

23 February 2018

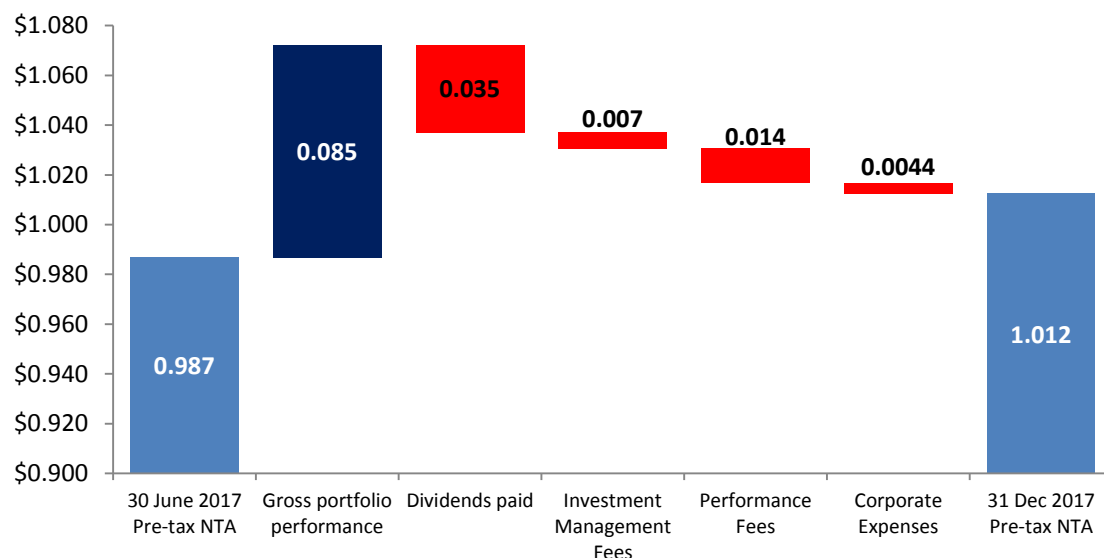
Sandon Capital Investments declares fully franked interim dividend of 3.5 cents per share

Highlights

- The Board has declared a fully franked interim dividend of 3.5 cents per share
- SNC Shares offer an attractive fully franked dividend yield of 7.1 (9.8% incl. franking)¹%
- The investment portfolio returned 8.7%² for the 6 months to 31 December 2017, compared to 9.3% for the ASX All Ordinaries Accumulation Index

The Board of Sandon Capital Investments Limited (ASX:SNC) (“SNC” or the “Company”) has declared a fully franked interim dividend of 3.5 cents per share.

The investment portfolio delivered gross returns of 8.7%¹ for the 6 months ended 31 December 2017. The chart below shows the factors contributing to the half year NTA return (in cents per share).



Net returns including dividends, after all fees and expenses were 6.1% for the period (7.4% including the value of franking credits at the 27.5% corporate tax rate).

¹ Based on closing price of \$0.99 on 22 February 2018

² Gross Investment performance is before management and performance fees, corporate expenses and tax paid but after brokerage.

The Company has continued to build its Profits Appropriation Reserve to the equivalent of 9.0 cents per share as at 31 December 2017. The franking account stands at approximately 2.6 cents per share at 31 December 2017.

The Board anticipates being able to declare a similar final dividend for the year ending 30 June 2018, subject to prudent business practices and the availability of profits and franking.

SNC has declared 22.5 cents per share of fully franked dividends since listing in December 2013.

Investment Manager Commentary

Investment returns in the first half of FY2018 were acceptable, although below those from the broader market. The investment manager is pleased with the underlying operational performance of most companies, though the share prices of some remain steadfastly subdued.

We do not have the benefit of all the results of the portfolio companies, but for those that have already reported, their results are largely within our expectations. Two key investments, Consolidated Operations Group Ltd (COG) and Fleetwood Corporation Ltd (FWD) will report subsequent to the release of the SNC results. We will make comment on these in the February NTA release in March. COG has been one of the largest detractors to performance during the reporting period. Notwithstanding lacklustre share price performance, we are expecting solid operating results when they report. Although frustrated by the share price, we are buoyed by their continued building of value.

Portfolio companies Iluka Resources Ltd and Mineral Deposits Ltd were two of the strongest contributors to the result in the reporting period. Both were driven by significant improvements in the market for mineral sands as underinvestment during the downturn has resulted in extremely tight supply. Recent comments by BHP regarding expected iron ore production (80 mtpa) from the mooted South Flank expansion auger well for the royalty (given we had originally assumed 55mtpa).

The short window of volatility in early 2018 gave us a few opportunities to buy. We remain patient, accumulating shares of several companies we believe offer good prospects. Any further market gyrations may yield further opportunities.

In terms of outlook, the recent volatility that befell markets seems to have been easily forgotten, though we observe that US interest rates, seen by many as precipitating the correction, continue to rise. We believe investors are well served to remember the inverse relationship between asset prices and interest rates.

Dividend Policy

The SNC dividend policy is to pay a growing stream of fully franked dividends to our shareholders,

Key Dates for Interim Dividend

Dividend Dates	
Announcement date	23 February 2018
Ex-date	8 May 2018
Record date	9 May 2018
Date payable	18 May 2018

There will be no dividend reinvestment plan ("DRP") in respect of the interim dividend.

SNC Options – expiring on 30 April 2018

If you exercise your options before 30 April 2018, you are eligible to receive the interim fully franked 3.5 cents per share final dividend. New shares issued at \$1.05 would offer a historic yield of 6.7% (9.2% including the value of franking).

We encourage shareholders to carefully consider their plans regarding any options they own, as these will expire on 30 April 2018. If you require new option exercise forms, please contact the registry, Link Market Services at 1300 554 474 (toll free within Australia). You will receive further correspondence regarding your options in late March 2018.

Portfolio returns

	SNC Gross Return ¹	Small Ordinaries Accumulation	All Ordinaries Accumulation
6 months to 31 December 2017	8.7%	18.7%	9.3%
12 months to 31 December 2017	8.3%	20.2%	12.5%
Return per annum since inception	10.6%	10.9%	9.5%

1. The SNC and index returns are before all fees and expenses and before any taxes, except that SNC returns are after brokerage expenses and include dividends paid during the period.

Note, past performance should not be taken as being indicative of future performance.

Shareholder presentations

Shareholder presentations will be held during March on the dates set out below. An invitation will be sent (as well as being lodged with ASX). We look forward to seeing you at these events.

Canberra Friday 16 March 2018 12.00pm – 1.00pm Mantra on Northbourne 84 Northbourne Avenue Canberra ACT 2612	Melbourne Monday 19 March 2018 12.00pm – 1.00pm Scottish House Members Business Centre Level 4, 90 William Street Melbourne VIC 3000	Sydney Wednesday 21 March 2018 11.00am – 12.00pm History House Auditorium 133 Macquarie Street Sydney NSW 2000
Adelaide Thursday 22 March 2018 11.00am – 12.00pm Taylor Collison Level 16, 211 Victoria Square Adelaide SA 5000	Brisbane Monday 26 March 2018 2.30pm – 3.30pm Wesley House 140 Ann Street Brisbane QLD 4000	

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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