AGM Investor Briefing

Cadence Capital Limited (CDM) &
Cadence Opportunities Fund Limited (CDO)

Cadence Capital Limited (CDM)

Gross Performance* to 31st October 2023	CDM	All Ords Accum	Outperformance
1 Month	0.9%	-3.9%	+4.8%
YTD	0.7%	-4.5%	+5.1%
3 Years (per annum)	4.9%	8.6%	-3.7%
5 Years (per annum)	2.7%	7.4%	-4.7%
10 Years (per annum)	3.8%	6.8%	-3.0%
Since Inception (18.1 years) (per annum)	10.7%	6.6%	+4.1%
Since Inception (18.1 years) (total return)	532.1%	220.0%	+312.1%

* Gross Performance: before Management and Performance Fees

Cadence Capital Limited (ASX Code CDM)

- YTD fund up **0.7%** outperforming index by 5.1%.
- Past 18 years fund up **+10.7% p.a**. outperforming index by 4.1% p.a.
- Past 18 years fund on average **74% net exposed** to market (i.e. 26% in cash)
- Annualised dividend yield of **9% fully franked** (12.8% gross including franking)
- Opportunity to buy at a **discount to NTA**

Cadence Opportunities Fund Limited

Gross Performance* to 31st October 2023	CDO
1 Month	1.2%
YTD	0.3%
3 Years (per annum)	12.4%
Since Inception (per annum)	25.6%
Since Inception (4.8 years) (total return)	200.6%

* Gross Performance: before Management and Performance Fees

Cadence Opportunities Fund Limited (ASX Code CDO)

- CDO is an **active trading version** of the Cadence Capital process, using **shorter duration** trends to produce alpha opportunities.
- YTD fund up **0.3%** outperforming index by 4.8%.
- Since inception 4.8 years ago fund up **25.6% p.a.** outperforming index by 17.4% p.a.
- Annualised yield of **7.8%** fully franked (11.1% gross including franking)
- Opportunity to buy at a **discount to NTA**

CDM 2023 Year-End Results

- Fund down 4.2% in FY23 underperforming index.
- Past 3 years fund up 9.9% p.a.
- The top contributors to performance during the financial year were Whitehaven Coal, New Hope, Patriot Battery Metals, Meta Platforms, BHP, Capstone Copper and Terracom.
- The largest detractors from performance were Australian Pacific Coal, City Chic Collective, Domino's Pizza, Nvidia and Genworth Financial.
- Core investments across the energy and resources sectors were again the major driver of returns for the fund over the past financial year, continuing the theme witnessed over the previous year.
- Conversely, the fund was conservatively positioned over the past year with high cash levels in the portfolio (on average 50%) which dragged on its returns.
- Other detractors to the company's performance were investing in potential turnaround situations too early and making too many losses on new positions entered (both long and short positions)

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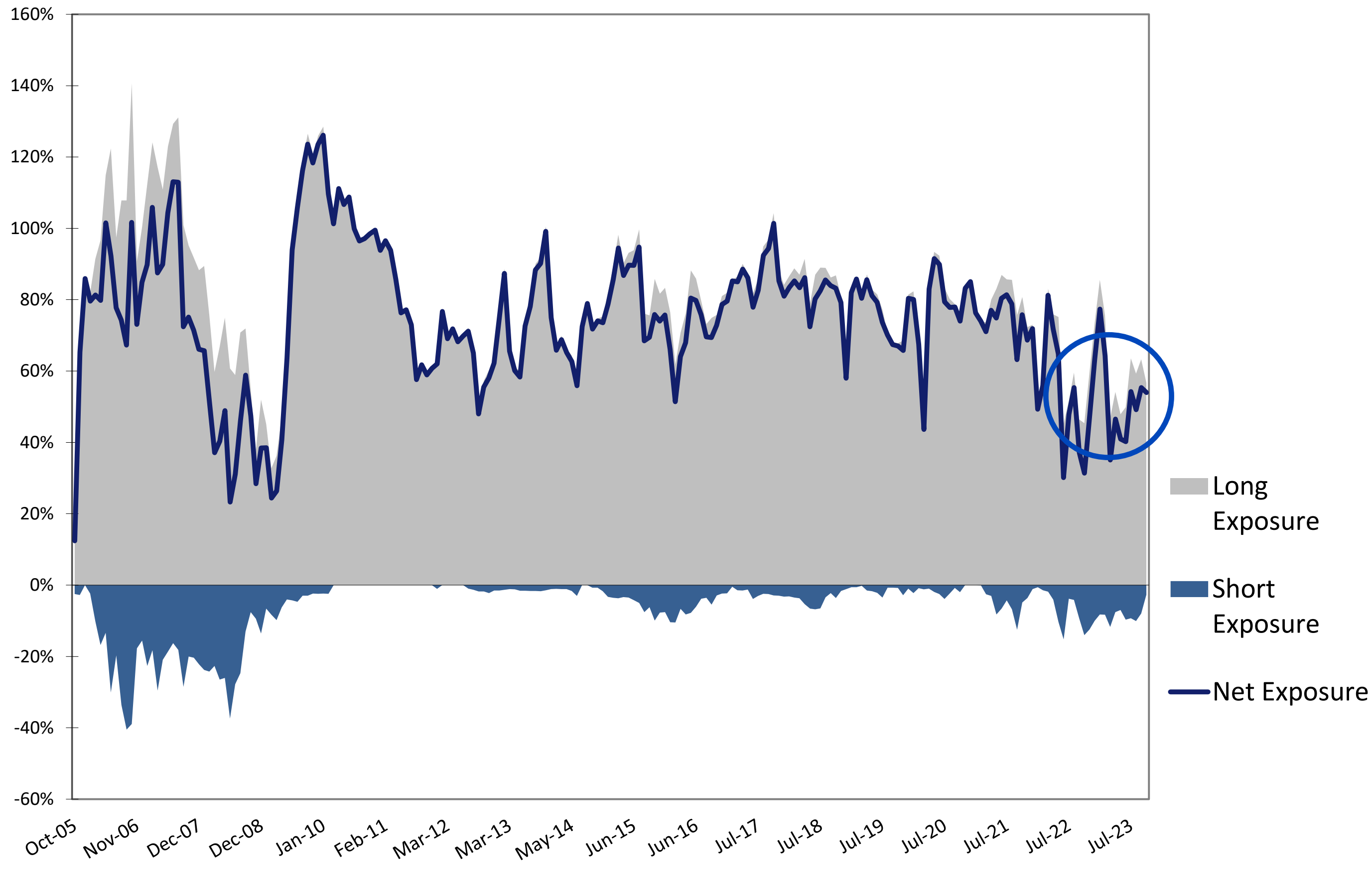
CDM Historical Exposure



- CDM has been conservatively positioned over the past year holding high levels of cash (on average 50%)

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CDM Portfolio (31 October 2023)

Top 20 Positions

Code	Position*
AMP	AMP Ltd
BHP	BHP Group Ltd
BLD	Boral Ltd
CS CN	Capstone Copper Corp
CGF	Challlenger Ltd
GNW US	Genworth Financial US
MEG CN	MEG Energy Corp
META US	Meta Platforms Inc
NFLX US	Netflix Inc
NHC	New Hope Corp Ltd
QBE	QBE Insurance Group Ltd
RED	RED 5 Ltd
SRX	Sierra Rutile Holdings Ltd
SIQ	Smartgroup Corp Ltd
SMR	Stanmore Resources Ltd
STX	Strike Energy Ltd
TIE	Tietto Minerals Ltd
THL	Tourism Holdings Rentals Ltd
WGX	Westgold Resources Ltd
WHC	Whitehaven Coal Ltd

* In Alphabetical Order

Sector Exposure

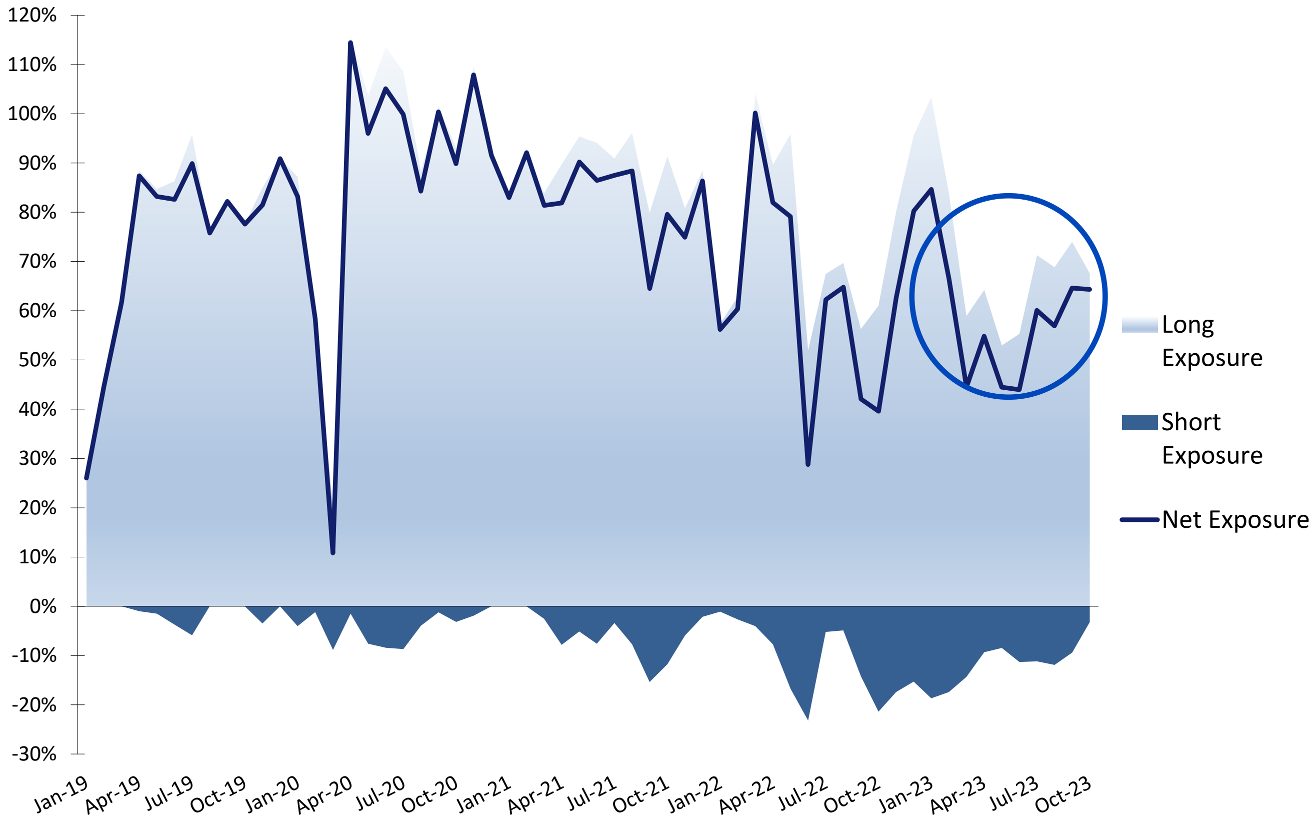
Sector	Long	Short	Net
Energy	17.6%		17.6%
Basic Materials	13.2%	-0.2%	13.0%
Financial	7.8%	-0.8%	7.0%
Communications	7.0%		7.0%
Insurance	4.3%		4.3%
Consumer, Non-cyclical	3.2%		3.2%
Industrial	2.1%	-0.3%	1.8%
Technology	0.8%		0.8%
Utilities	0.8%		0.8%
Consumer, Cyclical	0.0%	-0.4%	-0.4%
Banks	0.0%	-1.0%	-1.0%
	56.7%	**-2.7%**	**54.0%**

Net Cash Holdings and Tax			**46.0%**

CDO 2023 Year-End Results

- Fund down 5.8% in FY23 underperforming index.
- Past 3 years fund up 23.8% p.a.
- The top contributors to performance during the financial year were Whitehaven Coal, Patriot Battery Metals, New Hope, Terracom, Meta Platforms, BHP and Stanmore Coal.
- The largest detractors from performance were City Chic Collective, Alibaba Group, Nvidia, Australian Pacific Coal, Life360, Lynas Rare Earths and Textainer Group.
- Core investments across the energy and resources sectors were again the major driver of returns for the fund over the past financial year, continuing the theme witnessed over the previous year.
- Conversely, the fund was conservatively positioned over the past year with high cash levels in the portfolio (on average 40%) which dragged on its returns.
- Other detractors to the company's performance were investing in potential turnaround situations too early and making too many losses on new positions entered (both long and short positions)

CDO Historical Exposure



- CDO has been conservatively positioned over the past year holding high levels of cash (on average 40% over past 12 month)

CDO Portfolio (31 October 2023)

Top 20 Positions

Stock Code	Position *
AMP	AMP Ltd
BHP	BHP Group Ltd
BLD	Boral Ltd
CS CN	Capstone Copper Corp
CGF	Challenger Ltd
GNW US	Genworth Financial Inc
MEG CN	MEG Energy Corp
META US	Meta Platforms Inc
NFLX US	Netflix Inc
NHC	New Hope Corp Ltd
QBE	QBE Insurance Group Ltd
RED	Red 5 Ltd
SRX	Sierra Rutile Holdings Ltd
SIQ	Smartgroup Corp Ltd
SMR	Stanmore Resources Ltd
STX	Strike Energy Ltd
TIE	Tietto Minerals Ltd
THL	Tourism Holdings Rental Ltd
WGX	Westgold Resources Ltd
WHC	Whitehaven Coal Ltd

* In Alphabetical Order

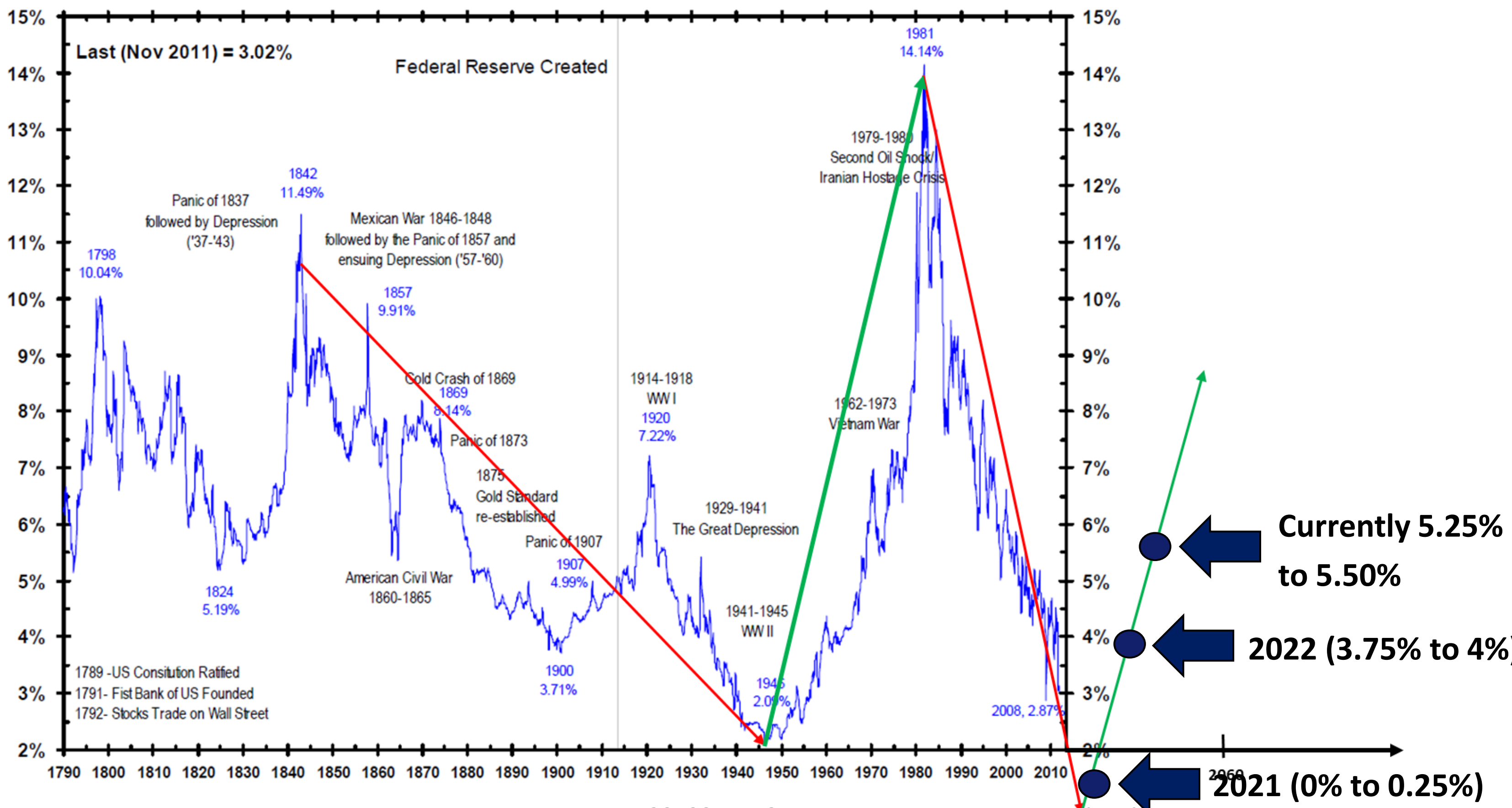
Sector Exposure

Sector	Long	Short	Net
Energy	19.2%		19.2%
Basic Materials	16.0%	-0.2%	15.9%
Communications	8.3%		8.3%
Financial	7.7%	-0.9%	6.8%
Consumer, Non-cyclical	6.2%		6.2%
Insurance	5.5%		5.5%
Industrial	2.7%	-0.4%	2.3%
Technology	1.0%		1.0%
Utilities	0.9%		0.9%
Banks	0.0%	-1.3%	-1.3%
Consumer, Cyclical	0.0%	-0.5%	-0.5%
	67.6%	**-3.2%**	**64.4%**

Net Cash Holdings	**36.6%**

Interest Rates (Revisited)

Long Term Interest Rates Back to 1790



Source: What Drives The Bond Market?
Chicago CFA Handout by [Bianco Research LLC]
January 18, 2011```

Added by Cadence Asset Management: Red and Green Trend lines
July 25, 2022

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Interest rate trends

- Trends are long in nature – Interest rate trends are 40 years +
- Interest rates went up from 1945 until the mid 1980's and then fell from the mid 1980's until around 2020
- Since 'bottoming out' interest rates have been going up for the last three years
- Asset classes behave differently in an interest rate falling environment versus an interest rate rising environment
- This change in interest rate trend could be the most significant trend change in 40 years
- Federal Interest rates in US have increased to 5.25% to 5.5%. RBA rate in Australia increased to 4.35%.
- Interest rates now lower in Australia than in US which is historically unusual, and the risk is they revert
- It is unlikely that this interest rate trend is only 3 years long. Interest rates generally rise and fall on the way up and down. (i.e. it is not a straight line)

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The Australian Dollar

- A weakening Australian dollar benefits Australian exporters and Australian tourism industry and negatively impacts Australian importers

The Gold Price

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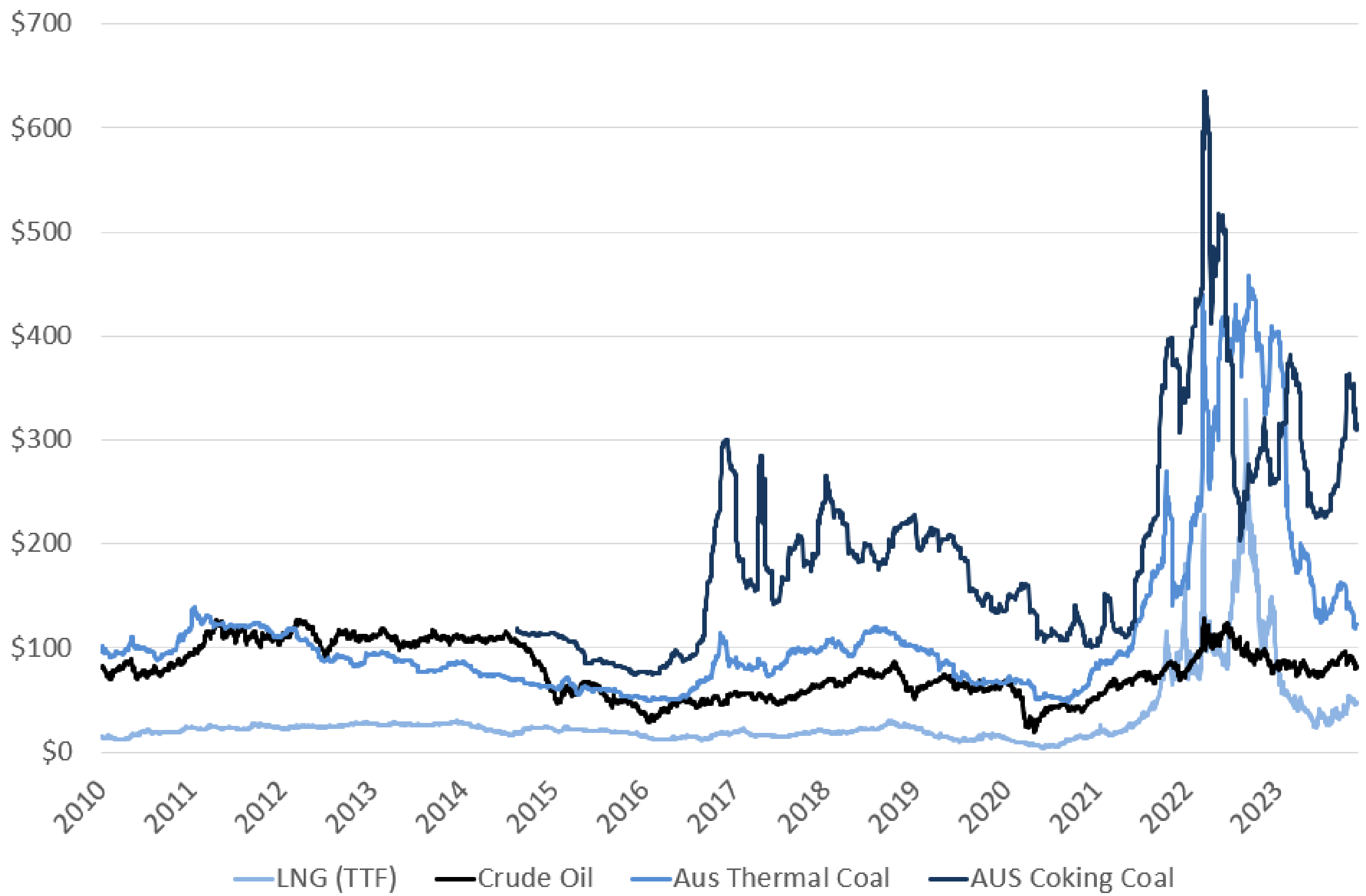
Fossil Fuel Prices



- Energy prices continue to be high

Energy Positions

- Whitehaven Coal (WHC), Stanmore Resources (SMR) and New Hope (NHC) are all Core Long Positions. We re-entered these positions having sold out of them last year
- WHC is trading on a PE of 3.6x 2025e earnings and operating cashflow yield will be around 50% at prices lower than current prevailing prices
- New Hope Coal (NHC) is trading on a PE of around 5x next year's earnings and has no debt and has large cash reserves on balance sheet
- Stanmore Coal (SMR) is trading on around 1.6 – 1.9x Enterprise Value for next year and is cheaper again than WHC and NHC and currently has debt on balance sheet. However, this debt is quickly getting repaid and since SMR did not buy either of the BHP coal assets this debt should be paid off in the first or second quarter of calendar 2024
- Energy usage is growing significantly in the world with record amounts of fossil fuel and green energy being consumed globally. Supply of fossil fuel is being curtailed as demand increases

Whitehaven Coal Ltd (WHC) - Long (Core)

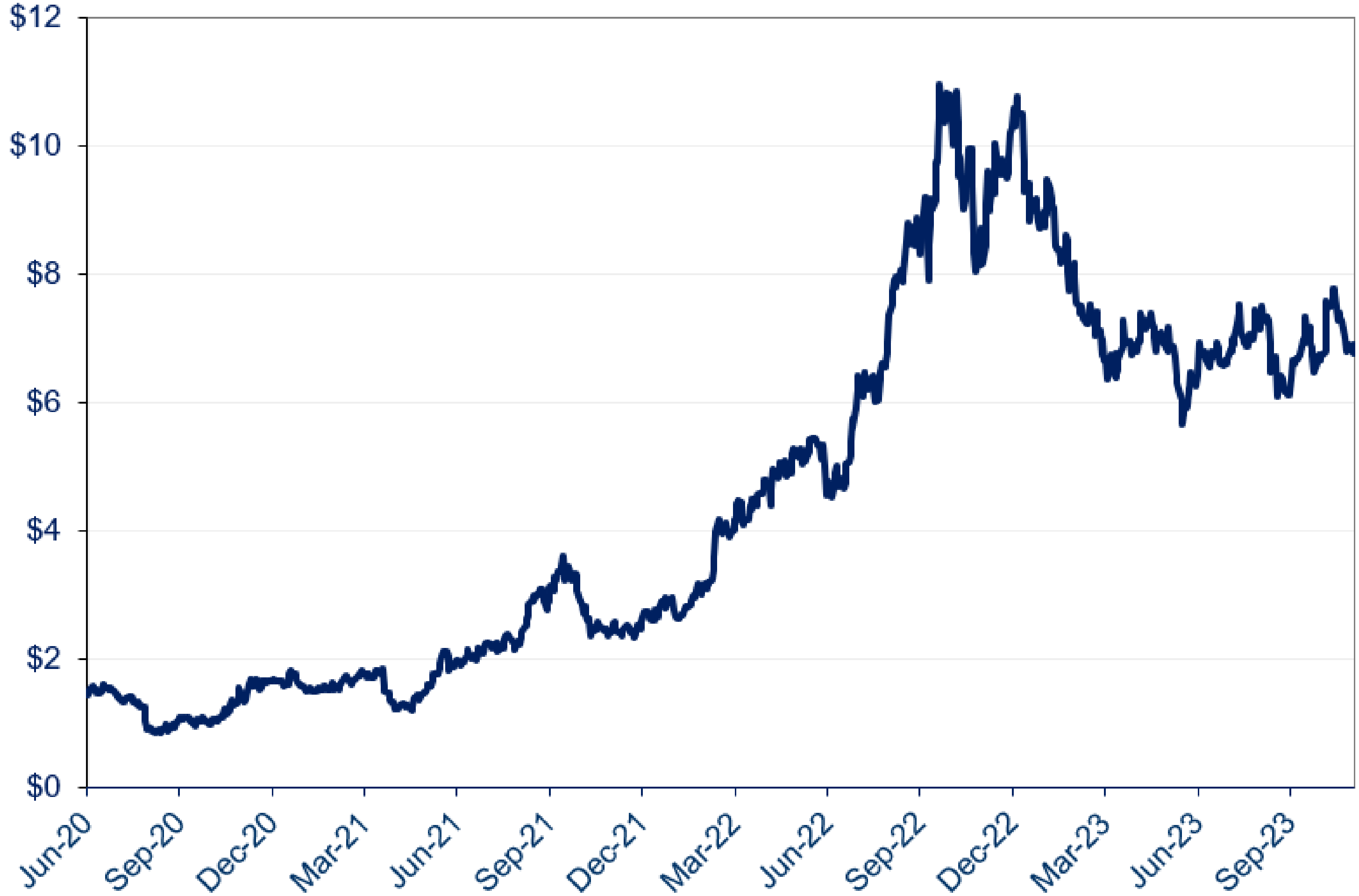
Stock Profile WHC

Long Position (FY25e)	
EPS Growth	~80%
PE	3.6x
PEG	0.05
OCF yield	52%
FCF yield	30%
Net cash	$0b
Market Cap	$5.8b

Fundamental Analysis

- After selling out of our WHC position completely in FY23 when the coal price rolled over, we have entered a new position at lower levels
- Looking at future earnings and including the acquisition of the BHP asset, WHC is trading on around a 3.6x PE multiple. Earnings growth will be around 80%-100% per share when these assets are integrated
- Operating and free cash flow yields are very high.
- Should energy prices remain high for the next 2 years and the world is still using coal, the cashflows may have equalled the current market capitalisation
- WHC will be producing 70% metallurgical coal and 30% thermal coal after the acquisition
- Metallurgical Coal has been declared a critical mineral in Europe
- Both the Victorian and New South Wales government have announced they are in negotiations to keep base load coal fired power running for another decade at least

Whitehaven Coal Ltd.(WHC)



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Stanmore Resources (SMR) - Long (Core)

Stock Profile SMR

Long Position (CY24)	
EPS Growth	5%
PE	3.5x
PEG	0.7
OCF yield	30%
FCF yield	22%
Net cash	$550M
Market Cap	$3,425M

Fundamental Analysis

- SMR purchased coal assets off BHP several years ago.
- Even though the SMR share price has moved from below $1 to around $3.70, SMR is still trading at attractive multiples
- As SMR pays off its debt early next calendar year, it should continue to rerate
- SMR were understood to be looking at one of the BHP coal assets that were recently sold but can now focus on repaying debt
- WHC acquired the two BHP coal assets recently sold at compelling multiples and are well positioned to integrate those assets into the WHC business

SMR Resources Ltd (SMR)

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Gold Positions

- Westgold Resources (WGX) and Tietto Minerals (TIE) are Core Long Positions
- Newmont/ Newcrest merger (NEM) and Red 5 (RED) are Trading positions
- Newmont bid 0.4 NEM US shares per NCM share as well as a USD$1.10 fully franked dividend
- International investors do not value franking and so there was a differential in pricing between a domestic buyer and an international buyer
- On completion of the merger, we realised a gain on this arbitrage opportunity as well as receiving a fully franked Newcrest special dividend
- AUDUSD exchange rate moved in our favour as well over the period
- RED5 - We went short at 20 cents when company was in debt and nearing insolvency. We participated in the 13 cents recapitalization and went long once enough money had been raised to secure balance sheet

Westgold Resources (WGX) - Long (Core)

Stock Profile WGX

Long Position (FY24e)	
EPS Growth	910%
PE	9.7x
PEG	0.01
OCF yield	50%
FCF yield	9%
Net cash	$200M
Market Cap	$920M

Fundamental Analysis

- Opened position in June 2023
- WGX management have successfully turned the gold operations around and 2024e looks set to deliver much improved earnings
- WGX has also announced a capex program over the next 2 years to increase the volume of gold mined
- WGX has been 'suffering' under a previous hedge book that has now rolled off and so gold mined from now on will receive the full margin between the gold price and the cost of mining gold
- WGX has net cash on the balance sheet and no debt
- The gold price has been inching up over time and especially in AUD$ which should also improve earnings
- Australian dollar gold price went through $3,000 per ounce this calendar year. This is a combination of the gold price going up and the Australian dollar falling
- Post the 2024 turnaround WGX will still be trading on an attractive PEG and cashflow for 2025e based on current estimates

Westgold Resources Ltd (WGX)

Tietto Minerals (TIE) - Long (Core)

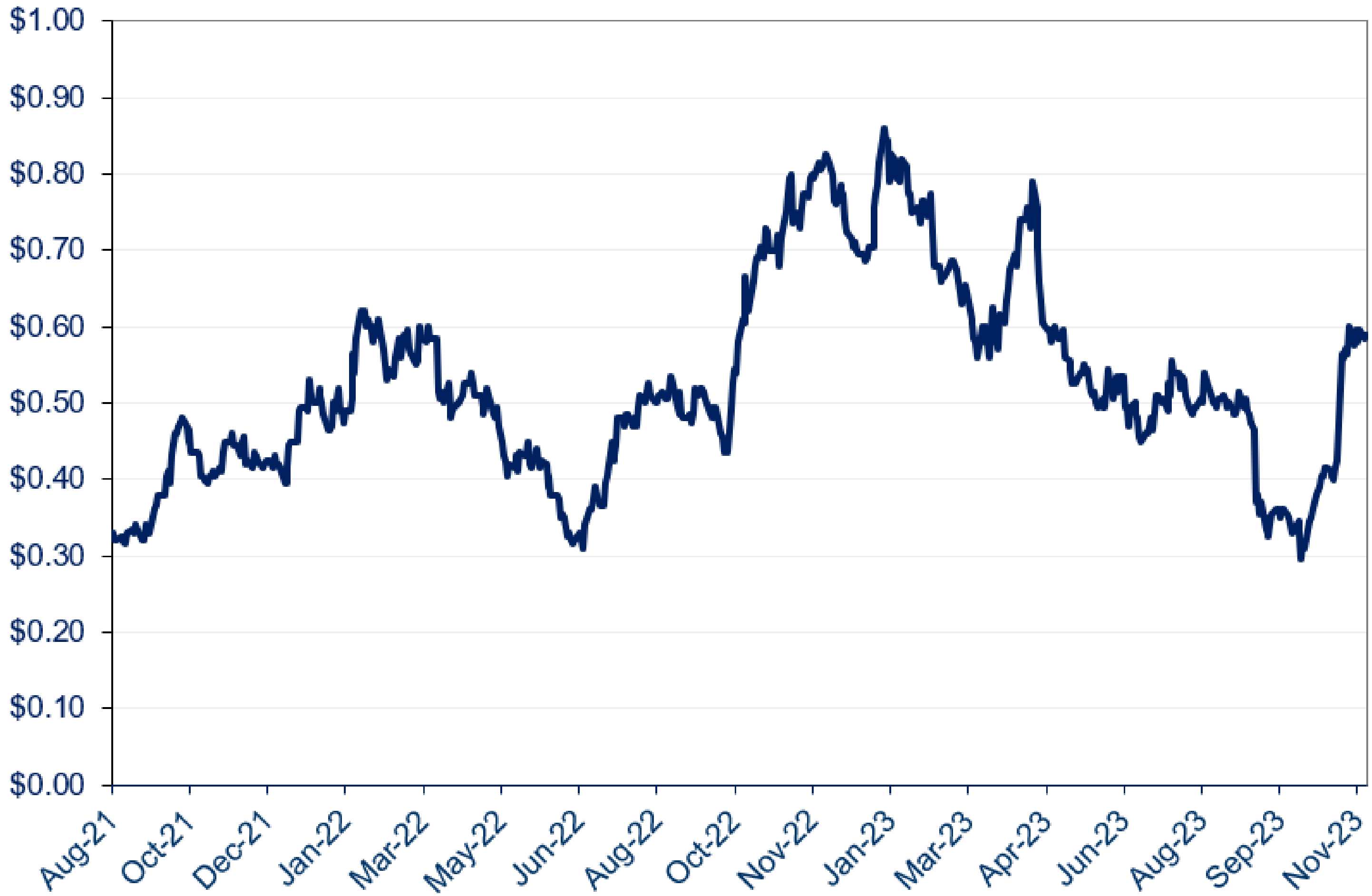
Stock Profile TIE

Long Position (FY 24e)	
EPS Growth	420%
PE	3.7x
PEG	0.01
OCF yield	20%
FCF yield	17%
Net cash	$35m
Market Cap	$665m

Fundamental Analysis

- Opened position in placement in Nov 21
- In October, Tietto announced a new Life of Mine Plan for the Abujar Gold Mine which detailed a post-tax NPV of US$853M (A$1.35B) at USD 1,900/oz gold price (current gold price is USD 1990/oz)
- During October Tietto Minerals received a takeover offer from Zhaojin Mining, it's second largest shareholder, for 58 cents per share, which was a 38% premium to the share price at the time. The Tietto board has recommended that shareholders do not accept the offer. Tietto shares are currently trading at 59 cents which suggests that an improved takeover offer is likely.
- The most recent monthly update for TIE shows much improved cashflow as the mine produces more volume

Tietto Minerals (TIE)



Inflation and Pricing Power

- Looking for stocks that perform well in periods of higher interest rates and inflation
- What has performed well in previous cycles are companies with pricing power, precious metals companies and energy companies. The funds hold a significant number of precious metals, base metals and energy positions. These positions are all compelling on both a fundamental and technical basis.
- Interest rate sensitive stocks with high levels of debt have performed poorly over the year as the long-term interest rate trend has clearly turned from falling long term to rising long term (although currently rising more slowly than the previous three years). Examples of this are REITS and leveraged infrastructure companies
- Interest rates are unlikely to rise in a straight line just as they did not fall in a straight line, nor have they risen in a straight line historically.
- There are selective stocks that can benefit in this interest rate inflationary environment. Boral (BLD) is one of these and has become a core position in the portfolio

Boral Limited (BLD) - Long (Trade - Core)

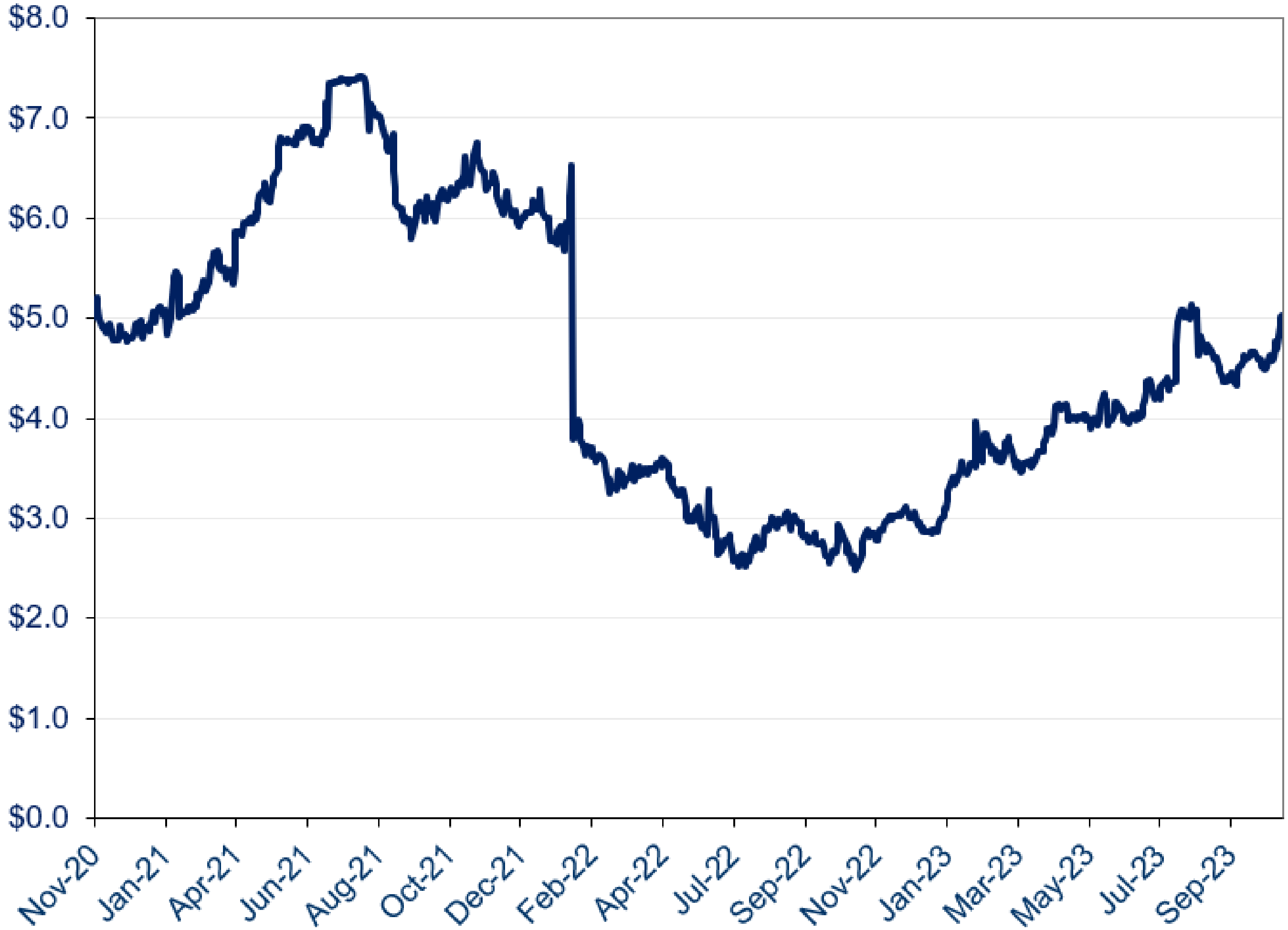
Stock Profile BLD

Long Position (FY24e)	
EPS Growth	28%
PE	27x
PEG	1.0
OCF yield	8%
FCF yield	5%
Net cash	$176m
Market Cap	$837m

Fundamental Analysis

- The high amount of residential property development over recent years and the number of infrastructure projects announced in Australia is well reported
- In fact, the International Monetary Fund (IMF) recently recommended Australia reduce the number of infrastructure projects as there is not enough people to do the work and it is putting inflationary pressure on materials. Australia has followed this advice
- Boral has announced eight price rises in a row and increased volumes of cement. This strategy has introduced rational thinking into the industry and should ensure higher profits and returns to shareholders
- The new CEO and Managing Director Vik Bansal has a strong track record of turning businesses around
- BLD has a strong balance sheet and valuable long-term assets

Boral Limited (BLD)



Stock Specific Turnaround Positions

- Netflix (NFLX US) is a turnaround position
  - Netflix suffered a setback in subscriber growth a year and a half ago and the share price fell from around US$700 to US$200
  - This fall and subsequent recovery was an opportunity to own a high-quality business with a global footprint in content creation and streamed distribution
  - It is interesting that such a large capitalization and well-known stock suffers the same extreme emotional reactions as small capitalization stocks from time to time
- Dubber Corporation (DUB) is a trade position
  - DUB fell from $4 to around 12 cents before recovering slightly and announcing a capital raise at 14 cents per share
  - We have previously dealt with the new CFO and participated in the 14 cents capital raise for CDO (the market capitalization is too small for CDM)
  - Dubber is a ‘smart telephony’ business has potential to be a large-scale business
- Meta Platforms (META US) is a core long position
  - The following two slides show some detailed analysis on Meta Platforms as a turnaround story and when the opportunity to invest in the stock first appeared

Meta Platforms (META US) – Long (Core)

Stock Profile META US

Long Position (FY23)

EPS Growth	**58%**
PE	**23x**
PEG	**0.4**
OCF yield	**7.5%**
FCF yield	**5.2%**
Net cash	**$43b**
Market Cap	**$861b**

Fundamental Analysis

- Meta's main apps are Facebook, Instagram, Threads and WhatsApp.
- Meta is also heavily involved in AI, with work progressing on their ChatGPT like large language model called Llama 2.
- During 2022 Meta began to look cheap fundamentally. We entered our Meta position in March 2023 once it became clear that the downtrend that saw the share price fall from almost $400 to $100 had ended.
- We added to the Meta position as it continued to release excellent quarterly results that beat expectations, and the share price uptrend continued.
- Meta's third quarter results were released in October. Net income was USD 11.6b, up 49% compared to the prior quarter.
- We believe a PE of 23 is too low for Meta which has a clear number one position in the markets that it operates in, and has multiple growth opportunities ahead such as Reels, Threads, the integration of AI into its products, the Metaverse and monetising WhatsApp.

Meta Platforms (META US)

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Outlook

- As outlined at our AGM in 2021 and 2022 and again this year the falling interest rate trend that lasted for around 40 years ended several years ago.
- We are now living in a world of higher interest rates and ‘more expensive money’. The 40-year period of falling interest rates was a very good period for asset prices
- Asset price compression remains an ongoing theme and investments that can benefit in this new environment are more select
- We are starting to see similarities between the 1945 to 1985 interest rate period and the period we are currently in. For example, energy price rises, precious metal and base metal price rises, energy security and general security risks associated with wars. Fragmentation of the globalization trend and the revision of supply chains globally
- Liquidity in most assets is down significantly and particularly Australian shares
- Fewer stocks are meeting both fundamental and technical criteria, but they do exist, and we have started to see some of the cash in the portfolio deployed

Outlook Continued

- We are starting to see trading opportunities in which shares are trading at a discount to underlying assets and, subject to detailed due diligence, these tend to be good risk adjusted long term investments
- Nonetheless cash and liquidity levels remain high. Both factors reduce the level of risk in the portfolio whilst looking for new investment opportunities
- Opportunity always emerges especially as a patient investor

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