWM CEO. Using board control, management control and respective shareholdings, two out of three measures imply this is a SWM takeover and the third is only in SXL’s favour by one-tenth of one percent.

We are appalled that SXL directors have entered into this transaction. If that wasn’t enough, the transaction avails itself of, what we consider, a loophole in the ASX listing rules, that does not allow SXL shareholders an opportunity to vote on the matter. This raises a broader issue about shareholder rights and the indifference of ASX to the issue. A similar situation recently allowed James Hardie to make a disastrous acquisition and move its primary listing to the US.

We have joined other fund managers and some proxy advisory firms in calling for urgent reform of the listing rules to ensure adequate investor protections.

Our campaign started earlier this year when we engaged privately seeking to replace the chairman and the CEO. We then gave notice of our intention to seek the removal of all directors and took action in the Takeovers Panel seeking the variation of some earlier orders. Fearing the worst, last week we asked the Chair to consider putting forward a resolution to limit the ability of the company to issue shares. We received the answer to our request on Tuesday with the announcement of the SWM scheme. We then lodged a shareholder requisition to have our resolution put directly to shareholders. Our campaign will continue in earnest through to the AGM on 22 November.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	100%
Net Cash	0%
Long Positions	22
Short Positions	2

TOP 5 POSITIONS

COG Financial Services	25%
Fleetwood	19%
Southern Cross Media	11%
BCI Minerals	9%
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 & 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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