

INVESTMENT UPDATE

January 2023

Cadence Capital Limited returned a positive performance of 4.8% in January, compared to the All Ordinaries Accumulation Index which was up 6.4% for the month. The top contributors to performance during the month were Patriot Battery Metals, Capstone Copper, BHP, Teva Pharmaceuticals, and Lynas Rare Earths. The largest detractors from performance were Sayona Mining, Whitehaven Coal and NVIDIA.

After declining through December, global equity markets had a strong start to the new year in January. The ASX All Ordinaries Index is now 1% away from all-time highs, whereas the S&P 500 is still 13% below, and the tech-heavy NASDAQ remains 24% off its highs. The Australian market has outperformed many of its international peers over the past year owing to its large weightings towards resource companies such as BHP and Rio Tinto which have performed very well, as well as 'value' style blue-chips such as the major banks which have been resilient.

For the fund, the top performers through the month were mainly resources related positions which meet our core criteria. Stock specific announcements from Patriot Battery Metals, which is proving up the world-class Corvette deposit in Canada, and Capstone Copper, which is on track to increase copper production by 60% in the next 18 months, aided stock performance.

The detractors for the month were mainly short positions and thermal coal related equities. The fund has decreased its thermal coal positions significantly in recent months which has reduced the impact to portfolio performance from recent falls. While these stocks continue to trade cheaply (WHC on 2.5x PE, NHC on 3.5x PE at current coal prices), the trend change in the thermal coal price has been significant (moving from US\$450 to US\$250 a tonne). Resource companies are highly leveraged to their underlying commodity and will ultimately follow its trend.

Fully Franked Half Year Dividend

On the 3 February the Board declared a 4.0 cent fully franked half-year dividend. This interim dividend equates to an 8.6% annualised fully franked yield or a 12.2% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$0.935 per share. CDM shares are trading at around an 8% discount to pre-tax NTA.

After paying this dividend the Company still has 22 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) will not be in operation for this interim dividend as the Company's shares are trading at a discount to the underlying NTA.

Half Year Audiocast

In the coming weeks we will be releasing the half-year audiocast which will give 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.

Fund NTA

Net Tangible Assets as at 31st Jan 2023	Amount (\$)
Pre Tax NTA	\$1.016
Post Tax NTA	\$1.145
Share Price (ASX Code: CDM)	\$0.935

Fund Gross Performance

Gross Performance* to 31st Jan 2023	CDM	All Ords Accum	Outperformance
1 Month	4.8%	6.4%	-1.6%
YTD	8.8%	16.7%	-7.9%
1 Year	0.9%	10.5%	-9.6%
3 Years (per annum)	12.3%	6.4%	+5.9%
5 Years (per annum)	3.5%	8.6%	-5.1%
10 Years (per annum)	6.4%	8.9%	-2.5%
Since Inception (17.3 years) (per annum)	12.0%	7.3%	+4.7%
Since Inception (17.3 years) (total return)	613.5%	240.8%	+372.7%

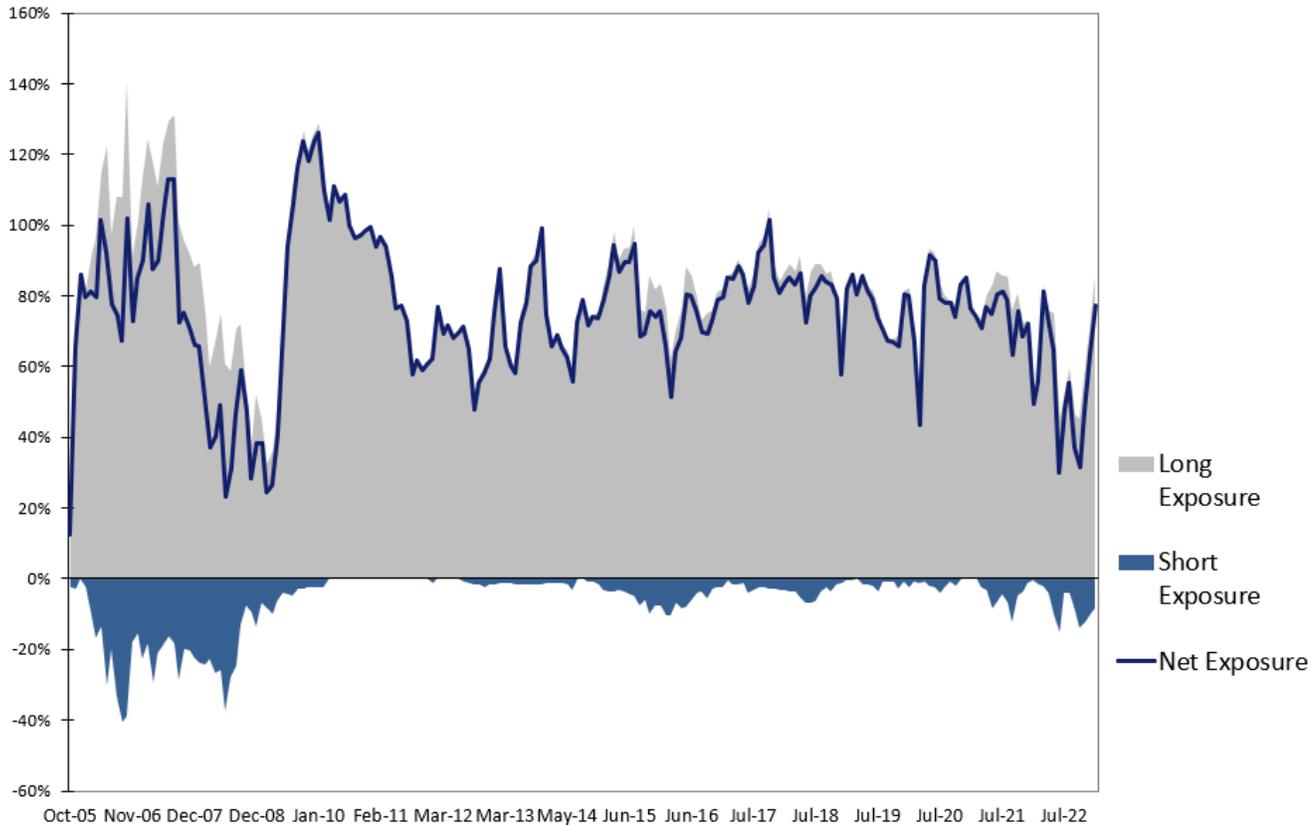
* Gross Performance: before Management and Performance Fees

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
2023	4.0c	-	-	4.0c	5.7c
TOTAL	56.5c	53.2c	11.5c	121.2c	172.1c

* Off market Equal access buy back

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	35.2%	-1.6%	33.5%
Energy	17.7%		17.7%
Consumer, Non-cyclical	8.9%	-1.1%	7.8%
Consumer, Cyclical	6.5%		6.5%
Financial	6.5%	-0.9%	5.6%
Communications	4.9%	-0.8%	4.1%
Technology	2.2%		2.2%
Insurance	1.8%		1.8%
Retailing	1.5%		1.5%
Utilities	0.4%		0.4%
Commercial & Professional Services		-0.7%	-0.7%
Banks		-1.4%	-1.4%
Industrial		-1.8%	-1.8%
	85.6%	-8.3%	77.3%
Net Cash Holdings and Tax Asset			22.7%

Top 20 Portfolio Positions

Code	Position*	Direction	Currency Exposure
AMP	AMP Ltd	Long	AUD
BGL	Bellevue Gold Ltd	Long	AUD
BHP	BHP Group Ltd	Long	AUD
CS CN	Capstone Copper Corp	Long	AUD
DAC US	Danaos Corp	Short	AUD
DMP	Domino's Pizza Enterprises	Long	AUD
LYC	Lynas Rare Earths Ltd	Long	AUD
MPL	Medibank Private Ltd	Long	AUD
MEG CN	MEG Energy Corp	Long	AUD
NHC	New Hope Corp Ltd	Long	AUD
PLS	Pilbara Minerals Ltd	Long	AUD
QAN	Qantas Airways Ltd	Long	AUD
QBE	QBE Insurance Group	Long	AUD
SMR	Stanmore Coal Ltd	Long	AUD
SYR	Syrah Resources Ltd	Long	AUD
TER	Terracom Ltd	Long	AUD
TEVA US	Teva Pharmaceutical Industries	Long	AUD
TIE	Tietto Minerals Ltd	Long	AUD
THL	Tourism Holdings Rentals Ltd	Long	AUD
WHC	Whitehaven Coal Ltd	Long	AUD

* In Alphabetical Order

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	69.7%	-7.5%	62.2%
AUD 500 Mill - AUD 1 Billion	10.7%	-0.7%	10.0%
AUD 250 Mill - AUD 500 Mill	0.8%	-0.1%	0.7%
AUD 100 Mill - AUD 250 Mill	2.4%		2.4%
0 - AUD 100 Mill	2.0%		2.0%
	85.6%	-8.3%	77.3%

Net Cash Holdings and Tax Asset	22.7%
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News

Portfolio manager Jackson Aldridge was recently interviewed:

- Nadine Blayney Interviewed Jackson Aldridge on Ausbiz – 6 January 2023 ([Click here](#) to watch)
- Nadine Blayney Interviewed Jackson Aldridge on Ausbiz – 20 January 2023 ([Click here](#) to watch)
- Nadine Blayney Interviewed Jackson Aldridge on Ausbiz – 27 January 2023 ([Click here](#) to watch)

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

Cadence Capital Limited held its AGM and Investor Briefing on the 16th November 2022. Karl Siegling started the Investor Briefing by giving an update on the performance of the funds, discussed the changes in the portfolio and talked about some important changes in market trends. Karl Siegling, Jackson Aldridge and Charlie Gray then discussed a number of current long and short positions in the funds. Karl Siegling closed with the outlook for 2023. [Click here to view this Investor Briefing.](#)

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