

Cadence Capital Limited (ASX Code: CDM) March 2019 Quarterly Webcast

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In this Webcast, Karl Siegling discusses the company's performance for the March quarter, including a review of the top holdings, interim dividend and market outlook.

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Cadence Capital Limited

Quarterly Update March 2019



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Performance

Gross Performance* to 31st March 2019	CDM	All Ords Accum	Outperformance
1 Month	-1.9%	0.7%	-2.6%
YTD	-18.6%	3.0%	-21.6%
1 Year	-13.6%	11.2%	-24.8%
3 Years (per annum)	3.4%	11.3%	-7.9%
5 Years (per annum)	2.3%	7.5%	-5.2%
8 Years (per annum)	8.7%	7.6%	+1.1%
10 Years (per annum)	15.0%	10.5%	+4.5%
Since Inception (13.5 years) (per annum)	12.8%	6.8%	+6.0%
Since Inception (13.5 years) (total return)	410.2%	142.1%	+268.1%

* Gross Performance: before Management and Performance Fees

- Biggest contributors during past quarter:
 - Macquarie Group
 - Money3 Corp
 - Noni B
 - Resimac Group
 - Santos
 - Stanmore Coal
- Biggest detractors during past quarter:
 - Emeco Holdings
 - Genworth Financial
 - Helloworld Travel
 - Navigator Global Investments
 - Teva Pharmaceutical



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Past Quarters Performance

- CDM returned 1.7% over the quarter, underperforming the All Ords Index by 9.3%.
- Global markets rallied in early 2019 with investor pessimism from late last year turning to optimism following the US Federal Reserve reversing course on future monetary policy.
- Expensive 'high earnings certainty' companies led the market higher, while companies trading on reasonable valuations but with more deemed 'earnings risk' lagged.
- The largest detractors to portfolio performance mainly reflected company specific issues. During the quarter holdings in these companies were substantially reduced.
- A number of new positions were scaled into during the quarter as the market recovered. The portfolio's exposure to resources and energy has increased.
- Overall liquidity levels of the portfolio have increased.

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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	-	8.0c	11.4c
2019	3.0c	-	-	3.0c	4.3c
TOTAL	44.5c	42.2c	11.5c	98.2c	139.4c

* Off market Equal access buy back

- In February the Company announced a 3.0c fully franked interim dividend equating to a 6.8% annual fully franked yield (9.7% gross yield) based on the CDM share price at the time of the announcement. The DRP is not operational for the Interim Dividend.
- The Ex-Date for the dividend is the 29th April 2019 and the payment date is the 13th May 2019.

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Top 20 Holdings – 31st March 2019

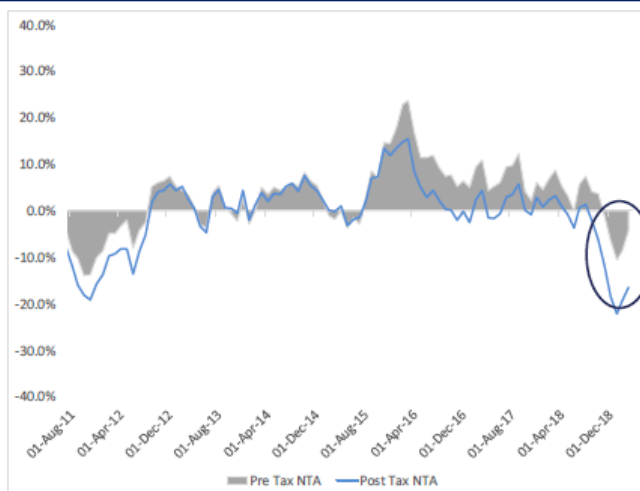
Code	Position	Direction	Currency	Holding
ARQ	ARQ Group Ltd	Long	AUD	11.9%
MQG	Macquarie Group Ltd	Long	AUD	5.4%
MNY	Money3 Corp Ltd	Long	AUD	4.8%
NBL	Noni B Ltd	Long	AUD	4.5%
STO	Santos Ltd	Long	AUD	4.1%
SVW	Seven Group Holdings Ltd	Long	AUD	3.2%
ALL	Aristocrat Leisure Ltd	Long	AUD	2.6%
SHJ	Shine Corporate Ltd	Long	AUD	2.5%
BIN	Bingo Industries Ltd	Long	AUD	2.3%
WOR	Worleyparsons Ltd	Long	AUD	2.3%
MAH	Macmahon Holdings Ltd	Long	AUD	2.3%
RMC	Resimac Group Ltd	Long	AUD	2.2%
GEM	G8 Education Ltd	Long	AUD	2.2%
SMR	Stanmore Coal Ltd	Long	AUD	2.1%
TWE	Treasury Wine Estates Ltd	Long	AUD	2.0%
EHL	Emeco Holdings Ltd	Long	AUD	2.0%
WPL	Woodside Petroleum Ltd	Long	AUD	1.9%
JD US	JD.COM Inc	Long	AUD	1.8%
**	Deepgreen Metals	Long	AUD	1.2%
GNW	Genworth Financial US	Long	AUD	1.2%
Top Portfolio Holdings Net Exposure				62.5%

** A Pre-PO investment in the Materials sector

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Discount and Premium to NTA



- CDM was recently highlighted as a LIC to watch in the Bell Potter Research article on Livewire Markets titled "Looking for opportunity in LIC land".
- This and other recent articles discuss the potential investment opportunities presented where a LIC's share price is trading at a discount to its NTA.

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Outlook

- Global markets have rerated significantly through the quarter and appear to again be climbing a wall of worry.
- Investors are now fixated on the potential for a global recession, not long after hoping for a global economic expansion. The reality is likely somewhere in between.
- There are early signs that recent stimulus measures in China are working. This is driving demand for resources and is consistent with our view that we are in a resources bull market. We are adding to our exposure in resource or resource related companies which we believe are compelling fundamentally and are trending upward.
- Domestically the outlook is challenging for most sectors which is leading many fund managers to invest in companies with offshore earnings. We expect there will be some recovery in sentiment as we progress through 2019.
- Fund redemptions have been a theme in recent months and this will likely continue to depress the prices of some stocks, particularly for illiquid securities.
- We are continuing to find new opportunities both domestically and abroad which meet our investment criteria.

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