

## INVESTMENT UPDATE

September 2022

Cadence Capital Limited returned a gross positive performance of 1.6% in September outperforming the All Ordinaries Accumulation Index by 8.0%. Year to date the fund is up 6.7%, outperforming the All Ordinaries Accumulation Index by 5.9%. The top contributors to performance during the month were Whitehaven Coal, New Hope, Terracom and Taiwan Semiconductor Manufacturing. The largest detractors from performance were Celsius Holdings and Gitlab Inc. As of 30<sup>th</sup> September 2022, the Company was 38% invested (62% cash and cash equivalents).

After the rally in equity markets during July and August, September saw indices roll back over and decline towards the June lows. The sell-off was broad-based and followed commentary from the US Federal Reserve indicating it was prepared to accept some pain for the economy to return inflation to its target range. The energy sector was again an outperformer and was the major driver behind the Fund's positive performance during the month. High cash levels and the portfolio's short positions also aided performance.

### Fully Franked Year-End Dividend

In July the Company announced a 4.0 cents per share fully franked year-end dividend bringing the full year dividend to 8.0 cents per share fully franked. This full year dividend of 8.0 cents per share fully franked equates to an 8.3% fully franked yield or a 11.9% gross yield (grossed up for franking credits) based on the month end share price of \$0.96 per share. After paying this dividend the Company still has around 25 cents per share of profits reserves to pay future dividends.

The Ex-Date for the dividend is the 17<sup>th</sup> October 2022. The payment date for the dividend is the 28<sup>th</sup> October 2022. The dividend re-investment plan (DRP) will not be in operation for this final dividend as the Company's shares are trading at a discount to the underlying NTA.

### Register for upcoming Cadence Investor Presentations

If you have not done so already, we would like to remind you to register to join the Cadence Investment team to get an update on the Cadence funds, to discuss some of the current investment themes and fund positions and talk about the investment outlook for the year ahead.

- Brisbane: Monday 10 October 2022, 10.30am – 11.30am
- Melbourne: Tuesday 18 October 2022, 10.30am – 11.30am
- Perth: Wednesday 26<sup>th</sup> October 2022, 10.30am – 11.30am
- Adelaide: Friday 28<sup>th</sup> October 2022, 10.30am – 11.30am
- Sydney – CDM AGM: Wednesday 16<sup>th</sup> November 2022, 2.00pm – 4.00pm

Please [click here to register](#) to attend.

## Fund NTA

Net Tangible Assets as at 30th Sept 2022	Amount (\$)
Pre Tax NTA*	\$1.025
Post Tax NTA*	\$1.158
Share Price (ASX Code: CDM)*	\$0.960

\*Before the 4.0c fully franked final dividend (Ex-Date 17 Oct 2022)

## Fund Gross Performance

Gross Performance* to 30th Sept 2022	CDM	All Ords Accum	Outperformance
1 Month	1.6%	-6.4%	+8.0%
YTD	6.7%	0.8%	+5.9%
1 Year	-13.1%	-8.6%	-4.5%
2 Years (per annum)	14.3%	9.6%	+4.7%
3 Years (per annum)	11.9%	3.1%	+8.8%
5 Years (per annum)	4.9%	7.1%	-2.2%
10 Years (per annum)	7.0%	8.6%	-1.6%
Since Inception (17 years) (per annum)	12.1%	6.6%	+5.5%
Since Inception (17 years) (total return)	599.2%	194.3%	+404.9%

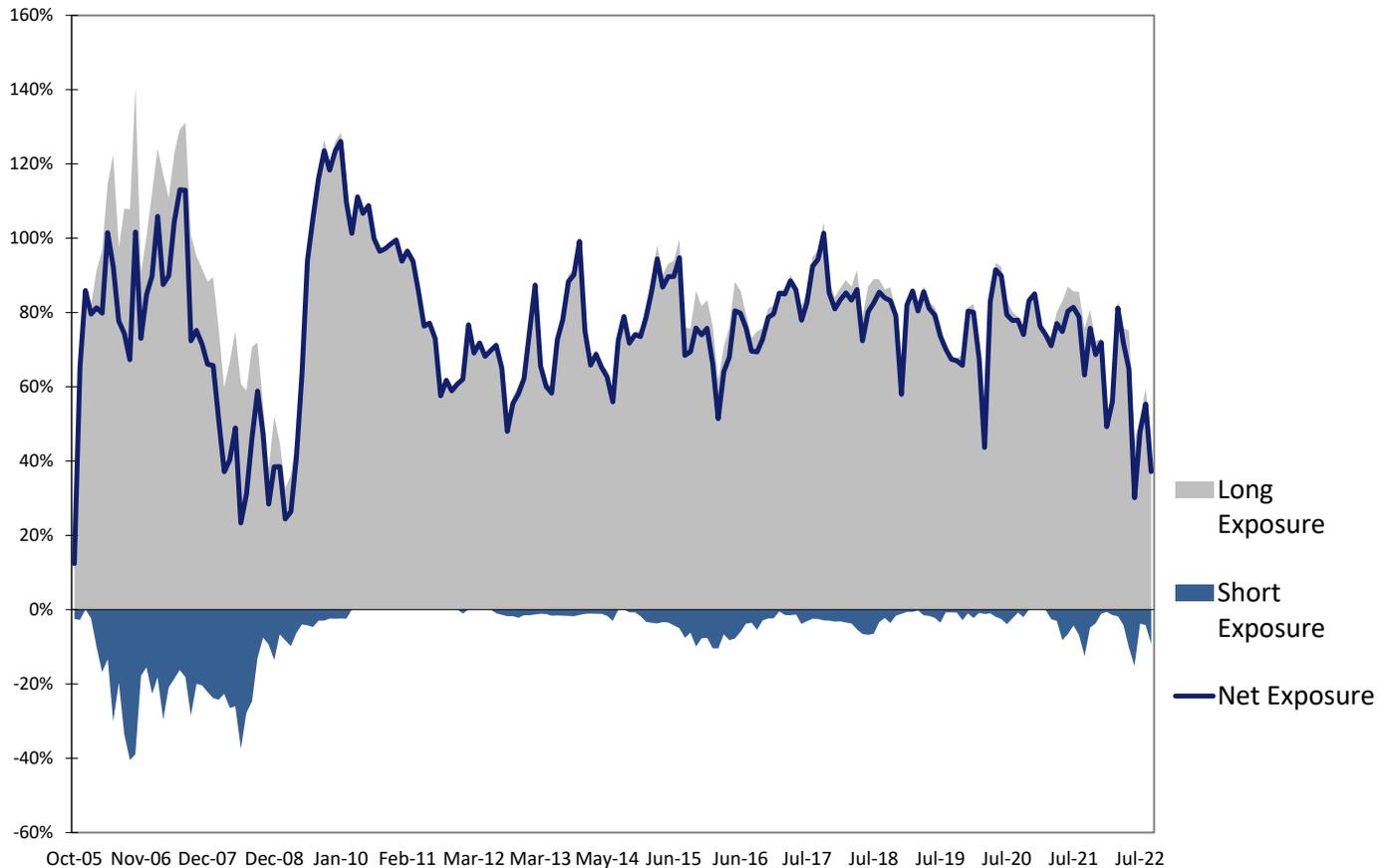
\* Gross Performance: before Management and Performance Fees

## 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
<b>TOTAL</b>	<b>52.5c</b>	<b>53.2c</b>	<b>11.5c</b>	<b>117.2c</b>	<b>166.4c</b>

\* Off market Equal access buy back

## Historic Portfolio Exposure



## Portfolio Sector Analysis

Sector	Long	Short	Net
Energy	27.1%		27.1%
Basic Materials	8.4%	-2.8%	5.6%
Financial	3.4%	-0.4%	3.0%
Industrial	2.2%	-1.7%	0.5%
Consumer, Cyclical	2.0%		2.0%
Diversified	1.4%		1.4%
Communications	1.1%		1.1%
Consumer, Non-cyclical	1.0%	-1.6%	-0.6%
Technology	0.4%	-2.8%	-2.5%
	<b>46.8%</b>	<b>-9.3%</b>	<b>37.6%</b>

<b>Net Cash Holdings and Tax Asset</b>	<b>62.4%</b>
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## Top 20 Portfolio Positions

Code	Position*	Direction	Currency Exposure
AMP	AMP Ltd	Long	AUD
ALL	Aristocrat Leisure Ltd	Long	AUD
BHP	BHP Group Ltd	Long	AUD
DAC US	Danaos Corp	Short	AUD
FMG	Fortescue Metals Group Ltd	Short	AUD
NHC	New Hope Corp Ltd	Long	AUD
NVDA US	NVIDIA Corp	Short	AUD
QAN	Qantas Airways Ltd	Long	AUD
RMD	Resmed Inc	Long	AUD
SYA	Sayona Mining Ltd	Short	AUD
SMR	Stanmore Coal Ltd	Long	AUD
SYR	Syrah Resources Ltd	Long	AUD
TSM US	Taiwan Semiconductor Manufacturing Co	Short	AUD
TER	Terracom Ltd	Long	AUD
TGH US	Textainer Group Holdings Ltd	Short	AUD
TMC US	TMC The Metals Company Inc	Long	AUD
TIE	Tietto Minerals Ltd	Long	AUD
WEB	Webjet Ltd	Long	AUD
WHC	Whitehaven Coal Ltd	Long	AUD
WDS	Woodside Energy Group Ltd	Long	AUD

\* In Alphabetical Order

## Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	38.3%	-9.3%	29.0%
AUD 500 Mill - AUD 1 Billion	5.0%		5.0%
AUD 250 Mill - AUD 500 Mill	2.2%		2.2%
AUD 100 Mill - AUD 250 Mill	0.8%		0.8%
0 - AUD 100 Mill	0.6%		0.6%
	<b>46.8%</b>	<b>-9.3%</b>	<b>37.6%</b>

<b>Net Cash Holdings and Tax Asset</b>	<b>62.4%</b>
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## News

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In July the Company released its [June 2022 Year end Audiocast](#). In this year-end audiocast, Karl Siegling firstly provides an update on the Company's year-end performance, the 4.0c per share fully franked year-end dividend, the portfolio's current composition and the increasing interest rate trend. Karl Siegling, Charlie Gray and Jackson Aldridge then discuss their long positions in Whitehaven Coal, Newhope Coal and Resmed and their short positions in Graincorp and Textainer Group. Karl Siegling then finishes with an update on the outlook for 2023.

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 Cadence investment process. To view all previous Cadence webcasts and press articles, please visit the [Media Section](#) of the website.

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