

# SANDON CAPITAL

## Sandon Capital Activist Fund

September 2019 Monthly Report

Entry/Exit Prices: \$1.7277/\$1.7139

### 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
<b>SCAF</b>	4.9%	3.5%	8.9%	7.9%	11.8%	8.0%	208.2%
<b>S&amp;P/ASX 200 Accum.</b>	1.8%	12.5%	11.9%	9.5%	8.8%	11.6%	135.0%
<b>Small Ordinaries Accum.</b>	2.6%	3.9%	8.8%	9.6%	5.1%	14.5%	65.5%

### Net Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2010</b>	1.0%	-0.3%	-0.7%	2.9%	-4.2%	4.2%	4.4%	-0.6%	2.3%	2.4%	3.5%	-0.9%	<b>14.5%</b>
<b>2011</b>	1.3%	0.6%	0.5%	1.3%	-1.9%	-2.7%	-0.1%	-0.1%	1.9%	2.1%	2.5%	2.2%	<b>7.8%</b>
<b>2012</b>	-1.0%	0.4%	1.8%	2.1%	-2.8%	-1.0%	3.3%	0.5%	2.5%	2.8%	0.1%	2.2%	<b>11.1%</b>
<b>2013</b>	2.1%	3.2%	-1.4%	1.3%	2.8%	-3.7%	6.9%	0.7%	6.5%	5.7%	0.3%	0.3%	<b>27.1%</b>
<b>2014</b>	-0.3%	1.6%	1.9%	-0.3%	2.0%	0.5%	3.9%	2.1%	2.8%	-0.5%	1.0%	0.8%	<b>16.7%</b>
<b>2015</b>	-0.2%	0.0%	1.0%	0.3%	0.2%	-4.1%	3.9%	-4.9%	2.3%	3.5%	1.0%	0.9%	<b>3.6%</b>
<b>2016</b>	-1.3%	-3.3%	2.7%	1.8%	0.8%	0.7%	4.6%	0.0%	1.7%	1.5%	3.3%	0.1%	<b>13.1%</b>
<b>2017</b>	4.4%	-3.4%	0.2%	-2.0%	-1.3%	1.7%	1.3%	3.9%	-2.6%	0.2%	0.4%	2.9%	<b>5.5%</b>
<b>2018</b>	1.4%	-3.6%	2.2%	-0.2%	1.6%	3.1%	2.1%	3.0%	2.6%	-4.6%	-1.8%	-4.0%	<b>1.3%</b>
<b>2019</b>	0.2%	3.3%	1.0%	3.2%	2.7%	-2.3%	-0.2%	1.5%	4.9%				<b>15.1%</b>

### Portfolio Exposures

Net Exposure	90%	Long Positions	28
Net Cash	10%	Short Positions	2

### Fund Commentary

The Fund return for September 2019 was 4.9%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 11.8% per annum. Cash levels ended the month at approximately 10%.

4 September marked the 10<sup>th</sup> anniversary of the Fund's establishment. Sandon Capital would like to thank investors in Sandon Capital Activist Fund for providing their capital and patient support these past 10 years. We look forward to investing on your behalf for the next 10 years and beyond.

Fleetwood Corporation Ltd (FWD) was the largest contributor this month (~1.8%), followed by City Chic Collective Ltd (CCX) (~1.3%). CCX continued to record strong gains after it announced it had been selected as the "stalking horse" bidder in a US bankruptcy auction for a failed retailer. Subsequent to month end, CCX announced it had indeed acquired this business, which should contribute positively to earnings.

Iluka Resources Ltd (ILU) regained some of last month's losses, contributing approximately 0.8% to returns. Our comments from last month remain current.

OneMarket Ltd (OMN) contributed approximately 0.8% following the announcement on 30 September that the Board had concluded to undertake an orderly winding-up and distribution of assets. This conclusion was reached following the board's strategic review. We commend the OMN Board for having taken this difficult decision.

The orderly wind-up process is likely to take some time. OMN has indicated it anticipates an initial distribution of approximately \$0.85. We are uncertain at this stage as to what the total amount distributed to shareholders will be. OMN shareholders will be asked to consider and vote on the resolutions require to effect this process. The Fund's average cost is well below the estimate of the initial distribution, so this should prove a lucrative investment.

### Fund Description

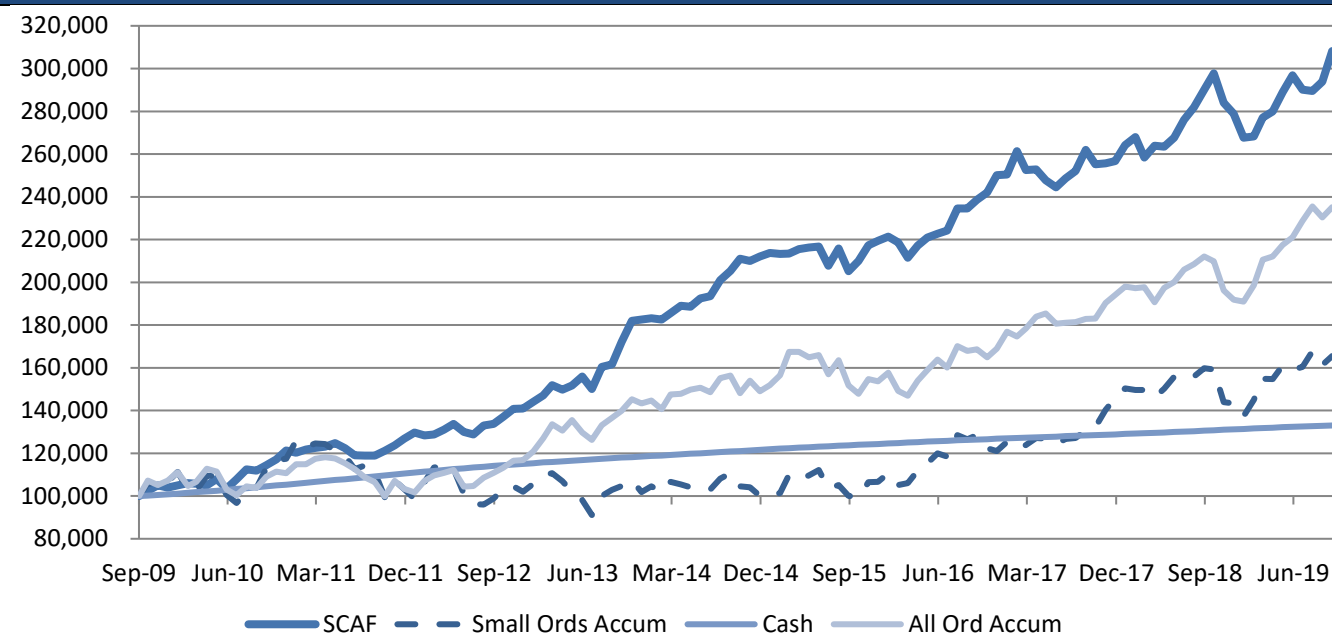
The objective of the Fund is to deliver returns to investors through a combination of capital growth and distributions. The Fund aims to achieve this objective by seeking to invest in opportunities that are considered by Sandon Capital to be trading below their intrinsic value and that offer the potential 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.

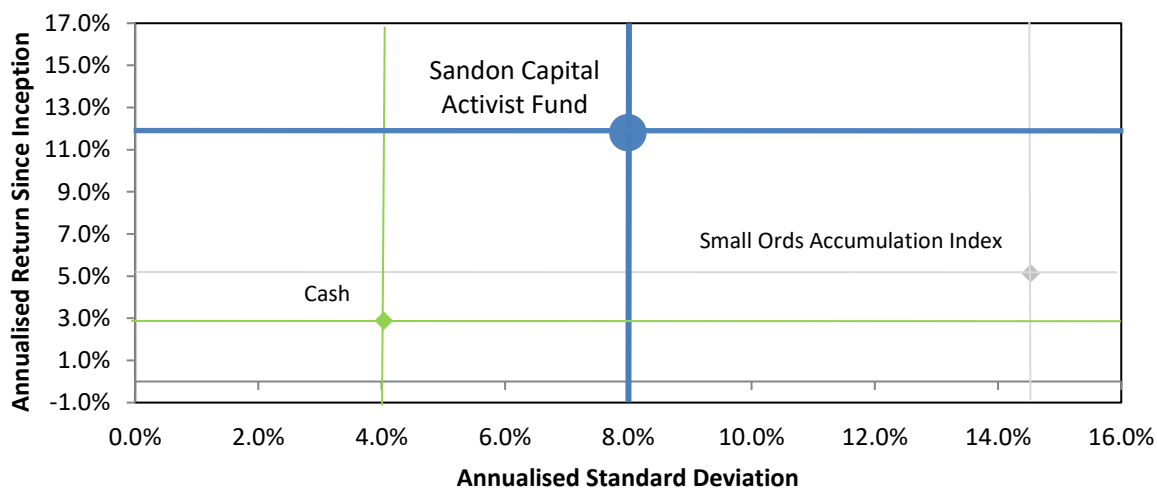
### Fund Details

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.