

INVESTMENT UPDATE

March 2020

Cadence Capital Limited returned a negative performance of 16.6% during the month of March 2020 compared to the All Ordinaries Accumulation Index which was down 20.9% during the same period. Global financial markets fell over 30% in the span of four weeks, signalling that major indices entered their first bear market since the Global Financial Crisis. At 31st March 2020, the Company was 43.6% invested. Since the March month-end we have started to deploy cash and have scaled into a number of new and existing positions that have begun to recover. At the time of writing the Company was 67% invested.

In February the Company declared a 2.0 cents fully franked interim dividend. This 2.0c interim dividend currently equates to a 7.8% annual fully franked yield, or a 11.1% gross yield (grossed up for franking credits) based on the CDM share price at the time of writing this newsletter (14th April 2020). The Ex-Date for the interim dividend is the 29th April 2020 and the payment date is the 13th May 2020.

On the 23rd March the Company released its [March 2020 Quarterly Audiocast](#). In this Audiocast, Karl Siegling provided an update on recent market movements, the Company's performance, exposure levels and its cash holdings. He then discussed the upcoming dividend and the CDM's discount to NTA. He closed by discussing the current outlook for the market and the Company. Due to COVID-19 the Company has decided that it will be holding its upcoming investor presentations online. The details of these presentations will be announced once finalised.

Fund NTA

Net Tangible Assets as at 31st March 2020	Amount (\$)
Pre Tax NTA*	\$0.655
Post Tax NTA*	\$0.881
Share price (ASX Code: CDM)*	\$0.490

*Before the 2.0 c fully franked Interim dividend payable on 13th May 2020

Fund Gross Performance

Gross Performance* to 31st March 2020	CDM	All Ords Accum	Outperformance
1 Month	-16.6%	-20.9%	+4.3%
YTD	-20.6%	-21.2%	+0.6%
1 Year	-22.6%	-15.0%	-7.6%
3 Years (per annum)	-8.0%	-0.7%	-7.3%
5 Years (per annum)	-5.3%	1.5%	-6.8%
8 Years (per annum)	1.9%	6.3%	-4.4%
10 Years (per annum)	7.5%	4.8%	+2.7%
Since Inception (14.5 years) (per annum)	9.9%	5.1%	4.80%
Since Inception (14.5 years) (total return)	295.0%	105.7%	+189.3%

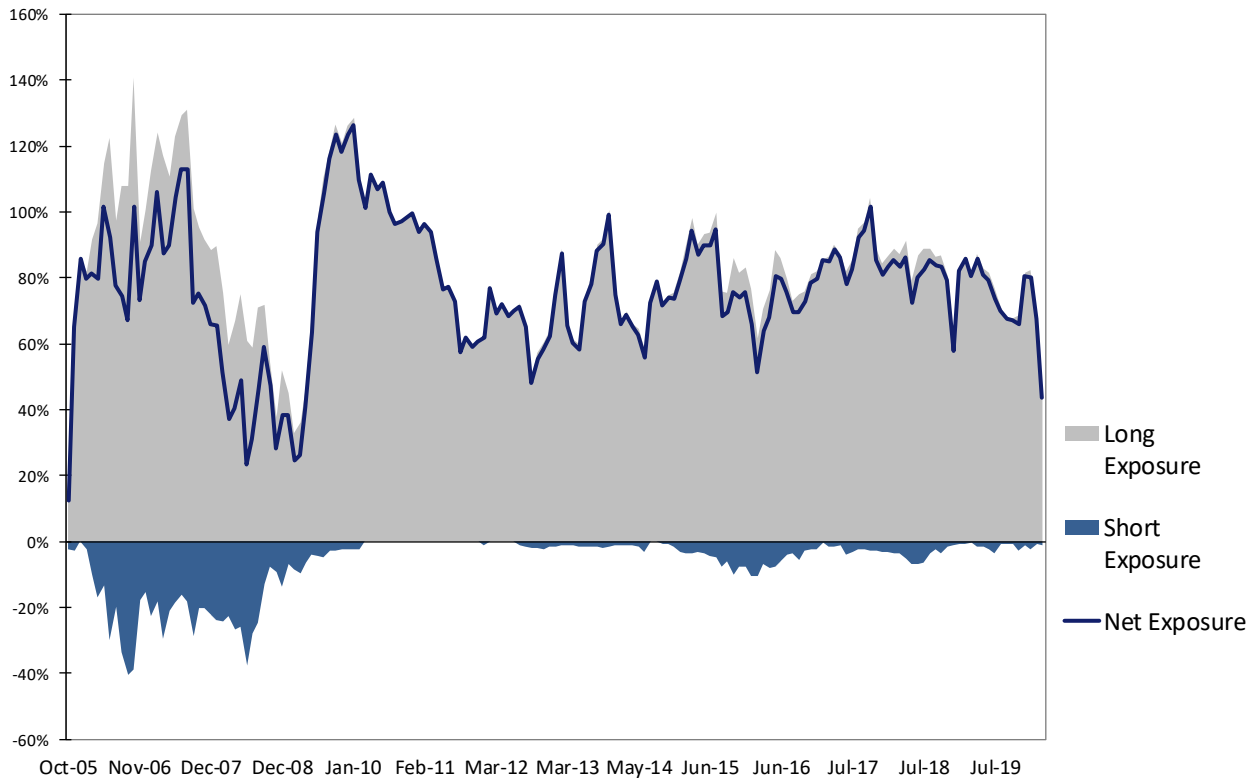
* Gross Performance: before Management and Performance Fees

Franked Dividends Declared Since Listing

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2c*	-	4.7c	5.8c
2009	-	2.0c	-	2.0c	2.9c
2010	2.0c	2.0c	-	4.0c	5.7c
2011	3.0c	3.0c	3.0c	9.0c	12.9c
2012	4.0c	4.0c	4.5c	12.5c	17.8c
2013	5.0c	5.0c	1.0c	11.0c	15.7c
2014	5.0c	5.0c	-	10.0c	14.3c
2015	5.0c	5.0c	1.0c	11.0c	15.7c
2016	5.0c	4.0c	-	9.0c	12.9c
2017	4.0c	4.0c	-	8.0c	11.4c
2018	4.0c	4.0c	-	8.0c	11.4c
2019	3.0c	2.0c	-	5.0c	7.1c
2020	2.0c	-	-	2.0c	2.9c
TOTAL	46.5c	44.2c	11.5c	102.2c	145.1c

* Off market equal access buy back

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Financial	8.2%		8.2%
Communications	7.0%		7.0%
Energy	7.0%		7.0%
Consumer, Non-cyclical	7.3%	0.6%	6.7%
Basic Materials	3.5%		3.5%
Technology	3.2%		3.2%
Industrial	2.6%		2.6%
Diversified Financials	2.3%		2.3%
Consumer, Cyclical	2.1%	0.3%	1.8%
Banks	0.7%		0.7%
Consumer Services	0.7%		0.7%
Retailing	0.3%		0.3%
Materials	0.0%	0.2%	-0.2%
Exposure	44.9%	1.2%	43.6%

Cash Holdings and Tax Asset	56.4%
------------------------------------	--------------

Top 20 Portfolio Positions

Code	Position*	Currency Exposure
BABA US	Alibaba Group Holding	AUD
ARB	ARB Corp Ltd	AUD
CCP	Credit Corp Group Ltd	AUD
**	Deepgreen Metals	AUD
EML	EML Payments Ltd	AUD
FMG	Fortescue Metals Group Ltd	AUD
GNW US	Genworth Financial US	AUD
HVN	Harvey Norman Holdings Ltd	AUD
IMD	Imdex Ltd	AUD
IRI	Integrated Research Ltd	AUD
JLG	Johns Lyng Group	AUD
LYC	Lynas Corp Ltd	AUD
MQG	Macquarie Group Ltd	AUD
MNY	Money3 Corp Ltd	AUD
NST	Northern Star Resources Ltd	AUD
RMC	Resimac Group Ltd	AUD
SHV	Select Harvest Ltd	AUD
SHJ	Shine Corporate Ltd	AUD
700 HK	Tencent Holdings Ltd	AUD
UWL	Uniti Group Ltd	AUD

* In Alphabetical Order

** A Pre-IPO investment in the Materials sector

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	17.4%	1.2%	16.2%
AUD 500 Mill - AUD 1 Billion	5.0%		5.0%
AUD 250 Mill - AUD 500 Mill	8.3%		8.3%
AUD 100 Mill - AUD 250 Mill	8.1%		8.1%
0 - AUD 100 Mill *	6.0%		6.0%
Exposure	44.9%	1.2%	43.6%
Cash Holdings and Tax Asset			56.4%

* Includes a pre-IPO investment in the Materials sector

News

At the [AGM and Investor Briefing](#) held in November, Chairman Karl Siegling firstly discusses the company's performance over the past year and the opportunity which presents in the company's shares trading at a discount to NTA. Independent director Jenelle Webster then discusses the corporate governance review that was undertaken during the year and the improvements that were made following the review. Lastly, Karl and portfolio managers Charlie Gray and Jackson Aldridge discuss a number of current portfolio positions as well as the outlook for 2020.

We encourage you to visit our [52 books you should read before buying your next stock](#) page on our website. We have compiled a list of books/ documentaries that have influenced our investment style or helped provide insight into the Cadence investment process. To view all previous Cadence webcasts and press articles, please visit the [Media Section](#) of the website.

Disclaimer

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd and is of a general nature only. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.