

SANDON CAPITAL

Sandon Capital Investments Limited

Shortfall Offer Presentation

30 September 2021

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Any quoted performance is post fees and expenses but before tax and assumes distributions were reinvested. Dollars are AUD, unless otherwise stated. We are not responsible for the statements made by or attributed to others in this presentation. Past performance is no guarantee, nor does it provide any indication, of future returns.

Shortfall Placement Presentation

OPPORTUNITY

Shortfall placement

WHO

Wholesale & professional investors¹

Exceptional Investment Returns²

- 68.3% gross portfolio return in FY21
- Significant outperformance of broader market indices
- Reporting Season very positive overall for SNC portfolio companies
- Market continues to present attractive investment opportunities

Virtuous Circle

- Opportunity to buy SNC shares at a discount to NTA
- Provide “dry powder” for Investment Manager to buy investments at a discount to its assessment of intrinsic value

Strong Dividend Capacity

- 25.2 cps Profits Reserves³
- 6.4 cps Franking Credits³



1. As defined by Corporations Act

2. Past performance is no guarantee of future performance

3. As at 31 August 2021, Fully diluted assuming 100% take up of Entitlements after payment of announced final and special dividends. Franking is before any tax payable.

Investment Performance

As at 31 August 2021

Gross Performance ^{1,2,3}	1 month	1 year	2 years % p.a.	3 years % p.a.	Since Inception (Annualised)
Sandon Capital Investments Limited	6.0%	61.8%	27.4%	17.2%	13.4%
All Ordinaries Accumulation Index	2.6%	29.0%	11.6%	10.6%	10.0%
Outperformance	3.4%	32.8%	15.8%	6.7%	3.4%

1. The SNC Gross Performance is after investment management fees and brokerage but before performance fees, corporate expenses and taxes. 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. Past performance is no indication of future returns.

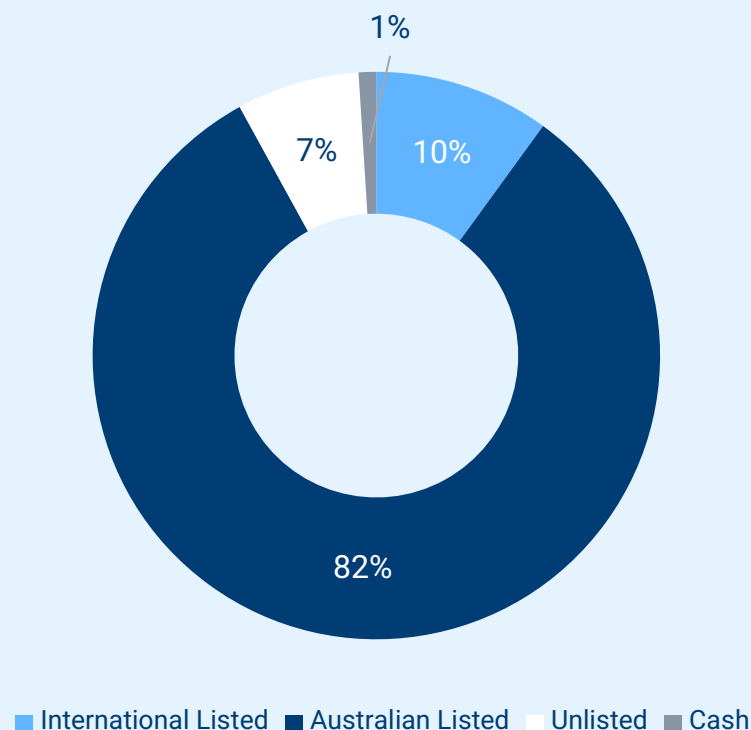
3. Numbers may not add due to rounding

FY21 Portfolio Snapshot

KEY POINTS

- Exposure to industrial economy and tailwinds from government stimulus
- Reporting season
 - Results overall positive
 - Embedded growth opportunities remain
- Despite increases, many share prices represent undemanding valuations
- Investment Manager sees attractive opportunities to deploy additional capital

Portfolio Composition



Gross Portfolio composition as at 31 July 2021. All figures are approximate.

TOP 5 POSITIONS

Fleetwood

COG Financial Services

BCI Minerals

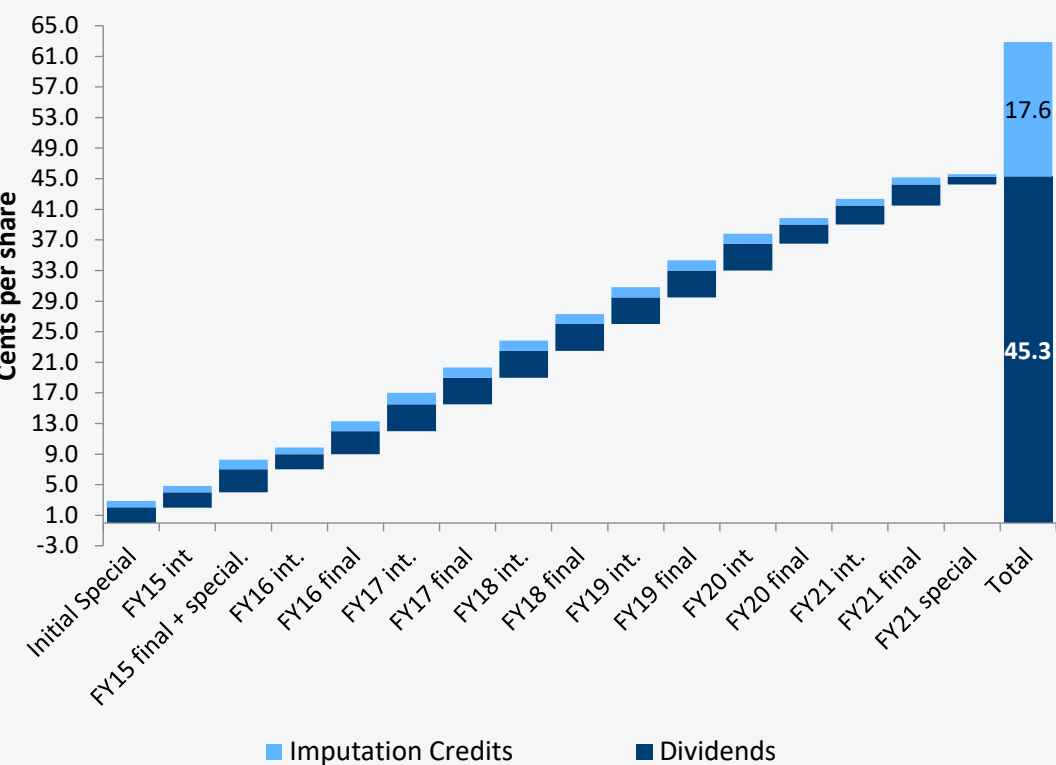
Spectra Systems Corp. (UK Listed)

City Chic Collective

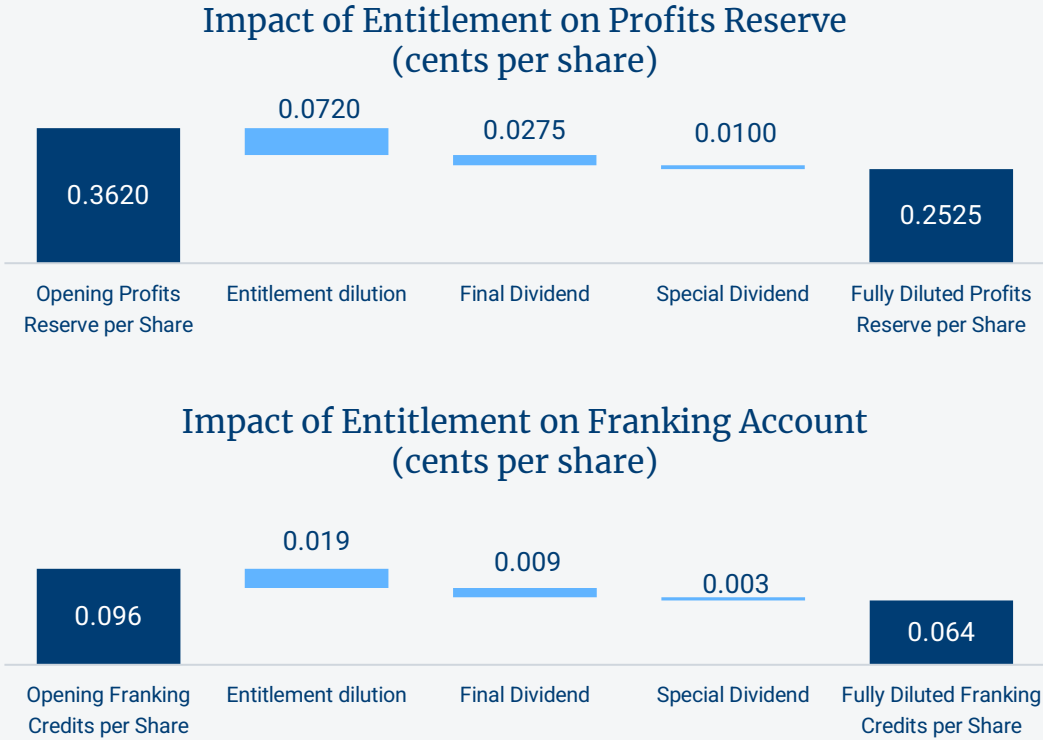
As at 31 July 2021, ranked by value.

Dividends & the Entitlement Offer

Dividend policy is to pay a growing stream of fully franked dividends



Profits Reserve and Franking Account remain strong¹



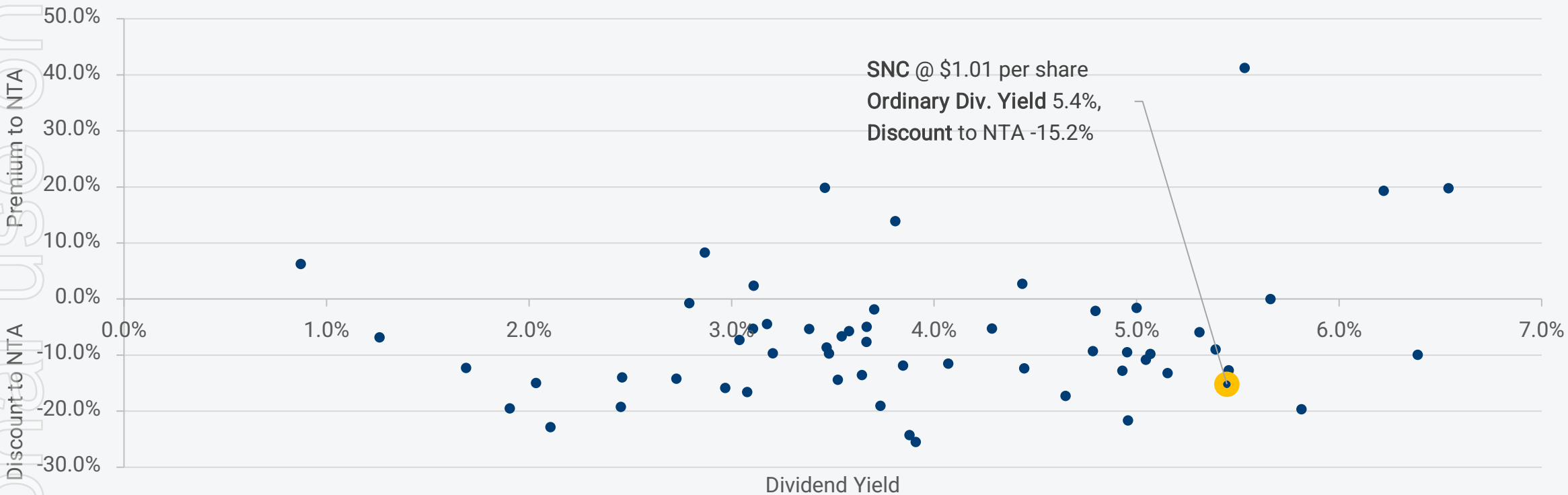
* The Board expects to pay dividends of a similar amount to the most recent final dividend, subject of course to prudent business practice and the availability of profits and franking credits.

1. Illustrates the impact of the Entitlement Offer, assuming all Entitlements are exercised and that the Final and Special Dividends are paid to the expanded shareholder base. Profits reserve and franking credits are as at 31 August 2021.

Shortfall placement opportunity

SNC offers one of the highest fully franked yields in the LIC universe

Shortfall placement is an opportunity to buy a LIC with a 5.4% annualised fully franked yield at a 15.2% discount to NTA



n=58 dividend paying listed investment companies. Trusts are not included.
Source: Bloomberg, Sandon Capital analysis.
SNC data assumes shortfall placement price of \$1.01 per share. Dividend yield assumes intended dividends of 5.5 (2.75 + 2.75) cents per annum, as announced by the Company. Yield does not include 1.0 cents per share special dividend.
All NTA data, including SNC, is as at 31 August 2021. SNC data is before any dilution arising from Entitlement Offer.

Pro rata Non-Renounceable Entitlement Offer¹

PRO RATA ENTITLEMENT

1-for-4

1 New Share for every 4 Shares owned on the Record Date

OFFER PRICE

\$1.01

FULLY FRANKED DIVIDENDS ON NEW SHARES

3.75cps²

Offer Highlights

- Offer to raise up to \$27.9 m³
- Buy new SNC shares at a 15.2% discount to pre-tax NTA, with no brokerage payable
- New Shares will receive 3.75 cents per share in fully franked dividends before 20 December 2021²
- 5.4% Annualised Dividend Yield for New Shares (7.3% incl. franking)
- Opportunity for SNC to grow equitably, increasing liquidity and relevance in LIC sector
- Reduces fixed expense ratio
- Investment Manager to reimburse Offer expenses

Guaranteed 1 New Share for every 4 shares owned

- Opportunity to buy 1 New Share for every 4 Shares owned at Record Date at a Fixed Price of \$1.01 per share, without paying any brokerage

Strong Dividend Capacity Remains

- ~4 ½ years of fully franked dividend paying capacity on a fully diluted basis⁴



1. The Entitlement Offer is now closed. This presentation should be read in conjunction with the Entitlement Booklet. 2. Provided New Shares acquired are held on both record dates of 20 October 2021 and 1 December 2021

3. Gross proceeds of Entitlement Offer, including Top-up and Shortfall Facilities

4. These figures assume 5.5cps annual dividend and that all entitlements are exercised and is after the payment of both Final and Special Dividends to the expanded capital base

Shortfall Placement



Buy SNC shares at \$1.01

15.2% discount to 31 August pre-tax NTA



Placement fee up to 1.5%

Wholesale investors may share in placement fee, subject to discussion with Lead Manager



New Shares will receive 3.75 cps in fully franked dividends

Shares acquired in the Shortfall Facility will receive the fully franked final dividend of 2.75 cps and the fully franked special dividend of 1.00 cps¹

Key points



The Entitlement Offer will raise up to \$27.9 million²



New capital provides “dry powder” for investment



Investment management team own more than 2.5 million SNC Shares³



Manager has announced intention to apply 50% of future performance fees to on-market purchases of SNC Shares⁴

1. Provided New Shares acquired are held on both record dates of 20 October 2021 and 1 December 2021
2. Gross proceeds of Entitlement Offer, including Top-up and Shortfall Facilities
3. Includes Investment Management Team and their related entities
4. Please refer the ASX Announcement dated 18 August 2021 for details

Other information and Key Dates

Top-Up Facility

Eligible Shareholders who exercise their full Entitlement will be able to apply for additional Shares under the Top-Up Facility

Shortfall Facility

If there remains any shortfall of New Shares taken up by Eligible Shareholders, including any New Shares issued under the Top-up facility, the Directors reserve the right (in their absolute discretion) to issue all or any of the shortfall through a placement to eligible professional and sophisticated investors at the same price and on the same terms as the Entitlement Offer.

EVENT	DATE
Offer Closes (Closing Date)	Wednesday, 29 September 2021
Sandon announces trading halt and intention to conduct placement	Thursday, 30 September 2021
Notification of shortfall and commitments under Shortfall Facility	Monday, 4 October 2021
Issue of New Shares under Entitlement Offer	Wednesday, 6 October 2021
Issue of securities under the Shortfall Facility	Friday, 8 October 2021
Ex dividend date (2.75 cps final dividend)	Tuesday, 19 October 2021
Dividend payment date (2.75 cps final dividend)	Friday, 5 November 2021
Ex dividend date (1.00 cps special dividend)	Tuesday, 30 November 2021
Dividend payment date (1.00 cps special dividend)	Monday, 20 December 2021

Key Dates are indicative and may change

Volatility and uncertainty in global financial markets have become the new normal

KEY THEMES DRIVING VOLATILITY

1

COVID-19

2

Global
monetary
and fiscal
policy

3

Geopolitics

Pandemic has continued to drive a deeper divide between market valuations



Eye-watering prices are being paid for companies seen as offering growth while many lower growth businesses are sold more cheaply.

Our fundamental approach will continue to uncover attractive opportunities



With shareholder activism unlocking value

We are optimistic about opportunities

KEY THEMES AFFECTING AUSTRALIA

4

Resources and the industrial economy

6

Small & midcap companies to offer growth

5

M&A boom – corporates & investors

We look beyond the noise

Short-term volatility provides opportunities.

Fundamentals will prevail over medium to long term.

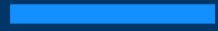


Market prices have scope to grow

Potential for top line growth in portfolio companies and multiple expansion as M&A prompts re-rating



SANDON CAPITAL



About Sandon Capital

“Ever since 1934 we have argued in our writings for a more... energetic attitude by stockholders toward their management.”

— BEN GRAHAM, THE INTELLIGENT INVESTOR

SINCE 2008

Sandon Capital has successfully applied its investment approach

We have established a long term track record of attractive returns

We aim to be active owners

We're an Australian-based activist investment firm with AUM ~\$230M

We are value Investors. We aim to buy at a discount to an asset's true worth

Our Funds

Sandon Capital Activist Fund (SCAF)

Unlisted unit trust for wholesale / qualified investors

Sandon Capital Investments Ltd (ASX:SNC)

Listed investment company

Sandon Capital Offshore Master Fund

Incorporated in Cayman Islands for offshore investors investing through Sandon Capital Feeder Fund

We seek change to create or enhance value



Pre-eminent and unique track record of shareholder activism



We have unrivalled experience in >40 public and private campaigns



Our track record and investor base allows us to be careful and patient

Long, established track record of outperformance, with an investor base that supports us playing a long game with investments

Extensive contacts



We build coalitions of like-minded investors



Stakeholders include institutional investors, directors, proxy advisers, investment bankers, journalists and ultimate owners



Built and nurtured over many years



When public, our analysis is widely circulated and read

We view 'activism' as a critical investment tool



Conventional thinking regarded Specialty Fashion Group as “failed” or “failing”. Our analysis indicated otherwise

Decided to back the board with a recapitalisation proposal. Underperforming businesses were sold, allowing the remaining business to thrive

Investors continue to reap the rewards as CCX successfully executes its “*A World of Curves*” strategy



Analysis indicated that Fleetwood’s shares below on a “scorched earth” basis after years of poor performance. Change was imperative

Identified the need to focus on manufactured buildings

Campaigned for board and management changes, the sale of non-core assets, and improved management and governance

Board now has widespread shareholder support, a strong senior management team



Began campaign for Iluka Resources to demerge its MAC Iron Ore Royalty in 2016

After several years of patient, persistent work, involving long discussions with other shareholders and analysts, a consensus formed in favour of a demerger

Today, Iluka and the newly demerged Deterra Royalties both enjoy strong market support

We invest in undervalued companies

As value investors, we look for undervalued assets, where:

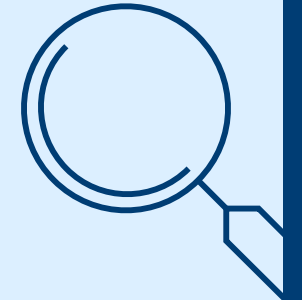


Prices are below their intrinsic value



We can encourage positive changes

Human nature creates attractive investment opportunities that require shareholder pressure to liberate or create value



We actively engage
with companies to
promote positive
changes



Identify companies that are mispriced and where there are opportunities to promote positive changes, and shape the future



Transform a company so its value is better appreciated by the market



Takes time for our approach to bear fruit. Capital we manage is similarly aligned. Allows us to be patient and persistent

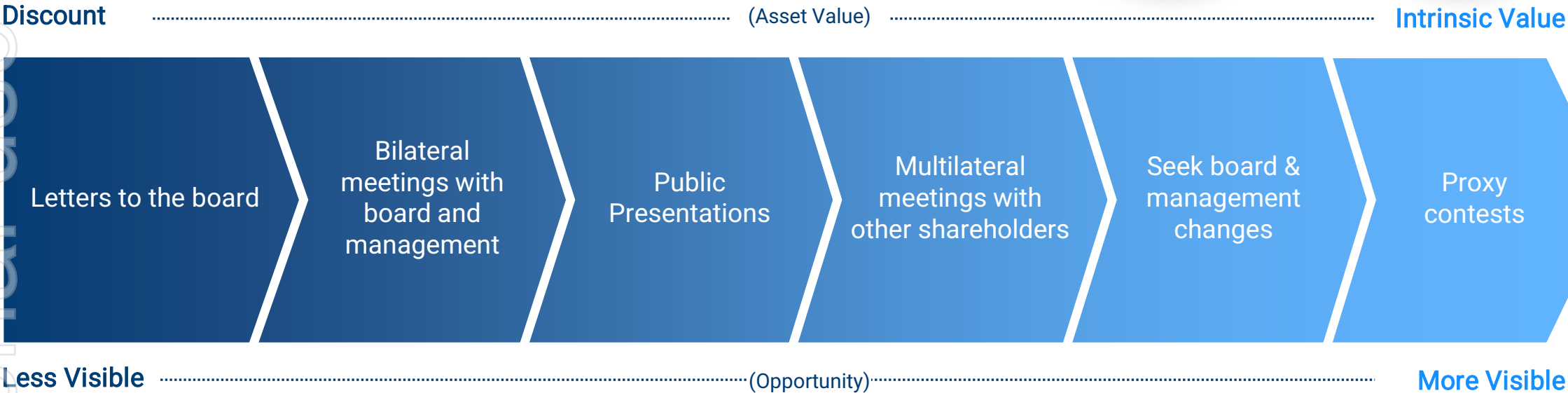


Use rigorous analysis to build shareholder consensus

We unlock value by taking a proactive approach

We focus on engaging to maximise the certainty of our value creation strategies

We adapt to each unique situation, employing both a range of visible and less visible techniques



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Thank you

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