

# SANDON CAPITAL

Sandon Capital Investments Limited  
ACN 107 772 467

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## Monthly Report

As at 30 November 2019

### Net Tangible Assets (NTA)

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

NTA before tax	\$0.9473	-1.8%
Deferred tax asset	\$0.0005	
Deferred tax liability on unrealised income and gains	(\$0.0228)	
NTA after tax	\$0.9250	-1.4%

### Investment Performance

Gross Performance to 30 November 2019 <sup>1</sup>	1 Month	Financial YTD	Since inception <sup>2</sup>
SNC	-2.0%	+5.5%	+9.6%
All Ordinaries Accumulation Index	+3.1%	+5.6%	+9.9%
<b>Outperformance<sup>3</sup></b>	<b>-5.1%</b>	<b>-0.1%</b>	<b>-0.3%</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 33.0 cents per share of fully franked dividends since listing in December 2013.

Following payment of the most recent 3.5 cents per share dividend, SNC has profits reserves equivalent to 3.7 cents per share and franking of approximately 12.0 cents per share.

The table below shows SNC's recent dividend history.

Ex-date	Dividend Amount	Franking	Corporate Tax Rate	Type
21 October 2019	3.5 cps	100%	27.5%	Final
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*	\$125.5m
Market capitalisation	\$90.2m
NTA before tax	\$0.9473
Share price	\$0.8450
Shares on issue	106,771,031
Options on issue	nil
Fully franked dividends	\$0.07
Dividend yield	8.3%
Profits reserve (per share)	3.7 cps
Franking (per share)	~12.0 cps

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

### 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 11.7% 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 down 2.0% for the month, on a gross basis, before all fees and expenses. Cash levels ended the month at approximately 6%.

Fleetwood Corporation Ltd (FWD) was the largest detractor this month, followed by Spectra Systems Corp PLC (SPSY LN) and Coventry Group Ltd (CYG).

During the month Consolidated Operations Group Ltd (COG) announced a scheme of arrangement with CML Group Ltd (CGR). This was a pleasant surprise following the disappointing rejection by Thorn Group of COG's offer for Thorn Business Finance. The merger is beneficial to the shareholders of both companies, as each brings something to the table the other does not have. For CGR, it gains access to COG's aggregation platform used by nearly 5000 brokers, which should broaden the potential market for its invoice factoring and discounting products and services. For COG, it acquires the aforementioned products as well as access to CGR's warehouse facilities, which should help diversify its funding sources and reduce interest costs. It should also help accelerate its product development pipeline. COG's value remains largely unrecognised, despite it owning the largest broker and aggregator network in Australia. Following the merger, if approved, we expect double digit earnings per share growth.

FWD held its AGM during the month, at which it received its second strike with over 35% of votes cast against the remuneration report (25% being the threshold). Funds managed by Sandon Capital together own the biggest block of shares in FWD. We voted all these shares against the Board recommendations for all resolutions at the AGM. We remain frustrated, and frankly astounded, at the lack of accountability at FWD for poor performance. Over the past year, the FWD share price is down 3%, underperforming the Small Ords Accumulation Index (Index) by 19%. Over the past 2 years, the FWD share price is down 29%, underperforming the Index by 43%. Since the Managing Director was appointed to his position on 1 August 2014, the FWD share price is down 3%, underperforming the Index by 57% and the Company has reported total losses in excess of \$38 million. In spite of these results, a staggering 61% or more of votes cast at the AGM were in support of the board recommendations, including remuneration and incentives to management!

Cash levels finished the month at ~6%.

## Investment Portfolio

	November 2019
Listed Australian Equities	70%
Listed International Equities	15%
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:

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**Share registry:**

**Link Market Services**

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