

INVESTMENT UPDATE

December 2020

Cadence Capital Limited returned a positive gross performance of 2.7% in the month of December, compared to the All Ordinaries Accumulation Index which was up 1.8% over the same period. The Company has had a strong start to FY21 with the fund up 27.7% over the first six months of the year, outperforming the All Ordinaries Accumulation Index by 12%. The top contributors to performance during 1H21 were Resimac, Pinterest, Lynas, Money3, AP Eagers, Pointsbet, Credit Corp, ARB Corp, Redbubble, Qualcomm and Reece. The largest detractors from performance were short positions in Wisetech Global and Jumbo Interactive.

We are pleased to note that the CDM share price discount to NTA has been improving in recent months. The CDM discount to pre-tax NTA is currently around 13%, which compares with the nearly 40% discount reached at the panic lows in March. We are also pleased to see buying interest returning from both new and past CDM shareholders. The CDM share price is up more than 150% (including dividends but excluding franking) since the March lows of 35 cents where the company's shares were trading below cash backing. The Company's tax asset per share is currently around 13 cents, from around 18 cents per share at FY20 year end. The Company can utilize this tax shield as and when it so chooses to.

We remain focused on continuing to reduce CDM's discount to NTA. The Company has continued to implement its on-market share buy-back which increases the NTA per share for all existing CDM shareholders. The Company has now bought back 21 million shares for total consideration of \$15.1m or \$0.72 per share. Board and management, who are the largest investors in the Company, continue to add to their position in CDM.

The fund has also made progress on its strategy to significantly improve liquidity and reduce concentration risk. More than 75% of the portfolio is currently able to be liquidated within 1 week, and over 85% of the portfolio can be liquidated within a month. The company currently holds around 60 positions with the largest position being around 7% of the fund. 63% of the funds' positions are invested in Companies with >\$1 Billion market capitalization.

In the coming weeks we will be releasing the December quarterly webcast which will discuss the fund's positioning and outlook in more detail.

Fund NTA

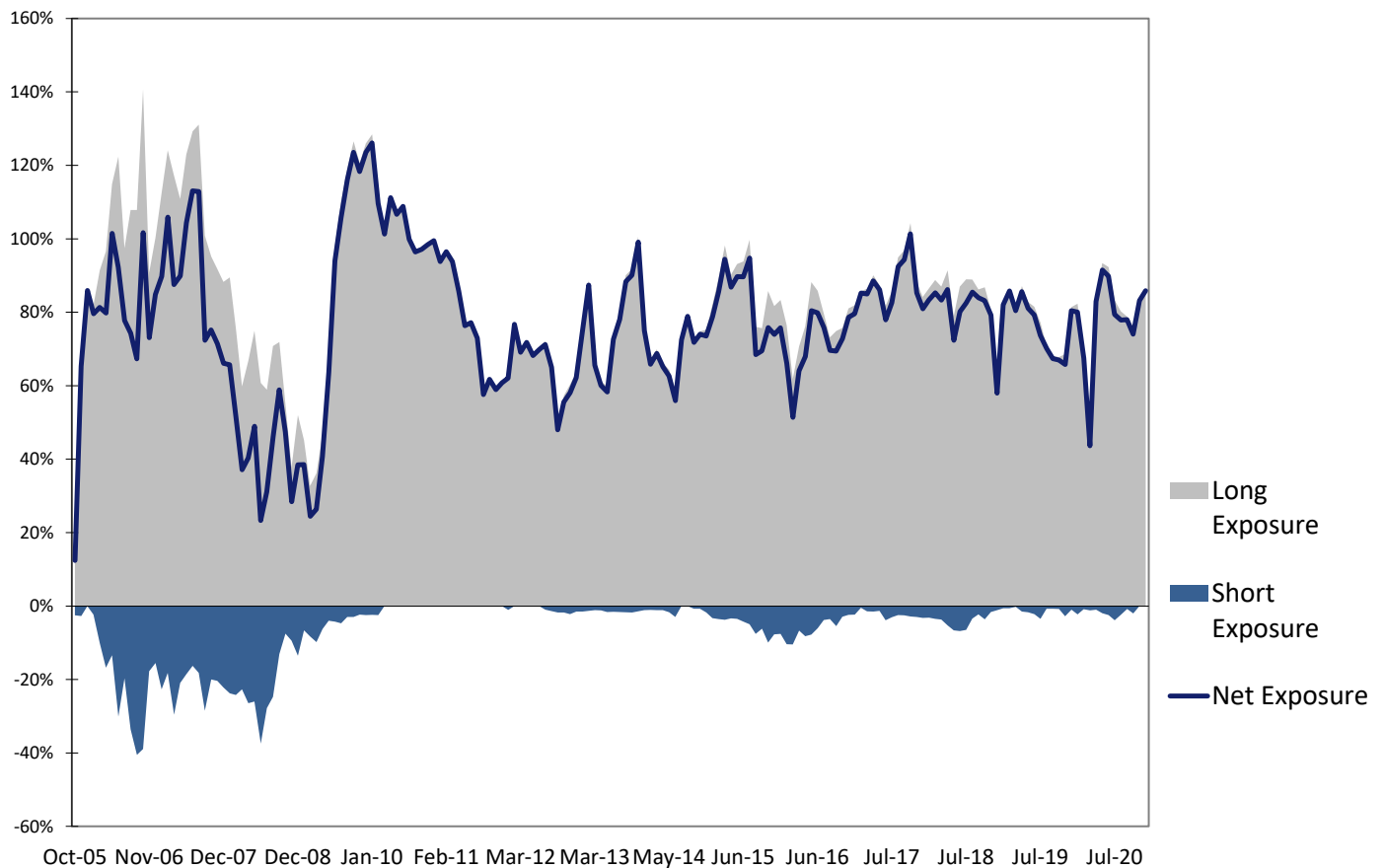
Net Tangible Assets as at 31st December 2020	Amount (\$)
Pre Tax NTA	\$1.002
Post Tax NTA	\$1.128
Share price (ASX Code: CDM)	\$0.870

Fund Gross Performance

Gross Performance* to 31st December 2020	CDM	All Ords Accum	Outperformance
1 Month	2.7%	1.8%	+0.9%
YTD	27.7%	15.7%	+12.0%
1 Year	18.7%	3.6%	+15.1%
3 Years (per annum)	-0.5%	7.4%	-7.9%
5 Years (per annum)	2.7%	9.3%	-6.6%
8 Years (per annum)	6.2%	9.3%	-3.1%
10 Years (per annum)	9.7%	7.9%	+1.8%
Since Inception (15.3 years) (per annum)	12.5%	7.0%	+5.5%
Since Inception (15.3 years) (total return)	504.0%	180.2%	+323.8%

* Gross Performance: before Management and Performance Fees

Historic Portfolio Exposure



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	-	4.0c	5.7c
TOTAL	46.5c	46.2c	11.5c	104.2c	147.9c

* Off market equal access buy back

Top 20 Portfolio Positions

Code	Position*	Currency Exposure
GOOGL US	Alphabet Inc	AUD
ARB	ARB Corp Ltd	AUD
BBN	Baby Bunting Group Ltd	AUD
CAR	Carsales.com Ltd	AUD
CGC	Costa Group Holdings Ltd	AUD
CCP	Credit Corp Group Ltd	AUD
**	Deeppgreen Metals	AUD
EOS	Electro Optic Holdings Ltd	AUD
EML	EML Payments Ltd	AUD
JLG	Johns Lyng Group	AUD
LYC	Lynas Corp Ltd	AUD
MNY	Money3 Corp Ltd	AUD
PINS US	Pinterest Inc	AUD
PBH	Pointsbet Holdings Ltd	AUD
QCOM US	Qualcomm Inc	AUD
RBL	Redbubble Ltd	AUD
RMC	Resimac Group Ltd	AUD
SHJ	Shine Corporate Ltd	AUD
UWL	Uniti Group Ltd	AUD
WHC	Whitehaven Coal Ltd	AUD

* In Alphabetical Order

** A Pre-IPO investment in the Materials sector

Portfolio Sector Analysis

Sector	Long	Short	Net
Consumer, Non-cyclical	15.7%		15.7%
Consumer, Cyclical	13.5%		13.5%
Financial	12.8%		12.8%
Communications	11.4%		11.4%
Technology	9.9%		9.9%
Industrial	8.2%		8.2%
Energy	6.2%		6.2%
Basic Materials	4.6%		4.6%
Diversified Financials	1.4%		1.4%
Banks	0.8%		0.8%
Materials	0.4%		0.4%
	85.1%	0.0%	85.1%

Net Cash Holdings and Tax Asset **15.0%**

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	53.7%		53.7%
AUD 500 Mill - AUD 1 Billion	20.2%		20.2%
AUD 250 Mill - AUD 500 Mill	3.5%		3.5%
AUD 100 Mill - AUD 250 Mill	4.1%		4.1%
0 - AUD 100 Mill *	3.4%		3.4%
	85.1%	0.0%	85.1%

Net Cash Holdings and Tax Asset **14.9%**

* Includes a pre-IPO investment in the Materials sector

News

Cadence Capital Limited held its AGM and Investor Briefing in November 2020. At the [AGM and Investor Briefing](#), Chairman Karl Siegling firstly gave an update on the company's performance and then discussed the CDM shares discount to NTA. Karl and portfolio managers Charlie Gray and Jackson Aldridge then discussed a number of the company's current positions. Karl closes off the briefing with the outlook for 2021.

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