

INVESTMENT UPDATE

April 2023

Cadence Capital Limited returned a negative gross performance of 1.1% in April, compared to the All Ordinaries Accumulation Index which was up 1.8% for the month. The largest detractors from performance during April were BHP Group, Tietto Minerals, Pinterest, Stanmore Coal, and Sierra Rutile Holdings. The top contributors to performance were Iris Energy, Meta Platforms and QBE Insurance. At month end the Company was holding approximately half the portfolio in cash.

Global indexes have drifted higher during the new calendar year 2023, with the S&P 500 Index up 8.6% and the All Ordinaries Accumulation Index up 5.4%, however the participation in this uplift has not been widespread across stocks, for example, the top 15 stocks in the S&P 500 Index accounted for 97% of the S&P 500 year to date performance, and Apple alone accounted for 26%. Further, more of a focus is being placed on company fundamentals such as earnings and cashflows as opposed to peak valuation metrics such as enterprise value/revenue. CDM portfolio holdings such as QBE Insurance and Meta Platforms are good examples of this with these companies having PEG ratios of less than one and strong earnings growth forecasts for next year.

A key change in trend over the last 12 months has been the directional change in interest rates, which fell for 30 years to near zero, bottomed out, and started moving upwards at the fastest pace in history (now 3.85%). Many investors and business models have never experienced rising interest rates. What has performed well in similar previous cycles are companies with pricing power, precious metals, and energy. Insurance companies typically have strong pricing power, and despite a cyber-attack, Medibank Private has performed resiliently and shown the businesses strength to hold customers and put prices up. Boral, which is in the early stages of a multiyear turnaround has successfully put through price rises and expects this to continue. Gold positions in the fund such as Newcrest Mining and Resolute Mining have performed strongly as the gold price has traded over USD 2,000 per ounce (AUD 3,000), and toward multi decade highs.

Portfolio Updates

As announced to the ASX on the 1 May 2023, with CDM's share price trading around Pre-Tax NTA Cadence Capital Limited resumed announcing NTA's monthly. CDM will disclose detailed portfolio breakdowns by both sector and market capitalisation in its monthly newsletters and will disclose its portfolio holdings quarterly in its webcast updates. CDM will be releasing its quarterly webcast in the coming weeks.

Fully Franked Half Year Dividend Paid

On the 28th of April the Company paid its 4.0 cent fully franked half-year dividend. This interim dividend equated to an 8.6% annualised fully franked yield or a 12.2% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$0.935 per share. After paying this dividend the Company still has 22 cents per share of profits reserves to pay future dividends.

Fund NTA

Net Tangible Assets as at 30th April 2023	Amount (\$)
Pre Tax NTA*	\$0.845
Post Tax NTA*	\$1.017
Share Price (ASX Code: CDM)*	\$0.850

*After the 4.0 c fully franked interim dividend

Fund Gross Performance

Gross Performance* to 30th April 2023	CDM	All Ords Accum	Outperformance
1 Month	-1.1%	1.8%	-2.9%
3 Years (per annum)	13.7%	14.4%	-0.7%
5 Years (per annum)	0.8%	8.4%	-7.6%
10 Years (per annum)	4.7%	8.1%	-3.4%
Since Inception (17.6 years) (per annum)	11.1%	7.2%	+3.9%
Since Inception (17.6 years) (total return)	535.6%	237.6%	+298.0%

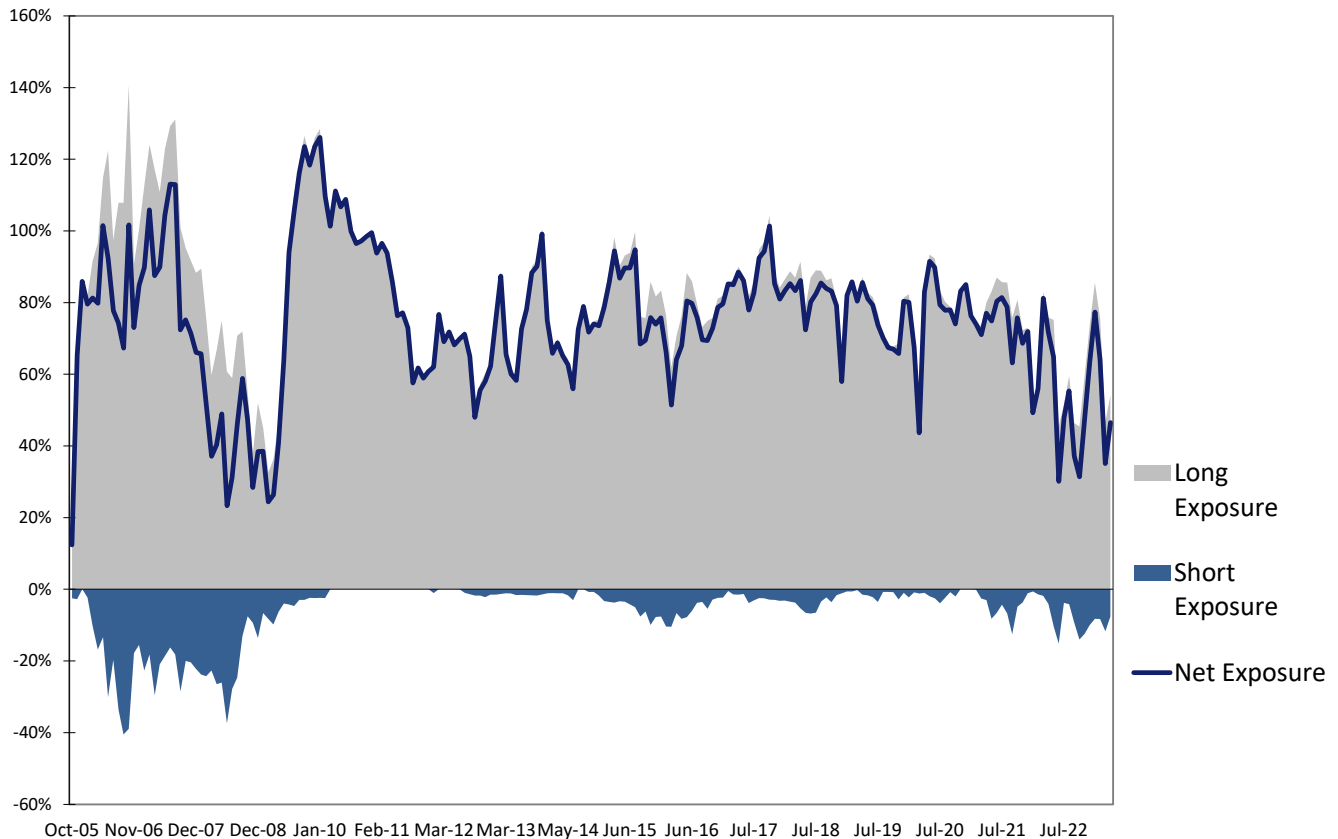
* Gross Performance: before Management and Performance Fees

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 buy back

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	20.4%	-0.9%	19.5%
Consumer, Non-cyclical	7.0%		7.0%
Financial	5.4%	-1.4%	4.0%
Communications	5.2%		5.2%
Consumer, Cyclical	4.2%	-1.4%	2.8%
Utilities	3.3%		3.3%
Insurance	3.3%		3.3%
Energy	2.6%	-0.9%	1.8%
Industrial	2.1%	-1.4%	0.7%
Technology	0.5%		0.5%
Retailing	0.1%		0.1%
Banks		-1.7%	-1.7%
	54.1%	-7.6%	46.5%
Net Cash Holdings and Tax Asset			53.5%

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	42.3%	-7.6%	34.7%
AUD 500 Mill - AUD 1 Billion	5.5%		5.5%
AUD 250 Mill - AUD 500 Mill	3.3%		3.3%
AUD 100 Mill - AUD 250 Mill	1.7%		1.7%
0 - AUD 100 Mill	1.3%		1.3%
	54.1%	-7.6%	46.5%
Net Cash Holdings and Tax Asset			53.5%

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.

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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