

IIR Rating



Key Investment Information

As At: 31-Dec-22

Ticker	CDO
Classification	International/Australia
Market Capitalisation	\$35,453,546
Share Price	\$2.30
Pre-Tax NTA*	\$2.22
Trailing 12mth Div Yield (net)	6.52%
Trailing 12mth Div Yield (grossed-up)**	9.3%
Prem/Disc	3.7%
Structure	LIC
Listing Date	November 2021
Div Frequency	Annual
Benchmark	ASX All Ordinaries Acc Index
Management Fee, ex GST %	1.25
Performance Fee %	15.00
Performance Fee Hurdle	Previous High NTA

*Includes tax paid on realised gains.

**Assumes a tax rate of 30%.

***The benchmark is assigned by IIR and is for illustrative purposes only.

Board

Name	Position
Karl Siegling	Chairman
Jolanta Masojada	Director
Susan Oakes	Director
Wayne Davies	Director

Overview

Cadence Opportunities Fund Limited (ASX: CDO) is a newly listed LIC, listing in November 2021, raising \$15.55m through the issue of 5.6m shares at a price of \$2.7716 per share. The Company was been operating as an unlisted investment company since January 2019 after the first attempt at an IPO fell short. The Company provides exposure to an actively managed long/short portfolio, with a long bias, of Australian and international securities. The portfolio is managed by Cadence Asset Management Pty Limited, who also manage the portfolio of Cadence Capital Limited (ASX: CDM), a LIC with a history dating back to 2006.

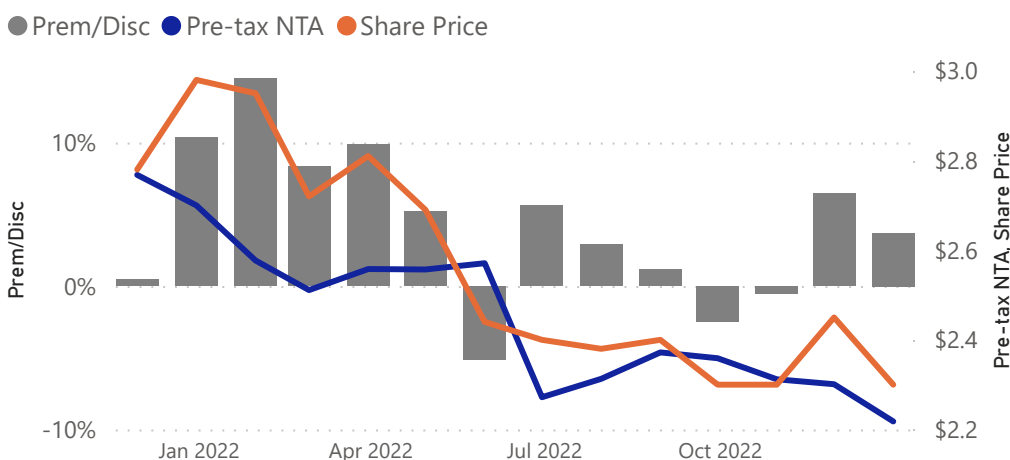
Key Features

Investment Style	Long/Short, combination of fundamental and quantitative analysis.
Investment Universe	Australian and International listed companies.
Investment Objective	CDO seeks to provide capital growth through investment cycles and provide fully franked dividends.
Max Exposure to Individual Sector	No limitations. Sector allocations are an outcome of the investment process.
Max Exposure to Individual Security	Maximum of 5% of the portfolio at cost.
Portfolio Turnover	High
Diversification	Moderate (typically 40-60 stocks).

Independent Investment Research (IIR) Comments

CDO has an alpha seeking mandate and as such would be appropriate as a satellite investment to complement core holdings in an investors portfolio. The Company provides exposure to a long/short portfolio of domestic and international stocks. In addition to short exposure the Manager can borrow up to 50% of the portfolio value to gear the portfolio. As such there are heightened risks associated with the portfolio and investors should be comfortable with the additional risks associated with shorting and gearing. The Company is intended to complement CDM by taking advantage of shorter-term trends. The Manager has a disciplined investment process which lends itself to being repeatable and incorporates risk management with no more than 5% of the portfolio value (at cost) able to be invested in a single security. The strategy has proven to lend itself to capital preservation in declining markets with the Manager moving to cash when the trend turns. The Company declared a final dividend of 7.5cps, fully franked, for the FY22 period, taking the full year dividend to 15cps. CDO had over three years of dividend coverage based on the profit reserve as at 30 June 2022 and a franking account providing for approximately one year of dividends based on the dividend declared for the FY22 period. A key risk of the Company is liquidity with the Company having only 15.4m shares on issue. This may result in difficulty accessing and exiting the Company in a timely manner as well as potentially resulting in the Company trading at a discount for prolonged periods of time.

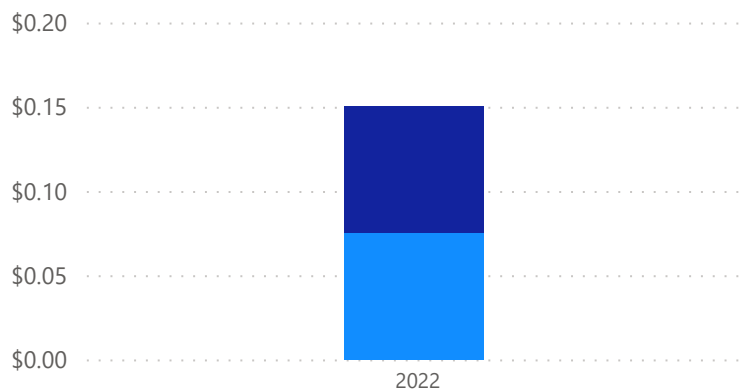
Share Price, Pre-tax NTA & Prem/Disc



DIVIDENDS

Dividend Amount by FY*

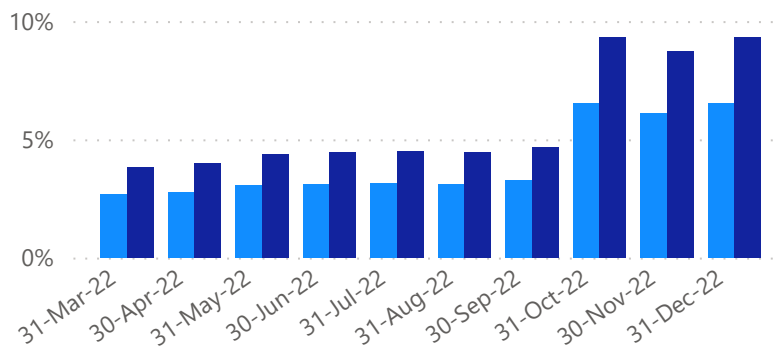
Div Type ● Final ● Interim



*Represents dividends declared for a financial year.

Trailing 12-month Dividend Yield

● Net Yield ● Grossed-up Yield*



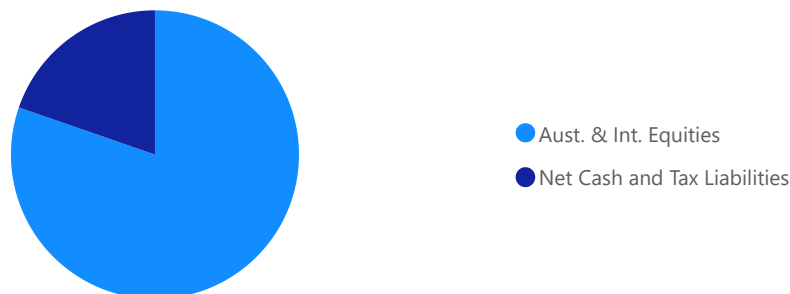
*Assumes a tax rate of 30%

PORTFOLIO POSITION (As at: 31-Dec-22)

Country/Region Allocation

Data not avail as per ASX monthly report

Asset Allocation

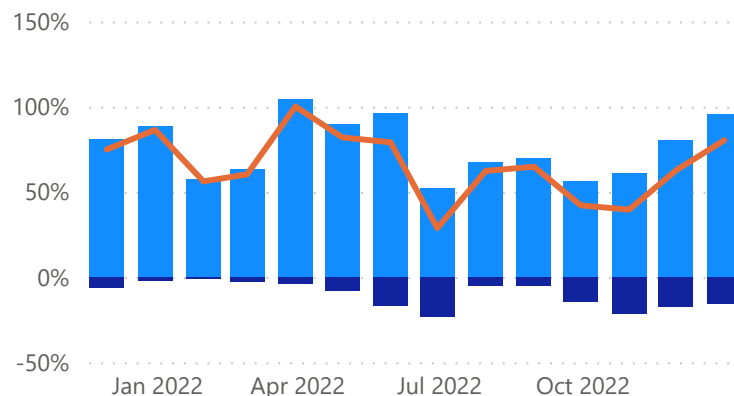


Sector Allocation (Net)

Sector	Weighting
Basic Materials	41.9%
Energy	22.9%
Cash	19.7%
Consumer, Non-cyclical	10.3%
Financial	3.8%
Consumer, Cyclical	3.4%
Communications	2.0%
Retailing	1.1%
Consumer Services	0.9%
Insurance	0.6%
Commercial & Professional Services	-0.8%
Technology	-0.9%
Banks	-1.7%
Industrial	-3.1%
Total	100.1%

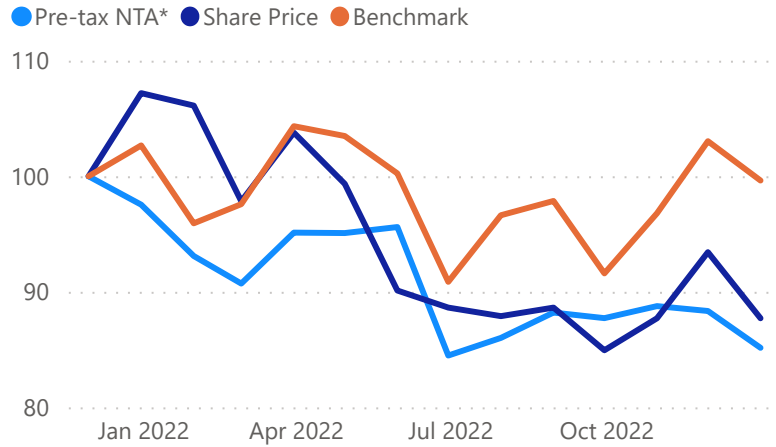
Long Short Exposure

● Long Exposure ● Short Exposure ● Net Exposure



PERFORMANCE ANALYTICS (As at: 31-Dec-22)

Cumulative Total Returns



Rolling Excess NTA** Returns vs Benchmark



*Includes tax paid on realised gains

Cumulative Total Returns

	NTA**	Share Price	Benchmark
1 Year	-12.7%	-18.2%	-3.0%
3 Year p.a.			
5 Year p.a.			
10 Year p.a.			

Standard Deviation

	NTA**	Share Price	Benchmark
1 Year		17.7%	19.8%
3 Year p.a.			
5 Year p.a.			
10 Year p.a.			

Tracking Error

	NTA**	Share Price
1 Year	13.2%	17.4%
3 Year p.a.		
5 Year p.a.		
10 Year p.a.		

Sharpe Ratio

	NTA**	Share Price	Benchmark
1 Year	-1.14	-1.26	-0.35
3 Year			
5 Year			
10 Year			

Up Market Capture

	NTA**	Share Price
1 Year	0.26	0.26
3 Year		
5 Year		
10 Year		

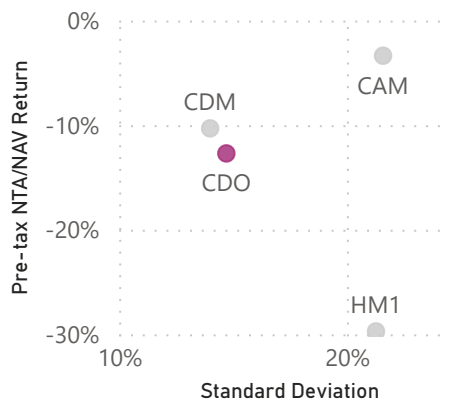
Down Market Capture

	NTA**	Share Price
1 Year	0.68	0.90
3 Year		
5 Year		
10 Year		

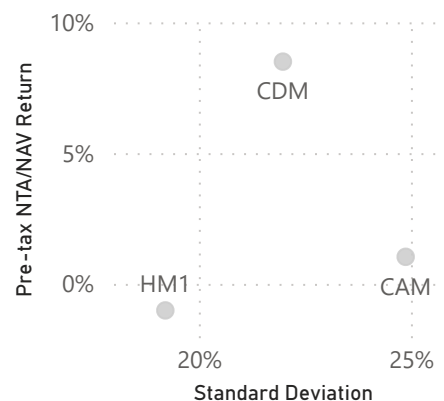
**Pre-tax NTA.

PEER COMPARISON - INTERNATIONAL/AUSTRALIA MIXED

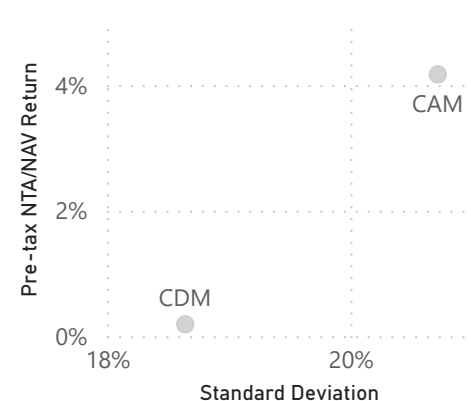
Risk/Return 1 Year



Risk/Return 3 Year (p.a.)



Risk/Return 5 Year (p.a.)



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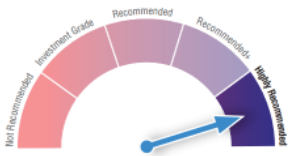
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- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
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- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

IIR RATINGS PROCESS

IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings

SCORE



Highly Recommended: 83 and above

This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.



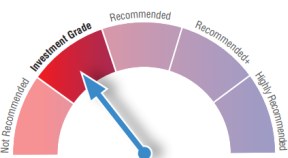
Recommended + : 79 -83

This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.



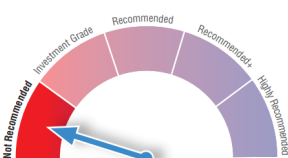
Recommended : 70 -79

This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.



Investment Grade : 60 -70

This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.



Not Recommended : 60 or less

This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.

MANAGED INVESTMENTS COVERAGE

The side graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

