

SANDON CAPITAL

Sandon Capital Investments Limited
ACN 107 772 467

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Monthly Report

As at 31 March 2015

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 31 March 2015 were:

NTA before tax	\$0.9988
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NTA after tax	\$1.0040
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Note: SNC declared a 2.0 cents per share fully franked interim dividend on 25 February 2015.

Investment Performance

Gross Performance to 31 Mar 2015 ¹	1 Month	Financial YTD	Rolling 12 month Return
SNC	0.3%	5.1%	7.3%
Small Ordinaries Accumulation Index	-1.9%	4.7%	3.0%
Outperformance	+2.2%	+0.4%	+4.3%

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.

Dividends

The Directors declared a 2.0 cents per share fully franked interim dividend on 25 February 2015. The table below shows the SNC dividend history.

Ex-date	Dividend Amount	Franking	Type
14 October 2014	2.0 cps	100%	Special
1 June 2015	2.0 cps	100%	Interim

SNC has declared 4.0 cents per share of fully franked dividends since 30 June 2014, and the Board anticipates declaring a final dividend in respect of the year ending 30 June 2015, subject to the availability of profits.

After payment of the interim dividend, SNC will retain a franking account equivalent to 9.4 cents per share. Subject to the availability of profits (or reserves), this would allow for the payment of fully franked dividends of 21.9 cents per share.

Portfolio commentary

We established a new position in a company that we consider has significant prospects for an activist engagement, which if circumstances permit, we anticipate writing about in future releases.

Sandon Capital Investments Limited

ASX Codes	SNC / SNCO
Listed	23 Dec 2013
Gross assets	\$35.2m
Market capitalisation	\$33.0m
NTA before tax	\$1.00
Share price	\$0.92
Shares on issue	35,138,692
Options on issue	34,999,000
Option Exercise Price	\$1.00
Option Expiry Date	24 July 2015
Fully franked dividend (declared FYTD)	\$0.04
Dividend yield (paid & declared)	4.35%

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 14.9% 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.

Armidale Investment Corporation Ltd (AIK) announced a 1-for-2 non-renounceable rights issue that is seeking to raise approximately \$11.5 million. The rights issue was priced at 9.0 cents per share compared to a market price of 10.8 cents per share prior to the rights announcement, and at an even greater discount to the reported NTA of 14.4 cents per share.

The rights issue proceeds are ear-marked to: 1) fund further growth in the Hal Data Services lease portfolio, which according to company reports, has been growing significantly over the past two years and 2) to potentially fund the partial acquisition of an asset finance broker/aggregator that provides motor vehicle and equipment finance. Though the proposed acquisition would appear attractive, it is by no means guaranteed. Given this, we believe the potential returns from funding further leases if the proposed acquisition does not proceed mitigates the risks of adding to SNC's investment in AIK.

AIK's portfolio of investments ranges from leasing (Hal Data Services: 98% ownership) to retail buying groups, through to telecoms reselling to the SME business sectors in Australia, New Zealand and the UK (Leading Edge via Riverwise Ltd: 32% ownership).

We believe the complexity inherent in AIK's investment portfolio is one of the main reasons for the share price trading at approximately 35% discount to the reported NTA. As the portfolio grows, and as underlying investments continue to improve their financial performance, we expect there should be opportunities for AIK to pursue various methods to narrow the gap between share price and underlying value. For example, trade sales or spin-offs of underlying investments.

During the month (and after month end) we increased cash holdings following the successful conclusion of investments in Goodman Fielder Ltd and Chandler Macleod Ltd, whose shareholders approved their respective schemes of arrangement.

Investment Portfolio

	March 2015	February 2015
Listed Equities	78%	68%
Cash or Cash Equivalents	22%	32%
Number of investments	27	28

Sandon Capital does not habitually disclose the companies held in its investment portfolios or investment weighting within portfolios. Below is a list of substantial shareholder notices filed by Sandon Capital. Copies of the notices are available on the ASX website.

Lastest ASX filing date	ASX Code	Company
3 Jun 14	AIK	Armidale Investment Corporation Limited
19 Jun 14	CYG	Coventry Group Limited
22 Dec 14	CHZ	Chesser Resources Limited
27 Jan 15	CND	Clarius Group Limited

Note: Shares in companies were held by SNC as at 13 April 2015 (the issue date of this report) and may or may not be current beyond that date.

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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Website: www.sandoncapital.com.au

Share registry:

Link Market Services

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