

SANDON CAPITAL

Sandon Capital Investments Limited
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Monthly Report

As at 30 November 2016

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 30 November 2016 were:

NTA before tax	\$1.0398
Deferred tax asset	\$0.0060
Deferred tax liability on unrealised income and gains	(\$0.0314)
NTA after tax	\$1.0143

Note: The NTA figures reported above are payment of the 3 cents per share fully franked final dividend declared on 18 August 2016. The shares went ex-dividend on 21 October 2016 and the 3.0 cents per share dividend was paid on 2 November 2016. A total of 12.0 cents per share of fully franked dividends have been paid by SNC to date.

Investment Performance

Gross Performance to 30 November 2016 ¹	1 Month	Financial YTD	Since inception ²
SNC	4.3%	16.9%	11.9%
All Ordinaries Accumulation Index	2.5%	7.2%	7.2%
Outperformance³	1.8%	9.7%	4.7%

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.
3. Note figures may not tally due to rounding.

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	\$47.5m
Market capitalisation	\$42.9m
NTA before tax (ex-div)	\$1.0398
Share price	\$0.97
Shares on issue	44,260,206
Options on issue	nil
Fully franked dividends	\$0.05
Dividend yield	5.2%

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 13.5% 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 4.3% gross return for November.

Armidale Investment Corporation Ltd (AIK) made the largest contribution to this month's return (~3.9%) as its share price rose strongly throughout the month. AIK announced during the month that it was moving away from being a listed investment company and would henceforth report results on a consolidated basis. We believe this is an important move to improve the visibility of AIK's earning potential. We look forward to the half year results in early 2017.

The main detractor for the month was RNY, which announced a material reduction in NTA following the receipt of bids for some portfolio properties. This was disappointing to say the least, and the share price reacted commensurately. We have considered various courses of action in respect of RNY, but to date have not yet found one that might improve our likely outcome.

During the month we continued to build the Fund's position in its latest activist target, Iluka Resources Ltd ("ILU"). In early December, Sandon Capital released a presentation outlining its thesis that ILU was undervalued and should spin-off its valuable iron ore royalty. The thesis was made public after correspondence with the company led us to conclude the status quo would prevail absent public engagement. This analysis is available on our website at www.sandoncapital.com.au in the "Campaigns" section.

The Tatts Group Ltd (TTS) / Tabcorp Ltd (TAH) merger proposal took a new twist during the month when TAH conducted a raid on TTS buying a 9.9% stake. Despite TAH statements portraying the acquisition as innocuous (viz "to help facilitate the proposed combination of" TAH and TTS), we believe the move was a rear-guard action to provide TAH with some protection against interlopers that might seek to get in on the action: time will tell. We remain convinced the proposed transaction significantly undervalues TTS, especially its lotteries business.

Fleetwood Corporation Ltd (FWD) held its AGM during the month. New Chairman, Phillip Campbell, gave a comprehensive mea culpa, admitting a "number of fundamental mistakes" were made. We agree, and believe that such admissions are the first step to effecting a genuine turnaround. We remain convinced that further board changes are required and look forward to the company's half year results announcement in early 2017.

Investment Portfolio

	November 2016	October 2016
Listed Equities	92%	99%
Cash or Cash Equivalents	8%	1%
Number of investments	32	33

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
23 Mar 16	CYG	Coventry Group Ltd
27 Apr 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
30 Sep 16	AIK	Armidale Investment Corporation Limited

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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