

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 28 February 2019

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 28 February 2019 were:

| | | |
|---|------------|-------|
| NTA before tax | \$0.9436 | +4.0% |
| Deferred tax asset | \$0.0011 | |
| Deferred tax liability on unrealised income and gains | (\$0.0156) | |
| NTA after tax | \$0.9290 | +2.9% |

Investment Performance

| Gross Performance to 28 February 2019 ¹ | 1 Month | Financial YTD | Since inception ² |
|--|--------------|---------------|------------------------------|
| SNC | +4.0% | +0.6% | +9.1% |
| All Ordinaries Accumulation Index | +6.1% | +2.3% | +8.6% |
| Outperformance³ | -2.1% | -1.7% | +0.5% |

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

SNC has declared and paid 26.0 cents per share of fully franked dividends since listing in December 2013.

The table below shows SNC's recent dividend history.

| Ex-date | Dividend Amount | Franking | Corporate Tax Rate | Type |
|-----------------|-----------------|----------|--------------------|---------|
| 16 May 2019 | 3.5 cps | 100% | 27.5% | Interim |
| 23 October 2018 | 3.5 cps | 100% | 27.5% | Final |
| 8 May 2018 | 3.5 cps | 100% | 27.5% | Interim |
| 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 |

Sandon Capital Investments Limited

| | |
|-------------------------|-------------|
| ASX Code | SNC |
| Listed | 23 Dec 2013 |
| Gross assets | \$46.8m |
| Market capitalisation | \$43.6m |
| NTA before tax | \$0.9436 |
| Share price | \$0.90 |
| Shares on issue | 48,435,427 |
| Options on issue | nil |
| Fully franked dividends | \$0.07 |
| Dividend yield | 7.8% |

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 11.3% 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 4.0% in February. Gross portfolio returns since inception are the equivalent of 9.1% per annum, compared to 8.6% per annum for the All Ordinaries Accumulation Index.

The main contributor to this month's results was City Chic Collective Ltd (CCX), formerly known as Specialty Fashion Group Ltd, which contributed approximately 2.7%. It would appear that CCX has completed its "make-over" in the eyes of investors. The focus is now on wholly on CCX's growth profile. We remain excited by the company's prospects.

Consolidated Operations Group Ltd (COG) was the next largest contributor. COG's result for the half year were satisfactory. The results, and the accompanying presentation, provided further insight into the opportunity that exists in the broker/aggregator business. COG now estimates that it has a 17% share of the broker originated net asset financing market in Australia (it last estimated a 14% share). If COG can be successful in developing in-house products and competitive new funding sources, we anticipate returns could, in time, be significant. There is also strategic value in the distribution network to those who might already have such products or sources of funding. COG also confirmed in its results presentation that "enquiries are received from time to time, however to date they have been informal and preliminary in nature." We remain wary of the risk of COG being acquired for well below what we consider its true worth.

Fleetwood Corporation Ltd (FWD) was the main detractor. We were disappointed by the result and the Company's perennially upbeat view in the face of underperforming operations.

Corporate activity seems to be increasing with our mergers and arbitrage files bulging. Not all such deals make it into the portfolio, but a few recent ones have. These are announced and agreed deals, with expected internal rates of return in excess of 10% (and some well in excess of this rate).

Investment Portfolio

| | February 2019 | January 2019 |
|--------------------------|---------------|--------------|
| Listed Equities | 97% | 96% |
| Cash or Cash Equivalents | 3% | 4% |
| Number of investments | 37 | 36 |

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