

SANDON CAPITAL

Sandon Capital Investments Limited
ACN 107 772 467

Level 5, 139 Macquarie Street, Sydney
Telephone: (02) 8014 1188
Email: info@sandoncapital.com.au

Monthly Report

As at 31 May 2017

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 31 May 2017 were:

NTA before tax (ex dividend)	\$0.9508
Deferred tax asset	\$0.00288
Deferred tax liability on unrealised income and gains	(\$0.005)
NTA after tax (ex dividend)	\$0.9487

Note: The NTA figures reported above are after the payment of 15.5 cents per share of fully franked dividends.

Investment Performance

Gross Performance to 31 May 2017 ¹	1 Month	Financial YTD	Since inception ²
SNC	-2.0%	14.1%	9.4%
All Ordinaries Accumulation Index	-2.6%	12.8%	8.2%
Outperformance³	+0.6%	+1.3%	+1.2%

1. The SNC and index returns are before all fees and expenses and before any taxes, except that SNC returns are after incurred brokerage expenses. Dividends paid during the period are included when calculating SNC's gross investment performance.

2. Annualised.

3. Note figures may not tally due to rounding.

Dividends

The Board anticipates being able to declare a final dividend for the year ending 30 June 2017 similar to the interim dividend (3.5 cents per share), subject to prudent business practices and the availability of profits.

The table below shows the SNC dividend history.

Ex-date	Dividend Amount	Franking	Type
18 May 2017	3.5 cps	100%	Interim
21 October 2016	3.0 cps	100%	Final
18 April 2016	2.0 cps	100%	Interim
22 October 2015	1.0 cps	100%	Special
22 October 2015	2.0 cps	100%	Final
1 June 2015	2.0 cps	100%	Interim
14 October 2014	2.0 cps	100%	Special

Sandon Capital Investments Limited

ASX Code	SNC
Listed	23 Dec 2013
Gross assets	\$48.1m
Market capitalisation	\$45.1m
NTA before tax (ex dividend)	\$0.9508
Share price	\$0.93
Shares on issue	48,001,175
Options on issue	40,519,237
Fully franked dividends	\$0.065
Dividend yield	6.9%

Company overview

Sandon Capital Investments Limited is a specialist 'Activist' listed investment company, managed by Sandon Capital. Sandon Capital devises and implements activist shareholder strategies that seek to unlock value inherent in securities held in our investment portfolios.

SNC provides investors with exposure to a portfolio of Australian companies that are typically not available to traditional investors. Through active engagement with the target company, Sandon Capital seeks to release the embedded value for shareholders. Target companies are likely to be in the small to mid cap market segment.

Sandon Capital has successfully employed its Activist investment strategy since September 2009. The wholesale Sandon Capital Activist Fund's investment performance since inception is 12.2% p.a. (after all fees and expenses)

Investment Objectives

- To provide absolute positive investment performance over the medium to long term, ensuring capital preservation, while providing capital growth.
- To provide an investment strategy that few investors have the capacity to implement themselves.
- To provide shareholders with a growing stream of fully franked dividends.

Portfolio commentary

The Portfolio was down 2.0% in May. Gross portfolio returns since inception are the equivalent of 9.4% per annum, compared to 8.2% per annum for the All Ordinaries Accumulation Index.

Consolidated Operations Group Ltd (COG), formerly known as Armidale Investment Corporation Ltd, was the main detractor (~-1.8%) for the month. In our opinion, the 1-for-4 non-renounceable rights issue at 12 cents per share continued to weigh upon the COG share price throughout the month. An announcement made by the company during the month provided much needed colour on the emerging earnings profile. The new acquisitions being funded by the rights issue proceeds are anticipated to generate more than 48% growth in earnings before interest, taxes, depreciation and amortisation ("EBITDA"). This does not include any like-for-like growth in the existing businesses. If the full year results are able to demonstrate growth, which we think they will, there will be more credence provided to the COG growth story by the market.

Iluka Resources Ltd (ILU) was the largest positive contributor (~0.8%). ILU reported a \$130 per tonne zircon price increase for the third quarter of 2017, which represents a 13% increase. Mineral Deposits Ltd (MDL), another mineral sands producer, which has a 50% interest in the TiZir joint venture with French company ERAMET, also made a positive contribution (~0.5%). TiZir owns a mineral sands operation in Senegal and slag furnace in Norway.

Fleetwood Corporation Ltd (FWD) contributed approximately 0.7% to the month's return. Subsequent to month end, funds managed by Sandon Capital and its associates submitted a requisition under s 249D of Corporations Act. A resolution will be put to shareholders seeking amendments to the constitution that will have the effect, if passed by special resolution, of facilitating the declaration of dividends by the FWD directors. Further, the company announced the retirement of Mr Greg Tate, a former managing director and non-executive director, as well as the long awaited appointment of a Chief Financial Officer, Mr Andrew Wackett, formerly of Macquarie Bank. We welcome both these changes.

Investment Portfolio

	May 2017	April 2017
Listed Equities	94%	98%
Cash or Cash Equivalents	6%	2%
Number of investments	29	33

Contact

If you have any questions regarding the Company or its investments, please call Gabriel Radzynski on 02 8014 1188. If you have questions regarding your shareholding, please contact Link, whose details appear below.

Further information:

Sandon Capital Investments Limited

Tel: 02 8014 1188

Fax: 02 8084 9918

Website: www.sandoncapital.com.au

Share registry:

Link Market Services

Tel: 1300 554 474 (toll free within Australia)

Email: registrars@linkmarketservices.com.au

Fax: +61 2 9287 0303

Postal Locked Bag A14, Sydney

Address: South NSW 1235