

SANDON CAPITAL

Sandon Capital Investments Limited
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Monthly Report

As at 31 March 2019

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 31 March 2019 were:

NTA before tax	\$0.9500	+0.7%
Deferred tax asset	\$0.0012	
Deferred tax liability on unrealised income and gains	(\$0.0164)	
NTA after tax	\$0.9349	+0.6%

Investment Performance

Gross Performance to 31 March 2019 ¹	1 Month	Financial YTD	Since inception ²
SNC	+0.6%	+1.2%	+9.1%
All Ordinaries Accumulation Index	+0.7%	+3.0%	+8.6%
Outperformance ³	-0.1%	-1.8%	+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 29.5 cents per share of fully franked dividends since listing in December 2013. The Board anticipates declaring a final dividend of a similar amount to the FY19 interim dividend, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

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	\$47.3m
Market capitalisation	\$43.8m
NTA before tax	\$0.9500
Share price	\$0.9050
Shares on issue	48,435,427
Options on issue	nil
Fully franked dividends	\$0.07
Dividend yield	7.7%

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 0.6% in March. 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 contributors to this month's result were Fleetwood Corporation Ltd and City Chic Collective Ltd, with the main detractor being Consolidated Operations Group Ltd. 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.

Investment Portfolio

	March 2019	February 2019
Listed Equities	97%	97%
Cash or Cash Equivalents	3%	3%
Number of investments	34	37

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:

Link Market Services

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