

INVESTMENT UPDATE

May 2024

Cadence Capital Limited returned a gross performance of +2.6% in May outperforming the All Ordinaries Accumulation Index by +1.7% for the month. Year to date the fund is up 12.2% outperforming the All Ordinaries Accumulation Index by +0.5%. The top contributors to performance during the month were Resolute Mining, Alumina, Netflix, Chalice Mining, Deep Yellow, Meta Platforms and Cooper Energy. The largest detractors from performance were Meg Energy, Capstone Copper and Syrah Resources.

Resolute Mining recently announced that they are on track to meet their full year gold production guidance after a good first quarter. Resolute is in a net cash position, and their gold production is now unhedged going forward, so they will receive the full benefit of any increases in the gold price which has been trending up and recently hit all time high of USD 2,450 per ounce. At current gold prices and expected production Resolute's cashflow should rise substantially in the year ahead.

The Netflix share price has continued to trend up in May. We expect revenue growth to continue to be strong driven by continued subscriber growth and plan changes. The new cheaper ad supported plan continues to be popular with subscribers, and the cheapest no ads plan has been discontinued in most countries. During the recent quarterly update Netflix said that the new ad supported plans were generating less revenue than traditional plans at the moment, but over time they expect that revenue will be similar, with the advertising revenue making up for the lower monthly subscription cost.

Fully Franked Half-Year Dividend

On the 30th April the Company paid its 3.0 cents per share fully franked interim dividend. This interim dividend equated to an 8.0% annualised fully franked yield or an 11.4% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$0.75 per share. After paying this dividend the Company still has 15.5 cents per share of profits reserves to pay future dividends. The DRP was operational for this dividend.

Discount to NTA and On-Market Buy-Back

At the time of writing this newsletter, CDM is trading at a pre-tax NTA discount of around 14% whilst holding some cash balances. CDM has implemented an on-market buy-back to buy back the shares it has issued under the DRP. This buy-back will operate whilst the CDM share price is trading at a discount to the Pre-Tax NTA.

March 2024 Quarterly Webcast

To watch CDM's March 2024 Quarterly Webcast please [click here](#). In this quarterly webcast, Karl Siegling first provides an update on the Company's performance, the 3.0c fully franked interim dividend recently paid and the composition of the portfolio. Karl Siegling and Chris Garrard then discuss four of the Company's current investments (Capstone Copper, Beach Energy, Cooper Energy and Origin Energy) and finish off with the outlook for the rest of the year.

Fund NTA

Net Tangible Assets as at 31st May 2024	Amount (\$)
Pre Tax NTA*	\$0.857
Post Tax NTA*	\$1.028
Share Price (ASX Code: CDM)*	\$0.725

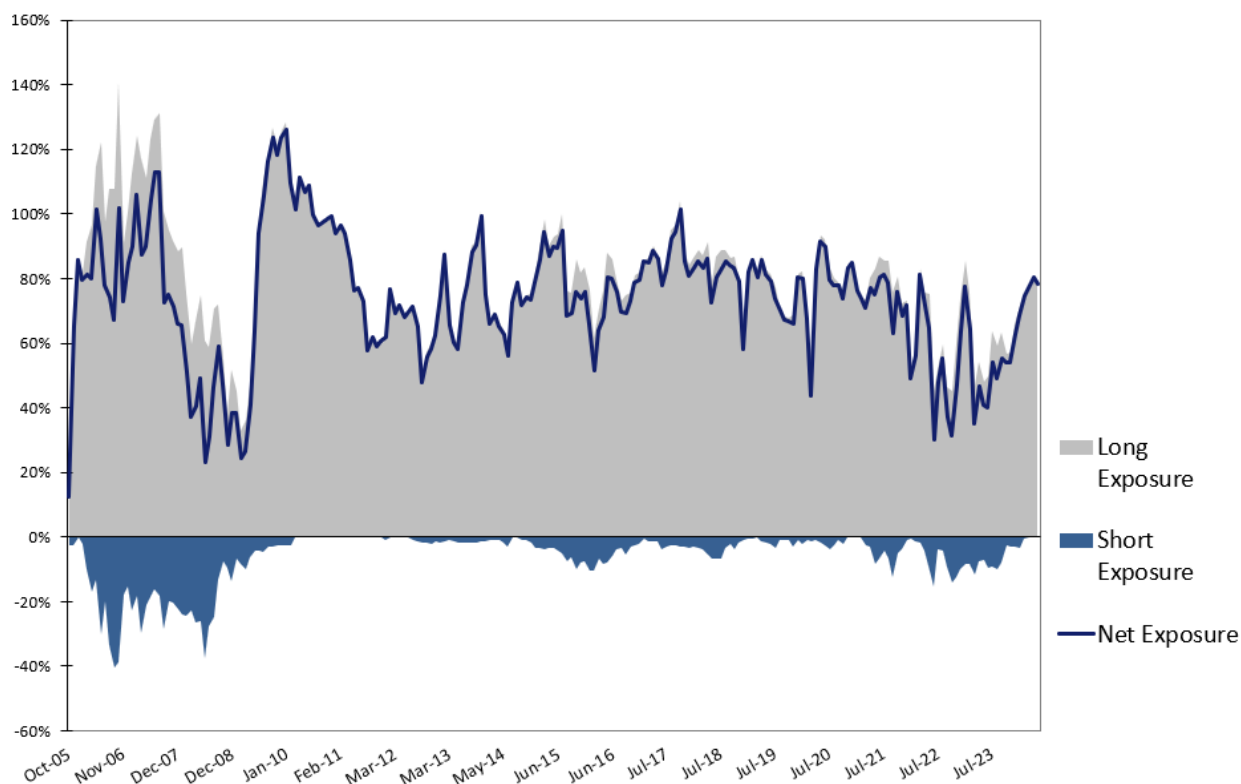
*After the 3.0c fully franked interim dividend paid on 30th Apr 2024

Fund Gross Performance

Gross Performance* to 31st May 2024	CDM	All Ords Accum	Outperformance
1 Month	2.6%	0.9%	+1.7%
YTD	12.2%	11.7%	+0.5%
3 Years (per annum)	2.5%	6.8%	-4.3%
5 Years (per annum)	6.3%	8.2%	-1.9%
10 Years (per annum)	4.5%	8.1%	-3.6%
Since Inception (18.7 years) (per annum)	11.0%	7.3%	+3.7%
Since Inception (18.7 years) (total return)	604.5%	274.4%	+330.1%

*Gross Performance: before Management and Performance Fees

Historic Portfolio Exposure



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
2023	4.0c	3.0c	-	7.0c	10c
2024	3.0c	-	-	3.0c	4.2c
TOTAL	59.5c	56.2c	11.5c	127.2c	180.6c

* Off market Equal access buy back

Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	34.8%		34.8%
Energy	16.3%		16.3%
Communications	7.4%		7.4%
Insurance	6.0%		6.0%
Financial	5.5%		5.5%
Utilities	2.8%		2.8%
Industrial	2.2%		2.2%
Diversified	1.5%		1.5%
Technology	1.0%		1.0%
Consumer, Non-cyclical	0.7%		0.7%
Consumer, Cyclical	0.4%		0.4%
	78.5%	0.0%	78.5%
Net Cash Holdings and Tax Asset			21.5%

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	66.3%		66.3%
AUD 500 Mill - AUD 1 Billion	5.0%		5.0%
AUD 250 Mill - AUD 500 Mill	3.6%		3.6%
AUD 100 Mill - AUD 250 Mill	2.0%		2.0%
0 - AUD 100 Mill	1.5%		1.5%
	78.5%	0.0%	78.5%
Net Cash Holdings and Tax Asset			21.5%

News

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

We also 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.

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