

## INVESTMENT UPDATE

June 2025

Cadence Capital Limited returned a gross performance of -1.5% in June, compared to the All Ordinaries Accumulation Index which was up +1.4% for the month. The fund performed strongly in the second half of the financial year being up +7.3% reversing some of the first half of the financial year underperformance.

For the year ended 30 June 2025 the fund was up +3.4% compared to the All Ordinaries Accumulation Index which was up +13.2%. The All Ordinaries Accumulation Index performance in 2025 was driven by a small number of large capitalisation companies that did not meet Cadence's investment criteria having low earnings growth and high price earnings (PE) multiples. Commonwealth Bank, Wesfarmers, Westpac, Telstra and Brambles are five such examples which were responsible for around half of the rise in the All Ordinaries Accumulation Index over the 2025 financial year.

The top contributors to performance for Cadence Capital Limited during the past financial year were Evolution Mining, Netflix, QBE Insurance, Robex Resources, Boss Energy, New Gold, West African Resources and Suncorp. The largest detractors from performance were Whitehaven Coal, Alcoa, Yancoal, Capstone Copper, Stanmore Resources and BHP.

In multiple past webcasts we have discussed that the AUD gold price had been rising, and that because gold mining companies are leveraged to the gold price their share prices should have outperformed gold price movements. At that point they had underperformed, and this continued for most of 2024. We have recently seen gold company share prices "catch up" to the gold price. For example, over the past twelve months the Evolution Mining share price was up 123% while the Australian Dollar gold price was up 44%. Robex Resources, New Gold and West African Resources have also performed well, particularly over the last 6 months.

Price Earnings expansion continued to benefit our Suncorp and QBE investments, which were made a number 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 their share price trends change.

The Netflix share price has continued the uptrend that began in mid-2022. We continue to believe that Netflix has excellent economies of scale. As the market leader in subscription video streaming Netflix can provide a large range of quality movies and TV shows at an appealing price, which should drive continued subscriber and profit growth for many years to come. Netflix is due to release their second quarter results this month which we expect to be ahead of their guidance for revenue of USD11.0b and operating income of USD3.7b.

### Discount to NTA

The last half of the financial year was a highly volatile period with the All Ordinaries Accumulation Index moving in an 18% range, which unsettled investors. After adjusting for dividends, CDM's Pre-tax NTA increased 8% during this 6 month period whilst its share price has fallen by 4%.

CDM is trading at a pre-tax NTA discount of 14% whilst holding some cash. Excluding cash the share portfolio of CDM can be bought at a 16% 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 86 cents in the dollar. The Company has been buying back its own stock at a discount to NTA in the CDM on-market buy-back program. Directors have also been adding to their CDM shareholdings at a discount to NTA by participating in the recent DRP and by buying shares on-market.

## Fund NTA

Net Tangible Assets as at 30th June 2025	Amount (\$)
Pre Tax NTA	\$0.803
Post Tax NTA	\$0.982
Share Price (ASX Code: CDM)	\$0.635

## Fund Gross Performance

Gross Performance* to 30th June 2025	CDM	All Ords Accum	Outperformance
1 Month	-1.5%	1.4%	-2.9%
5 Years (per annum)	8.7%	12.0%	-3.3%
Since Inception (19.8 years) (per annum)	10.5%	7.6%	+2.9%
Since Inception (19.8 years) (total return)	617.3%	326.9%	+290.4%

\* Gross Performance: before Management and Performance Fees

## Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	37.5%	-0.4%	37.1%
Insurance	9.2%		9.2%
Communications	5.0%		5.0%
Consumer, Non-cyclical	4.2%		4.2%
Technology	4.1%		4.1%
Energy	3.2%		3.2%
Financial	2.1%		2.1%
Utilities	1.7%		1.7%
Consumer, Cyclical	2.1%	-1.5%	0.6%
Industrial	0.4%		0.4%
Software & Services	0.1%		0.1%
	69.5%	-1.9%	67.6%

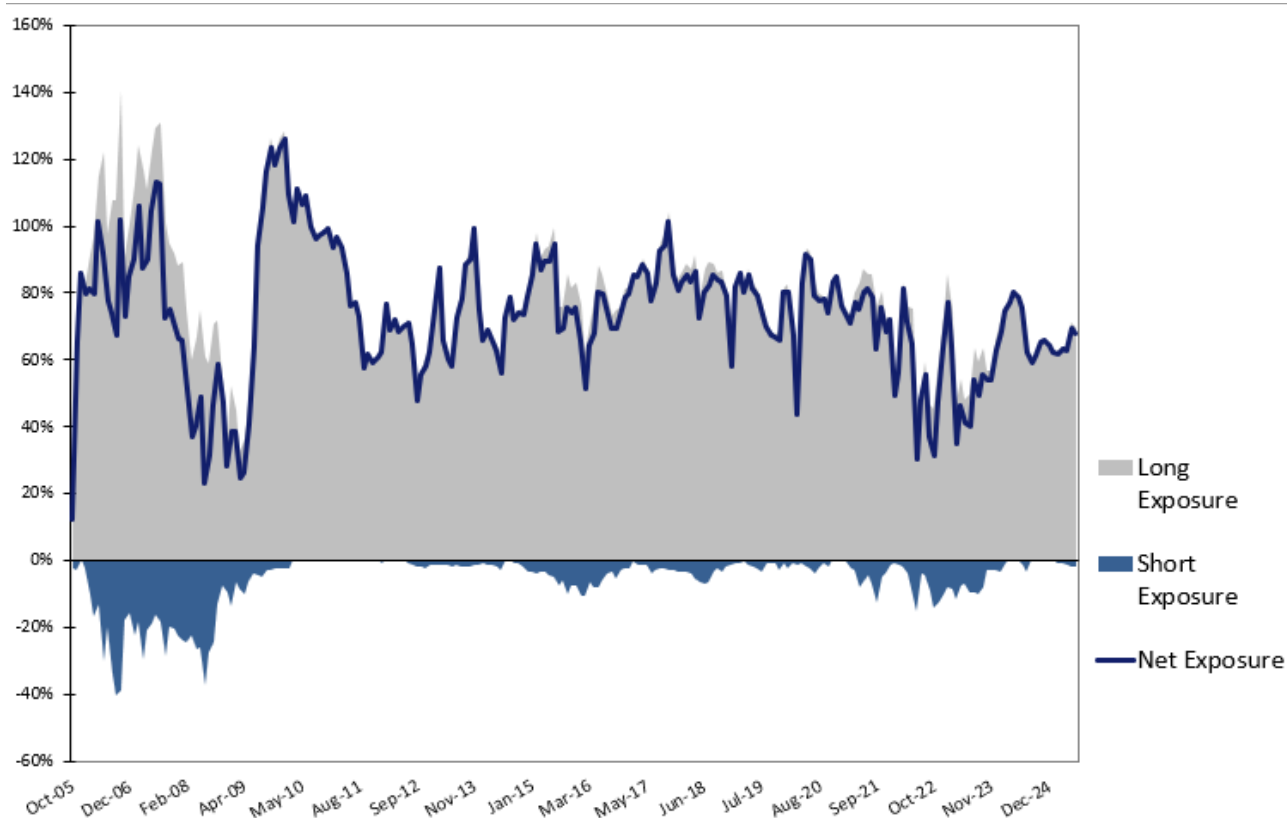
Net Cash Holdings and Tax Asset	32.4%
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## Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	47.7%	-1.5%	46.2%
AUD 500 Mill - AUD 1 Billion	15.0%		15.0%
AUD 250 Mill - AUD 500 Mill	4.3%	-0.4%	3.9%
AUD 100 Mill - AUD 250 Mill	0.6%		0.6%
0 - AUD 100 Mill	1.9%		1.9%
	69.5%	-1.9%	67.6%

Net Cash Holdings and Tax Asset	32.4%
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## Historic Portfolio Exposure



## 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
<b>TOTAL</b>	<b>62.5c</b>	<b>59.2c</b>	<b>11.5c</b>	<b>133.2c</b>	<b>188.6c</b>

\* 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 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.

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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