

## MONTHLY REPORT

# Sandon Capital Investments Limited (ASX:SNC)

MAY 2023

NTA Before Tax

NTA After Tax

\$0.7281

\$0.7419

## INVESTMENT PERFORMANCE

Gross Performance to 31 May 2023 <sup>1</sup>	1 month	1 year	Since inception (p.a.)
SNC	-1.9%	-12.6%	7.0%
All Ordinaries Accum. Index	-2.6%	2.0%	8.1%
<b>Outperformance<sup>2</sup></b>	<b>0.7%</b>	<b>-14.6%</b>	<b>-1.1%</b>

1. The SNC gross returns are after investment management fees and brokerage expenses but before performance fees and corporate expenses. Index returns are before all fees and expenses and before any taxes. Dividends paid during the period are included when calculating SNC's gross investment performance.

2. Figures may not tally due to rounding.

## SANDON CAPITAL INVESTMENTS LIMITED

ASX Code	SNC
Gross assets*	\$132.1m
Market capitalization	\$84.9m
Share price	\$0.61e
Fully franked dividends	\$0.055
Dividend yield (annualised)	9.0%
Profits reserve (per share)	24.0cps
Franking (per share)	7.5cps
Loan-to-assets (incl. MVTHA)	18%

\*Includes the face value of Mercantile 4.8% unsecured notes

## PORTFOLIO COMMENTARY

The Portfolio was down 1.9% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to a decline of 2.6% for the All Ordinaries Accumulation Index.

The largest contributor to performance was again Fleetwood Ltd (FWD) (+1.8%), whose share price continue to rise on market speculation that the Searipple accommodation village will win a contract to house the workers for the construction of the Perdaman urea plant. The major detractors were A2B Australia Ltd (A2B) (-0.9%), Midway Ltd (MWY) (-0.3%) and COG Financial Services (COG) (-0.3%). There were a number of other positions that contributed to the negative return for the month, largely arising from weak equity markets rather than company specific announcements.

A2B announced that they had completed the sale of their Bourke Road, Alexandria property for \$19m. We do not expect the sale of the company's larger property in Alexandria to close until December, potentially leading to a special, fully franked dividend >60 cents per share.

MWY confirmed their April market update that a number of woodfibre shipments scheduled for this fiscal year would be deferred until FY24. This has had a significant impact on 2HFY23 volumes which are now expected to be up to 35% below the volumes shipped in 1HFY23. Earnings are still expected to improve in FY23 on the prior corresponding period, albeit the quantum of the improvement in the 2H will not be as large as previously expected. We eagerly await further updates from MWY detailing their plans on how they expect to liberate some of the significant value that is currently tied up in their asset base. This extends to the long-awaited grain strategy that has taken far too long to deliver.

## DIVIDENDS

SNC has declared and paid 53.5 cents per share of fully franked dividends since listing in December 2013. The profits reserve is 24.0 cents per share and there are 7.5 cents per share of franking credits. These franking credits support the payment of 22.5 cps of fully franked dividends.

SNC's FY23 final dividend of 2.75cps was paid on 2 June 2023. The Board anticipates paying an interim dividend for FY23 of 2.75cps, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

A full list of SNC dividends since the IPO in December 2013 can be found [here](#).

## TOP 5 POSITIONS

COG Financial Services	12%
Fleetwood	11%
A2B	11%
Spectra Systems PLC	10%
Coventry Group	5%

## INSTRUMENT EXPOSURE

Listed Australian Equities	83%
Listed International Equities	10%
Unlisted Investments	7%
Cash or Cash Equivalents	0%

## 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 9.9% 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.

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# SANDON CAPITAL

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