

## INVESTMENT UPDATE

December 2024

Cadence Opportunities Fund returned a gross performance of -3.3% in December, compared to the All Ordinaries Accumulation Index which was down -3.1% for the month. The largest detractors from performance during December were Echo IQ, Alcoa Corporation, AML3D and Turaco Gold. The top contributors to performance were Queensland Pacific Metals, IperionX and Robex Resources.

Alcoa shares fell in December following small declines in both alumina and aluminium prices. Alcoa is mid-way through a profitability improvement program that is expected to improve profitability by \$645m by the end of 2025 when compared to 2023. We believe the Alcoa share price fall in December is an overreaction to the small alumina and aluminium price declines and expect Alcoa to report strong profit growth and be on a PE below 10 in 2025.

During December Robex Resources released their Q3 results. Robex Resources is in a net cash position of \$32.3m after recording operating income of \$33.3m for the quarter which was up 26.6% compared to Q3 2023. The improved result was driven by a higher gold price as well as cost improvements. Robex Resources also said that the first gold pour for its Kiniero project remains on track for Q4 2025.

### Discount to NTA and On-Market Buy-Back

At the time of writing this newsletter, CDO is trading at a pre-tax NTA discount of around 10%. CDO has implemented an on-market buy-back to buy back the shares it has issued under the DRP. This buy-back will operate whilst the CDO share price is trading at a discount to the Pre-Tax NTA.

### Fund NTA

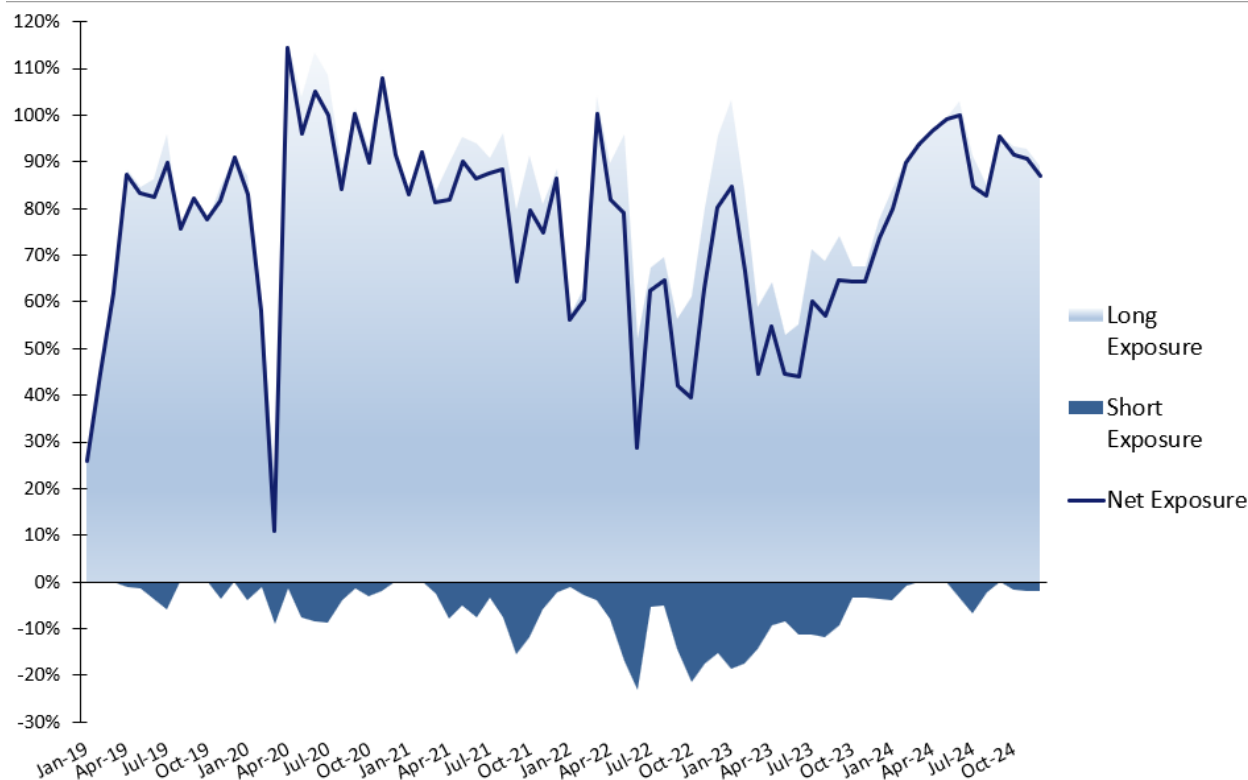
Net Tangible Assets as at 31st December 2024	Amount (\$)
Pre Tax NTA	\$1.893
Post Tax NTA	\$1.992
Share Price (ASX Code: CDO)	\$1.645

### Fund Performance

Gross Performance* to 31st Dec 2024	CDO
1 Month	-3.3%
3 Years (per annum)	-4.7%
5 Years (per annum)	19.6%
Since Inception (per annum)	21.9%
Since Inception (6.0 years) (total return)	228.2%

\* Gross Performance: before Management and Performance Fees

## Historic Portfolio Exposure



## Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	34.3%		34.3%
Communications	11.3%		11.3%
Financial	10.0%		10.0%
Energy	9.4%		9.4%
Technology	8.0%		8.0%
Insurance	5.8%		5.8%
Consumer, Non-cyclical	3.8%		3.8%
Industrial	2.5%		2.5%
Utilities	1.2%		1.2%
Consumer, Cyclical	2.9%	-1.9%	0.9%
	<b>89.0%</b>	<b>-1.9%</b>	<b>87.1%</b>

<b>Net Cash Holdings and Tax Asset</b>	<b>12.9%</b>
--	--------------

## Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	53.3%	-1.9%	51.4%
AUD 500 Mill - AUD 1 Billion	6.2%		6.2%
AUD 250 Mill - AUD 500 Mill	12.5%		12.5%
AUD 100 Mill - AUD 250 Mill	15.2%		15.2%
0 - AUD 100 Mill	1.8%		1.8%
	<b>89.0%</b>	<b>-1.9%</b>	<b>87.1%</b>
Net Cash Holdings and Tax Asset			<b>12.9%</b>

## Franked Dividends Declared

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2020		6.0c	-	6.0c	8.6c
2021		12.0c	3.0c	15.0c	21.4c
2022	7.5c	7.5c	-	15.0c	21.4c
2023	7.5c	6.5c	-	14.0c	20.0c
2024	6.5c	7.0c	-	13.5c	19.3c
<b>TOTAL</b>	<b>21.5c</b>	<b>39.0c</b>	<b>3.0c</b>	<b>63.5c</b>	<b>90.7c</b>

The company has around 15.5 cents per share of profits reserves to pay future dividends.

## News

To watch CDO's recent AGM Investor Briefing [please click here](#). In this AGM Investor Briefing, Karl Siegling starts by giving an update on CDM's and CDO's past and current year performances, discusses the portfolio's current compositions and highlights some important market trends. Karl Siegling and Chris Garrard then discuss in detail some of the portfolio's positions, namely Evolution Mining, Westgold Resources, Meta Platforms, Netflix and Block. Karl then discusses some further investment themes and CDO trading positions before closing with the outlook for 2025.

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

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 investment process.

## Disclaimer

---

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd and is of a general nature only. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax, or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies, or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.