

## **Cadence Capital Limited (ASX: CDM) Half Year Results & Interim Dividend**

Sydney, 22<sup>nd</sup> February 2019: Cadence Capital Limited (ASX: CDM) today announced a half year loss after tax of \$58.1m. Karl Siegling, Chairman, said “Our portfolio performed poorly for the first 6 months of the financial year, underperforming the All Ordinaries Accumulation Index by 12.6%.”

Karl Siegling said, “During this period, growth companies that were trading at reasonable prices were significantly sold

off, while expensive companies with defensive characteristics but little to no growth performed well. Small capitalisation companies were also sold off more than their larger counterparts, with the Small Ordinaries Index down 14.0% over this period. The fund held a large exposure to well-priced growth companies and small capitalisation stocks through this period.”

Karl Siegling continued, “The biggest detractors from performance were ARQ Group, Emeco Holdings, Teva Pharmaceutical, Shine Corporate and Janus Henderson whilst the largest contributors to performance were Credit Corp Group, Aurelia Metals, Stanmore Coal and G8 Education.”

### **Fully-franked Interim Dividend**

The Board is pleased to announce a 3.0 cents per share fully-franked interim dividend. This equates to a 6.8% annual fully franked yield, or an 9.7% gross yield (grossed up for franking credits) based on the CDM share price at the time of this announcement of \$0.88. The Ex-Date for the dividend is the 29th April 2019. The payment date for the dividend is the 13<sup>th</sup> May 2019.

### **Half Year Results to 31 December 2018:**

- Loss after tax of \$58.1m
- Fund gross performance of -19.9%, underperforming All Ordinaries Accumulation Index by 12.6%
- 3.0c fully-franked Interim Dividend payable on the 13<sup>th</sup> May 2019
- Yield of 6.8% fully-franked (9.7% gross including franking)



## Outlook

Karl Siegling said “Many global markets fell in the order of 20% in the fourth quarter of 2018, with investor optimism from earlier in the year turning to fear. Markets have recovered since year end and again appear to be climbing a ‘wall of worry’. A change in tact from the US Federal Reserve where it signalled a slower pace of future interest rate increases and an earlier than expected end to ‘quantitative tightening’ was a factor in restoring investor confidence. There remains a number of other concerns in market participants minds including the outcome of the current China-US trade dispute, Brexit negotiations, upcoming federal election and the impact of the recommendations of the Royal Commission.”

Karl Siegling continued, “While the fund increased its cash levels through the fourth quarter of 2018, it has redeployed these funds during January and February as the market has recovered. We have focused on more liquid positions as we expect a market recovery will be led by these stocks first, before filtering down to lower liquidity and perceived higher risk stocks. Heavily sold off growth companies should also see price recovery if earnings growth remains intact.”

“Naturally the Cadence process will scale us into and out of our positions as the price action confirms our fundamental view.”

**Karl Siegling**  
**Chairman, Cadence Capital Limited**

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