

MONTHLY REPORT

Sandon Capital Investments Limited (ASX:SNC)

NTA Before Tax

NTA After Tax

\$0.8066

\$0.8054

JUNE 2024

INVESTMENT PERFORMANCE

| Gross Performance to 30 Jun 2024 ¹ | 1 month | 1 year | Since inception (p.a.) |
|---|--------------|-------------|------------------------|
| SNC | -1.7% | 14.6% | 8.1% |
| All Ords Accumulation Index | 0.7% | 12.5% | 8.7% |
| Outperformance² | -2.4% | 2.1% | -0.6% |

1. The SNC gross returns are after investment management fees and brokerage expenses but before performance fees and corporate expenses. Index returns are before all fees and expenses and before any taxes. Dividends paid during the period are included when calculating SIN's gross investment performance.

2. Figures may not tally due to rounding.

SANDON CAPITAL INVESTMENTS LIMITED

| | |
|------------------------------|----------|
| ASX Code | SNC |
| Gross assets* | \$142.7m |
| Market capitalisation | \$101.3m |
| Share price | \$0.710 |
| Fully franked dividends | \$0.055 |
| Dividend yield (annualised) | 7.7% |
| Profits reserve (per share) | 29.0cps |
| Franking (per share) | 7.8cps |
| Loan-to-assets (incl. SNCHA) | 13% |

*Includes the face value of 4.8% unsecured notes (ASX: SNCHA)

PORTFOLIO COMMENTARY

The Portfolio was down 1.7% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to an increase of 0.7% for the All Ordinaries Accumulation Index.

The largest positive contributors were Fleetwood Ltd (FWD) (0.9%) and IDT Australia Ltd (IDT) (+0.5%). These were offset by Spectra Systems plc (SPSY LN) (-1.9%) and City Chic Collective Ltd (CCX) (-0.8%).

FWD made no major announcements during the month, however continued to undertake some limited buy-back activities. A large parcel of shares was traded during the month, later revealed to be sold by a fund that had previously announced it was winding up. The sale of this stake, and the consequent elimination of the overhang may have contributed to the improved share price performance of FWD for the month.

IDT announced a capital raising to fund capital expenditure relating to current and potential future works in mRNA therapeutics, enhancing its capabilities in Antibody Drug Conjugate ahead of an expected increase in work orders and general working capital. The company has made significant progress over the last 12-18 months securing a number of domestic and international contracts. The funds raised should help to augment the recent strong growth. In addition, IDT announced that it had received a non-binding indicative proposal from Myndbio Pty Ltd in relation to a potential acquisition of all the shares in IDT for consideration of \$0.15 per share.

CCX announced that (i) it had sold its US business, Avenue, for a disappointing price, (ii) revenues and profits were down significantly, and (iii) it needed to raise new capital. We are deeply disappointed in our handling of CCX. What had initially been an exceptional investment has now become one of our few duds. Although we had sold more than half of our shares as CCX became a market darling, it's the remainder that has cost us all dearly.

The next two months will encompass reporting season, when companies report their full year results for the 2024 fiscal year. Although many of these are already well-flagged, the release of annual reports will provide plenty of good quality information to digest and incorporate into our investment thinking. Our next few monthly reports will, in the absence of other information, provide brief summaries of those results we consider most relevant to the Fund's prospects.

Carbon Conscious Takeover Update

The takeover offer for Carbon Conscious Investments Ltd (CCIL) closed on 8 July 2024. At the end of the Offer period, SNC's voting power in CCIL was 91.48%. SNC intends to exercise its right to acquire the remaining CCIL shares under the compulsory acquisition provisions of the Corporations Act 2001 (Cth). The compulsory acquisition will be at the same price as under the Offer (being \$0.0667 cash per CCIL Share).

As part of the takeover process, CCIL was required to commission an independent expert's report to opine on the SNC's offer. The independent expert valued CCIL shares at between 7.82 and 8.61 cents per share. SNC will value the CCIL shares that are acquired at 8.22 cents per share, the mid-point of the independent expert's range. The first transfer of shares to SNC under the takeover offer occurred in July.

DIVIDENDS

SNC has declared and paid 59.0 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 29.0cps and there are 7.8cps of franking credits. These franking credits support the payment of up to 23.4cps of fully franked dividends.

SNC's FY24 interim dividend of 2.75cps was paid on 3 June 2024. The Board anticipates paying a final dividend for FY24 of 2.75cps, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

A full list of SNC dividends since the IPO in December 2013 can be found [here](#).

TOP 5 POSITIONS

| | |
|------------------------|-----|
| Spectra Systems | 12% |
| COG Financial Services | 9% |
| Fleetwood | 9% |
| Coventry | 8% |
| Global Data Centres | 5% |

INSTRUMENT EXPOSURE

| | |
|-------------------------------|-----|
| Listed Australian Equities | 67% |
| Listed International Equities | 14% |
| Unlisted Investments | 15% |
| Cash or Cash Equivalents | 4% |

Copyright © 2023 Sandon Capital Pty Ltd. All rights reserved.

This document has been prepared by Sandon Capital Pty Ltd (ACN 130 853 691) (AFS License 331663) (Sandon Capital). This document contains general information only. It is not intended to take the place of professional, legal, tax or financial advice. Sandon Capital has prepared this document in good faith in relation to the facts known to it at the time of preparation. In preparing this document, Sandon Capital did not consider the investment objectives, financial situation or particular needs of any recipient, and the recipient should not rely on the opinions, recommendations and other information contained in this document alone. Sandon Capital does not express any views about the accuracy or completeness of the information in this document and is not required to update the information in this document. Past performance is not a reliable indicator of future performance.

Lonsec Research Ratings and Logos: The rating issued 10/2023 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and received a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2023 Lonsec. All rights reserved.

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).

SANDON CAPITAL

For enquiries about the company or its investments:

Sandon Capital Investments Limited
+61 2 8014 1188
info@sandoncapital.com.au

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 9.6% 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.

For enquiries about your shareholding:

Link Market Services
1300 554 474 (Toll free within Australia)
registars@linkmarketservices.com.au