

SANDON CAPITAL

Sandon Capital Activist Fund

November 2019 Monthly Report

Entry/Exit Prices: \$1.7467/\$1.7328

Performance Results (calculated net of all fees, assuming reinvestment of distributions and using unit mid-price. Indices are before fees.)

	1 month	1 year	3 yrs (p.a.)	5 yrs (p.a.)	Annualised since Fund inception	Annualised volatility since Fund inception	Total Return since Fund inception
SCAF	-3.3%	11.7%	7.6%	8.0%	11.7%	8.1%	211.6%
S&P/ASX 200 Accum.	3.3%	26.0%	12.7%	9.9%	9.0%	11.5%	141.9%
Small Ordinaries Accum.	1.6%	16.6%	11.4%	10.8%	5.1%	14.4%	67.2%

Net Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	1.0%	-0.3%	-0.7%	2.9%	-4.2%	4.2%	4.4%	-0.6%	2.3%	2.4%	3.5%	-0.9%	14.5%
2011	1.3%	0.6%	0.5%	1.3%	-1.9%	-2.7%	-0.1%	-0.1%	1.9%	2.1%	2.5%	2.2%	7.8%
2012	-1.0%	0.4%	1.8%	2.1%	-2.8%	-1.0%	3.3%	0.5%	2.5%	2.8%	0.1%	2.2%	11.1%
2013	2.1%	3.2%	-1.4%	1.3%	2.8%	-3.7%	6.9%	0.7%	6.5%	5.7%	0.3%	0.3%	27.1%
2014	-0.3%	1.6%	1.9%	-0.3%	2.0%	0.5%	3.9%	2.1%	2.8%	-0.5%	1.0%	0.8%	16.7%
2015	-0.2%	0.0%	1.0%	0.3%	0.2%	-4.1%	3.9%	-4.9%	2.3%	3.5%	1.0%	0.9%	3.6%
2016	-1.3%	-3.3%	2.7%	1.8%	0.8%	0.7%	4.6%	0.0%	1.7%	1.5%	3.3%	0.1%	13.1%
2017	4.4%	-3.4%	0.2%	-2.0%	-1.3%	1.7%	1.3%	3.9%	-2.6%	0.2%	0.4%	2.9%	5.5%
2018	1.4%	-3.6%	2.2%	-0.2%	1.6%	3.1%	2.1%	3.0%	2.6%	-4.6%	-1.8%	-4.0%	1.3%
2019	0.2%	3.3%	1.0%	3.2%	2.7%	-2.3%	-0.2%	1.5%	4.9%	4.5%	-3.3%		16.4%

Portfolio Exposures

Net Exposure	95%	Long Positions	33
Net Cash	5%	Short Positions	3

Fund Commentary

The Fund return for November 2019 was -3.3%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 11.7% per annum. Cash levels ended the month at approximately 5%.

Fleetwood Corporation Ltd (FWD) was the largest detractor (~1.4%) this month, followed by Coventry Group Ltd (CYG) and IDT Australia Ltd (IDT) (both ~-0.65%).

During the month Consolidated Operations Group Ltd (COG) announced a scheme of arrangement with CML Group Ltd (CGR). This was a pleasant surprise following the disappointing rejection by Thorn Group of COG's offer for Thorn Business Finance. The merger is beneficial to the shareholders of both companies, as each brings something to the table the other does not have. For CGR, it gains access to COG's aggregation platform used by nearly 5000 brokers, which should broaden the potential market for its invoice factoring and discounting products and services. For COG, it acquires the aforementioned products as well as access to CGR's warehouse facilities, which should help diversify its funding sources and reduce interest costs. It should also help accelerate its product development pipeline. COG's value remains largely unrecognised, despite it owning the largest broker and aggregator network in Australia. Following the merger, if approved, we expect double digit earnings per share growth.

FWD held its AGM during the month, at which it received its second strike with over 35% of votes cast against the remuneration report (25% being the threshold). Funds managed by Sandon Capital together own the biggest block of shares in FWD. We voted all these shares against the Board recommendations for all resolutions at the AGM. We remain frustrated, and frankly astounded, at the lack of accountability at FWD for poor performance. Over the past year, the FWD share price is down 3%, underperforming the Small Ords Accumulation Index (Index) by 19%. Over the past 2 years, the FWD share price is down 29%, underperforming the Index by 43%. Since the Managing Director was appointed to his position on 1 August 2014, the FWD share price is down 3%, underperforming the Index by 57% and the Company has reported total losses in excess of \$38 million. In spite of these results, a staggering 61% or more of votes cast at the AGM were in support of the board recommendations, including remuneration and incentives to management!

Cash levels finished the month at ~5%.

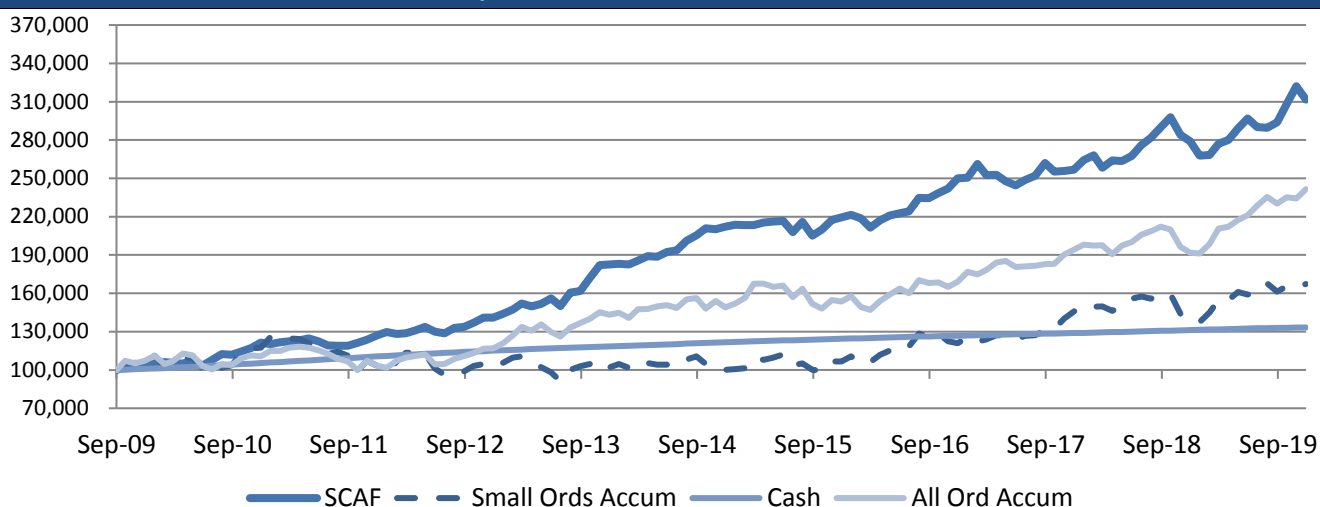
Fund Description

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.

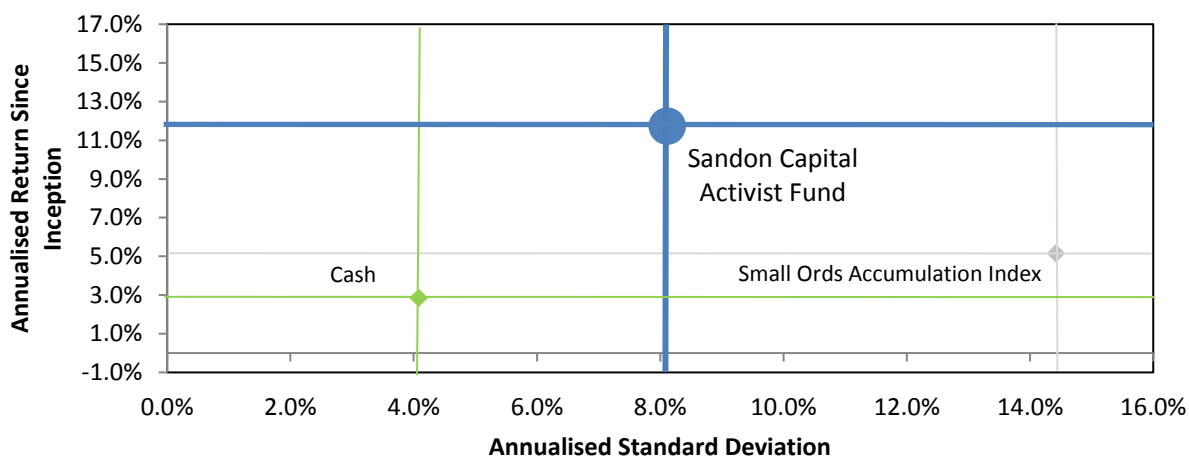
Fund Details

Structure	Wholesale unit trust	Minimum Investment	\$250,000 (or as agreed with trustee)
Trustee	Fundhost Ltd	Trustee Fees	0.21%
Custodian	National Australia Bank	Management Fees	1.33%
Fund Auditor	EY	Performance Fees	15.375% of returns above cash
Investment Manager	Sandon Capital Pty Ltd	Highwater Mark	Yes
Website	www.sandoncapital.com.au	Buy/Sell Spread	±0.40%
Inception	4 Sep 2009	Applications/Withdrawals	Monthly/Quarterly

Growth of \$100,000 invested since inception (assumes reinvestment of distributions)



Comparison of Annualised Return versus Volatility



Source for all charts: Sandon Capital, Bloomberg

Note: SCAF returns are net of all fees and expenses. Fund inception is 4 September 2009.

Fundhost Limited (ABN 69 092 517 087) (AFSL 233045) ("Fundhost") as trustee of, and issuer of units in, the Sandon Capital Activist Fund ("Fund"). Sandon Capital Pty Limited (ABN 98 130 853 691) (AFSL 331 663) ("Sandon Capital") is the Investment Manager of the Fund.

Fund performance is after fees and assumes distributions are reinvested. Past performance is not a reliable guide to future performance. This information has been prepared without taking into account your investment objectives, financial situation, or needs. Before making an investment decision you should consider the appropriateness of the information having regard to these matters. Before you invest it is important that you read and understand the terms set out in the Sandon Capital Activist Fund Information Memorandum ("IM") dated July 2019. In particular, it is important that you understand the risks associated with an investment in the Fund set out on page 5 of the IM.

Information provided by the Investment Manager are views of the Investment Manager only and can be subject to change. While information in this report is given in good faith and is believed to be accurate, Fundhost and Sandon Capital give no warranty as to the reliability or accuracy of the information, nor accept any responsibility for any errors or omissions of third parties. To the extent permitted by law, neither Fundhost nor Sandon Capital, including their employees, consultants, advisors, officers or authorised representatives are liable for any loss or damage arising as a result of reliance placed on the contents of this report.