

## MONTHLY REPORT

# Sandon Capital Investments Limited (ASX:SNC)

NTA Before Tax

NTA After Tax

\$0.8292

\$0.8282

APRIL 2024

## INVESTMENT PERFORMANCE

Gross Performance to 30 Apr 2024 <sup>1</sup>	1 month	1 year	Since inception (p.a.)
SNC	-1.2%	15.5%	8.4%
All Ords Accumulation Index	-2.7%	9.9%	9.0%
<b>Outperformance<sup>2</sup></b>	<b>1.5%</b>	<b>5.5%</b>	<b>-0.6%</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 SIN's gross investment performance.

2. Figures may not tally due to rounding.

## SANDON CAPITAL INVESTMENTS LIMITED

ASX Code	SNC
Gross assets*	\$145.3m
Market capitalisation	\$105.0m
Share price	\$0.745
Fully franked dividends	\$0.055
Dividend yield (annualised)	7.4%
Profits reserve (per share)	32.0cps
Franking (per share)	8.8cps
Loan-to-assets (incl. SNCHA)	11%

\*Includes the face value of 4.8% unsecured notes (ASX: SNCHA)

## PORTFOLIO COMMENTARY

The Portfolio was down 1.2% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to a decrease of 2.7% for the All Ordinaries Accumulation Index.

The largest positive contributors were Fleetwood Ltd (FWD) (+0.8%), Carbon Conscious Investments Ltd (CCIL) (+0.8%), Joyce Corporation Ltd (JYC) (0.7%) and IDT Australia Ltd (IDT) (+0.5%). These were offset by COG Financial Services Ltd (COG) (-2.2%), Karoon Energy Ltd (KAR) (-0.6%) and Magellan Financial Group Ltd (MFG) (-0.5%).

During the month, Sandon Capital Pty Ltd entered into a formal association agreement with Samuel Terry Asset Management Pty Ltd with respect to the affairs of Karoon Energy Ltd (KAR). In the past few years, Karoon has evolved from being an oil and gas explorer to being a fully-fledged producer. Unlike many of its oil and gas producing peers, Karoon does not yet pay dividends to its shareholders. We believe it should. The first phase of our campaign has focused on the upcoming Annual General Meeting (AGM). We believe shareholders should vote in a way that sends a clear message to the Board. You can read our letter to the Karoon Board detailing and explaining our voting intentions [here](#).

Sandon Capital Investments Ltd (SNC) announced that it had entered into a merger implementation deed with CCIL for a recommended takeover offer pursuant to which SNC will offer to acquire all the shares of CCIL not owned by SNC and Sandon Capital Activist Fund (SCAF) for \$0.0667 in cash. Further details can be found in the [Bidder's Statement on CCIL's website](#).

IDT announced it had entered into a Master Service Agreement with Sanofi, a global healthcare company, to support the preclinical formulation development and manufacture of Sanofi's mRNA for clinical trials targeting a range of indications to support unmet medical needs. The value of the services under the initial order will be \$3-3.5 million, with the potential for follow-on work packages. IDT also announced that its 3Q revenue had increased 48% versus the prior corresponding period (pcp), with the strongest growth exhibited by the key Active Pharmaceutical Ingredient and Advanced Therapies segment. The future looks bright for IDT and we are excited about the company's prospects of returning to profitability in the foreseeable future.

Coventry Group Ltd (CYG) announced the acquisition of the Steelmasters Group, for a total consideration of \$42.1 million. Steelmasters Group is a leading Australasian supplier and manufacturer of industrial and speciality fasteners through its network of 12 branches (four in New Zealand and eight in Australia) with its head office in Auckland, New Zealand. The Group operates under several brands, 'Steelmasters' and 'Galvmasters' in New Zealand and 'Boltmasters' and 'Profast' in Australia. The acquisition was funded through an equity raise of \$30 million, a Share Purchase Plan of up to \$2 million, with the remainder (~\$10 million) to be funded with debt. We consider Steelmasters to be extremely complementary to CYG's existing operations and expect the acquisition to have a materially positive impact on CYG's earnings, cash flow and value.

COG announced a soft trading update with 3QFY24 NPATA down 7% on the pcp. Despite this, growth in NPATA for the 9 months YTD has been 6.5%. The Novated Leasing division displayed very strong growth in the 3Q, with earnings tripling against the pcp. This was offset by weakness in the Asset Management and Leasing business which has achieved strong originations growth but has been adversely impacted by a margin squeeze due to increased funding interest rates on historical originations. With interest rates having stabilised past 10 months, we expect margins to rebound over the next 6-12 months.

## DIVIDENDS

SNC has declared 59.0 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 32.0cps and there are 8.8cps of franking credits. These franking credits support the payment of up to 26.4cps of fully franked dividends.

SNC's FY24 interim dividend of 2.75cps will be paid on 3 June 2024. The Board anticipates paying a final 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

Spectra Systems	12%
Fleetwood	10%
COG Financial Services	9%
Coventry	8%
BCI Minerals	5%

## INSTRUMENT EXPOSURE

Listed Australian Equities	65%
Listed International Equities	14%
Unlisted Investments	14%
Cash or Cash Equivalents	7%

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## 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 9.6% 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.

# SANDON CAPITAL

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