

MONTHLY REPORT

Sandon Capital Investments Limited (ASX:SNC)

NTA Before Tax

NTA After Tax

\$0.8963

\$0.8779

AUGUST 2024

INVESTMENT PERFORMANCE

Gross Performance to 31 August 2024 ¹	1 month	1 year	Since inception (p.a.)
SNC	-0.1%	20.9%	9.0%
All Ords Accumulation Index	0.4%	14.7%	9.0%
Outperformance²	-0.5%	6.2%	0.0%

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*	\$155.6m
Market capitalisation	\$111.2m
Share price	\$0.780
Fully franked dividends	\$0.055
Dividend yield (annualised)	7.1%
Profits reserve (per share)	35.3cps
Franking (per share)	7.8cps
Loan-to-assets (incl. SNCHA)	16%

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

PORTFOLIO COMMENTARY

The Portfolio was down 0.1% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to an increase of 0.4% for the All Ordinaries Accumulation Index.

The largest positive contributors were Nuix Ltd (NXL) (+2.3%) and Midway Ltd (MWY) (+0.8). These were offset by COG Financial Services Ltd (COG) (-1.3%), Spectra Systems plc (SPSY LN) (-1.3%), Karoon Energy Ltd (KAR) (-0.4%) and IDT Australia Ltd (IDT) (-0.4%).

From an analytical perspective, August is the most important month of the year with the majority of our portfolio companies releasing their full year financial accounts. These provide 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. In some instances, companies will provide an update on their capital management plans as well as any changes in strategic direction. An update on early trading in the new fiscal year as well as a short-term outlook is generally also provided, although this is less consequential to our investment process.

Whilst it wasn't necessarily reflected in share prices, the reporting season just gone saw some very encouraging operational and financial results delivered by our portfolio companies. Those companies that had demonstrated consistent earnings growth over the previous years continued on that trajectory. Encouragingly, those companies that had been dealing with legacy operating issues have put those behind them, and look set to reward us with improved operating and financial performance going forward.

Importantly, those companies in the portfolio with excess cash are starting to undertake capital management initiatives, through buybacks and dividends or both. With much of the portfolio trading well below our estimates of intrinsic value, we continue to expect our companies to use their bullet proof balance sheets as a way to create shareholder value.

We will discuss the results of our key holdings in the next monthly report.

Carbon Conscious Takeover Update

The takeover offer for Carbon Conscious Investments Ltd (CCIL) closed on 8 July 2024. At the end of the Offer period, SNC's voting power in CCIL was 91.5%. SNC has now exercised its right to acquire the remaining CCIL shares under the compulsory acquisition provisions of the Corporations Act 2001 (Cth). The compulsory acquisition was at the same price as under the Offer (being \$0.0667 cash per CCIL Share).

As part of the takeover process, CCIL was required to commission an independent expert's report to opine on the SNC's offer. The independent expert valued CCIL shares at between 7.82 and 8.61 cents per share. SNC has valued the CCIL shares that have been acquired at 8.22 cents per share, the mid-point of the independent expert's range. The shares purchased under the compulsory acquisition process were transferred in early September.

DIVIDENDS

SNC has declared and paid 59.0 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 35.3cps and there are 7.8cps of franking credits. These franking credits support the payment of up to 23.4cps of fully franked dividends.

SNC’s FY24 final dividend of 2.75cps will be paid on 7 November 2024. The Board anticipates paying an FY25 interim 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	13%
Fleetwood	10%
COG Financial Services	8%
Carbon Conscious	8%
Coventry	7%

INSTRUMENT EXPOSURE

Listed Australian Equities	66%
Listed International Equities	14%
Unlisted Investments	20%
Cash or Cash Equivalents	0%

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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 9.9% 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.

SANDON CAPITAL

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