SANDON CAPITAL

Sandon Capital Investments Limited
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Monthly Report

As at 30 April 2021

Net Tangible Assets (NTA)

The net tangible assets per share for Sandon Capital Investments Limited (SNC) as at 30 April 2021 were:

NTA before tax	**$1.0724**	**+4.5%**
Deferred tax asset	**$0.0065**	
Deferred tax liability on unrealised income and gains	**($0.0572)**	
NTA after tax	**$1.0217**	**+3.5%**

Investment Performance

Gross Performance to 30 April 2021[1]	1 Month	Financial YTD	Since inception[2]
SNC	4.4%	55.4%	11.6%
All Ordinaries Accumulation Index	3.9%	24.6%	9.3%
Outperformance[3]	**+0.4%**	**+30.8%**	**+2.3%**

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 27.5 cents per share and there are 10.4 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*	**$147.9m**
Market capitalisation	**$106.1m**
NTA before tax	**$1.0724**
Share price	**$0.96**
Shares on issue	**109,939,843**
Options on issue	**nil**
Fully franked dividends	**$0.05**
Dividend yield (annualised)	**5.2%**
Profits reserve (per share)	**27.5 cps**
Franking (per share)	**10.4 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 13.1% 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 4.4% 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 3.9% for the All Ordinaries Accumulation Index.

Key contributors to the month's returns included Coventry Group Ltd (CYG) (+1.1%), City Chic Collective Ltd (CCX) (+1.1%), COG Financial Services Ltd (COG) (+0.7%) and Boral Ltd (BLD) (+0.7%). These strong performers were partly offset by IDT Australia Ltd (IDT) (-0.9%) which gave back some of its strong gains from the previous month.

BLD completed the sale of its US plasterboard joint venture, announced a buy-back and a strategic review of its US fly-ash business (read as code for "sale" by many). We believe new management have well-and-truly gained the confidence of shareholders. We believe continued economic growth (out of management's control) and a focus on costs and efficiencies (within management's control) should lead to improved results in the short- and medium-term. A more streamlined portfolio of assets predominantly focused on Australian construction materials and property/royalties should continue to see a re-rating of the stock by the market.

CYG provided a third quarter trading update. YTD sales were up 12.1% on a like for like basis (16.9% including acquisitions). The Fluid Systems business was the stand-out, up 19.9% (24.8% including acquisitions). The Trade Distribution business, whose turnaround has been long coming, is starting to bear fruit. CYG has the opportunity to build itself both by organic growth and acquisition. Both drivers have been key in the company growing earnings since they reached a nadir in FY17. We are very supportive of their acquisition strategy, which seeks to make small bolt-on acquisitions, rather than attempting to make large, heroic ones.

COG announced during April that its third quarter trading results to the end of March 2021 were strong. The CEO stated they are "on track to deliver a record-breaking year in FY21." We are understandably pleased with this performance. We expect COG's target market, the SME sector, to continue to recover to pre-COVID levels of activity and go well beyond. Some sectors, notably tourism, hospitality and entertainment, some retailers and services, continue to suffer the effects of COVID, while others, those we describe as the industrial economy, are thriving. We expect COG's pipeline of business to be strong and long. The challenge remains for the share price to keep up with the growth in the value of the business.

There was no apparent news flow to explain the strong rise in the CCX share price during April. In early May, the company presented at the annual Macquarie Australia Conference and provided an upbeat outlook. Sales growth in 2HFY21 has continued the strong trajectory noted at the 1HFY21 result in late February. Margins have recovered quickly and are now back to levels seen prior to the COVID-induced price discounting experienced in early-mid 2020. Importantly, the recent acquisitions of Avenue and Evans are performing extremely well. Sales at Avenue are ahead of pre-acquisition levels (we had expected some attrition) and Evans has been fully integrated ahead of schedule and under budget. The management team at CCX continues to demonstrate their outstanding retail skills, with shareholders being a key beneficiary.

Our long-held investments in moderately priced companies with predominant exposures to the industrial economy continue to deliver rewards. 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

	April 2021
Listed Australian Equities	81%
Listed International Equities	12%
Unlisted investments	6%
Cash or Cash Equivalents	1%

Contact

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

Further information:

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