

Cadence Capital Limited returned a gross positive performance of 2.6% in August, compared to the All Ordinaries Accumulation Index which was up 1.3% for the month. The top contributors to performance during the month were Whitehaven Coal, Terracom, New Hope, and Syrah Resources. The largest detractors from performance were Funko Inc. and Melbana Energy. As of 31<sup>st</sup> August 2022, the Company was 55% invested (45% cash and cash equivalents).

Sector performance was mixed in August with the Energy and Materials sectors strongest through the month, whilst interest rate sensitive sectors such as Real Estate and Utilities lagged. The fund's exposure to energy and in particular thermal coal producers, continued to be a significant positive contributor, with WHC and TER continuing to trade materially higher despite going ex-dividend. The ASX year end reporting season was generally in line with expectations, with many companies reporting strong historical results but uncertain outlooks. While the Australian consumer has so far remained resilient in the face of recent interest rate increases, inflation and energy price increases, any companies showing cashflow issues or inventory builds were nonetheless dealt with harshly by investors.

### **Fully Franked Year-End Dividend**

In 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 full year dividend of 8.0 cents per share fully franked equates to an 8.5% fully franked yield or a 12.2% gross yield (grossed up for franking credits) based on the current share price of \$0.94 per share on the date of this announcement. Importantly this equates to an 7.8% dividend yield based on the current pre-tax NTA of \$1.02, 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.

### **Register for upcoming Cadence roadshow**

We would like to invite you to join the Cadence Investment team to discuss the Cadence funds, recent performance, portfolio positions and the investment outlook for the year ahead.

- Brisbane: Monday 10 October 2022, 10.30am – 11.30am
- Melbourne: Tuesday 18 October 2022, 10.30am – 11.30am
- Perth: Wednesday 26th October 2022, 10.30am – 11.30am
- Adelaide: Friday 28th October 2022, 10.30am – 11.30am
- Sydney – CDM AGM: Wednesday 16th November 2022, 2.00pm – 4.00pm

Please [click here to register](#) to attend.

## Fund NTA

| Net Tangible Assets as at 31st Aug 2022 | Amount (\$) |
|---|-------------|
| Pre Tax NTA                             | \$1.020     |
| Post Tax NTA                            | \$1.151     |
| Share Price (ASX Code: CDM)             | \$0.950     |

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

## Fund Gross Performance

| Gross Performance* to 31st Aug 2022         | CDM    | All Ords Accum | Outperformance |
|---|--------|----------------|----------------|
| 1 Month                                     | 2.6%   | 1.3%           | +1.3%          |
| YTD   | 5.0%   | 7.7%           | -2.7%          |
| 1 Year                                      | -4.3%  | -3.9%          | -0.4%          |
| 2 Years (per annum)                         | 13.2%  | 11.4%          | +1.8%          |
| 3 Years (per annum)                         | 10.8%  | 6.2%           | +4.6%          |
| 5 Years (per annum)                         | 4.7%   | 8.5%           | -3.8%          |
| 10 Years (per annum)                        | 6.7%   | 9.5%           | -2.8%          |
| Since Inception (16.9 years) (per annum)    | 12.1%  | 7.0%           | +5.1%          |
| Since Inception (16.9 years) (total return) | 588.2% | 214.5%         | +373.7%        |

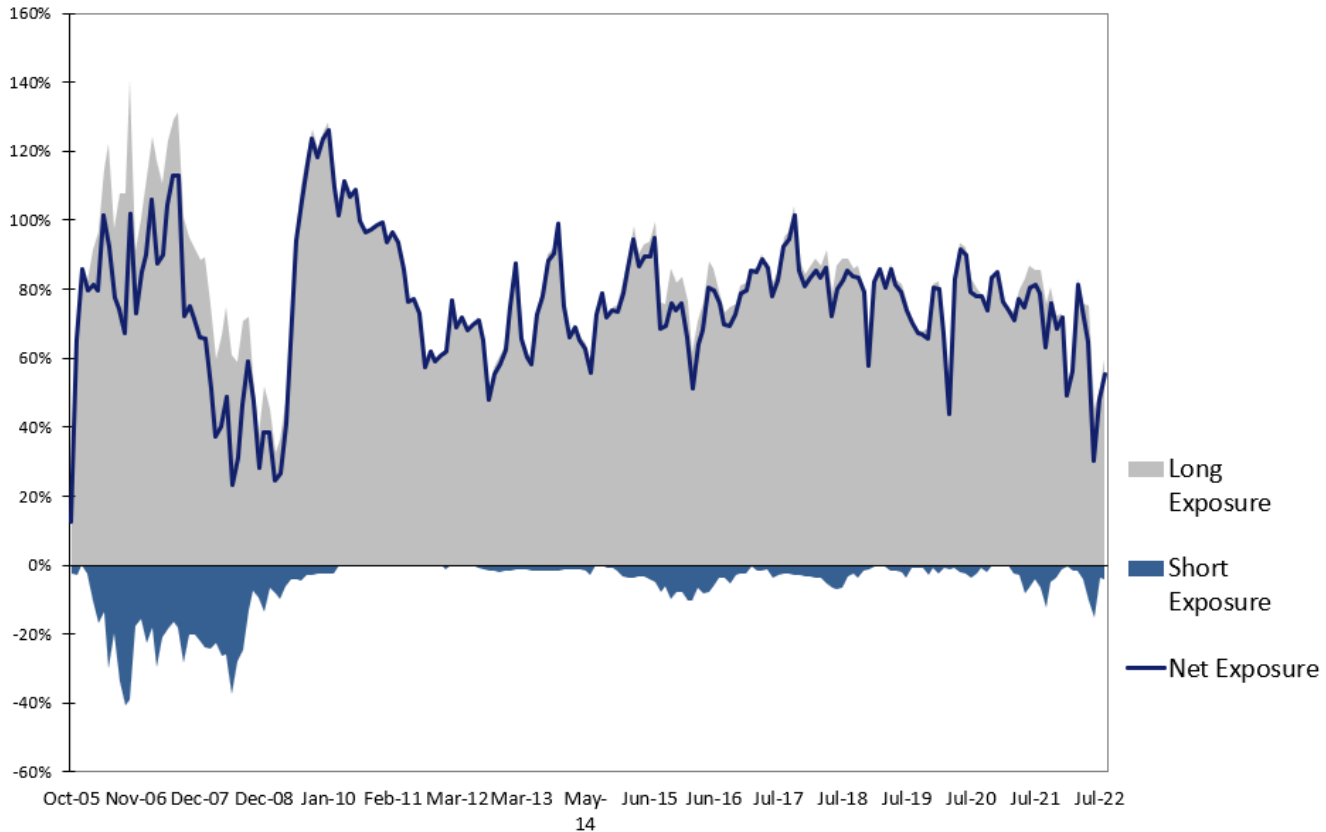
\* Gross Performance: before Management and Performance Fees

## 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                 | 25.4%        |              | 25.4%        |
| Basic Materials        | 10.5%        |              | 10.5%        |
| Financial              | 5.2%         | -0.4%        | 4.7%         |
| Consumer, Cyclical     | 4.3%         |              | 4.3%         |
| Consumer, Non-cyclical | 3.6%         | -1.9%        | 1.7%         |
| Industrial             | 3.3%         | -0.7%        | 2.6%         |
| Communications         | 3.1%         |              | 3.1%         |
| Utilities              | 1.7%         |              | 1.7%         |
| Technology             | 1.6%         | -1.2%        | 0.4%         |
| Diversified            | 0.9%         |              | 0.9%         |
|                        | <b>59.5%</b> | <b>-4.2%</b> | <b>55.4%</b> |

**Net Cash Holdings and Tax Asset**

**44.6%**

## 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               |
| ALL      | Aristocrat Leisure Ltd         | Long      | AUD               |
| BHP      | BHP Group Ltd                  | Long      | AUD               |
| CELH US  | Celsius Holdings Inc           | Long      | AUD               |
| GTLB US  | Gitlab Inc                     | Long      | AUD               |
| NHC      | New Hope Corp Ltd              | Long      | AUD               |
| PNI      | Pinnacle Investment Management | Long      | AUD               |
| QAN      | Qantas Airways Ltd             | Long      | AUD               |
| SGM      | Sims Ltd                       | Long      | AUD               |
| S32      | South32 Ltd                    | Long      | AUD               |
| SMR      | Stanmore Coal Ltd              | Long      | AUD               |
| SYR      | Syrah Resources Ltd            | Long      | AUD               |
| TER      | Terracom Ltd                   | Long      | AUD               |
| TIE      | Tietto Minerals Ltd            | Long      | AUD               |
| VET US   | Vermilion Energy Inc           | 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                        | 49.7%        | -4.2%        | 45.6%        |
| AUD 500 Mill - AUD 1 Billion           | 5.0%         |              | 5.0%         |
| AUD 250 Mill - AUD 500 Mill            | 4.2%         |              | 4.2%         |
| AUD 100 Mill - AUD 250 Mill            | 0.0%         |              | 0.0%         |
| 0 - AUD 100 Mill                       | 0.6%         |              | 0.6%         |
|  | <b>59.5%</b> | <b>-4.2%</b> | <b>55.4%</b> |
| <b>Net Cash Holdings and Tax Asset</b> |              |              | <b>44.6%</b> |

## News

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Last 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.

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