

SANDON CAPITAL

Sandon Capital Investments Limited
ACN 107 772 467

Level 5, 139 Macquarie Street, Sydney
Telephone: (02) 8014 1188
Email: info@sandoncapital.com.au

Monthly Report

As at 31 March 2021

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 31 March 2021 were:

NTA before tax	\$1.0265	+5.4%
Deferred tax asset	\$0.0117	
Deferred tax liability on unrealised income and gains	(\$0.0511)	
NTA after tax	\$0.9872	+4.9%

Investment Performance

Gross Performance to 31 March 2021 ¹	1 Month	Financial YTD	Since inception ²
SNC	7.0%	48.9%	11.1%
All Ordinaries Accumulation Index	1.8%	19.9%	8.8%
Outperformance³	+5.1%	+29.0%	+2.2%

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. Annualised.

3. Note figures may not tally due to rounding.

Dividends

SNC has declared 41.5 cents per share of fully franked dividends since listing in December 2013. The profits reserve is 24.0 cents per share and there are 10.3 cents per share of franking credits.

SNC's FY21 interim dividend of 2.5cps will be paid on 3 June 2021. The Board anticipates paying a final dividend for FY21 of a similar amount, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

Ex-date	Dividend Amount	Franking	Corporate Tax Rate	Type
17 May 2021	2.5 cps	100%	26.0%	Interim
21 October 2020	2.5 cps	100%	26.0%	Final
5 May 2020	3.5 cps	100%	27.5%	Interim
21 October 2019	3.5 cps	100%	27.5%	Final
16 May 2019	3.5 cps	100%	27.5%	Interim
23 October 2018	3.5 cps	100%	27.5%	Final
8 May 2018	3.5 cps	100%	27.5%	Interim
23 October 2017	3.5 cps	100%	27.5%	Final
18 May 2017	3.5 cps	100%	30.0%	Interim
21 October 2016	3.0 cps	100%	30.0%	Final
18 April 2016	2.0 cps	100%	30.0%	Interim

Sandon Capital Investments Limited

ASX Code	SNC
Listed	23 Dec 2013
Gross assets*	\$142.2m
Market capitalisation	\$100.1m
NTA before tax	\$1.0265
Share price	\$0.9100
Shares on issue	109,939,843
Options on issue	nil
Fully franked dividends	\$0.025
Dividend yield (annualised)	5.5%
Profits reserve (per share)	24.0 cps
Franking (per share)	10.3 cps

*includes the face value of Mercantile 8% unsecured notes.

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 12.8% 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.

Portfolio commentary

The Portfolio was up 7.0% 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 1.8% for the All Ordinaries Accumulation Index.

Key contributors to the month's returns included IDT Australia Ltd (IDT) (+4.3%), Spectra Systems Corp. (SPSY) (+1.0%), Ardent Leisure Group (ALG) (+0.6%), COG Financial Services Ltd (COG) (+0.4%), and Coventry Group Ltd (CYG) (+0.3%). The major detractors were Deterra Royalties Ltd (DRR) (-0.2%) and Fleetwood Ltd (FWD) (-0.2%).

IDT released a one sentence announcement that put a rocket under the share price (+140% for the month), disclosing that it had been requested by the Australian Government's Department of Health to undertake *"a feasibility assessment to assess the possibility of utilising the Company's sterile manufacturing facility to supplement the production capability for a COVID-19 vaccine."* Whilst the company has not yet disclosed which vaccine it may be asked to produce, we do note that IDT's capabilities are wide ranging. In a release to the ASX in August 2020, IDT disclosed that its current and potential COVID-19 vaccine and treatment capabilities included:

- Sterile vial fill/finish of liquid and lyophilised products;
- Bulk liquid formulation;
- Cold chain management and storage (cGMP);
- Solid oral dose form manufacture (tablet/capsule);
- Manufacture of Active Pharmaceutical Ingredients (APIs) and excipients;
- Process and analytical method development; and
- In-house analytical and microbiological testing

Given the difficulties that have so far been encountered with the vaccine roll out in Australia, we eagerly await future updates from IDT on how it might assist the Government in its vaccination effort.

After previously disclosing that it had received a number of unsolicited approaches and proposals in relation to a potential transaction involving its Wagering & Media (W&M) business, Tabcorp Holdings Ltd (TAH) announced that it had *"decided to undertake a strategic review to assess and evaluate all structural and ownership options to maximise the value of TAH's businesses for the benefit of shareholders"*.

We have long argued that TAH's Lotteries and W&M segments have distinctly different business models that should not be housed under the same corporate umbrella. We are pleased to see new Chairman, Steven Gregg, take steps to potentially streamline and simplify TAH's corporate structure following what were clearly lowball offers for the company's W&M business. Importantly, the strategic review does not rule out any options that may be pursued and we were particularly encouraged by Chairman Gregg's comments in the press that *"you just need to make shareholders get the best result"*. The delay in appointing a replacement for the departing CEO was also, in our view, a common-sense decision.

After many years of operational and financial underperformance, it seems that the wheel at TAH might be finally starting to turn, with shareholders set to benefit.

Shortly after the end of the month, Monash Absolute Investment Company Ltd (MA1) released its long awaited notice of meeting for its restructure into an exchange traded managed fund. The end of this long-running saga is now well and truly in sight.

We continue to be excited by the prospects for a number of our holdings in 2021. We look forward to reporting to you on their progress in future newsletters.

Investment Portfolio

	March 2021
Listed Australian Equities	80%
Listed International Equities	13%
Unlisted investments	6%
Cash or Cash Equivalents	1%

Contact

If you have any questions regarding the Company or its investments, please call Gabriel Radzynski on 02 8014 1188. If you have questions regarding your shareholding, please contact Link, whose details appear below.

Further information:

Sandon Capital Investments Limited

Tel: 02 8014 1188

Fax: 02 8084 9918

Website: www.sandoncapital.com.au

Share registry:

Link Market Services

Tel: 1300 554 474 (toll free within Australia)

Email: registrars@linkmarketservices.com.au