

ASX Announcement

19 August 2024

## **Sandon Capital Investments Ltd**

### **Strong investment returns drive significant increase in NPAT**

- **Strong investment result for the 2024 financial year delivered:**
  - **19.9%<sup>i</sup> gross investment return**
  - **\$14.36 million NPAT**
- **Total shareholder returns over the period were 20.2%<sup>ii</sup>**
- **SNC intends to pay a fully franked final dividend of 2.75 cents per share**
- **SNC Shares offer an attractive fully franked dividend yield of 7.4% (9.9% incl. franking)<sup>iii</sup>**

The Directors of Sandon Capital Investments Limited (ASX:SNC) are pleased to report that a 19.9% gross investment return for the 12 months to 30 June 2024 has helped deliver a significant increase in net profit after tax to \$14.36 million. The portfolio return comfortably exceeded the broader share market, as measured by the All Ordinaries Accumulation Index and more than doubled that of the Small Ordinaries Accumulation Index. The Investment Manager's commentary on the next page provides further details on performance.

The Directors intend to pay a 2.75 cents per share fully franked final dividend. The dividend reinvestment plan (DRP) will apply, with no discount. The Directors advise that they (or any entities they control) will participate in the DRP for any eligible SNC shares.

#### **Indicative Dividend Timetable**

The table below shows the indicative dividend timetable and may be subject to change.

<b>Ex date</b>	<b>21 October 2024</b>
Record Date	22 October 2024
DRP Election Date	23 October 2024
Payment Date	7 November 2024

#### **SNC offers an attractive fully franked dividend yield of ~ 7.4% at a 17.7% discount to pre-tax NTA<sup>iv</sup>**

SNC shares are currently trading at a highly attractive annualised yield of 7.4% (which grosses up to 9.9% when including the value of franking credits at SNC's corporate tax rate of 25%).

The Company has significant profit reserves. As of 31 July 2024, SNC has profit reserves totalling 35.0 cents per share and a franking balance of 7.8 cents per share. Based on the current franking balance, SNC has the capacity to pay 23.4 cents per share in fully franked dividends should the directors choose to do so. This equates to 4.2 years of dividends at the current rate of 5.5 cents per annum.

Investment Manager Commentary

The 12 months to 30 June 2024 delivered strong investment returns. The table below shows the various comparisons.

	SNC Gross Return	Small Ordinaries Accumulation Index	All Ords Accumulation Index
12 months to 30 June 2024	19.9%	9.3%	12.5%

All figures for SNC, are before management fees, corporate expenses, interest, taxes and the effects of corporate simplification. Figures do not tally due to rounding and compounding.

The largest contributors to performance were Spectra Systems Corporation, A2B Australia Ltd, Nuix Ltd and Global Data Centres. The largest detractor was Fleetwood Ltd. The Annual Report contains commentary on some of the portfolio companies.

Many of the portfolio companies continued to deliver well on their business plans during the second half, however, in many instances this was not reflected in share prices. We cannot typically pick and choose the timing of catalysts that might drive share price performance nor when other investors might also come to see value, hence the importance of patience and a permanent capital base. The importance of this patience can be illustrated by a post-script to the financial year: July 2024 delivered a 11.5% gross portfolio return, as a number of announcements and events within the portfolio companies materialised after 30 June 2024<sup>v</sup>.

Interest rates, inflation and geopolitics remain outsized influences on investor perceptions and sentiment. We see the resulting uncertainty and volatility as creating opportunity. We will continue to apply our investment approach diligently and consistently. This approach is expected to continue to uncover attractive investment opportunities. While returns from the investments we make are unlikely to occur in a smooth, linear fashion, we believe our approach is well placed to deliver sound medium- to long-term returns.

*This Announcement has been authorised by the Board.*

Further information:

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<sup>i</sup> Gross investment return is performance before management fees, corporate expenses, interest and taxes and excluding the effects of Corporate Simplification (as described in the Annual Report for the year ended 30 June 2024).

<sup>ii</sup> Total shareholder return is calculated using SNC’s closing share prices on 30 June 2023 (\$0.625) and 30 June 2024 (\$0.695) and assumes reinvestment of dividends paid during the period.

<sup>iii</sup> Based on a closing price of \$0.74 on 16 August 2024

<sup>iv</sup> Calculated assuming an annualised dividend of 5.5 cents per share using SNC’s closing share price on 16 August 2023 and 31 July 2024 pre-tax NTA.

<sup>v</sup> Refer to 31 July 2024 NTA Announcement released on 6 August 2024