

# SANDON CAPITAL

Sandon Capital Investments Limited  
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## Monthly Report

As at 30 November 2017

### Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 30 November 2017 were:

NTA before tax (ex div)	<b>\$0.9716</b>
Deferred tax asset	<b>\$0.0026</b>
Deferred tax liability on unrealised income and gains	<b>(\$0.0320)</b>
NTA after tax (ex div)	<b>\$0.9422</b>

### Investment Performance

Gross Performance to 30 Nov 2017 <sup>1</sup>	1 Month	Financial YTD	Since inception <sup>2</sup>
SNC	0.8%	3.8%	9.6%
All Ordinaries Accumulation Index	1.9%	7.1%	9.1%
<b>Outperformance<sup>3</sup></b>	<b>-1.1%</b>	<b>-3.3%</b>	<b>+0.5%</b>

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 an interim dividend for the period ending 31 December 2017 similar to the final dividend, subject to prudent business practices and the availability of profits. SNC has declared and paid 19.0 cents per share of fully franked dividends since listing in December 2013.

The table below shows the SNC dividend history.

Ex-date	Dividend Amount	Franking	Corporate Tax Rate	Type
23 October 2017	3.5 cps	100%	27.5%	Final
18 May 2017	3.5 cps	100%	30.0%	Interim
21 October 2016	3.0 cps	100%	30.0%	Final
18 April 2016	2.0 cps	100%	30.0%	Interim
22 October 2015	1.0 cps	100%	30.0%	Special
22 October 2015	2.0 cps	100%	30.0%	Final
1 June 2015	2.0 cps	100%	30.0%	Interim
14 October 2014	2.0 cps	100%	30.0%	Special

### Sandon Capital Investments Limited

ASX Code	<b>SNC</b>
Listed	<b>23 Dec 2013</b>
Gross assets	<b>\$48.1m</b>
Market capitalisation	<b>\$46.5m</b>
NTA before tax	<b>\$0.9716</b>
Share price	<b>\$0.965</b>
Shares on issue	<b>48,133,615</b>
Options on issue	<b>40,386,797</b>
Fully franked dividends	<b>\$0.07</b>
Dividend yield	<b>7.3%</b>

### 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 12.1% 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 up 0.8% in November. Gross portfolio returns since inception are the equivalent of 9.6% per annum, compared to 9.1% per annum for the All Ordinaries Accumulation Index.

FWD was the main contributor this month (~0.6%). The AGM comments on RV Manufacturing – that 2017 earnings were “unsatisfactory” – did not surprise us and do not cause us to change our view of that business. The company announced that an external consultant had been engaged to conduct a “comprehensive review” of the RV business. Subsequent to month end, FWD announced that another business that had been under strategic review – Flexiglass Challenge – was to be divested to Aeroklas Australia for \$7m. This amount was within our estimated range for the value of the business (\$5-10m) and will result in reduced working capital on FWD’s Balance Sheet and the elimination of an estimated \$1-2m of losses. The performance of Manufactured Accommodation, our favoured business segment, was lauded at the AGM (with good reason). The education sector commentary indicated this should become an increasingly important contributor to FWD’s prosperity. Until FWD deals effectively with RV underperformance and reduces working capital, the company will not realise its full potential.

Consolidated Operations Group Ltd (COG) was the main detractor as the share price continued to oscillate between 11 and 12 cents per share. The AGM update was mixed, with good results being reported in the leasing business and tougher conditions reported in finance broking. Our main frustration though remains with the communications strategy. We believe better, more effective market communication would go a long way in enhancing the market’s understanding of COG (and as a result its share price). Funds managed by Sandon Capital voted against the re-election of both the chairman and a non-executive director as a means of expressing our frustration. We considered, and decided against, voting against the remuneration report.

The shareholder vote on the Tatts Group (TTS) / Tabcorp Limited (TAH) Scheme of Arrangement took place on 12 December. Funds managed by Sandon Capital have voted against the Scheme of Arrangement. The Scheme was approved by TTS shareholders. This is a frustratingly lost opportunity for TTS shareholders, though a profitable one for the Fund.

## Investment Portfolio

	November 2017	October 2017
Listed Equities	98%	97%
Cash or Cash Equivalents	2%	3%
Number of investments	28	27

## 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:

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**Share registry:**

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