

## INVESTMENT UPDATE

April 2023

Cadence Opportunities Fund returned a negative gross performance of 1.0% 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 Tietto Minerals, Sierra Rutile, BHP Group, Pinterest, Syrah Resources and Tencent Holdings. The top contributors to performance were Helloworld Travel, Meta Platforms, Iris Energy and QBE Insurance. At month end the Company was 54.8% net invested (45.2% 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. CDO portfolio holdings such as Helloworld Travel, 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

Cadence Opportunities Fund will disclose detailed portfolio breakdowns by sector in its monthly newsletters and it will disclose its portfolio holdings quarterly in its webcast updates. CDO 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 7.5 cent fully franked half-year dividend. This interim dividend equated to a 6.5% annualised fully franked yield or a 9.2% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$2.32 per share.

After paying this dividend the Company still has 35 cents per share of profits reserves to pay future dividends. The Dividend Re-Investment Plan ("DRP") was in operation for the half-year dividend. The issue price was \$2.09918 (being a 3% discount to the weighted average of the prevailing share price over the relevant DRP pricing period).

## Fund NTA

Net Tangible Assets as at 30th April 2023	Amount (\$)
Pre Tax NTA*	\$2.013
Post Tax NTA*	\$2.097
Share Price (ASX Code: CDO)*	\$2.100

\*After the 7.5 c fully franked interim dividend

## Fund Performance

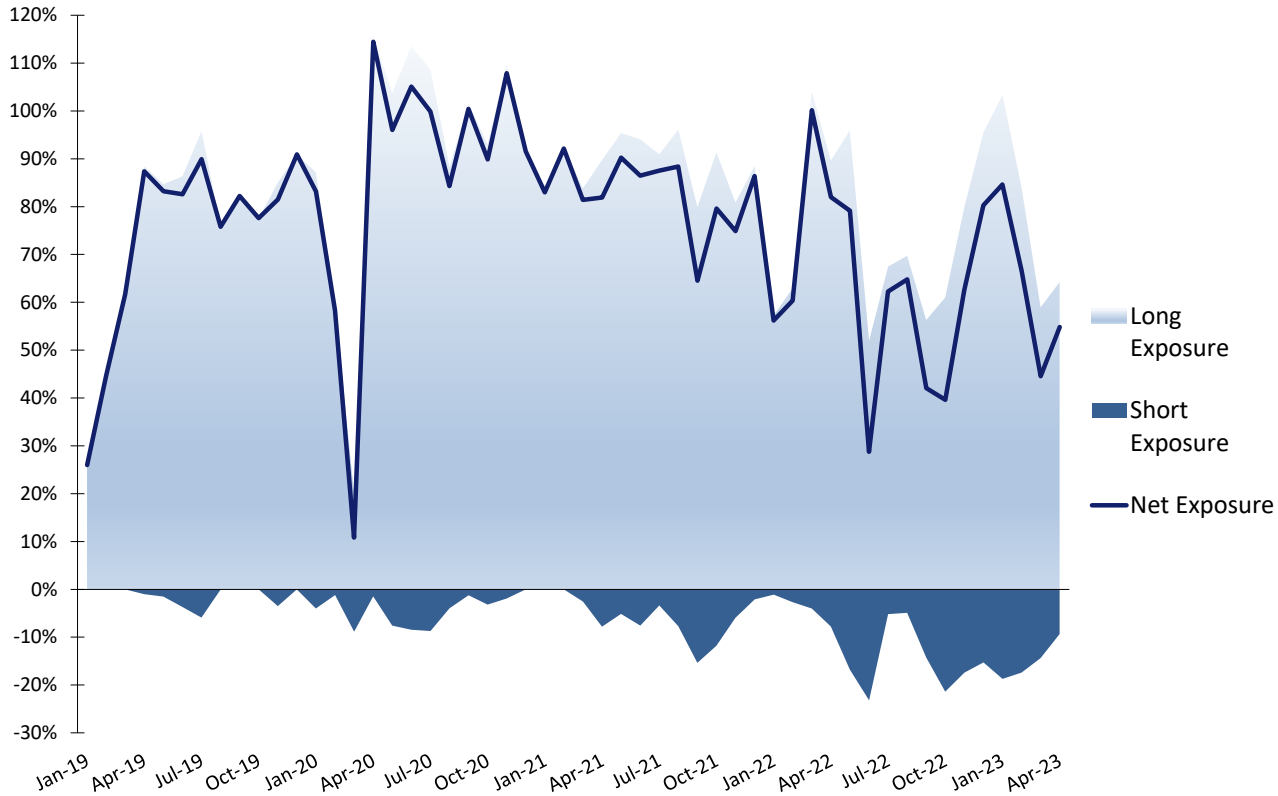
Gross Performance* to 30th April 2023	CDO
1 Month	-1.0%
3 Years (per annum)	32.8%
Since Inception (per annum)	29.5%
Since Inception (4.3 years) (total return)	206.1%

\* Gross Performance: before Management and Performance Fees

## Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	24.4%	-1.1%	23.3%
Consumer, Non-cyclical	11.1%		11.1%
Communications	6.7%		6.7%
Insurance	4.3%		4.3%
Utilities	3.3%		3.3%
Consumer, Cyclical	4.4%	-1.5%	2.9%
Financial	4.3%	-1.5%	2.8%
Industrial	2.9%	-1.6%	1.3%
Energy	2.6%	-1.6%	1.0%
Retailing	0.1%		0.1%
Banks		-2.0%	-2.0%
	<b>64.2%</b>	<b>-9.4%</b>	<b>54.8%</b>
<b>Net Cash Holdings</b>			<b>45.2%</b>

## Historic Portfolio Exposure



## News

To watch CDO'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 investment process.

## 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.

For more information contact Cadence Opportunities Fund on 02 8298 2450 or email [info@cadencecapital.com.au](mailto:info@cadencecapital.com.au)  
Register to receive our FREE newsletter at [www.cadencecapital.com.au/register-for-free-newsletter](http://www.cadencecapital.com.au/register-for-free-newsletter)