

MONTHLY REPORT

Sandon Capital Investments Limited (ASX:SNC)

NTA Before Tax
(ex-dividend)NTA After Tax
(ex-dividend)

\$0.8165

\$0.8104

FEBRUARY 2026

INVESTMENT PERFORMANCE

Gross Performance to 28 February 2026 ¹	1 month	1 year	Since inception (p.a.)
SNC	-9.7%	-3.6%	8.1%
All Ords Accumulation Index	3.3%	15.8%	9.4%
Outperformance²	-13.0%	-19.4%	-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*	\$147.9m
Market capitalisation	\$116.5m
Share price	\$0.795
Annual fully franked dividend (paid monthly)	\$0.0564
Dividend yield (annualised)	7.1%
Profits reserve (per share)	44.3cps
Franking (per share)	7.4cps
Loan-to-assets (incl. SNCHA)	24%

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

PORTFOLIO COMMENTARY

The portfolio was down a disappointing 9.7% 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 3.3% for the All Ordinaries Accumulation Index.

The largest detractors were Fleetwood Ltd (FWD) (-4.2%), COG Financial Services Ltd (COG) (-2.2%), an undisclosed position (-1.0%), QPM Energy Ltd (QPM) (-0.9%), Spectra Systems PLC (SPSY) (-0.6%) and Karoon Energy Ltd (KAR) (-0.6%). There were no positive contributors of note.

Last month we wrote that “*too much investor attention has shifted to 'story stocks'—thematic investments with seductive narratives but negligible-to-no earnings history, nor proven track records.*” Whilst we believed this was a driver of portfolio underperformance since October 2025, we frankly did not anticipate how the market would react to some recent half year results. It is worth remembering that disappointment is often relative, not absolute. In other words, an otherwise good result that is not as good as was expected counts as disappointment.

FWD reported a strong overall result, buoyed by the Community Solutions business, however its Building Solutions segment was marred by continuing challenges in its NSW business and the timing of revenue delivery in QLD. The NSW issues require attention, no arguments here. We understand that QLD represented nearly 60% of the revenue shortfall with some government contracts that have subsequently been delivered post the 31 December balance date.

From our perspective as long term investors, these issues are manageable. Yet, when added to a late-2025 CEO change (which investors typically don't like), this has caused some shareholders to hit the sell button aggressively. Clearly, some shareholders lost confidence given the 20% decline in the share price on the day of the result. It will be up to the new CEO and the Board to regain wider investor confidence. We have made some suggestions about steps the company might take to restore confidence. Solving the NSW issue in Building Solutions is clearly a priority. Effectively communicating the value that lies within FWD is another opportunity. We estimate FWD's current enterprise value (adjusted for non-core property that could be sold) is ~\$130 million, which represents just over 4x our estimate of FY26 net profit after tax.

A recently announced \$5 million share buy-back, a 100% NPAT dividend payout ratio and scope for non-core asset sales that could support further capital management all mean that FWD remains highly prospective for future strong returns.

COG reported what we considered a strong result with record half year earnings reflecting the efforts of a very capable management team and the first full six month reporting period under the new Board. Despite this, COG's share price has declined materially since October 2025. We suspect simple profit-taking, concerns from an increasingly febrile macro environment, a decidedly non-promotional board and management team (which we actually prefer) and no positive surprise at the half year result have all contributed. In spite of this, we are confident that COG will continue to execute on its strategy, in time, translating to superior earnings growth and shareholder returns.

QPM has seen its share price fall in the absence of news. Subsequent to month end, QPM announced that it had received the development permit and environmental authority for the construction and operation of the Isaac Power Station (IPS). The debt financing for IPS continues to progress. We expect further IPS funding updates and a final investment decision over the next few months. We are optimistic for electricity prices over the medium term, which augurs well for QPM.

With a new war with Iran, we reiterate our comment from last month: *“Geopolitics and uncertainty continue to foster greed and fear in financial markets, at times concurrently. Times like this can provide opportunities to acquire investments with sound medium- to long-term prospects at attractive prices.”*

The fund's position in Karoon (>5% at month's end) is a clear and direct beneficiary of rising oil prices, a welcome shock-absorber at times like this.

DIVIDENDS

SNC has declared 70.18 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 44.3cps and there are 7.4cps of franking credits. These franking credits support the payment of up to 22.2cps 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 April, May and June 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	12%
Carbon Conscious	9%
BCI Minerals	8%
Southern Cross Media Group	8%

INSTRUMENT EXPOSURE

Listed Australian Equities	72%
Listed International Equities	9%
Unlisted Investments	19%
Cash or Cash Equivalents	0%

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SANDON CAPITAL

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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 9.6% 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.