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Cadence Capital Limited (ASX Code: CDM) March 2025 Quarterly Webcast

In this quarterly webcast, Karl Siegling first gives an update on the Company's performance, its 3.0c interim dividend paid, the current composition of the portfolio and then discusses the Company's discount to NTA. Karl then discusses in some detail six of the fund's new investments (namely New Gold, Myer, Boss Energy, Aurelia Metals, Robex Resources and Champion Iron) before closing with an update on the outlook for the rest of the year.

You can watch the Webcast at <https://www.cadencecapital.com.au/ccl-mar-2025-webcast/>

Regards,

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Fund Performance Update

- The Fund returned 1.4% in April
- Over the first four months of the 2025 calendar year (Jan to Apr) the Fund returned 3.5% outperforming the Index by 3.3%.
- Top contributors to performance for the first four months of the 2025 calendar year were Evolution Mining, West African Resources, Netflix, Robex Resources, QBE Insurance, Turaco Gold, Calibre Mining, Suncorp and New Gold.
- The largest detractors from performance for the first four months of the 2025 calendar year were Block, Regal Partners, Yancoal, Alcoa Corp and Whitehaven.
- The funds investments in gold companies have performed well for the fund over the last 4 months.
- The fund has been holding higher than normal cash balances which has served it well over this period.



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Interim Dividend Paid

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	3.0c	-	7.0c	10c
2024	3.0c	3.0c	-	6.0c	8.6c
2025	3.0c	-	-	3.0c	3.6c
TOTAL	62.5c	59.2c	11.5c	133.2c	188.6c

* Off market Equal access buy back

- An interim dividend of 3.0 cps, partially franked at 50% was paid on 30th April 2025.
- The interim dividend equated to an **9.9% annualised** fully franked yield or a **12.0% gross yield** (grossed up for franking credits) based on the share price on the date that this dividend was paid of \$0.605 per share
- The Company still has 9.5 cents per share of profit reserves to pay future dividends.

3



CDM Portfolio

Sector Exposure of Portfolio – 30 April 2025

Sector	Long	Short	Gross
Basic Materials	62.3%		62.3%
Insurance	11.9%		11.9%
Communications	7.4%		7.4%
Energy	4.4%		4.4%
Utilities	3.2%		3.2%
Financial	2.6%		2.6%
Technology	2.3%		2.3%
Consumer, Non-cyclical	1.7%		1.7%
Industrial	0.5%		0.5%
Consumer, Cyclical	1.3%	2.3%	3.6%
Total	97.7%	2.3%	100.0%

Market Capitalisation of Portfolio – 30 April 2025

Market Capitalisation	Long	Short	Gross
> AUD 1 Billion	72.5%	2.3%	74.7%
AUD 500 Mill - AUD 1 Billion	9.8%		9.8%
AUD 250 Mill - AUD 500 Mill	11.2%		11.2%
AUD 100 Mill - AUD 250 Mill	2.6%		2.6%
0 - AUD 100 Mill	1.7%		1.7%
Total	97.7%	2.3%	100.0%

- CDM has a liquid and diversified portfolio
- The company currently holds around 45 positions with the largest position being 5.5% of the fund.
- 85% of the funds gross exposure is in Companies with a greater than \$0.5 Billion market capitalisation.
- Currently, 88% of the portfolio can be liquidated within one week, and around 94% of the portfolio within a month.

4





Portfolio -30 April 25 (Longs and Shorts)

Code	Position*	Direction
AEL	Amplitude Energy Ltd	Long
AMI	Aurelia Metals Ltd	Long
ARB	ARB Corporation Ltd	Short
BHP	BHP Group Ltd	Long
BOE	Boss Energy Ltd	Long
CXB CN	Calibre Mining Corp	Long
CYL	Catalyst Metals Ltd	Long
EDV CN	Endeavour Mining PLC	Long
EVN	Evolution Mining Ltd	Long
NFLX US	Netflix Inc	Long
NGD US	New Gold Inc	Long
ORG	Origin Energy Ltd	Long
PNR	Pantoro Ltd	Long
QBE	QBE Insurance Group Ltd	Long
RBX CN	Robex Resources Inc	Long
RSG	Resolute Mining Ltd	Long
SUN	Suncorp Group Ltd	Long
TCG	Turaco Gold Ltd	Long
WAF	West African Resources Ltd	Long
WGX	Westgold Resources Ltd	Long

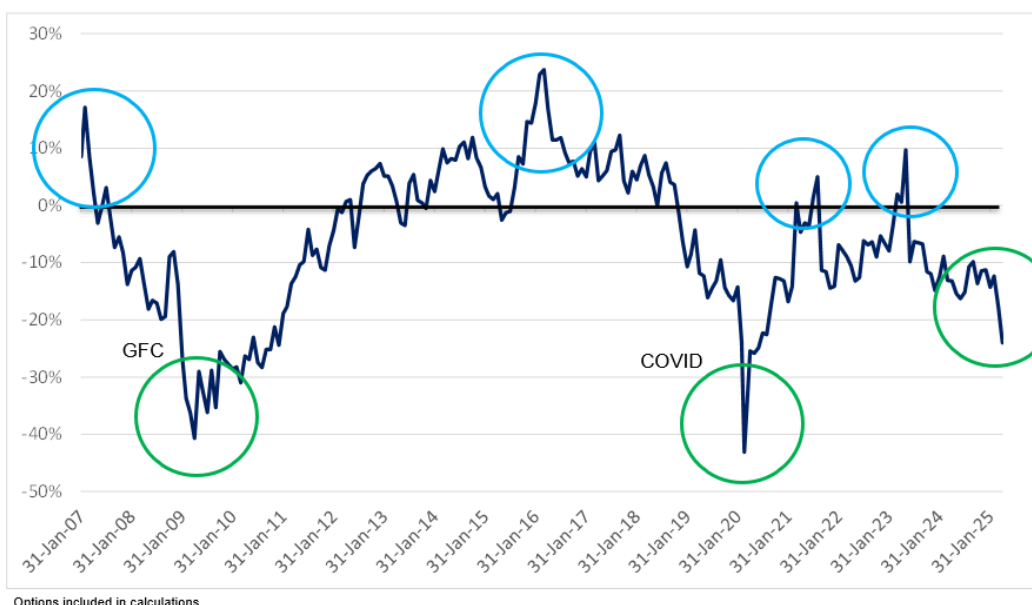
* In Alphabetical Order

- PE expansion continued to benefit our existing Suncorp and QBE investments, which were made a no. of years ago when Suncorp and QBE were able to increase premiums in an inflationary environment.
- A key part of the Cadence process is to follow the trend and while Suncorp, QBE and Netflix may not meet our fundamental criteria and are currently therefore trades, we will only look to sell these positions when the share price trend changes.
- CDM added to its gold exposure over the past 12 months.
- CDM substantially reduced its coal exposure when coal prices rolled over.
- Recent market moves have created opportunities to add several new positions to the portfolio.

5



Premium/ Discount to NTA



6





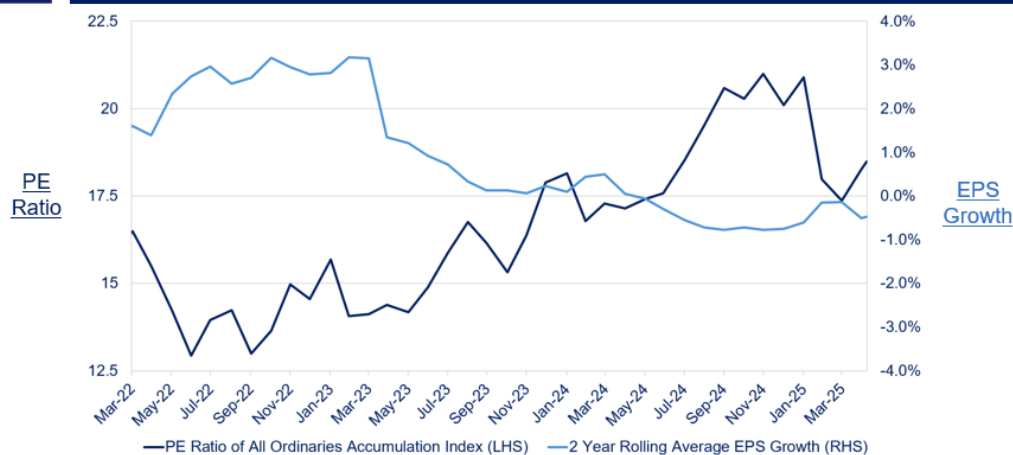
Premium/ Discount to NTA

- The start to the second half of the financial year (January to April) was a highly volatile period with the All Ords. Accumulation Index moving in a 15% range, which unsettled investors.
- CDM portfolio performed well during this period. After adjusting for dividends, CDM's Pre-tax NTA increased 4% during this period whilst its share price fell 8%.
- As we write this webcast CDM is trading at a pre-tax NTA discount of 24% whilst holding some cash. Excluding cash the share portfolio of CDM can be bought at a 27% discount to its underlying value.
- CDM is currently trading at its third highest discount in 19 years, only trading at larger discounts during the GFC (41% discount) and COVID-19 (43% discount) market moves.
- This presents an opportunity to purchase shares at a discount to NTA as the current portfolio can be purchased for 76 cents in the dollar.
- At these discounts the Company will be buying back its own stock in the CDM on-market buy-back program.
- All CDM Directors added to their CDM shareholdings at a discount to NTA by participating in the recent DRP.

7



Price Earnings (PE) Expansion



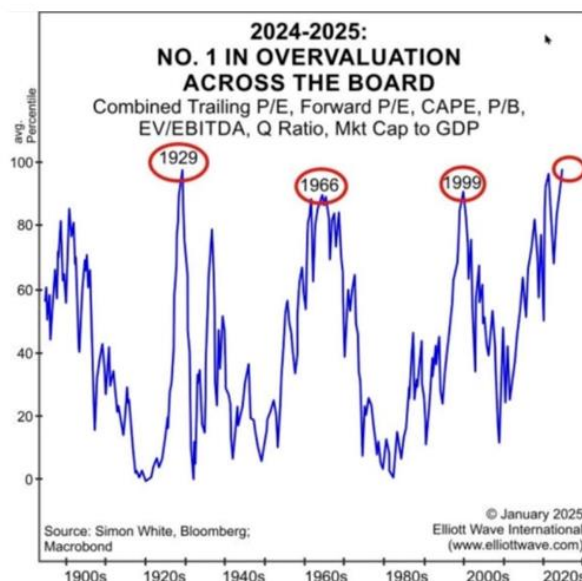
- A large number of stocks are not meeting our fundamental investment criteria.
- We are seeing PE ratio expansion on limited to no earnings growth, unfavourable PEG ratios and most often unfavourable cashflow multiples.
- We can't short them as they keep going up in price
- Continue investing using our investment criteria

8





Price Earnings (PE) Expansion



9



New Gold Inc. (NGD US) – Long (Core)

Stock Profile NGD US

Long Position (FY25e)

EPS Growth	108%
PE	8x
PEG	0.1
OCF yield	25%
FCF yield	16%
Net debt	\$0.25b
Market Cap	\$3.2b

Fundamental Analysis

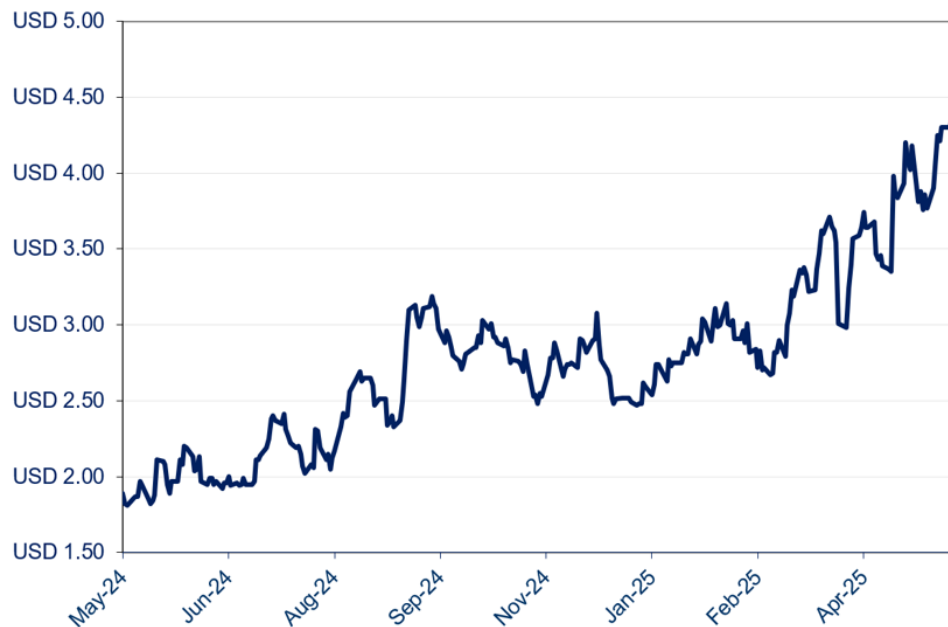
- NGD operates two producing gold mines in Canada.
- Operational challenges, under the former management team, led to forced asset sales and balance sheet troubles.
- NGD now has a new team and is delivering on targets, evidenced by a +10% beat to consensus production estimates in its most recent 1Q results.
- In late 2024, NGD transitioned to positive FCF. This FCF is expected to incrementally step up over the medium term.
- NGD achieved a FCF yield of 4% in 2024; rising to 16% in 2025e, and +40% in 2026/27e, respectively.
- NGD maintains a strong balance sheet with net debt of \$0.25bn.

10





New Gold (NGD US)



11



Myer Holdings (MYR) – Long (Core)

Stock Profile MYR

Long Position (FY26e)

EPS Growth	91%
PE	15x
PEG	0.2
OCF yield	32%
FCF yield	5%
Net cash	\$0.19b
Market Cap	\$1.3b

Fundamental Analysis

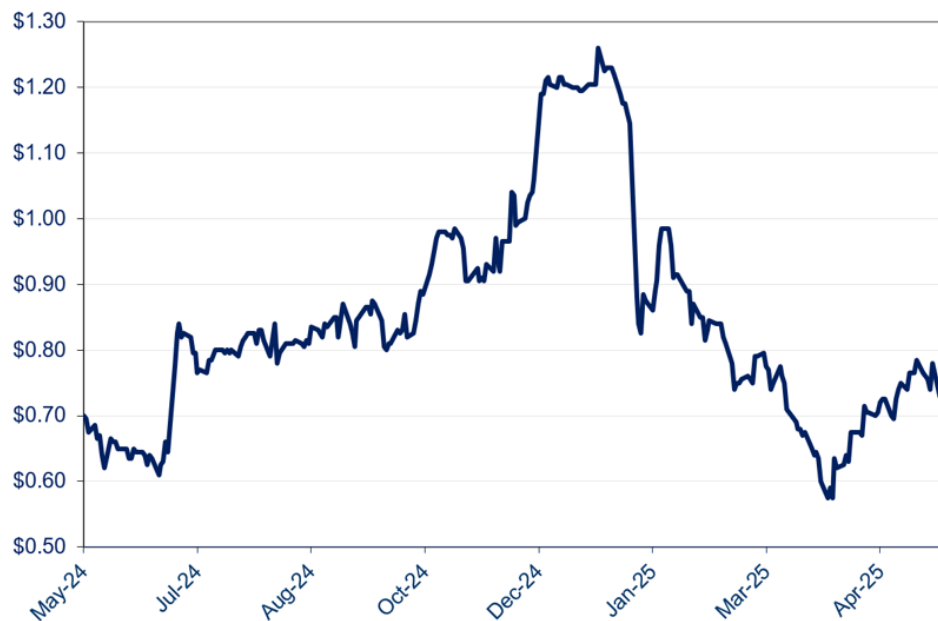
- Myer recently acquired Premier Investment's apparel brands business.
- Myer hired a new management team as part of the acquisition. This includes the appointment of Solomon Lew to the board, who is one of Australia's most successful retailers, personally owns over 20% of MYR, and has been fighting to control and correct MYR's operations for over 20 years.
- Myer's share price halved following the acquisition and an earnings downgrade. We believe the sell-off was overdone and took the opportunity to purchase shares when the share price trend started to turn back up, and MYR was trading on a ~10x PE multiple.
- Management are executing significant improvements including, leveraging MYR's huge customer loyalty network, improving customer experience, simplifying business processes and reducing costs. Synergies of \$30m also are expected from the acquisition.
- We believe these improvements and synergies can almost double MYR's earnings per share.

12





Myer Holdings (MYR)



13



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Other New Positions

Recent market moves have created investment opportunities with several new positions in the portfolio. Some of these are:

Boss Energy (BOE) – Trade Position

BOE is a uranium producer in Australia & the US. The Sprott Uranium Trust (SPUT) recently raised funds at a premium to its share price (equal to NAV), eliminating the perceived risk of forced selling of uranium into an illiquid spot market which is now rising as a result. Meanwhile, BOE is the most shorted stock on the ASX at the time of writing which may lead to outsized trading returns if uranium prices continue to trend higher.

Aurelia Metals (AMI) – Core Position

AMI is a polymetallic producer focusing on gold, copper & zinc. It will shortly transition out of a long period of capital investment into sustainable positive free cash flow while maintaining a net cash position. At spot prices, AMI has a PEG ratio of 0.1x and FY26e FCF yield of +30%. We look forward to its Investor Day in June where we expect it will deliver guidance showing increased production and lower costs.

14



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Other New Positions (Cont'd)

Robex Resources (RBX CN) – Core Position

Robex is a gold developer in Côte d'Ivoire. It is led by a highly experienced team that we are confident will successfully transition the asset into production based on previous experiences with similar assets and jurisdictions. RBX is expected to dual-list on the ASX shortly facilitating a larger audience to the story.

Champion Iron (CIA) – Trade Position

CIA is an iron ore producer in Canada. CIA is expected to increase production over the next 12 months as the DRPF project comes online with a higher grade and hence higher margin product. Recently, iron ore producers have underperformed despite the price of the underlying commodity remaining steady at around US\$90-100/t. CIA has a history of outperforming peers in a rising iron ore price environment.

15



Outlook

- After the Reserve Bank of Australia (RBA) lifted interest rates 13 times since May 2022, it recently reduced interest rates by another 25 basis points with inflation now back in the RBA's target band of 2-3%.
- Meanwhile, the US continues to run deficits and by extension issue more debt. With greater uncertainty on the outlook, a growing reluctance from global peers to buy these issuances is leading to higher interest rates.
- Consequently, Australian interest rates remain below US interest rates which historically is a rare phenomenon.
- There are expectations of further domestic interest rate cuts. If executed, we see potential for the interest rate differential to widen further, and with it place more downward pressure on the Australian dollar and upside pressure on inflation.
- The market will watch interest rates closely as they affect the valuation of all asset classes.
- We continue to see evidence of valuation multiple expansion outpacing earnings growth across the broader ex-resources landscape, resulting in increasingly more expensive equities.

16





Outlook (Cont'd)

- Within our own portfolio we have seen Price to Earnings expansion in companies such as QBE, SUN, ORG and NFLX which previously met our Earnings Per Share Growth to Price Earnings Ratio criteria but are now becoming stretched.
- This has led to the Fund continuing to hold higher than normal cash levels.
- The US political situation with heightened tariffs has created additional market uncertainty leading to a reduction in global growth expectations and disrupted trade flows.
- With this political uncertainty and inflationary monetary and fiscal policies, we maintain a positive outlook for gold and gold equities, with broader market volatility likely.
- We continue to focus on implementing the Cadence process that has served us well through market cycles.

17



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18





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