

INVESTMENT UPDATE

March 2023

Cadence Opportunities Fund returned a negative gross performance of 3.4% in March, compared to the All Ordinaries Accumulation Index which was down 0.2% for the month. The largest detractors from performance during March were Genworth Financial, Lynas Rare Earths, Patriot Battery Metals, Teva Pharmaceutical Industries, Block and Saint Barbara. The top contributors to performance were Newcrest Mining, Sayona Mining, BHP Group and Meta Platforms. At month end the Company was 44.5% net invested (55.5% in cash).

Global markets finished the month higher despite major banks such as Silicon Valley Bank, Synchrony Financial and Credit Suisse facing solvency issues. The All Ordinaries Index fell 5% intra month only to close nearly flat for the month. High volatility adversely affects trend following. Different sectors of the market are starting to emerge as potential new trends, such as gold and other precious metals. The fund has been scaling into positions such as Newcrest, Tietto Minerals, Resolute Gold and Capstone Copper and still maintains a BHP position.

The fund has sold all its thermal coal positions; however, it remains invested in metallurgical coal producer Stanmore Resources. These coal positions have provided large positive contributions to the company's performance over the past two years, however more recently they have detracted from performance, as they rolled over from their peak prices. Pleasingly, new turnaround positions in the fund such as Meta Platforms have done well, as Metaverse spending, company CAPEX and operating costs have been reduced. The stock looks to have stopped falling, and we have added to our position as the share price has increased. Some other turnaround situations have not worked, such as The Star Group and City Chic Collective, as regulatory concerns, high operating costs and/or inventory levels continue to weigh on these businesses.

The All Ordinaries Index has traded resiliently over the past twelve months, partly due to a strong iron ore price of \$125, generating huge amounts of profits for large index weightings BHP, Rio Tinto and Fortescue Metals. Similarly, nearly 90% of the SP500's return in the first quarter of 2023 was generated from the top 20 stocks alone. Beneath the surface a different story has emerged for small capitalisation and industrial stocks within the ASX Small Ordinaries Index, which are significantly underperforming the All Ordinaries Index.

Upcoming Fully Franked Half Year Dividend

In February the Board declared a 7.5 cent fully franked half-year dividend. This interim dividend equates to a 6.9% annualised fully franked yield or a 9.9% gross yield (grossed up for franking credits) based on the share price today of \$2.16 per share.

After paying this dividend the Company still has 36 cents per share of profits reserves to pay future dividends. The Ex-Date for the dividend is the 14 April 2023. The payment date for the dividend is the 28 April 2023. The Dividend Re-Investment Plan ("DRP") is in operation for the half-year dividend. The issue price will be at a 3% discount to the weighted average of the prevailing share price over the relevant DRP pricing period.

Fund NTA

Net Tangible Assets as at 31st March 2023	Amount (\$)
Pre Tax NTA*	\$2.111
Post Tax NTA*	\$2.188
Share Price (ASX Code: CDO)*	\$2.270

*Before the 7.5c fully franked final dividend, ex-date 14 April 2023

Fund Performance

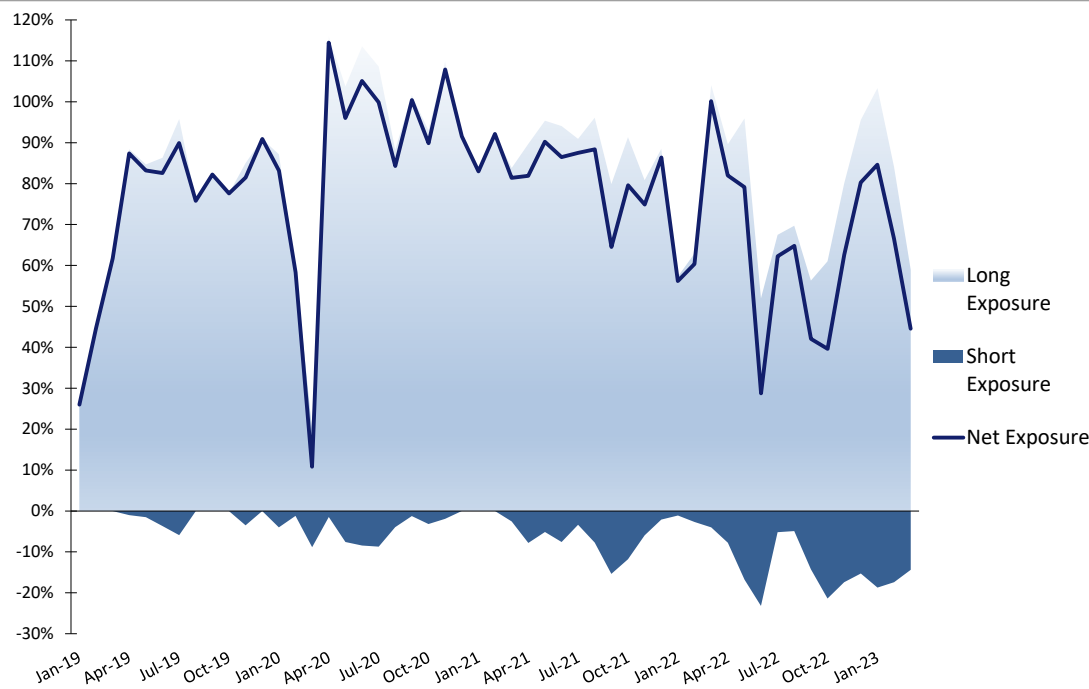
Gross Performance* to 31st March 2023	CDO
1 Month	-3.4%
3 Years (per annum)	40.0%
Since Inception (per annum)	30.4%
Since Inception (4.3 years) (total return)	209.1%

* Gross Performance: before Management and Performance Fees

Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	23.9%	-1.8%	22.1%
Consumer, Non-cyclical	11.8%	-1.1%	10.7%
Communications	6.1%		6.1%
Insurance	4.0%		4.0%
Consumer, Cyclical	3.5%	-2.1%	1.4%
Utilities	1.4%		1.4%
Energy	4.5%	-3.5%	1.0%
Retailing	0.8%		0.8%
Industrial	2.3%	-2.6%	-0.3%
Financial	0.5%	-1.5%	-1.0%
Banks		-1.9%	-1.9%
	58.9%	-14.4%	44.5%
Net Cash Holdings			55.5%

Historic Portfolio Exposure



Portfolio Positions

Stock Code	Position	Direction	Exposure	Stock Code	Position	Direction	Exposure
1112 HK	Health & Happiness International	Long	AUD	NHY NO	Norsk Hydro ASA	Long	AUD
700 HK	Tencent Holdings	Long	AUD	NWL	Netwealth Group Ltd	Short	AUD
A2M	A2 Milk Co Ltd	Long	AUD	PINS US	Pinterest Inc	Long	AUD
AJL	AJ Lucas Group Ltd	Long	AUD	PMET CN	Patriot Battery Metals Inc	Long	AUD
ANG	Austin Engineering Limited	Long	AUD	PPS	Praemium Limited	Long	AUD
ANZ	Australia & New Zealand Group Ltd	Short	AUD	QAN	Qantas Airways Ltd	Long	AUD
BHP	BHP Group Ltd	Long	AUD	QBE	QBE Insurance Group Ltd	Long	AUD
CBA	Commonwealth Bank of Australia	Short	AUD	RED	Red 5 Ltd	Short	AUD
CCX	City Chic Collective Ltd	Long	AUD	RMD	Resmed Inc	Long	AUD
CHN	Chalice Mining Ltd	Long	AUD	RSG	Resolute Mining Limited	Long	AUD
CS CN	Capstone Copper Corp	Long	AUD	SGR	Star Entertainment Group Ltd	Long	AUD
DAC US	Danaos Corp	Short	AUD	SLX	Silex Systems Limited	Long	AUD
DVP	Develop Global Ltd	Long	AUD	SMR	Stanmore Resources Ltd	Long	AUD
GNW US	Genworth Financial Inc	Long	AUD	SRX	Sierra Rutile Holdings Ltd	Long	AUD
HLO	Helloworld Travel Limited	Long	AUD	SYA	Sayona Mining Ltd	Short	AUD
IREN US	Iris Energy Ltd	Long	AUD	SYR	Syrah Resources Ltd	Long	AUD
JLG	Johns Lyng Group Limited	Short	AUD	TEVA US	Teva Pharmaceutical Industries	Long	AUD
KAR	Karoon Energy Ltd	Long	AUD	TGH US	Textainer Group Holdings Ltd	Short	AUD
LIC	Lifestyle Communities Limited	Short	AUD	THL	Tourism Holdings Rentals Ltd	Long	AUD
MAY	Melbana Energy Ltd	Long	AUD	TIE	Tietto Minerals Ltd	Long	AUD
MEG CN	MEG Energy Corp	Long	AUD	TLG	Talga Group Ltd	Long	AUD
META US	Meta Platforms Inc	Long	AUD	TWE	Treasury Wine Estates Limited	Long	AUD
NAB	National Australia Bank Ltd	Short	AUD	VSTO US	Vista Outdoor Inc	Short	AUD
NCM	Newcrest Mining Ltd	Long	AUD	WBC	Westpac Banking Corp	Short	AUD
NHC	New Hope Corp Ltd	Short	AUD	WHC	Whitehaven Coal Ltd	Short	AUD

For more information contact Cadence Opportunities Fund on 02 8298 2450 or email info@cadencecapital.com.au
 Register to receive our FREE newsletter at www.cadencecapital.com.au/register-for-free-newsletter

News

To watch CDO's half-year Audiocast [please click here](#). This Audiocast gives an update on the Company's performance, its portfolio composition, some of its current investment holdings and the outlook for the rest of the year.

Portfolio manager Jackson Aldridge was recently interviewed by Nadine Blayney on Ausbiz on 3 March 2023 ([Click here](#) to watch)

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

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 investment process.

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