

INVESTMENT UPDATE

March 2023

Cadence Capital Limited returned a negative gross performance of 3.0% in March, compared to the All Ordinaries Accumulation Index which was down 0.2% for the month. The largest detractors from performance during March were Genworth Financial, Patriot Battery Metals, Teva Pharmaceutical Industries, Australian Pacific Coal and Lynas Rare Earths. The top contributors to performance were BHP Group, Newcrest Mining, Sayona Mining and Meta Platforms. At month end the Company was holding approximately half the portfolio in cash.

Global markets finished the month higher despite major banks such as Silicon Valley Bank, Synchrony Financial and Credit Suisse facing solvency issues. The All Ordinaries Index fell 5% intra month only to close nearly flat for the month. High volatility adversely affects trend following. Different sectors of the market are starting to emerge as potential new trends, such as gold and other precious metals. The fund has been scaling into positions such as Newcrest, Tietto Minerals, Resolute Gold and Capstone Copper and still maintains a BHP position.

The fund has sold all its thermal coal positions; however, it remains invested in metallurgical coal producer Stanmore Resources. These coal positions have provided large positive contributions to the company's performance over the past two years, however more recently they have detracted from performance, as they rolled over from their peak prices. Another detractor to the company's performance has been investing in potential turnaround situations too early, for example Star Entertainment Group, City Chic and Domino's Pizza. These three companies downgraded over the reporting season and the fund has scaled out of them accordingly.

The All Ordinaries Index has traded resiliently over the past twelve months, partly due to a strong iron ore price of \$125, generating huge amounts of profits for large index weightings BHP, Rio Tinto and Fortescue Metals. Similarly, nearly 90% of the SP500's return in the first quarter of 2023 was generated from the top 20 stocks alone. Beneath the surface a different story has emerged for small capitalisation and industrial stocks within the ASX Small Ordinaries Index, which are significantly underperforming the All Ordinaries Index.

Upcoming Fully Franked Half Year Dividend

In February the Board declared a 4.0 cent fully franked half-year dividend. This interim dividend equates to an 8.7% annualised fully franked yield or a 12.4% gross yield (grossed up for franking credits) based on the share price today of \$0.92 per share.

After paying this dividend the Company still has 22 cents per share of profits reserves to pay future dividends. The Ex-Date for the dividend is the 14 April 2023. The payment date for the dividend is the 28 April 2023. The dividend re-investment plan (DRP) is not in operation for this interim dividend.

Fund NTA

Net Tangible Assets as at 31st March 2023	Amount (\$)
Pre Tax NTA*	\$0.898
Post Tax NTA*	\$1.065
Share Price (ASX Code: CDM)*	\$0.915

*Before the 4.0 c fully franked interim dividend, ex-date 14 April 2023

Fund Gross Performance

Gross Performance* to 31st March 2023	CDM	All Ords Accum	Outperformance
1 Month	-3.0%	-0.2%	-2.8%
3 Years (per annum)	17.6%	17.3%	+0.3%
5 Years (per annum)	1.7%	8.8%	-7.1%
10 Years (per annum)	5.0%	8.3%	-3.3%
Since Inception (17.5 years) (per annum)	11.2%	7.1%	+4.1%
Since Inception (17.5 years) (total return)	542.7%	231.7%	+311.0%

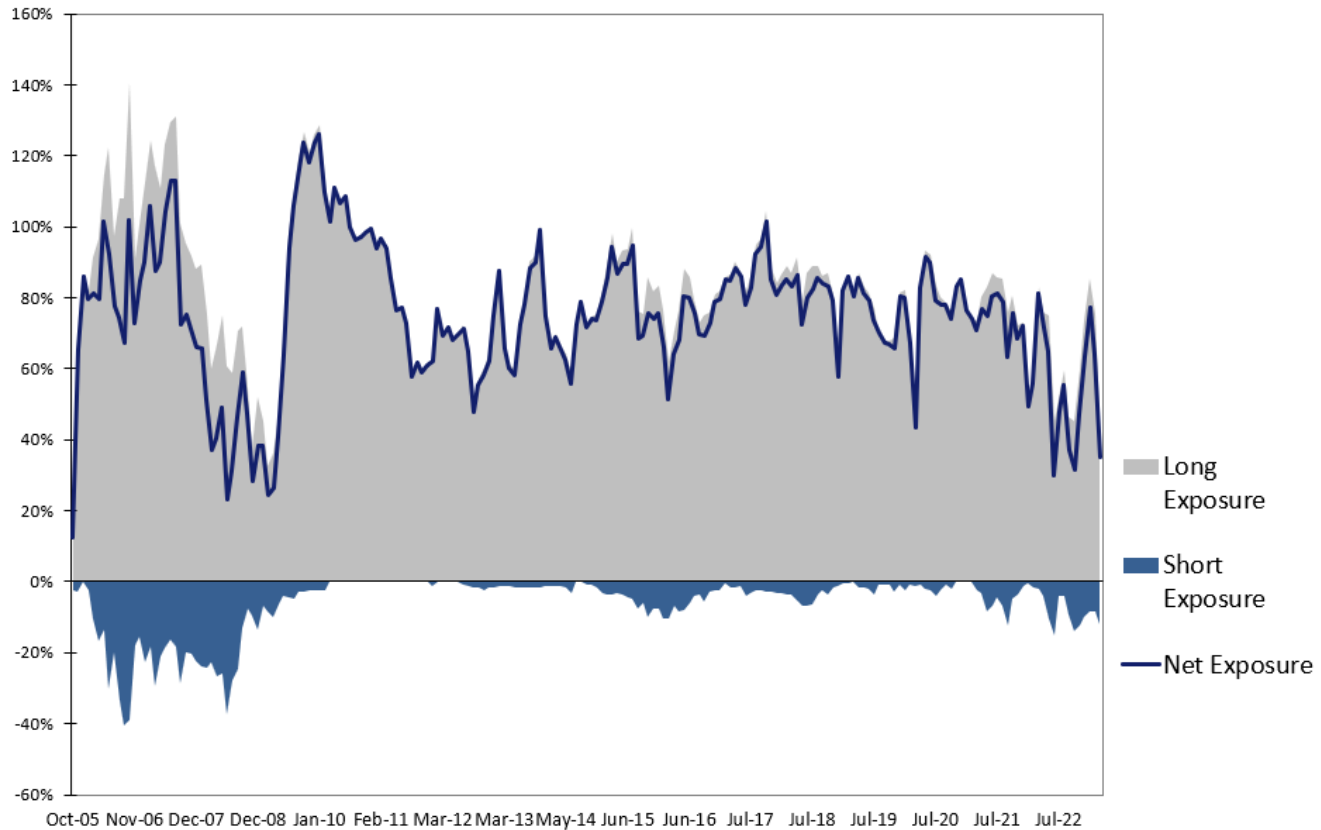
* Gross Performance: before Management and Performance Fees

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	-	4.0c	5.7c
2021	2.0c	3.0c	-	5.0c	7.1c
2022	4.0c	4.0c	-	8.0c	11.4c
2023	4.0c	-	-	4.0c	5.7c
TOTAL	56.5c	53.2c	11.5c	121.2c	172.1c

* Off market Equal access buyback

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	18.0%	-1.8%	16.2%
Consumer, Non-cyclical	8.0%	-1.2%	6.8%
Communications	3.7%		3.7%
Insurance	3.0%		3.0%
Consumer, Cyclical	4.0%	-1.6%	2.4%
Energy	4.5%	-2.1%	2.4%
Utilities	1.4%		1.4%
Retailing	0.7%		0.7%
Technology	0.5%		0.5%
Financial	1.5%	-1.3%	0.3%
Industrial	1.5%	-2.2%	-0.7%
Banks	0.0%	-1.6%	-1.6%
	46.8%	-11.7%	35.1%

Net Cash Holdings and Tax Asset **64.9%**

Top 20 Portfolio Positions

Code	Position*	Direction	Currency Exposure
BHP	BHP Group Ltd	Long	AUD
CS CN	Capstone Copper Corp	Long	AUD
CHN	Chalice Mining Ltd	Long	AUD
DAC US	Danaos Corp	Short	AUD
IREN US	Iris Energy Ltd	Long	AUD
MEG CN	MEG Energy Corp	Long	AUD
META US	Meta Platforms Inc	Long	AUD
NCM	Newcrest Mining Ltd	Long	AUD
PMET CN	Patriot Battery Metals Inc	Long	AUD
PINS US	Pinterest Inc	Long	AUD
QAN	Qantas Airways Ltd	Long	AUD
QBE	QBE Insurance Group Ltd	Long	AUD
SRX	Sierra Rutile Holdings Ltd	Long	AUD
SMR	Stanmore Resources Ltd	Long	AUD
SYR	Syrah Resources Ltd	Long	AUD
TEVA US	Teva Pharmaceutical Industries Ltd	Long	AUD
TGH US	Textainer Group Holdings Ltd	Short	AUD
TIE	Tietto Minerals Ltd	Long	AUD
THL	Tourism Holdings Rentals Ltd	Long	AUD
WHC	Whitehaven Coal Ltd	Short	AUD

* In Alphabetical Order

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	36.6%	-10.8%	25.7%
AUD 500 Mill - AUD 1 Billion	4.8%		4.8%
AUD 250 Mill - AUD 500 Mill	1.3%	-0.9%	0.5%
AUD 100 Mill - AUD 250 Mill	4.0%		4.0%
0 - AUD 100 Mill	0.1%		0.1%
	46.8%	-11.7%	35.1%
Net Cash Holdings and Tax Asset			64.9%

News

To watch CDM's half-year Audiocast [please click here](#). This Audiocast gives an update on the Company's performance, its portfolio composition, some of its current investment holdings and the outlook for the rest of the year.

Portfolio manager Jackson Aldridge was recently interviewed by Nadine Blayney on Ausbiz on 3 March 2023 ([Click here](#) to watch)

To view all previous Cadence webcasts and interviews please visit the [Media Section](#) of the website.

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.

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