

SANDON CAPITAL

Sandon Capital Investments Limited
ACN 107 772 467

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Monthly Report

As at 30 September 2015

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 30 September 2015 were:

NTA before tax	\$0.9769
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NTA after tax	\$0.9870
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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 30 September 2015 ¹	1 Month	Financial YTD	Rolling 12 month Return
SNC	2.5%	2.4%	1.3%
Small Ordinaries Accumulation Index	-0.5%	-3.9%	-4.9%
Outperformance	3.0%	6.3%	6.2%

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 SNC Board has declared a fully franked final dividend of 2.0 cps and a fully franked special dividend of 1.0 cps in respect of the financial year ended 30 June 2015. These dividends will be paid on 30 October 2015.

The table below shows the SNC dividend history.

Ex-date	Dividend Amount	Franking	Type
22 October 2015	1.0 cps	100%	Special
22 October 2015	2.0 cps	100%	Final
1 June 2015	2.0 cps	100%	Interim
14 October 2014	2.0 cps	100%	Special

After the payment of the declared 3.0 cents per share dividends, the Company will have 3.0 cents per share available in current financial year profit reserves available for future dividends as well as franking credits of 8.0 cents per share.

SNC has declared 7.0 cents per share of fully franked dividends since 30 June 2014 and the Board anticipates declaring an interim dividend in respect of the half year ending 31 December 2015, subject to the availability of profits.

Share Purchase Plan

Sandon Capital Investments Limited

ASX Code	SNC
Listed	23 Dec 2013
Gross assets	\$35.8m
Market capitalisation	\$31.1m
NTA before tax	\$0.9769
Share price	\$0.88
Shares on issue	36,215,048
Options on issue	nil
Option Exercise Price	n.a.
Option Expiry Date	n.a.
Fully franked dividends	\$0.07
Dividend yield	7.95%

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 13.0% 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.

On 12 October 2015, SNC announced a share purchase plan (SPP) that provides Eligible Shareholders with the opportunity to acquire up to \$15,000 of new fully paid ordinary Shares at a price of \$0.88 per share. These new Shares will be entitled to the 3.0 cents per share of fully franked dividends payable on 30 October 2015.

The SPP Timetable is shown below:

Record Date	9 October 2015
SPP Opens	13 October 2015
SPP Closes	21 October 2015
Issue Date of New Shares	26 October 2015

Eligible Shareholders will receive their personalised application forms in the post.

Portfolio commentary

The Fund delivered a return of 2.5% in September.

The broader share market continues to swing wildly as global and local factors continue to drive sentiment. We remain comfortable with the portfolio and its ~12% cash weighting. Any market turmoil will likely provide good opportunities for adding to existing positions as well as providing new opportunities.

The main contributor to this month's result was Alchemia Ltd (ACL) (~3.6%) whose share price rose 127% over the month following announcement of the sale of ACL's main asset, the Fondaparinux royalty, to Dr Reddy's Laboratories (DRL) for USD 17.5 million. ACL shareholders are being asked to approve the sale at the AGM in early November. The sale price is broadly in line with Sandon Capital's estimates of value for the Fondaparinux asset, so we believe this represents a good outcome for ACL. We expect the Company to announce its plans on how to return all excess capital to shareholders in the near future.

The main detractor for the month was BlueScope Steel Ltd (BSL), whose share price fell 16% during the month (-1% contribution for the month). We consider BSL's share price moves were more related to the broader market than being company specific. Throughout the month, there were continued press reports about the progress of labour-force negotiations to achieve the \$200 million of annualised cost savings. Since month end, BSL announced a "Game-changing agreement between BlueScope and Unions" on its workforce structure and a new 3 year enterprise agreement. BSL CEO O'Malley noted this as a "significant and essential step to achieving the Company's \$200 million cost reduction target." This entire process will come to a conclusion by the BSL AGM on 19 November, at which the company is expected to announce whether the cost saving target will be met or whether the blast furnace will be shut.

The remainder of the portfolio reported small rises and declines in price for the month. We do not consider any of these noteworthy.

Investment Portfolio

	September 2015	August 2015
Listed Equities	88%	86%
Cash or Cash Equivalents	12%	14%
Number of investments	29	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.

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
28 Aug 15	SCY NZ	Smiths City Group Ltd
8 Oct 15	OTH	Onthehouse Holdings 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:

Sandon Capital Investments Limited

Tel: 02 8014 1188

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Website: www.sandoncapital.com.au

Share registry:

Link Market Services

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