

SANDON CAPITAL

Sandon Capital Investments Limited
ACN 107 772 467

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Monthly Report

As at 31 July 2015

Net Tangible Assets (NTA)

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

NTA before tax	\$0.9867
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NTA after tax	\$1.0086
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Note: The NTA figures reported above are after the payment of 4.0 cents per share of fully franked dividends.

Investment Performance

Gross Performance to 31 July 2015 ¹	1 Month	Financial YTD	Rolling 12 month Return
SNC	5.0%	5.0%	3.5%
Small Ordinaries Accumulation Index	1.6%	1.6%	-2.8%
Outperformance	3.5%	3.5%	+6.3%

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 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 21.6 cents per share.

Portfolio commentary

The portfolio increased by 5.0% (on a gross basis) in July, which compared favourably to the Small Ordinaries (+1.6%) and S&P/ASX200 (+4.4%) Accumulation indices.

The largest contributor to this month's result was Armidale Investment Corporation Ltd (AIK) (~2.5%). The price rose in the absence of any significant news. The long-mooted partial acquisition of an asset finance business remains incomplete, though

Sandon Capital Investments Limited

ASX Codes	SNC
Listed	23 Dec 2013
Gross assets	\$36.9m
Market capitalisation	\$31.1m
NTA before tax	\$0.9867
Share price	\$0.865
Shares on issue	36,210,048
Options on issue	nil
Option Exercise Price	n.a.
Option Expiry Date	n.a.
Fully franked dividends	\$0.04
Dividend yield	4.62%

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 13.4% 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.

due diligence enquiries have now been announced as completed. Post month end, AIK advised that certain legal restructures within the vendor businesses would push completion out until November 2015. In the meantime, we are keenly awaiting the release of the full year results and looking for further evidence of growth within the Hal Data Services leasing book.

BlueScope Steel Ltd (BSL) was another major contributor (~1%) to the result as its share price rose. There is now much anticipation amongst shareholders regarding the release of the full year result. We believe much of this anticipation is focused on any plans BSL might announce regarding the future of the Port Kembla blast furnace. We expect the overall financial result for FY2015 to be weaker than 2014, given the global contraction in steel spreads. By maintaining production at Port Kembla, BSL is obliged to sell excess supply into export markets at a loss. Given the structural changes in the global steel industry, and the recent devaluation of the Chinese currency, the outlook for profitability for domestic steel producers continues to remain extremely difficult. This is why we believe the Port Kembla blast furnace should be mothballed and why BSL should focus its attention on the other points we raised in our analysis (sale of excess land, sale of building solutions, taking steps to highlight the value inherent in the Northstar joint venture and capital management.)

The main detractor to the month's result was AMP China Growth Fund (AGF) (~-1.4%), which followed the decline in the Chinese share market. Despite this decline, AGF units continue to trade at a substantial discount to NTA (more than 25%). The responsible entity, AMP Capital, has announced it is exploring options to further improve fund performance, having hired an investment bank to advise on these options. We look forward to learning what plans AMP decides to pursue, as we do not see how the current, and persistently long-term, discount can continue.

The broader share market continues to swing wildly as global (viz China) and local (viz bank capital raisings) factors continue to drive sentiment. We remain comfortable with the portfolio and its 20% cash weighting. Any further market turmoil will likely provide good opportunities for adding to existing positions as well as providing new opportunities.

Investment Portfolio

	July 2015	June 2015
Listed Equities	83%	80%
Cash or Cash Equivalents	17%	20%
Number of investments	29	26

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.

Latest ASX filing date	ASX Code	Company
19 Jun 14	CYG	Coventry Group Limited
22 Dec 14	CHZ	Chesser Resources Limited
27 Jan 15	CND	Clarius Group Limited
27 Apr 15	AIK	Armidale Investment Corporation Limited
1 Jun 15	ACL	Alchemia Ltd

Note: Shares in companies were held by SNC as at the 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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Share registry:

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