# SANDON CAPITAL



#### **MONTHLY REPORT**

# Sandon Capital Investments Limited (ASX:SNC)

**AUGUST 2023** 

**NTA Before Tax** 

**NTA After Tax** 

\$0.7971

\$0.7965

### **INVESTMENT PERFORMANCE**

Gross Performance to 31 August 2023 <sup>1</sup>	1 month	ir 1 year	Since nception (p.a.)
SNC	0.5%	3.8%	7.9%
All Ordinaries Accum. Index	-0.7%	8.9%	8.4%
Outperformance <sup>2</sup>	1.3%	-5.1%	-0.5%

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*	\$145.9m
Market capitalisation	\$90.4m
Share price	\$0.65
Fully franked dividends	\$0.055
Dividend yield (annualised)	8.5%
Profits reserve (per share)	27.6cps
Franking (per share)	7.6cps
Loan-to-assets (incl. SNCHA)	16%

<sup>\*</sup>Includes the face value of Mercantile 4.8% unsecured notes

#### **PORTFOLIO COMMENTARY**

The Portfolio was up 0.5% 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 0.7% for the All Ordinaries Accumulation Index.

The largest contributors to performance were Coventry Group Ltd (CYG) (+0.5%), BCI Minerals Ltd (BCI) (+0.4%) and Joyce Corporation Ltd (JYC) (+0.4%). These were partially offset by A2B Australia Ltd (A2B) (-0.5%) and Yellow Brick Road Holdings Ltd (YBR) (-0.3%).

August is the most important month of the year as the majority of our portfolio companies release their full year accounts. This provides us an opportunity to analyse the operational and financial performance of our investments and allows the market to focus on fundamentals rather than speculating on possibilities, which is what typically occurs in between reporting periods.

Overall, the operational and financial results reported by our companies were within our expectations and an improvement on the previous year. Those companies that had demonstrated consistent earnings growth over the previous years continued on that trajectory. Encouragingly, a number of companies that have been dealing with legacy issues have put those behind them, and look set to reward us with improved operating and financial performance going forward. We continue to uncover a number of interesting opportunities in the market with which to deploy our existing cash as well as the dividends we expect to receive over the next two months.

Before the next monthly NTA announcement, we intend to provide an update that will discuss in more detail the recent reported results of our largest investments.

#### **DIVIDENDS**

SNC has declared 56.25 cents per share of fully franked dividends since listing in December 2013. The profits reserve is 27.6 cents per share and there are 7.6 cents per share of franking credits. These franking credits support the payment of 22.8 cps of fully franked dividends.

SNC's FY23 final dividend of 2.75cps will be paid on 8 November 2023. The Board anticipates paying an interim dividend for FY24 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**

Fleetwood	12%
A2B	11%
COG Financial Services	11%
Spectra Systems PLC	9%
BCI Minerals	6%

COG Financial Services	11%
Spectra Systems PLC	9%
BCI Minerals	6%
INSTRUMENT EXPOSURE	
Listed Australian Equities	82%
Listed International Equities	12%
Unlisted Investments	6%
	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 9.7% 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.

This document has been prepared by Sandon Capital Pty Limited (ACN 130 853 691) (AFS License (331663)) (Sandon). This document contains general financial product advice only. Sandon has prepared this document in good faith in relation to the facts known to it at the time of preparation. In preparing this document, Sandon did not consider the investment objectives, financial situation or -particular needs of any recipient, and the recipient should not rely on the opinions, advice, recommendations and other information contained in this document alone. This document has been prepared to provide the recipient with general information only. It is not intended to take the place of professional advice. Sandon does not express any view about the accuracy or completeness of the information in this document and is not required to update the information in this document. Past performance is not a reliable indicator of future performance.

Lonsec Research Ratings and Logos: Ratings are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

# Sandon Capital

For enquiries about the company or its investments: Sandon Capital Investments Limited +61 2 8014 1188 info@sandoncapital.com.au