

Cadence Opportunities Fund Limited (ASX: CDO) Full Year Results

Sydney, 16 August 2024: Cadence Opportunities Fund Limited today announced its full year results. Karl Siegling, Chairman, said “Cadence Opportunities Fund ended the financial year with the fund being up 10.8% and earning a profit after tax of \$2.3 million. The top contributors to performance during the financial year were Meta Platforms, Alumina, Austin Engineering, Netflix, Capstone Copper, Westgold Resources/ Karora and Whitehaven Coal. The largest detractors from performance were Sierra Rutile, Zillow, Strike Energy and Syrah Resources”

Karl Siegling continued, “Investing in turnaround situations was a strong driver of returns for the fund over the past financial year. Both Meta Platforms and Netflix were fundamentally cheap after falling significantly in early 2022. The upward trend that began in late 2022 has continued for both stocks, with Meta Platforms reaching new highs, and Netflix recovering to the high it reached in late 2021.”

Karl Siegling added, “The performance of resource companies was mixed over the past financial year. While lithium miners performed poorly, CDO had little exposure to lithium assets. Copper, aluminium and gold all performed well which was positive for our investments in Capstone Copper, Alumina, and Westgold Resources. Whitehaven Coal performed well after acquiring the Daunia and Blackwater coal mines from BHP at an attractive price.”

Fully Franked Year-end Dividend

Full Year Results to 30 June 2024:

- Profit before tax of \$2.9m
- Profit after tax of \$2.3m
- Fund up 10.8% in FY24
- 7.0c fully franked final dividend
- Annualised yield of 7.8% fully franked (11.2% gross including franking)
- DRP will be operating for the final dividend
- On-market buy-back planned to buy back shares issued in DRP when shares are trading at a discount to NTA
- CDO shares trading at a 10% Discount to Pre-tax NTA

The Board is pleased to announce a 7.0 cents per share fully franked year-end dividend, an increase of 0.5 cents on the interim dividend, bringing the full year dividend to 13.5 cents per share fully franked. This full year dividend equates to a 7.8% fully franked yield or a 11.2% gross yield (grossed up for franking credits) based on the share price of \$1.722 per share on the day of the announcement.

Importantly this equates to a 7.1% dividend yield based on the current pre-tax NTA of \$1.91, as the Company shares are trading at a discount to NTA. After paying this dividend the fund still has 15.5 cents per share of profits reserves to pay future dividends.

The Ex-Date for the dividend is the 15th October 2024. The payment date for the dividend is the 31st October 2024.

The dividend re-investment plan (DRP) will be in operation for this final dividend. We would encourage shareholders to participate in the DRP as an efficient mechanism to add to existing holdings in the fund. The DRP will be priced at the weighted average share price over the relevant DRP pricing period. The Company will buy-back the shares it issues under the DRP. This buy-back will operate when the CDO share price is trading at a discount to the Pre-Tax NTA. At the time of writing this media release, CDO is trading at a pre-tax NTA discount of around 10% whilst holding some cash balances.

If you are not registered for the DRP and you would like to participate, please contact Boardroom on 1300 737 760.

Outlook

Karl Siegling said, "We continue to believe that the current uptrend in interest rates is one of the most important trends to monitor in determining the direction of future asset prices. Over the past year we have seen speculation that the US Federal Reserve may begin to lower interest rates, but they remain unchanged for now."

Karl Siegling continued, "We increased cash levels in the fund in July 2024 and were well positioned for the significant market falls that happened in August due to concerns about an economic slowdown in the U.S. We expect volatility to remain high in the coming months and we continue to focus on implementing the Cadence process that has served us well through market cycles."



Karl Siegling
Chairman, Cadence Opportunities Fund Limited

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