

Cadence Opportunities Fund (CDO) returned a gross positive performance of 3.5% in the month of December. The Fund has generated a strong return of 148% in the 2 years since its inception, significantly outperforming all major global indices. For example, during this period the All Ordinaries returned 28.5%, the S&P500 returned 49.7% and the MSCI Global Market Index returned 49.6%.

We are pleased that the fund's AUM has grown from \$5.5 million at inception to currently around \$20 million. We now have over 200 investors. This growth has been driven by the fund's significant performance since inception combined with the recent successful rights issue and shortfall placement (where approximately 80% of all investors, in value, took up their rights). The Cadence management team increased their investment in the fund in the raising and remain the largest investors in CDO.

2020 saw extreme volatility in financial markets, with global indexes falling 45% in March, only to fully recover and add additional gains by the end of the calendar year. This was not an 'all boats rise in a rising tide environment' as the world recovered from the depths of a global pandemic. The year was a case of two tales, as the market segmented the 'WFH (work from home)' beneficiaries, and the 'Re-openers' or 'vaccine beneficiaries', and each had their respective periods of outperformance. 2020 highlighted the importance of active management, and more specifically, a manager's ability to be liquid, nimble and have an open mandate that allows a fund to rotate into and out of sectors of the market that are moving. This environment was ideal for the Cadence Opportunities Fund, as the volatility in the market provided many opportunities for shorter term catalyst driven trades that the team was able to capitalise on.

The fund's significant outperformance over 2020 can be attributed to four key factors:

- The scaling process - moving the fund into high levels of cash as the market severely corrected in March, and conversely leveraged long as the market quickly recovered;
- The open mandate - allowed positions to be taken both long and short, as well as across several different international markets;
- Stock selection - the fund identified several "multi-baggers" early on in the recovery, and true to the process, continued to add to these positions as they moved higher. These include: APE, ARB, CCP, LYC, PINS US, PBH, RBL, RMC, and Z1P;
- The fund's liquidity - CDO traded 271 positions throughout the calendar year and turned the portfolio over 6 times.

Fund NTA

Net Tangible Assets as at 31st December 2020	Amount (\$)
Pre Tax NTA	\$2.246
Post Tax NTA	\$2.142

Fund Performance

Performance* to 31st December 2020	CDO
1 Month	3.5%
YTD	57.1%
1 Year	84.9%
Since Inception (per annum)	64.1%
Since Inception (2.0 years) (total return)	148.0%

* Gross Performance: before Management and Performance Fees

Portfolio Sector Analysis

Sector	Long	Short	Net
Technology	18.7%		18.7%
Consumer, Non-cyclical	17.8%		17.8%
Communications	17.6%		17.6%
Consumer, Cyclical	13.9%		13.9%
Basic Materials	7.8%		7.8%
Industrial	7.5%		7.5%
Energy	5.1%		5.1%
Financial	3.2%		3.2%
	91.6%	0.0%	91.6%
Net liabilities and Tax			8.4%

Portfolio Positions

Stock Code	Position	Direction	Exposure	Stock Code	Position	Direction	Exposure
AMZN US	Amazon.com Inc	Long	AUD	LYC	Lynas Corp Ltd	Long	AUD
ALG	Ardent Leisure Group Ltd	Long	AUD	MGH	Maas Group Holdings Ltd	Long	AUD
AMS	Atomos Ltd	Long	AUD	NXT	NextDC Ltd	Long	AUD
AFG	Australian Finance Group Ltd	Long	AUD	NIC	Nickel Mines Ltd	Long	AUD
ADSK US	Autodesk Inc	Long	AUD	NTO	Nitro Software Ltd	Long	AUD
BBN	Baby Bunting Group Ltd	Long	AUD	NVDA US	NVIDIA Corp	Long	AUD
BBBY US	Bed Bath & Beyond Inc	Long	AUD	PD US	Pagerduty Inc	Long	AUD
CTT	Cettire Ltd	Long	AUD	PYPL US	Paypal Holdings Inc	Long	AUD
CHN	Chalice Gold Mines Ltd	Long	AUD	PENN US	Penn National Gaming Inc	Long	AUD
NET US	Cloudflare Inc	Long	AUD	PINS US	Pinterest Inc	Long	AUD
CRN	Coronado Global Resource	Long	AUD	PBH	Pointsbet Holdings Ltd	Long	AUD
CGC	Costa Group Holdings Ltd	Long	AUD	PWH	PWR Holdings Ltd	Long	AUD
CCP	Credit Corp Group Ltd	Long	AUD	QCOM US	Qualcomm Inc	Long	AUD
CRWD US	CrowdStrike Holdings Inc	Long	AUD	RBL	Redbubble Ltd	Long	AUD
DEG	De Grey Mining Ltd	Long	AUD	RMC	Resimac Group Ltd	Long	AUD
**	DeepGreen Metals Inc	Long	AUD	SHOP US	Shopify Inc	Long	AUD
DKNG US	DraftKings Inc	Long	AUD	SONO US	Sonos Inc	Long	AUD
DUB	Dubber Corp Ltd	Long	AUD	SOV	Sovereign Cloud Holdings Ltd	Long	AUD
DT US	Dynatrace Inc	Long	AUD	STX	Strike Energy Ltd	Long	AUD
EOS	Electro Optic Systems Holding	Long	AUD	TME US	Tencent Music Entertainment	Long	AUD
EML	EML Payments Ltd	Long	AUD	TTD US	Trade Desk Inc	Long	AUD
FSLY US	Fastly Inc	Long	AUD	TWLO US	Twilio Inc	Long	AUD
HSC	HSC Technology Group Ltd	Long	AUD	UWL	Uniti Group Ltd	Long	AUD
NVTA US	Invitae Corp	Long	AUD	WHC	Whitehaven Coal Ltd	Long	AUD
LVT	Livetiles Ltd	Long	AUD	ZG US	Zillow Group Inc	Long	AUD

** A Pre-IPO investment in the Materials sector

News

Cadence Opportunities Fund held its AGM and Investor Briefing in November 2020. At the [AGM & Investor Briefing](#), Chairman Karl Siegling gave an update on the company's performance and the Rights Issue and Shortfall Offer. Karl and Portfolio Managers Charlie Gray and Jackson Aldridge then discussed several portfolio positions and concluded with the outlook for 2021.

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