

MONTHLY REPORT

Sandon Capital Investments Limited (ASX:SNC)

MARCH 2025

NTA Before Tax

NTA After Tax

\$0.9038

\$0.8849

INVESTMENT PERFORMANCE

Gross Performance to 31 March 2025 ¹	1 month	1 year	Since inception (p.a.)
SNC	-0.1%	17.3%	9.1%
All Ords Accumulation Index	-3.5%	2.2%	8.4%
Outperformance²	3.4%	15.1%	0.7%

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*	\$157.6m
Market capitalisation	\$112.9m
Share price	\$0.780
Annual fully franked dividend (paid quarterly)	\$0.056
Dividend yield (annualised)	7.2%
Profits reserve (per share)	37.5cps
Franking (per share)	8.0cps
Loan-to-assets (incl. SNCHA)	20%

*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 a decrease of 3.5% for the All Ordinaries Accumulation Index.

March saw another volatile month for global capital markets with most indices experiencing significant declines. Against this backdrop, the performance of the portfolio was again pleasing. The largest positive contributors were COG Financial Services Ltd (COG) (+1.9%), Fleetwood Ltd (FWD) (+1.8%) and Wellard (WLD) (+0.7%). These were offset by Spectra Systems plc (SPSY LN) (-1.7%), Coventry Group Ltd (CYG) (-1.1%), Nuix Ltd (-0.7%) and an undisclosed position (-0.5%).

COG announced significant changes at Board level with Patrick Tuttle, Stephen White and Mark Crain resigning as directors and Cameron McCullagh moving from an executive to a non-executive director role. Joining the Board will be John Dwyer and Tony Robinson, who both have a long and successful history in the insurance broking market in Australia, most recently at PSC Insurance which was acquired for \$2.3 billion in October 2024. The Board at COG has steered the growth of the company from being a small equipment lease book to Australia's largest small-to-medium enterprise (SME) broker in less than a decade. This has resulted in a capital light company that generates tremendous cash and returns on equity. They deserve to be congratulated on their accomplishments, and we look forward to the leadership of the refreshed Board.

CYG announced that MD & CEO, Robert Bulluss, has tendered his resignation and will leave the company no later than 20 September 2025.

Robert has done an outstanding job in the ~8 years since he was appointed CEO. When he took over, the company was loss making and haemorrhaging cash. Today, after renewing the senior leadership team, rejuvenating the culture, acquiring tangential businesses and implementing a company wide ERP system, CYG is in good shape to grow profitably and generate strong free cash flows. The board has decided to appoint heads to each of the two businesses, Trade Distribution and Fluid Systems rather than immediately appointing a new group CEO.

SPSY LN reported a strong CY24 result with adjusted earnings per share increasing 36% YoY. Once again, this translated to robust free cash flows which have been used to pay solid dividends, invest in the business and reduce the debt that was acquired with Cartor in December 2023. The outlook remains bright with a number of short and long term opportunities to drive earnings growth into next decade. We expect CY25 earnings and cash flows to experience extremely strong growth, underpinned by the large sensor contract that was announced last year. Despite the strong result and outlook, SPSY shares were down ~10% on the day of the result. We believe this was related to disappointment with the dividend – which was held constant despite the strong growth in earnings – rather than any concerns with the fundamentals of the business.

WLD released the Notice of Meeting (NoM) with resolutions to approve the sale of the M/V Ocean Drover and subsequent return of capital of 15cps. Included in the NoM was a proforma balance sheet that showed WLD will have remaining cash of ~4cps of cash should both of these transactions be approved and executed. These amounts (15cps return of capital plus 4cps of proforma cash) compared favourably to the prevailing share price of 15cps at the beginning of March.

Volatility in global capital markets remains high and this is presenting interesting investment opportunities.

During April, we expect to receive a number of 3QFY25 trading updates from our portfolio companies. We will report on any material updates in our next newsletter.

DIVIDENDS

SNC has declared and paid 63.15 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 37.5cps and there are 8.0cps of franking credits. These franking credits support the payment of up to 24.0cps of fully franked dividends.

The Board recently resolved to increase the annualised rate of dividends to 5.6cps and to pay quarterly dividends. SNC’s inaugural quarterly dividend of 1.4cps was paid on 7 March 2025.

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

TOP 5 POSITIONS

Fleetwood	14%
Spectra Systems	10%
COG Financial Services	9%
Carbon Conscious	8%
Coventry Group	5%

INSTRUMENT EXPOSURE

Listed Australian Equities	71%
Listed International Equities	12%
Unlisted Investments	17%
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 10.5% 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.

SANDON CAPITAL

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