

ASX Announcement

18 August 2021

SNC to pay a fully franked special dividend 1.00 cent per share and Investment Manager announces increased commitment to SNC

- **Fully franked special dividend of 1.00 cent per share in addition to the recently announced fully franked final dividend of 2.75 cents per share**
- **Investment Manager to apply at least 50% of after-tax performance fees to the purchase of SNC shares**
- **Investment portfolio performance of 68.1%¹ for 12 months to 31 July 2021, outperforming the index by >37%**

After considering, and in recognition of, the exceptional investment performance achieved in FY2021, the Directors of Sandon Capital Investments Limited (ASX:SNC) announce their intention to pay a 1.00 cent per share fully franked special dividend. The DRP will apply, with no discount. The Directors and their associated entities are participating in the DRP.

Fully franked dividends of 3.75 cents per share to be paid before 31 December 2021

SNC will pay fully franked dividends totalling 3.75 cents per share in the before 31 December 2021, comprising the ordinary final dividend of 2.75 cents per share and the 1.00 cent per share special dividend. The Board anticipates paying a fully franked interim dividend in respect of the half year ending 31 December 2021 of 2.75 cents per share, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

These and any future dividends are underpinned by 32.1 cents per share in profits reserves and more than 9 cents in franking credits per share.

Investment Manager Performance Fee Reinvestment

Sandon Capital Pty Ltd (**Sandon Capital** or the **Investment Manager**) and entities associated with its directors and shareholders today have more than \$7.3 million invested in funds managed by Sandon Capital, including more than 2.1 million SNC shares.

While there is already a strong alignment of interests between the Investment Manager and SNC shareholder outcomes, Sandon Capital believes it can strengthen this alignment.

Sandon Capital has advised SNC's independent directors that from FY22 onwards, it intends to apply at least 50% of the after-tax proceeds of any SNC performance fees earned to the on-market purchase of SNC shares on the following basis:

- the Investment Manager currently intends to purchase SNC's shares on market after payment of the relevant performance fee where SNC's share price is trading at a discount to its after-tax net tangible asset position; and
- any such investment must comply with all applicable laws and SNC's securities trading policy; and
- all such purchases will be announced in accordance with standard related party disclosure and substantial shareholder notice requirements

It is currently intended that these purchases will take place in the 60 days after the Investment Manager is paid any performance fees.

Investment Performance Summary

SNC's investment performance for the 2021 financial year was exceptional. The gross investment return of 68.5%¹ for the 2021 financial year significantly outperformed Australian equity indices.

Returns to 31 July continued this outperformance. The table below shows the comparisons for returns to 31 July 2021.

Gross Performance to 31 July 2021 ¹	1 yr	2 yrs (p.a.)	3 yrs (p.a.)	Since inception (p.a.)
SNC	68.1%	23.6%	15.8%	12.7%
All Ordinaries Accumulation Index	30.4%	8.9%	10.2%	9.8%
outperformance	+37.7%	+14.7%	+5.6%	+2.9%

SNC offers an attractive fully franked dividend yield of ~5.6% at a 13.1% discount to pre-tax NTA²

SNC shares are currently trading at a highly attractive annualised yield of 5.6% (which grosses up to 7.4% when including the value of franking credits at SNC's corporate tax rate of 25%).² This compares to the current yield of the All Ordinaries Index of approximately 3.8%.³

Timetable for Indicative Dividends

The table below shows the indicative timetable and may be subject to change.

	Special Dividend	Final Dividend
Ex date	30 November 2021	19 October 2021
Record Date	1 December 2021	20 October 2021
DRP Election Date	2 December 2021	21 October 2021
Payment Date	20 December 2021	5 November 2021

This Announcement has been authorised by the Board.

Further information:

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¹ Gross performance is after investment management fees but before performance fees, corporate expenses and taxes. Performance figures are unaudited.

² Calculated assuming an annualised dividend of 5.5 (2.75 + 2.75) cents per share, the pre-tax NTA at 31 July 2021 and the closing market price on 17 August 2021 of \$0.99 per SNC share.

³ Source: Bloomberg estimate as at 16 July 2021. This is not a forecast and past performance is not a reliable indicator of future performance.