

## MONTHLY REPORT

# Sandon Capital Investments Limited (ASX:SNC)

| NTA Before Tax | NTA After Tax |
|----------------|---------------|
| \$0.9294       | \$0.9021      |

SEPTEMBER 2024

## INVESTMENT PERFORMANCE

| Gross Performance to<br>30 September 2024 <sup>1</sup> | 1 month      | 1 year      | Since<br>inception<br>(p.a.) |
|--------------------------------------------------------|--------------|-------------|------------------------------|
| SNC                                                    | 2.7%         | 26.7%       | 9.2%                         |
| All Ords Accumulation Index                            | 3.4%         | 22.2%       | 9.2%                         |
| <b>Outperformance<sup>2</sup></b>                      | <b>-0.7%</b> | <b>4.5%</b> | <b>0.0%</b>                  |

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*                | \$160.2m |
| Market capitalisation        | \$114.8m |
| Share price                  | \$0.805  |
| Fully franked dividends      | \$0.055  |
| Dividend yield (annualised)  | 6.8%     |
| Profits reserve (per share)  | 37.7cps  |
| Franking (per share)         | 8.6cps   |
| Loan-to-assets (incl. SNCHA) | 15%      |

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

## PORTFOLIO COMMENTARY

The Portfolio was up 2.7% 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 3.4% for the All Ordinaries Accumulation Index.

The largest positive contributors were Nuix Ltd (NXL) (+2.7%), BCI Minerals (BCI) (+1.0%), Wellard Ltd (WLD) (+0.9%), Fleetwood Ltd (FWD) (+0.7%) and Midway Ltd (MWY) (+0.6%). These were partially offset by Spectra Systems plc (SPSY LN) (-0.7%), COG Financial Services Ltd (COG) (-0.6%), and Coventry Group Ltd (CYG) (-0.6%).

WLD reached an agreement to secure full and unencumbered ownership of the M/V Ocean Drover (Drover) for a cost of US\$5 million. Previously, the registered owner of the Drover defaulted on the reconveyance of unencumbered title to WLD originally due to take place on 30 June 2023. The pragmatic outcome achieved negated the need for lengthy and expensive litigation that WLD would have otherwise taken to enforce their rights. Concurrently, the WLD Board has commenced a strategic review of the company to determine the best path forward now that it is a single ship business following the previously announced sale of the M/V Ocean Ute, completed on 3 September 2024.

MWY continued its strong run following an excellent FY24 result which included the resumption of the normal dividends and the announcement of a large, special fully franked dividend.

The company also announced that it has been appointed by Rio Tinto to develop Pongamia seed farms to test its viability as a sustainable renewable diesel feedstock. Midway will design, execute and manage approximately 3,000 hectares of Pongamia seed farms and associated biodiversity plantings from a new office in North Queensland. We believe this is another important step in MWY developing a carbon and plantation management business. The company is now partnered with one of the world's largest insurance companies (Munich Re) and one of the world's largest mining companies as it seeks to grow its burgeoning carbon credit management business.

BCI announced that it had received the long-awaited Commonwealth Government approval for the Optimised Mardi Project. This important milestone allows operations to commence and enables further construction in the northern area of the project footprint. As of early September 2024, construction of the salt-first component of the Mardie Project has progressed steadily, with 48 per cent already completed, and over \$700 million of BCI Minerals shareholders' funds invested. BCI remains on track for the first shipment of salt in the December quarter of 2026. As a producer, the company should become a significant supplier of high-quality industrial salt to global markets for many decades to come. Over the next 12 months, we look forward to further progress on the construction of the salt-first project, as well as progress towards a final investment decision on the sulphate of potash (SOP) plant.

Following much press speculation, Macquarie Asset Management (MAM) announced an agreement for the sale of its stake in AirTrunk. GDC is a unitholder in the fund managed by MAM that holds the equity interest in AirTrunk. GDC's proceeds from the transaction are expected to be \$123 million, a significant premium (68%) to the last reported carrying value. Closing of the transaction is conditional upon approval from the Foreign Investment Review Board, which we expect to take at least several months. Once the transaction closes, we expect the proceeds to be returned to unitholders.

## DIVIDENDS

SNC has declared 61.75 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 37.7cps and there are 8.6cps of franking credits. These franking credits support the payment of up to 25.8cps of fully franked dividends.

SNC's FY24 final dividend of 2.75cps will be paid on 7 November 2024. The Board anticipates paying an FY25 interim 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% |
| Fleetwood              | 10% |
| Carbon Conscious       | 9%  |
| Nuix                   | 7%  |
| COG Financial Services | 7%  |

## INSTRUMENT EXPOSURE

|                               |     |
|-------------------------------|-----|
| Listed Australian Equities    | 68% |
| Listed International Equities | 13% |
| Unlisted Investments          | 19% |
| Cash or Cash Equivalents      | 0%  |

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## 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 10.0% 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.

# SANDON CAPITAL

### For enquiries about the company or its investments:

Sandon Capital Investments Limited  
+61 2 8014 1188  
[info@sandoncapital.com.au](mailto:info@sandoncapital.com.au)

### For enquiries about your shareholding:

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