

## INVESTMENT UPDATE

February 2020

Cadence Capital Limited returned a negative performance of 6.0% during the month of February 2020 outperforming the All Ordinaries Accumulation Index which was down 8.1% during the same period. For the month, the largest contributors to performance were Money3 Corporation, IDP Education and Imdex. The largest detractors from performance were ARQ Group, Santos Ltd, and Link Administration.

On the 19<sup>th</sup> February 2020 the Company announced its half year results and declared a 2.0 cents fully franked interim dividend. This 2.0c interim dividend equates to a 5.5% annual fully franked yield, or a 7.9% gross yield (grossed up for franking credits) based on the CDM share price on the day of the announcement. The Ex-Date for the interim dividend is the 29th April 2020 and the payment date is the 13th May 2020. The dividend re-investment plan (DRP) will not be in operation for the interim dividend as the Company's shares are currently trading at a large discount to the underlying NTA per share of the Company.

The Company will be releasing its half year webcast in the coming weeks. This webcast will give shareholders an update on the fund's performance, its positioning, its top positions and the outlook for the portfolio. The webcast will also discuss the initiatives being undertaken to close CDM's discount to NTA, including the ongoing on-market buyback. The Company will be holding investor presentations in major cities around Australia. The details of these presentations will be announced as soon as they are finalised.

At 29<sup>th</sup> February 2020, the Company was 67.5% invested.

### Fund NTA

Net Tangible Assets as at 29th February 2020	Amount (\$)
Pre Tax NTA*	\$0.821
Post Tax NTA*	\$0.996
Share price (ASX Code: CDM)*	\$0.625

\*Before the 2.0 c fully franked Interim dividend payable on 13th May 2020

### Fund Gross Performance

Gross Performance* to 29th February 2020	CDM	All Ords Accum	Outperformance
1 Month	-6.0%	-8.1%	+2.1%
YTD	-4.8%	-0.3%	-4.5%
1 Year	-9.0%	8.2%	-17.2%
3 Years (per annum)	-1.8%	8.5%	-10.3%
5 Years (per annum)	-1.2%	6.4%	-7.6%
8 Years (per annum)	4.5%	9.6%	-5.1%
10 Years (per annum)	10.5%	7.9%	+2.6%
Since Inception (14.4 years) (per annum)	11.4%	6.9%	+4.5%
Since Inception (14.4 years) (total return)	373.7%	160.2%	+213.5%

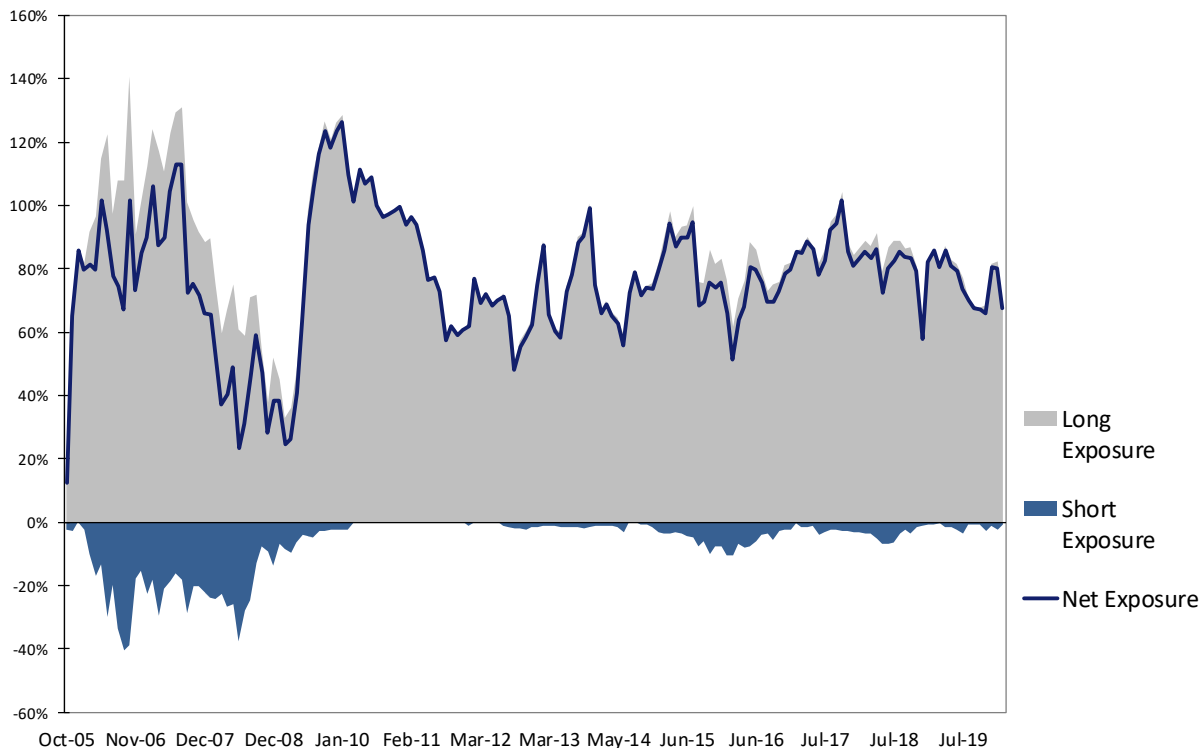
\* Gross Performance: before Management and Performance Fees

## 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	2.9c
<b>TOTAL</b>	<b>46.5c</b>	<b>44.2c</b>	<b>11.5c</b>	<b>102.2c</b>	<b>145.1c</b>

\* Off market equal access buy back

## Historic Portfolio Exposure



## Portfolio Sector Analysis

Sector	Long	Short	Net
Financial	16.3%		16.3%
Energy	10.1%		10.1%
Communications	10.3%	-0.6%	9.6%
Consumer, Non-cyclical	6.8%		6.8%
Basic Materials	5.9%		5.9%
Technology	5.5%		5.5%
Diversified Financials	4.3%		4.3%
Materials	3.4%		3.4%
Industrial	2.8%		2.8%
Consumer Services	1.7%		1.7%
Consumer, Cyclical	1.3%	-0.2%	1.1%
<b>Exposure</b>	<b>68.3%</b>	<b>-0.8%</b>	<b>67.5%</b>

**Cash Holdings and Tax Asset** **32.5%**

## Top Portfolio Positions

Code	Position	Direction	Currency	Holding
RMC	Resimac Group Ltd	Long	AUD	6.4%
MNY	Money3 Corp Ltd	Long	AUD	5.1%
MQG	Macquarie Group Ltd	Long	AUD	4.3%
BABA US	Alibaba Group Holding	Long	AUD	3.8%
SHJ	Shine Corporate Ltd	Long	AUD	3.8%
**	Deepgreen Metals	Long	AUD	3.4%
NST	Northern Star Resources Ltd	Long	AUD	2.6%
RIO	Rio Tinto Ltd	Long	AUD	2.6%
UWL	Uniti Group Ltd	Long	AUD	2.6%
IEL	IDP Education Ltd	Long	AUD	2.4%
IMD	Imdex Ltd	Long	AUD	2.3%
QCOM US	Qualcomm Inc	Long	AUD	2.3%
STO	Santos Ltd	Long	AUD	1.7%
RFG	Retail Food Group Ltd	Long	AUD	1.7%
JLG	Johns Lyng Group	Long	AUD	1.6%
ECX	Eclix Group Ltd	Long	AUD	1.6%
SLR	Silver Lake Resources	Long	AUD	1.5%
TWTR US	Twitter Inc	Long	AUD	1.5%
GNW US	Genworth Financial US	Long	AUD	1.5%
WEB	Webjet Ltd	Long	AUD	1.3%
<b>Top Portfolio Holdings Net Exposure</b>				<b>54.0%</b>

\*\* A Pre-IPO investment in the Materials sector

## News

---

At the [AGM and Investor Briefing](#) held in November, Chairman Karl Siegling firstly discusses the company's performance over the past year and the opportunity which presents in the company's shares trading at a discount to NTA. Independent director Jenelle Webster then discusses the corporate governance review that was undertaken during the year and the improvements that were made following the review. Lastly, Karl and portfolio managers Charlie Gray and Jackson Aldridge discuss a number of current portfolio positions as well as the outlook for 2020.

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

## 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.