

ASX Announcement

17 June 2021

SNC announces intention to pay increased dividends

The Directors of Sandon Capital Investments Limited (ASX:SNC) are pleased to announce their intention to pay a 2.75 cents per share fully franked final dividend in respect of the financial year ending 30 June 2021. This will represent a meaningful increase of 10% on the previous final dividend.

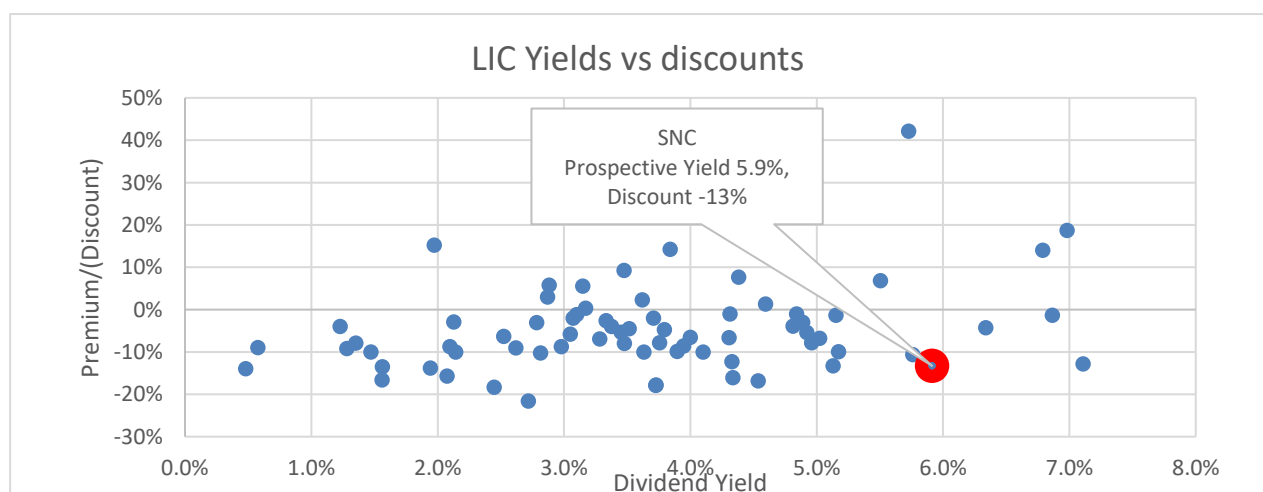
Furthermore, the Board anticipates paying an interim dividend for FY22 of a similar amount, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice to do so. On this basis, the new annual dividend rate is anticipated to be 5.5 cents per share.

SNC currently has a profits reserve equivalent to 28.1 cents per share and has franking credits of 9.4 cents per share, representing the potential for payment of more than 26 cents per share in future fully franked dividends at the 26% corporate tax rate. This equates to nearly 5 years of fully franked dividends, assuming an annualised dividend of 5.5 cents per share.

The new dividend rate will offer an attractive yield of ~5.9% at a 13% discount to NTA¹

Based on the increased intended dividend rate, SNC shares are currently trading at a highly attractive annualised yield of 5.9% (or 8.0% if grossed up to include the value of franking credits at SNC's corporate tax rate of 26%).¹ This compares to the forecast yield of the All Ordinaries Accumulation Index of approximately 3.6%.^{2,3}

Using the most recent NTA, SNC shares are currently trading at a 13% discount to pre-tax NTA.¹ The chart below compares the price-to-NTA and yield of 71 LICs, including SNC.



n=72

Source: Bloomberg, Sandon Capital Investments Limited analysis, price data as at 16 June 2021, NTA data as at 31 May 2021. SNC Prospective yield uses new intended dividend rate of 5.5 cents per share divided by closing price on 16 June.

¹ Calculated assuming an annualised dividend of 5.5 (2.75 + 2.75) cents per share, the pre-tax NTA as at 31 May 2021 and the closing market price on 16 June 2021 of \$0.93 per SNC share.

² Bloomberg estimated yield for FY22

³ None of these figures should be considered as forecasts and past performance is not a reliable indicator of future performance

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Using the data set in the chart above, the table below shows the average yields of LICs. It shows that at current market prices and assuming an annualised dividend of 5.5 cents per share, SNC offers one of the highest yields, whilst also trading at a 13% discount to pre-tax NTA, a greater discount than its peers. In addition, SNC's profit reserves and franking credits cover nearly 5 years of dividends at the new proposed dividend rate.

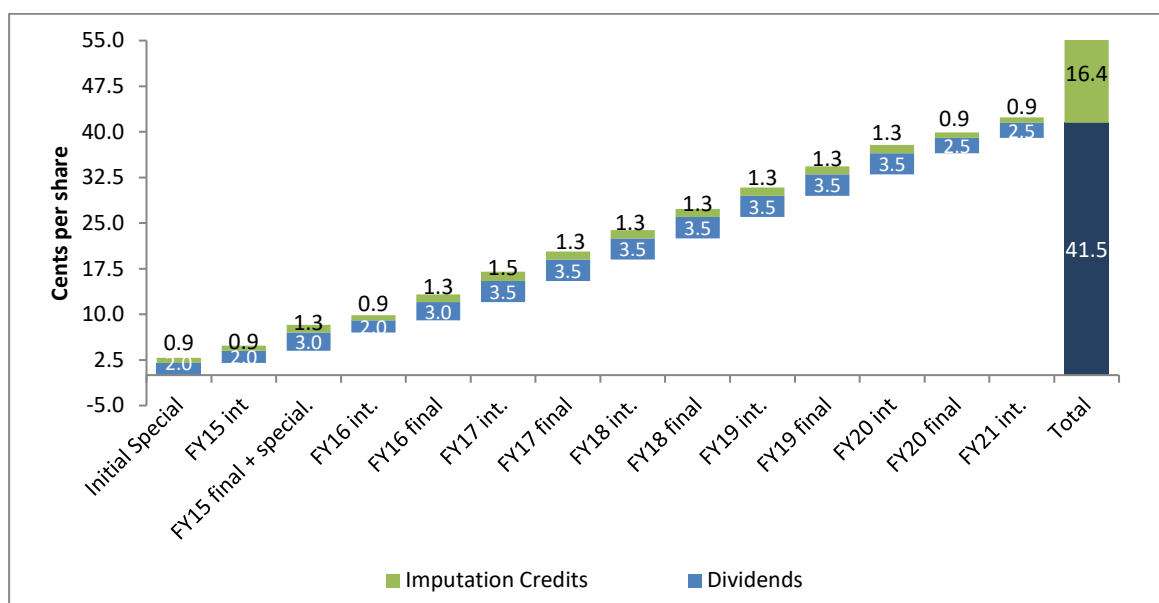
	Average Dividend Yield	Average Premium / Discount
All LICs in sample	3.7%	-5.4%
LICs trading at a discount to NTA	3.5%	-9.0%
LICs trading at a premium to NTA	4.3%	+10.6%

Source: Bloomberg, Sandon Capital Investments Limited analysis, price data as at 16 June 2021, NTA data as at 31 May 2021.

Using the most recent post-tax NTA of \$1.0293, the new dividend rate equates to a yield of 5.3% (or 7.2% including the value of franking at the 26% corporate tax rate).

Dividend History

SNC's dividend objective is to pay a growing stream of fully franked dividends. Since inception, SNC has paid 41.5 cents per share in fully franked dividends.



Source: Sandon Capital Investments Limited

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