

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 2019

Net Tangible Assets (NTA)

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

NTA before tax (ex-dividend)	\$0.9507	+2.2%
Deferred tax asset	\$0.0012	
Deferred tax liability on unrealised income and gains	(\$0.0252)	
NTA after tax (ex-dividend)	\$0.9267	+1.7%

Investment Performance

Gross Performance to 31 May 2019 ¹	1 Month	Financial YTD	Since inception ²
SNC	+2.8%	+6.3%	+9.8%
All Ordinaries Accumulation Index	+1.7%	+7.4%	+9.1%
Outperformance³	+1.1%	-1.1%	+0.7%

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 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	\$46.9m
Market capitalisation	\$39.7m
NTA before tax	\$0.9507
Share price	\$0.8200
Shares on issue	48,435,427
Options on issue	nil
Fully franked dividends	\$0.07
Dividend yield	8.5%

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 11.8% 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 2.8% in May. Gross portfolio returns since inception are the equivalent of 9.8% per annum, compared to 9.1% per annum for the All Ordinaries Accumulation Index.

The main contributors to this month's result were Iluka Resources Ltd, City Chic Collective Ltd and Consolidated Operations Group Ltd. Detractors were few, and those had minimal impact. There was nothing particularly notable emanating from any of these companies, so we have no further comment.

During the month we voted the Fund's shares in Spicers Ltd in favour of the proposed scheme of arrangement with Kokusai Pulp and Paper. We believe this transaction is the best outcome that could have been achieved. We applaud the Board for having delivered this proposal to shareholders. We hope other shareholders see fit to do the same as we have. If the scheme is approved, cash levels will be boosted by nearly 7%, which we expect to redeploy into new opportunities that are presenting themselves.

We note the Australian Federal election outcome (in which the government retained power) seems to have been largely well received by the investment community and markets more generally. Any optimism though is tempered by global volatility and concerns over trade wars between the US and, it seems, everyone bar Australia! A solid relationship indeed.

The outcomes of these clashes of titans are difficult, nigh on impossible to predict, so we won't even try. Care and caution are operative at Sandon Capital, as always, perhaps more elevated than usual.

Whilst cash levels are currently at historically low levels, we do expect ~7% of the portfolio to be returned as cash by mid-July. We continue to find attractive opportunities to redeploy this cash.

Corporate Update

On 3 June 2019, SNC announced that it had entered into an agreement to acquire approximately 18.8% of Mercantile Investment Company. Later that day, SNC announced its intention to make a takeover for all the MVT shares it did not already own. Please refer to the ASX Announcements for further details.

Investment Portfolio

	May 2019	April 2019
Listed Equities	100%	97%
Cash or Cash Equivalents	0%	3%
Number of investments	30	32

Contact

If you have any questions regarding the Company or its investments, please call Gabriel Radzyminski 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