

SANDON CAPITAL

Sandon Capital Activist Fund

March 2019 Monthly Report

Entry/Exit Prices: \$1.7488/\$1.7348

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	1.0%	6.1%	8.8%	8.2%	11.3%	8.0%	180.0%
S&P/ASX 200 Accum.	0.7%	12.1%	11.5%	7.4%	8.2%	11.8%	112.6%
Small Ordinaries Accum.	-0.1%	5.8%	11.4%	8.0%	4.7%	14.7%	54.7%

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%										4.6%

Portfolio Exposures

Net Exposure	93%	Long Positions	32
Net Cash	7%	Short Positions	2

Fund Commentary

The Fund return for March 2019 was 1.0%, bringing total returns (net of all fees and expenses) since inception to the equivalent of 11.3% per annum. Cash levels ended the month at approximately 7%.

The main contributors to this month's result were Fleetwood Corporation Ltd (1.8%) and City Chic Collective Ltd (1.0%), with the main detractor being Consolidated Operations Group Ltd (-0.7%). Newsflow across the portfolio was light, and unusually, stock performance was largely driven by market movements rather than company specific events.

Following the acquisition of Torque Industries in November last year, Coventry Group Ltd (CYG) completed the acquisition of Nubco during the month. After a number of disappointing years in which CYG has reported total losses in excess of \$70m, we believe the company will return to sustained profitability from FY20. The Cooper Fluids and Trade Distribution New Zealand businesses have been performing well, however this has been masked by the poor performance of the Trade Distribution Australia (TDA) business.

The recent acquisition of Nubco should deliver solid profitability in its own right. CYG believes that a key driver of Nubco's success over time has been its unrelenting focus on customer service. This is a quality that was sorely lacking at TDA under previous management and we believe Nubco's addition to the CYG stable will expedite the turnaround effort currently underway.

CYG has been a poorly performing investment for the fund for many years, however with the business returning to (potentially substantial) profitability, the outlook is brighter than it has been for over a decade. A solid Balance Sheet and the availability of franking credits should also allow for the reinstatement of dividends in the not too distant future. Through participation in the two recent capital raisings, CYG has become a meaningful position for the fund and we are excited about its prospects.

Whilst cash levels are currently lower than average in the fund, we do expect in excess of 10% of the portfolio to be returned as cash in the next few months. We continue to find attractive opportunities to reinvest this cash.

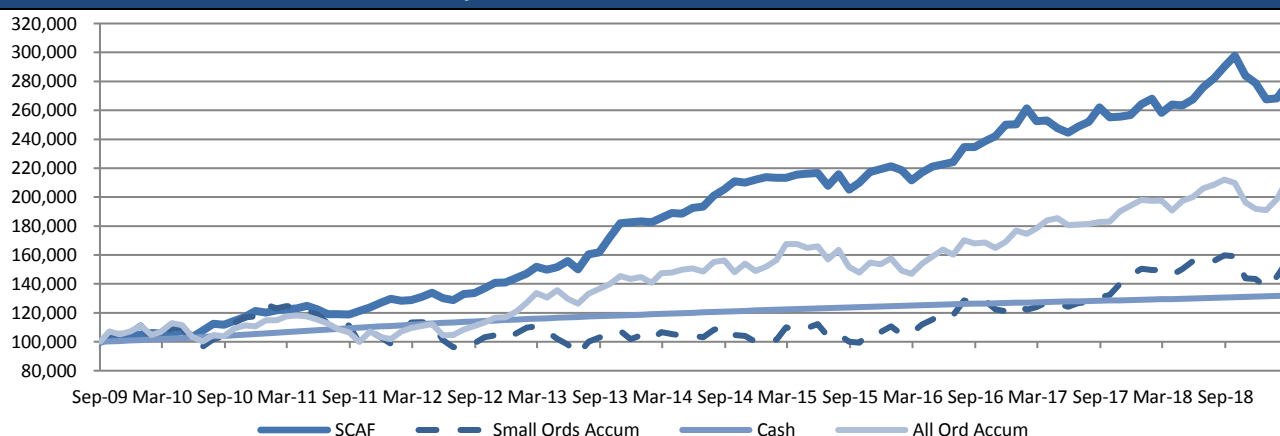
Fund Description

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.

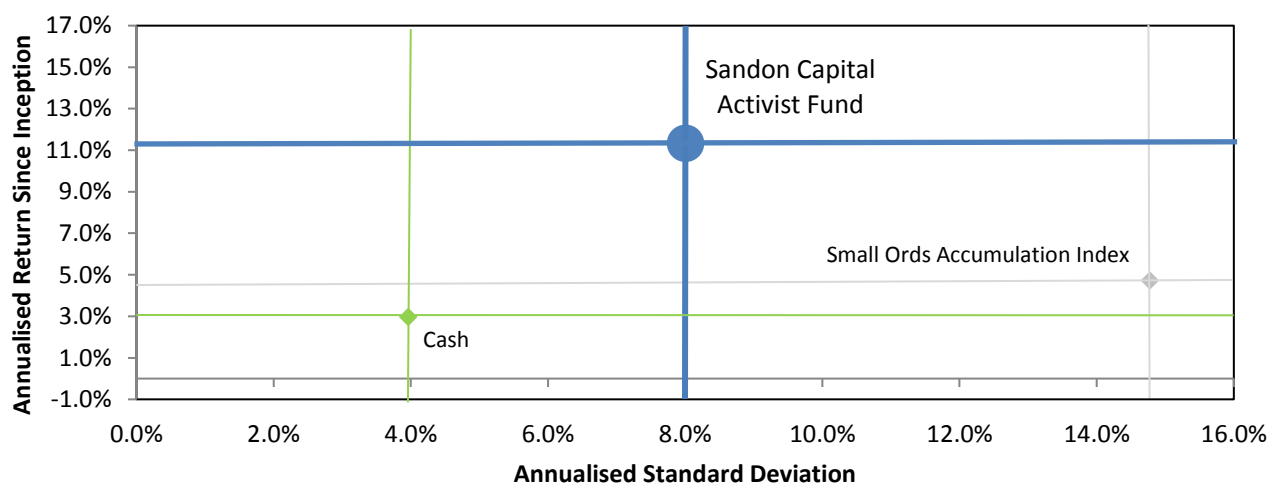
Fund Details

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 25 October 2013. In particular, it is important that you understand the risks associated with an investment in the Fund set out on page 6 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.