

MONTHLY REPORT

Sandon Capital Activist Fund (SCAF)

Entry Price Exit Price
\$1.8226 \$1.8116

FEBRUARY 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	-10.6%	-1.7%	10.9%	3.3%	9.6%	352.7%
S&P/ASX 200 Accumulation	4.1%	16.2%	12.2%	10.8%	8.9%	307.5%
Small Ordinaries Accumulation	-2.6%	23.0%	12.5%	6.6%	5.8%	153.9%
Cash	0.3%	3.8%	4.1%	2.7%	2.6%	53.1%

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 February 2026 was -10.6%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 9.6% per annum. Cash levels ended the month at approximately 0%.

The largest negative contributors were Fleetwood Ltd (FWD) (-4.4%), COG Financial Services Ltd (COG) (-2.7%), QPM Energy Ltd (QPM) (-1.0%), an undisclosed position (-0.8%) and Karoon Energy Ltd (KAR) (-0.6%). There were no notable positive contributors for the month.

Last month we wrote that “too much investor attention has shifted to ‘story stocks’—thematic investments with seductive narratives but negligible-to-no earnings history, nor proven track records.” Whilst we believed this was a driver of portfolio underperformance since October 2025, we frankly did not anticipate how the market would react to some recent half year results. It is worth remembering that disappointment is often relative, not absolute. In other words, an otherwise good result that is not as good as was expected counts as disappointment.

FWD reported a strong overall result, buoyed by the Community Solutions business, however its Building Solutions segment was marred by continuing challenges in its NSW business and the timing of revenue delivery in QLD. The NSW issues require attention, no arguments here. We understand that QLD represented nearly 60% of the revenue shortfall with some government contracts that have subsequently been delivered post the 31 December balance date.

From our perspective as long term investors, these issues are manageable. Yet, when added to a late-2025 CEO change (which investors typically don’t like), this has caused some shareholders to hit the sell button aggressively. Clearly, some shareholders lost confidence given the 20% decline in the share price on the day of the result. It will be up to the new CEO and the Board to regain wider investor confidence. We have made some suggestions about steps the company might take to restore confidence. Solving the NSW issue in Building Solutions is clearly a priority. Effectively communicating the value that lies within FWD is another opportunity. We estimate FWD’s current enterprise value (adjusted for non-core property that could be sold) is ~\$130 million, which represents just over 4x our estimate of FY26 net profit after tax.

A recently announced \$5 million share buy-back, a 100% NPAT dividend payout ratio and scope for non-core asset sales that could support further capital management all mean that FWD remains highly prospective for future strong returns.

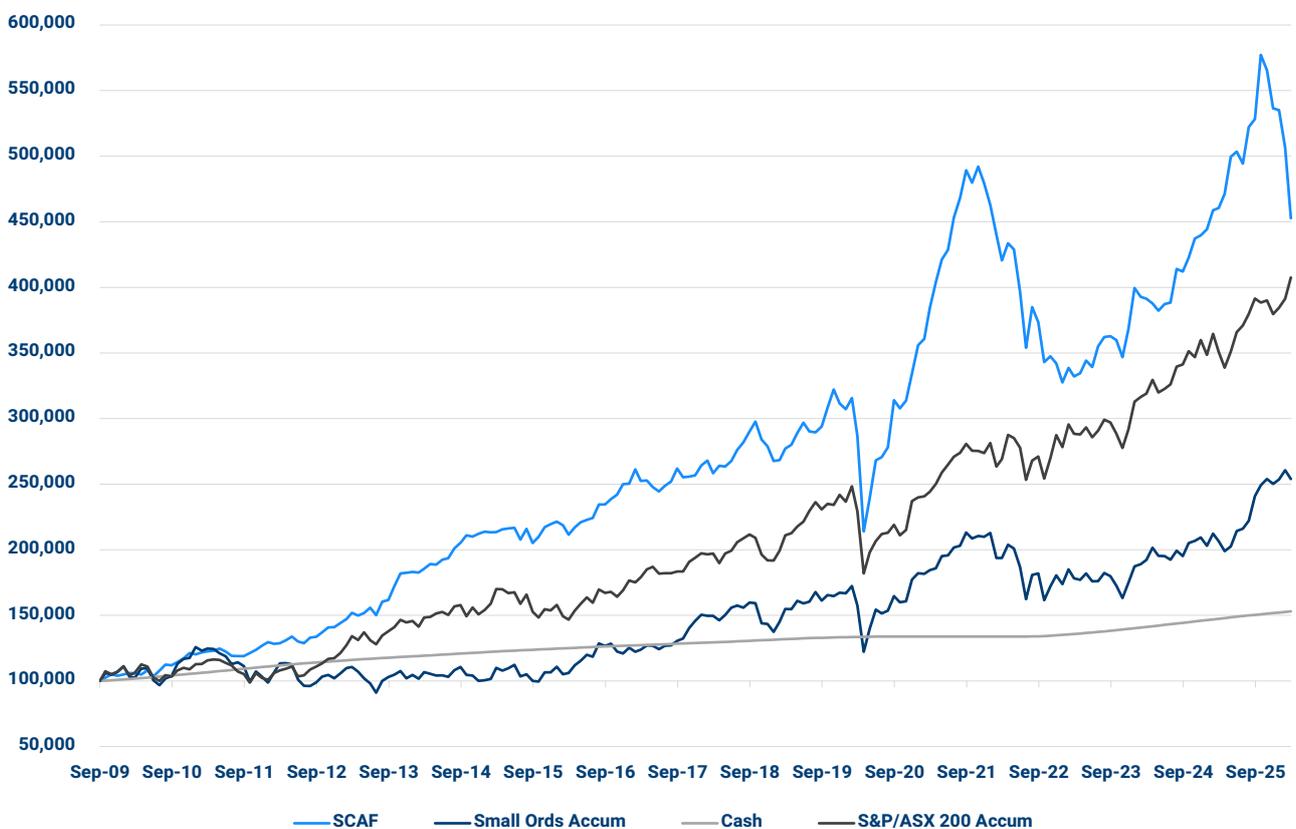
COG reported what we considered a strong result with record half year earnings reflecting the efforts of a very capable management team and the first full six month reporting period under the new Board. Despite this, COG's share price has declined materially since October 2025. We suspect simple profit-taking, concerns from an increasingly febrile macro environment, a decidedly non-promotional board and management team (which we actually prefer) and no positive surprise at the half year result have all contributed. In spite of this, we are confident that COG will continue to execute on its strategy, in time, translating to superior earnings growth and shareholder returns.

QPM has seen its share price fall in the absence of news. Subsequent to month end, QPM announced that it had received the development permit and environmental authority for the construction and operation of the Isaac Power Station (IPS). The debt financing for IPS continues to progress. We expect further IPS funding updates and a final investment decision over the next few months. We are optimistic for electricity prices over the medium term, which augurs well for QPM.

With a new war with Iran, we reiterate our comment from last month: *“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.”*

The fund's position in Karoon (~7% at month's end) is a clear and direct beneficiary of rising oil prices, a welcome shock-absorber at times like this.

GROWTH OF INVESTMENT SINCE INCEPTION (\$)



PORTFOLIO EXPOSURES

Net Exposure	100%
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Net Cash	0%
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Long Positions	23
<hr/>	
Short Positions	2

TOP 5 POSITIONS

COG Financial Services	21%
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Fleetwood	16%
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BCI Minerals	10%
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Southern Cross Media	10%
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Karoo 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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