

INVESTMENT UPDATE

May 2025

Cadence Capital Limited returned a gross performance of 5.2% in May, outperforming the All Ordinaries Accumulation Index by 1.0% for the month. The fund has had a good start to the second half of the financial year returning a gross performance of 8.9% outperforming the index by 4.5%. This 5 month period (January to May) was a highly volatile period with the All Ordinaries Accumulation Index moving in a 15% range, which unsettled investors. After adjusting for dividends, CDM's Pre-tax NTA increased 10% during this 5 month period whilst its share price has fallen by 5%.

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. 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.

The top contributors to performance during May were West African Resources, Evolution Mining, Robex Resources, Resolute Mining, Boss Energy, QBE Insurance and Turaco Gold. There were no large detractors from performance during the month.

During May there was positive news regarding key gold companies in the portfolio. West African Resources announced that its Kiaka mine is on budget and on schedule for gold production to begin in Q3 2025 with mining and crushing having already begun and the processing plant nearing completion. Exploration at the Sanbrado mine showed that high grade gold mineralisation continues beneath the current ore reserves. We expect this will lead to increased production guidance when the company releases a new 10 year production outlook in the coming months. Also in West Africa, Resolute Gold announced the acquisition of the Doropo Gold Project from AngloGold Ashanti. We see this as a positive move with Resolute both diversifying its jurisdictional exposure and also enhancing longer term production and cash flows.

We also realised a trading opportunity in Boss Energy, a uranium producer in Australia and the US. Boss Energy is the most shorted stock on the ASX despite solid underlying fundamentals with a recent transition to positive free cash flow at its key projects. Meanwhile, the uranium price has started to show some support following the Sprott Physical Uranium Trust (SPUT) raising money at its premium to its share price (equal to NAV) and therefore eliminates any need for the Trust to sell uranium pounds into the market.

Quarterly Webcast

To watch CDM's March 2025 Quarterly Webcast please [click here](#). 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 its top 20 holdings 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.

Fund NTA

Net Tangible Assets as at 31st May 2025	Amount (\$)
Pre Tax NTA*	\$0.823
Post Tax NTA*	\$0.994
Share Price (ASX Code: CDM)*	\$0.625

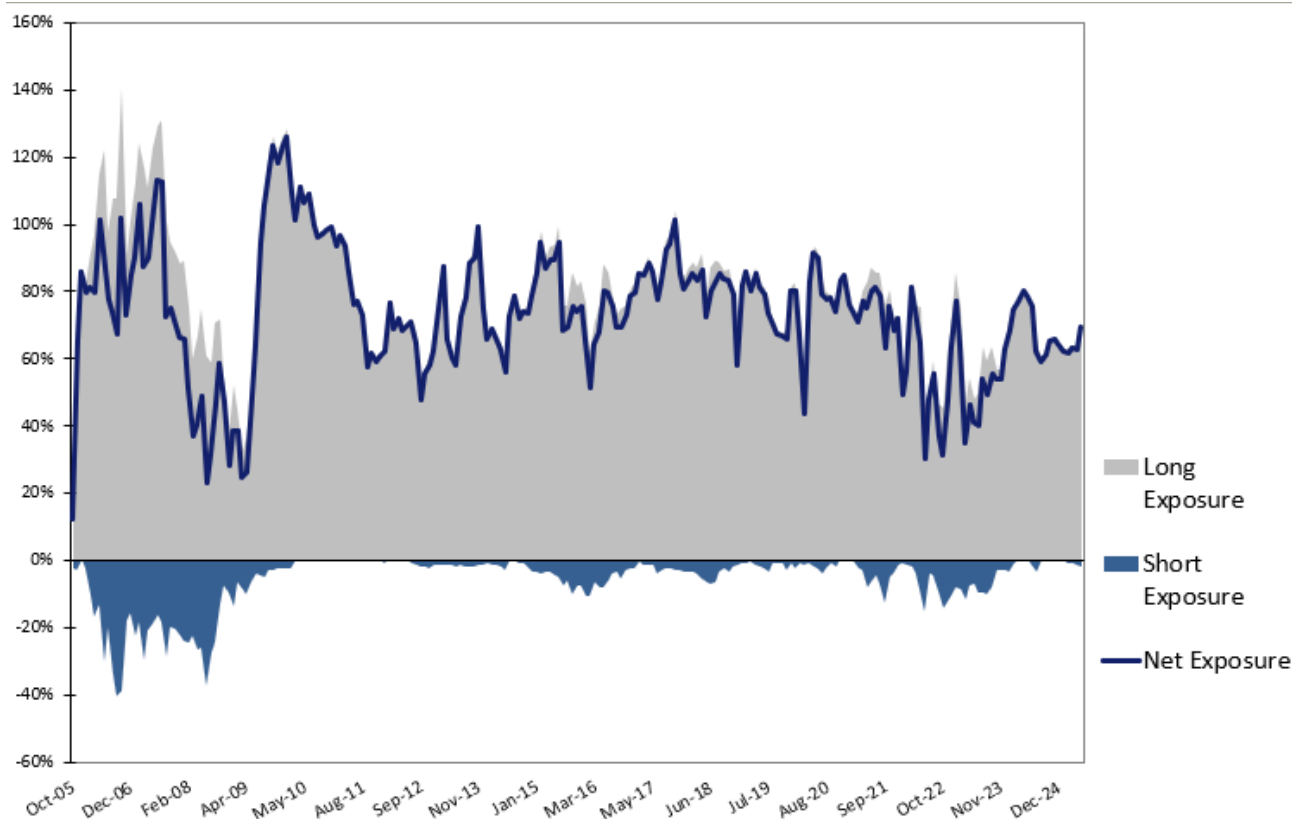
*After the 3.0c interim dividend paid on 30 April 2025

Fund Gross Performance

Gross Performance* to 31st May 2025	CDM	All Ords Accum	Outperformance
1 Month	5.2%	4.2%	+1.0%
5 Years (per annum)	9.0%	12.2%	-3.2%
Since Inception (19.7 years) (per annum)	10.6%	7.6%	+3.0%
Since Inception (19.7 years) (total return)	627.9%	320.8%	+307.1%

* Gross Performance: before Management and Performance Fees

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	43.7%	-0.4%	43.3%
Insurance	7.8%		7.8%
Communications	4.4%		4.4%
Consumer, Non-cyclical	3.2%		3.2%
Technology	3.1%		3.1%
Energy	2.9%		2.9%
Financial	2.1%		2.1%
Utilities	1.6%		1.6%
Consumer, Cyclical	2.1%	-1.4%	0.7%
Industrial	0.5%		0.5%
	71.3%	-1.8%	69.6%

Net Cash Holdings and Tax Asset	30.4%
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Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	52.1%	-1.4%	50.8%
AUD 500 Mill - AUD 1 Billion	12.3%		12.3%
AUD 250 Mill - AUD 500 Mill	4.4%	-0.4%	4.0%
AUD 100 Mill - AUD 250 Mill	0.7%		0.7%
0 - AUD 100 Mill	1.8%		1.8%
	71.3%	-1.8%	69.6%

Net Cash Holdings and Tax Asset	30.4%
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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	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

After paying the recent interim dividend the company has around 9.5 cents per share of profits reserves to pay future dividends.

News

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

We also 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.

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