

# 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 30 September 2019

### Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 30 September 2019 were:

NTA before tax	\$0.9656	+4.8%
Deferred tax asset	\$0.0004	
Deferred tax liability on unrealised income and gains	(\$0.0183)	
NTA after tax	\$0.9477	+4.3%

### Investment Performance

Gross Performance to 30 September 2019 <sup>1</sup>	1 Month	Financial YTD	Since inception <sup>2</sup>
SNC	+5.1%	+7.8%	+10.3%
All Ordinaries Accumulation Index	+2.1%	+2.8%	+9.7%
<b>Outperformance<sup>3</sup></b>	<b>+2.9%</b>	<b>+5.0%</b>	<b>+0.6%</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

SNC has declared and paid 29.5 cents per share of fully franked dividends since listing in December 2013. The Board has announced its intention to declare a 3.5 cents per share fully franked final dividend. It intends to declare this dividend once the date of compulsory acquisition is confirmed, which is imminent. This will bring total dividends paid since inception to 33 cents per share.

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*	\$120.6m
Market capitalisation	\$84.9m
NTA before tax	\$0.9656
Share price	\$0.825
Shares on issue	102,928,087
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.

\*includes face value of Mercantile 8% unsecured notes.

## Corporate update

The Offer consideration of new SNC shares was allotted on 13 September 2019 to all MVT shareholders who accepted the Offer. New shareholding statements were despatched on the same day. Compulsory acquisition of remaining MVT shareholders is anticipated to complete by 18 October 2019. The Mercantile 8% unsecured notes (MVTHA) are expected to resume trading on ASX following compulsory acquisition. ASX announcements will be made to confirm these events.

## Portfolio commentary

The Portfolio was up 5.1% in September. Gross portfolio returns since inception are the equivalent of 10.3% per annum, compared to 9.7% per annum for the All Ordinaries Accumulation Index.

Fleetwood Corporation Ltd (FWD) was the largest contributor this month, followed by City Chic Collective Ltd (CCX). CCX continued to record strong gains after it announced it had been selected as the “stalking horse” bidder in a US bankruptcy auction for a failed retailer. CCX was bidding for the online division of that retailer. Subsequent to month end, CCX announced it had indeed acquired this business, which should contribute positively to earnings.

Iluka Resources Ltd (ILU) regained some of last month’s losses. Our comments from last month remain current.

OneMarket Ltd (OMN) performed strongly following the announcement on 30 September that the Board had concluded to undertake an orderly winding-up and distribution of assets. This conclusion was reached following the board’s strategic review. We commend the OMN Board for having taken this difficult decision.

The orderly wind-up process is likely to take some time. OMN has indicated it anticipates an initial distribution of approximately \$0.85. We are uncertain at this stage as to what the total amount distributed to shareholders will be. OMN shareholders will be asked to consider and vote on the resolutions require to effect this process. The Fund’s average cost is well below the estimate of the initial distribution, so this should prove a lucrative investment.

## Investment Portfolio

	September 2019
Listed Australian Equities	71%
Listed International Equities	13%
Unlisted investments	9%
Cash or Cash Equivalents	6%

## 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](http://www.sandoncapital.com.au)

Share registry:

Link Market Services

Tel: 1300 554 474 (toll free within Australia)

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)