



CADENCE
Capital Limited



Cadence Capital Limited (ASX Code: CDM) March 2018 Quarterly Webcast

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In this Webcast, Karl Siegling discusses the company's quarterly performance detailing the stocks that have performed well for the company during this period. He then discusses two stocks in the portfolio, Shine Corporation (**ASX:SHJ**) and Noni B (**ASX:NBL**), and gives an update on the company's outlook. He closes by discussing the launch of a new fund, over the coming months, called the Cadence Opportunities Fund.



Cadence Capital Limited



Quarterly Webcast March 2018





Performance

Gross Performance* to 30th April 2018	CDM	All Ords Accum	Outperformance
1 Month	3.3%	3.5%	-0.2%
YTD	15.1%	8.9%	+6.2%
1 Year	18.3%	6.4%	+11.9%
3 Years (per annum)	6.2%	6.2%	+0.0%
5 Years (per annum)	8.7%	7.8%	+0.9%
8 Years (per annum)	15.5%	7.4%	+8.1%
10 Years (per annum)	14.2%	5.2%	+9.0%
Since Inception (12.6 years) (per annum)	15.5%	6.7%	+8.8%
Since Inception (12.6 years) (total return)	510.1%	125.2%	+384.9%

* Gross Performance: before Management and Performance Fees

- Stocks that have performed well year to date:

Melbourne IT, Emeco Holdings, Macquarie Group, Shine Corporate, Navigator Global Investments, Independence Group, Noni B, Domino's Pizza Enterprises, Money3 Corporation and Samsung Electronics Co.

- Stocks that have under performed year to date :

Softbank Group , HT &E and Liquefied Natural Gas.



Interim Dividend

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	5.7c
TOTAL	41.5c	38.2c	11.5c	91.2c	129.4c

* Off market Equal access buy back

- 4.0 cent fully franked dividend was paid on 23rd April 18.
- Equating to 6.2% annual fully franked yield, or an 8.8% gross yield (grossed up for franking credits), based on the CDM share price at the time of the announcement.
- Cadence Management team participated in the DRP, with an overall Shareholder take up of 22%



Top 20 Holdings – 30 April 2018

Code	Position	Direction	Currency	Holding
MLB	Melbourne IT Ltd	Long	AUD	19.0%
JHG	Janus Henderson Group Plc	Long	AUD	5.9%
TOX	Tox Free Solutions Ltd	Long	AUD	5.9%
MQG	Macquarie Group Ltd	Long	AUD	5.7%
EHL	Emeco Holdings Ltd	Long	AUD	4.1%
DMP	Domino's Pizza Enterprises Ltd	Short	AUD	(2.9%)
NBL	Noni B Ltd	Long	AUD	2.7%
9984 JP	Softbank Group Corp	Long	AUD	2.7%
MNY	Money3 Corporation Ltd	Long	AUD	2.6%
5930 KS	Samsung Electronics Co Ltd	Long	USD	2.5%
WPL	Woodside Petroleum Ltd	Long	AUD	2.3%
SHJ	Shine Corporate Ltd	Long	AUD	2.3%
NGI	Navigator Global Investments Ltd	Long	AUD	2.1%
CNI	Centuria Capital Ltd	Long	AUD	2.0%
HOM	Homeloans Ltd	Long	AUD	2.0%
FB US	Facebook Inc	Long	AUD	1.8%
MAH	Macmahon Holdings Ltd	Long	AUD	1.8%
LYC	Lynas Corp Ltd	Long	AUD	1.8%
ORG	Origin Energy Ltd	Long	AUD	1.6%
ECX	Eclixp Group Ltd	Long	AUD	1.4%
Top Portfolio Holdings Net Exposure				67.2%



Shine Corporate Ltd (ASX: SHJ)

Stock Profile

Long Position

EPS Growth	15%
PE	9x
PEG	0.6
OCF yield	12.6%
FCF yield	9.4%
Cash	\$14M
Debt	\$55M
Market Cap	\$155M

Fundamental Analysis

- SHJ was caught up in the Slater and Gordon collapse 'by association', which saw the stock substantially de-rated.
- SHJ had historically made some poor acquisitions. This resulted in the resignation of the CEO with her replacement being the original CEO and major shareholder.
- This change was the first sign of potential for us, and the fact that stock was selling so cheaply, and still is, saw us accumulate a position and add to it.
- There are work-in-progress issues that require improvement for a full PE re-rating, but we are confident this will occur
- The SHJ business model is improving and we believe is better than the equity market is giving them credit for



Shine Corporate Ltd– Long Position





Noni B Ltd (ASX: NBL)

Stock Profile

Long Position

EPS Growth	63%
PE	12x
PEG	0.2
OCF yield	12.2%
FCF yield	6.4%
Cash	\$28M
Debt	\$22M
Market Cap	\$201M

Fundamental Analysis

- Management at NBL has demonstrated a very clear capability in driving the value of its asset base – specialty retail – at a time when the majority of its peer were going backwards
- We believe the general sector derating is undervaluing the stock, and we are attracted to NBL's EPS growth, PEG, and cashflow capability
- Management are now proven performers, having turned Noni B around and we see further upside, and a multiple re-rating, which should generate significant alpha for CDM



Noni B Ltd – Long Position





Outlook

- Despite the calendar year starting with very poor markets, global markets continue to move higher, and the Australian market has recovered
- The Australian market performance this year has been interesting with some of the more traditionally held yield stocks; the Banks, Telstra and Wesfarmers performing poorly, whilst energy and resources stocks have performed well e.g. RIO, BHP, STO, ORG and OZL
- We see resources and mining services continuing to perform well in a world of synchronized global growth
- Trends have not been as clear with this recovery with the recovery 'stopping and starting' but in a general upward trend
- Over the coming months we will be launching the **Cadence Opportunities Fund** using our proven Fundamental and Technical Research process adapted for shorter holding periods and less concentrated positions
- After a 15 year public track record of 15.6% per annum and a private track record of 40.4% per annum over 25 years, we look forward to the launch of our second public fund after more than a decade



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