

## INVESTMENT UPDATE

July 2022

Cadence Capital Limited returned a gross positive performance of 2.3% in July, compared to the All Ordinaries Accumulation Index which was up 6.3% for the month. The top contributors to performance during the month were Whitehaven Coal, New Hope, Terracom and Tietto Minerals. The largest detractors from performance were BHP and Alibaba Group.

Markets recovered in July after the sell-off in June, with some of the worst performing sectors in the first half of calendar 2022 leading the rally. For example, the ASX Technology sector was up 19.5% during the month. The fund increased its net exposure during the month as it scaled back into existing positions which resumed trend as well as adding several new positions which meet our criteria. The portfolio's short exposure detracted value in July and was reduced as we scaled out of some of these positions. As of 31<sup>st</sup> July 2022, the Company was 48% invested (52% cash and cash equivalents).

### Fully Franked Year-End Dividend

On the 15<sup>th</sup> July the Company announced a 4.0 cents per share fully franked year-end dividend bringing the full year dividend to 8.0 cents per share fully franked. This is a 60% increase on the previous year's dividends of 5.0 cents per share reflecting the strong performance of the company over the past few years and the build-up of profit reserves.

This full year dividend of 8.0 cents per share fully franked equates to an 9.0% fully franked yield or a 12.9% gross yield (grossed up for franking credits) based on the share price of \$0.885 per share on the date of the announcement. Importantly this equates to an 8.1% dividend yield based on the current pre-tax NTA of \$0.991, as the Company shares are currently trading at a discount to NTA despite recent strong performance and a 16-year track record of significant outperformance against the All Ordinaries Accumulation Index. After paying this dividend the Company still has around 25 cents per share of profits reserves to pay future dividends.

The Ex-Date for the dividend is the 17<sup>th</sup> October 2022. The payment date for the dividend is the 28<sup>th</sup> October 2022. The dividend re-investment plan (DRP) will not be in operation for this final dividend as the Company's shares are trading at a discount to the underlying NTA.

### Year-end Audiocast

Earlier this month the Company released its [June 2022 Year end Audiocast](#). In this year-end audiocast, Karl Siegling firstly provides an update on the Company's year-end performance, the 4.0c per share fully franked year-end dividend, the portfolio's current composition and the increasing interest rate trend. Karl Siegling, Charlie Gray and Jackson Aldridge then discuss their long positions in Whitehaven Coal, Newhope Coal and Resmed and their short positions in Graincorp and Textainer Group. Karl Siegling then finishes with an update on the outlook for 2023.

## Fund NTA

Net Tangible Assets as at 31st July 2022	Amount (\$)
Pre Tax NTA	\$0.991
Post Tax NTA	\$1.131
Share Price (ASX Code: CDM)	\$0.930

\*Before the 4.0c fully franked final dividend (Ex-Date 17 Oct 2022)

## Fund Gross Performance

Gross Performance* to 31st July 2022	CDM	All Ords Accum	Outperformance
1 Month	2.3%	6.3%	-4.0%
1 Year	-0.5%	-2.8%	+2.3%
2 Years (per annum)	16.8%	12.7%	+4.1%
3 Years (per annum)	9.6%	4.9%	+4.7%
5 Years (per annum)	4.7%	8.4%	-3.7%
10 Years (per annum)	7.1%	9.6%	-2.5%
Since Inception (16.8 years) (per annum)	12.0%	7.0%	+5.0%
Since Inception (16.8 years) (total return)	570.4%	210.5%	+359.9%

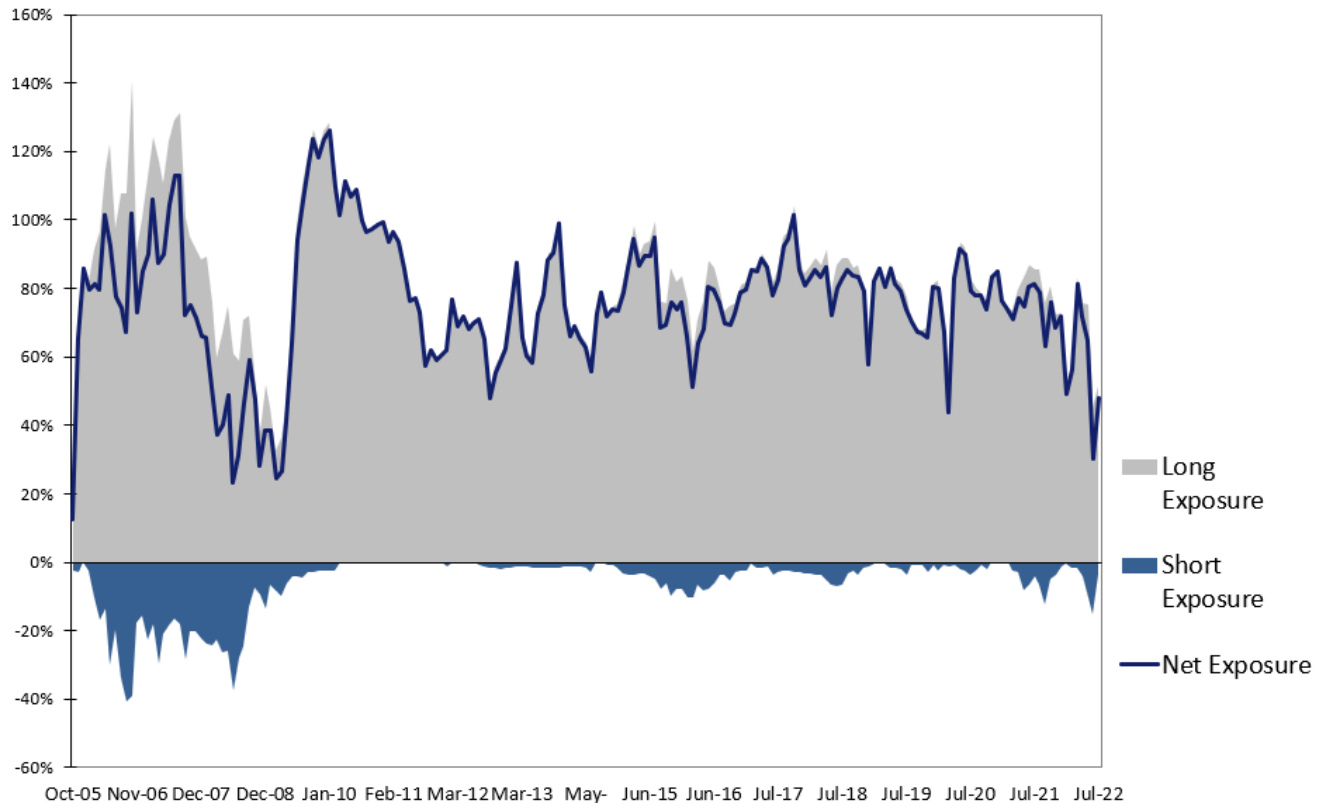
\* Gross Performance: before Management and Performance Fees

## 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
<b>TOTAL</b>	<b>52.5c</b>	<b>53.2c</b>	<b>11.5c</b>	<b>117.2c</b>	<b>166.4c</b>

\* Off market Equal access buy back

## Historic Portfolio Exposure



## Portfolio Sector Analysis

Sector	Long	Short	Net
Energy	20.2%		20.2%
Basic Materials	6.1%		6.1%
Communications	4.6%		4.6%
Financial	4.7%	-0.4%	4.3%
Industrial	4.1%		4.1%
Utilities	3.0%		3.0%
Consumer, Cyclical	3.5%	-0.7%	2.8%
Consumer, Non-cyclical	3.8%	-1.8%	2.1%
Retailing	0.6%		0.6%
Technology	1.0%	-0.9%	0.1%
	<b>51.6%</b>	<b>-3.8%</b>	<b>47.9%</b>
<b>Net Cash Holdings and Tax Asset</b>			<b>52.1%</b>

## Top 20 Portfolio Positions

Code	Position*	Direction	Currency Exposure
AGL	AGL Energy Ltd	Long	AUD
GOOGL US	Alphabet Inc	Long	AUD
AMP	AMP Ltd	Long	AUD
ALD	Ampol Ltd	Long	AUD
ALL	Aristocrat Leisure Ltd	Long	AUD
BHP	BHP Group Ltd	Long	AUD
CELH US	Celsius Holdings Inc	Long	AUD
DHG	Domain Holdings Australia Ltd	Long	AUD
FNKO US	Funko Inc	Long	AUD
GNC	Graincorp Ltd	Short	AUD
MAY	Melbana Energy Ltd	Long	AUD
NHC	New Hope Corp Ltd	Long	AUD
RMC	Resimac Group Ltd	Long	AUD
SGM	Sims Ltd	Long	AUD
SHL	Sonic Healthcare Ltd	Long	AUD
TER	Terracom Ltd	Long	AUD
TIE	Tietto Minerals Ltd	Long	AUD
WEB	Webjet Ltd	Long	AUD
WHC	Whitehaven Coal Ltd	Long	AUD
WDS	Woodside Energy Group Ltd	Long	AUD

\* In Alphabetical Order

## Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	43.2%	-3.8%	39.4%
AUD 500 Mill - AUD 1 Billion	5.5%		5.5%
AUD 250 Mill - AUD 500 Mill	2.3%		2.3%
AUD 100 Mill - AUD 250 Mill	0.0%		0.0%
0 - AUD 100 Mill	0.6%		0.6%
	<b>51.6%</b>	<b>-3.8%</b>	<b>47.9%</b>
<b>Net Cash Holdings and Tax Asset</b>			<b>52.1%</b>

## News

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