SANDON CAPITAL

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MONTHLY REPORT

Sandon Capital Investments Limited (ASX:SNC)

NTA Before Tax (ex-dividend)	NTA After Tax (ex-dividend)
$0.7653	$0.7712

MAY 2026

INVESTMENT PERFORMANCE

Gross Performance to 31 May 2026[1]	1 month	1 year	Since inception (p.a.)
SNC	-0.4%	-15.0%	7.5%
All Ords Accumulation Index	1.2%	6.8%	8.8%
Outperformance[2]	**-0.6%**	**-21.8%**	**-1.3%**

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 SIN's gross investment performance.
2. Figures may not tally due to rounding,

SANDON CAPITAL INVESTMENTS LIMITED

ASX Code	SNC
Gross assets*	$147.8m
Market capitalization	$119.1m
Share price	$0.77
Annual fully franked dividend (paid monthly)	$0.0564
Dividend yield (annualised)	7.3%
Profits reserve (per share)	40.6cps
Franking (per share)	7.1cps
Loan-to-assets (incl. SNCHA)	20%

*Includes the face value of 4.8% unsecured notes (ASX: SNCHA)

PORTFOLIO COMMENTARY

The portfolio was down 0.4% 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 1.2% for the All Ordinaries Accumulation Index.

The largest positive contributors were COG Financial Services Ltd (COG) (+1.6%), Spectra Systems PLC (SPSY LN) (+1.3%), Fleetwood Ltd (FWD) (+1.0%) and Southern Cross Media Group Ltd (SXL) (+0.7%). These were offset by Magellan Financial Group (MFG) (-1.0%), Coventry Group Ltd (CYG) (-0.9%), QPM Energy Ltd (QPM) (-0.8%), BCI Minerals Ltd (BCI) (-0.8%) and Karoon Energy Ltd (KAR) (-0.7%).

In the lead up to the FY27 Federal Budget, COG received much awaited certainty for its Salary Packaging business with the Australian Government announcing phased changes to the fringe benefits tax (**FBT**) exemption for eligible electric vehicles (**EV**). The existing full FBT exemption for eligible EVs continues until 31 March 2027. From 1 April 2027 to 1 April 2029 the full FBT exemption will apply only to eligible EVs with a value of <$75,000 with eligible electric vehicles above that threshold receiving a 25% FBT discount only. From 1 April 2029, all eligible EVs will receive a 25% FBT discount.

SXL announced that the Chairman, Heith Mackay-Cruise, would step down and retire as a director of the company on 30 June 2026. This announcement came soon after funds managed by Sandon Capital notified SXL of its intention to lodge resolutions at the next general meeting to remove the Chairman and certain other directors. Current SXL independent director, Teresa Dyson, has been appointed Chair-elect.

We continue to engage with the board and other shareholders on the long-term direction of the company.

In a poorly communicated release, MFG announced a proposed change to the investment management arrangements for its Global Equities strategy. Vinva Investment Management Ltd, ~28% owned by MFG, will be appointed as investment manager of the Magellan Global Fund and the Magellan Global Fund Hedged (**Funds**), together comprising ~$5.3 billion in assets under management. Magellan Asset Management Ltd will remain the Responsible Entity of the Funds and will retain distribution responsibility. The management fees for the Funds will be reduced from 1.35% to 0.89% per annum and no performance fees will be charged. MFG expects an average fee reduction of ~0.55% (inclusive of sub-advisory fees) across the Funds partly offset by $7 million in annual cost savings.

SPSY LN announced an additional US$1.3 million sensor order for use by an affiliated organisation of the customer who placed the US$39.6 million order announced in June 2024. An additional order for another affiliated organisation is expected later this year along with an additional service contract.

During May, we attended the World Banknote Conference in Washington D.C. Despite the common perception, banknote circulation continues to rise in most countries around the world. Whilst the velocity of this circulation is slowing, we remain confident that banknotes will remain an important part of the monetary ecosystem for decades to come. SPSY's leading edge Fusion polymer banknote substrate was well received at the conference. We look forward to seeing this product penetrate the polymer banknote market over the next 12-18 months.

CORPORATE UPDATE – SNC NOTES

During the month, SNC announced a proposed amendment to existing Note (SNCHA) terms and a conditional placement of new Notes offering interest of 8.5% per annum (Restructure Proposal). If approved, the Restructure Proposal offers Noteholders the opportunity to extend their investment until 10 July 2030 at a new fixed interest rate of 8.5% per annum, with interest payable monthly. The Restructure Proposal will allow Noteholders who wish to redeem their Notes to do so on 10 July 2026.

In conjunction with the Restructure Proposal, the Company undertook a conditional placement of new Notes to sophisticated and wholesale investors to raise ~$9 million.

The conditional placement requires approval of the Restructure Proposal at a meeting of Noteholders on 19 June 2026. The Notice of Meeting can be found here. here.

DIVIDENDS

SNC has declared 70.18 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 40.6cps and there are 7.1cps of franking credits. These franking credits support the payment of up to 21.4cps of fully franked dividends.

SNC's inaugural monthly dividend of 0.47cps was paid on 31 October 2025. The Board recently announced their intention to pay dividends of 0.47 cents per share per month for each of July, August and September 2026. These monthly dividends represent an annualised fully franked dividend rate of 5.64 cents per share.

A full list of SNC dividends announced since the IPO in December 2013 can be found here.

TOP 5 POSITIONS

COG Financial Services	13%
Fleetwood	10%
Spectra Systems plc	10%
Carbon Conscious	9%
Southern Cross Media	8%

INSTRUMENT EXPOSURE

Listed Australian Equities	71%
Listed International Equities	11%
Unlisted Investments	18%
Cash or Cash Equivalents	0%

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 8.9% 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.

Positions and exposure based on weights in the investment portfolio

SANDON CAPITAL

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