

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

Entry Price Exit Price
\$2.0383 \$2.0261

JANUARY 2026

PERFORMANCE RESULTS

	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Annualised since Fund inception	Total Return since Fund inception
SCAF	-5.4%	10.4%	14.4%	7.0%	10.4%	406.4%
S&P/ASX 200 Accumulation	1.8%	7.4%	9.8%	10.2%	8.7%	291.4%
Small Ordinaries Accumulation	2.7%	22.8%	12.1%	7.5%	6.0%	160.6%
Cash	0.3%	3.9%	4.1%	2.7%	2.6%	52.6%

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 2026 was -5.4%, 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 0%.

There was little company specific news during January due to the Australian summer holidays. The largest positive contributors were Fleetwood Ltd (FWD) (+0.8%), BCI Minerals Ltd (BCI) (+0.7%) and Karoon Energy Ltd (KAR) (+0.6%). These were more than offset by COG Financial Services Ltd (COG) (-3.8%), Southern Cross Media Group Ltd (SXL) (-2.0%) and Coventry Group Ltd (CYG) (-1.3%).

There were no announcements from COG during the month that might explain its share price decline. On that basis, we remain sanguine about COG's prospects. We eagerly await their results in late February.

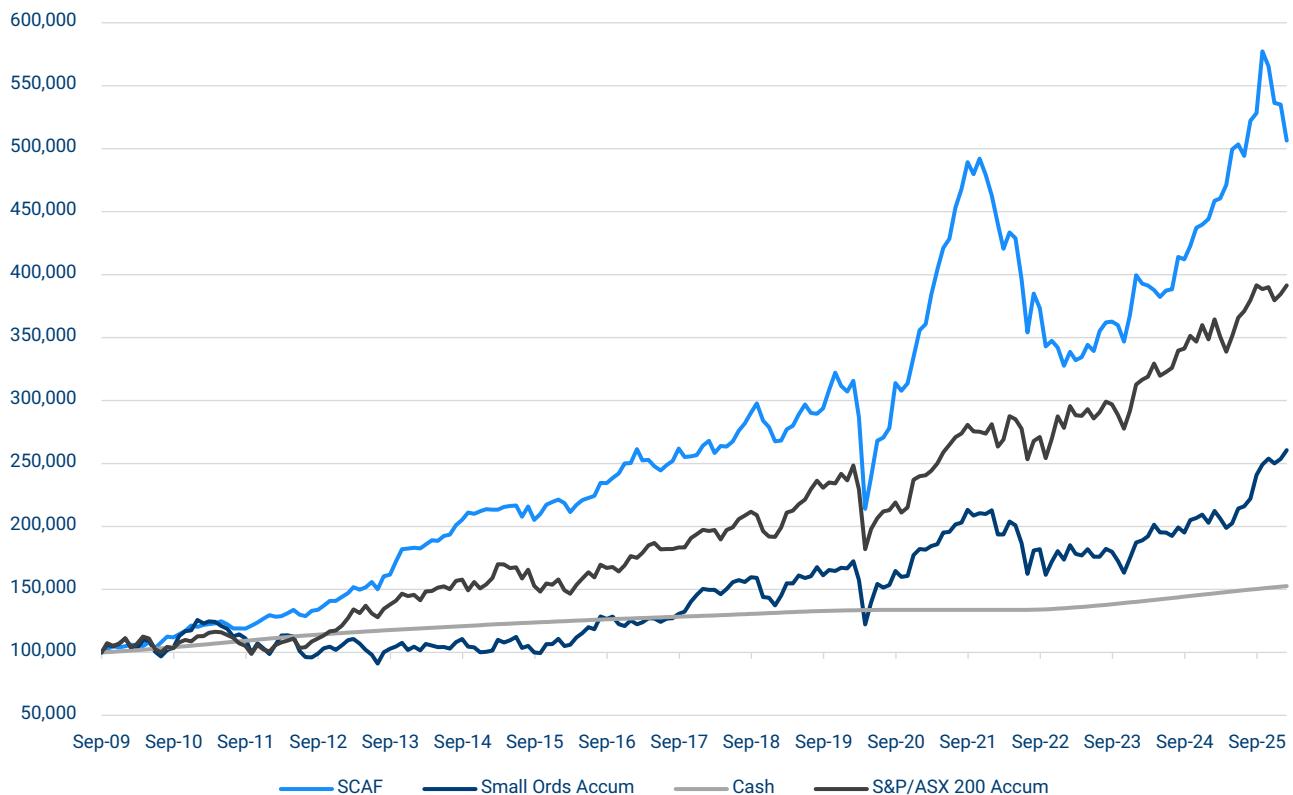
CYG announced a 1HFY26 trading update with sales up 2% on the prior corresponding period, though this did not flow through to earnings. EBITDA declined 68% on the pcp due to gross margin compression, investment in new branches and the one-off impact of relocating the Fluid's business's largest branch. More importantly, following unsolicited third-party approaches for individual business units, the company has commenced a strategic review and appointed advisers. We view this as a welcome and much-needed move.

QPM announced it has executed an agreement with Powerlink Queensland to connect the 112MW Isaac Power Station to Powerlink's Moranbah substation. This represents a major project milestone and a critical prerequisite for completion of the IPS project finance facility. QPM is progressing through the remaining steps to secure the debt/convertible funding required for construction and commissioning. We expect further announcements in coming months.

Geopolitics and uncertainty continue to foster greed and fear in financial markets, at times concurrently. Times like this can provide opportunities to acquire investments with sound medium- to long-term prospects at attractive prices. There has been a noticeable increase in investor risk appetite over the past 6 months. Too much investor attention has shifted to 'story stocks'—thematic investments with seductive narratives but negligible-to-no earnings history, nor proven track records. Some such investors may now regret their speculations.

We are much more comfortable with the valuation of our own portfolio, where many of the investments have idiosyncratic drivers of earnings and cash flows and remain undervalued. We look forward to receiving December half year updates in February from the majority of our portfolio positions.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	100%
Net Cash	0%
Long Positions	23
Short Positions	2

TOP 5 POSITIONS

COG Financial Services	21%
Fleetwood	19%
BCI Minerals	10%
Southern Cross Media	9%
QPM Energy	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 Fund Services Ltd
Prime Broker	Barrenjoey Markets Pty Ltd
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	Daily /Quarterly

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