

SANDON CAPITAL

Sandon Capital Investments Limited
ACN 107 772 467

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Monthly Report

As at 31 August 2016

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 31 August 2016 were:

NTA before tax	\$0.9997
Deferred tax asset	\$0.0060
Deferred tax liability on unrealised income and gains	(\$0.0208)
NTA after tax	\$0.9849

Note: The NTA figures reported above are after the payment of 9.0 cents per share of fully franked dividends but before the payment of the 3 cents per share fully franked final dividend declared on 18 August 2016. Shares will go ex-dividend on 21 October 2016.

Investment Performance

Gross Performance to 31 August 2016 ¹	1 Month	Financial YTD	Since inception ²
SNC	1.1%	7.5%	9.6%
Small Ordinaries Accumulation Index	-1.6%	6.9%	9.4%
Outperformance	2.7%	0.6%	0.2%

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.
2. Annualised.

Dividends

The table below shows the SNC dividend history.

Ex-date	Dividend Amount	Franking	Type
21 October 2016	3.0 cps	100%	Final
18 April 2016	2.0 cps	100%	Interim
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

Sandon Capital Investments Limited

ASX Code	SNC
Listed	23 Dec 2013
Gross assets	\$45.7m
Market capitalisation	\$38.0m
NTA before tax	\$0.9997
Share price	\$0.86
Shares on issue	44,260,206
Options on issue	nil
Fully franked dividends	\$0.05
Dividend yield	5.8%

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.

Portfolio commentary

The Portfolio delivered a return of 1.1% in August.

The main contributor to this month's return was Smiths City Group Ltd, in New Zealand, whose shares rose nearly 11% (in AUD terms) over the month.

The other positive contributions came from Armidale Investment Corporation Ltd (AIK) and Centrepont Alliance Limited (CAF). AIK announced it had completed the partial acquisitions of three asset finance companies. The cash component of these acquisitions will be funded by a rights issue and placement (both at 11 cents per share). The Fund will exercise all its rights.

The share prices of several companies declined during the month, including those of Fleetwood Corporation Ltd (FWD) and Clarius Group Ltd (CND). FWD delivered what we considered a poor result, though unsurprising. We remain convinced that FWD requires a change in strategy to avoid continuing losses in the underperforming caravan manufacturing business. We advocate exiting loss-making businesses, which current Board and management have failed to turn around, which would allow FWD to return to profitability and focus on becoming a pure-play manufactured accommodation supplier. CND reported another loss, which was disappointing. On a more positive note, it appears CND's China operations are now cashflow positive, and appear to be growing strongly.

During the month we exited completely from Ardent Leisure Group, having owned the securities since April 2015. The investment in AAD delivered an internal rate of return of approximately 33%, including distributions.

Investment Portfolio

	August 2016	July 2016
Listed Equities	95%	97%
Cash or Cash Equivalents	5%	3%
Number of investments	36	35

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

Latest ASX filing date	ASX Code	Company
5 Jan 16	AIK	Armidale Investment Corporation Limited
23 Mar 16	CYG	Coventry Group Ltd
27 April 2016	RNY	RNY Property Trust
12 May 2016	FWD	Fleetwood Corporation Ltd
13 Jul 16	OTH	Onthehouse Holdings Ltd
2 Aug 16	SCY NZ	Smiths City Group Ltd
5 Aug 16	CND	Clarius Group Ltd
29 Aug 16	AGS	Alliance Resources 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:

Link Market Services

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