

INVESTMENT UPDATE

December 2024

Cadence Capital Limited returned a gross performance of -1.8% in December, outperforming the All Ordinaries Accumulation Index by 1.3% for the month. The largest detractors from performance during December were Alcoa, Resolute Mining, Evolution Mining and Whitehaven Coal. The top contributors to performance were Robex Resources, Queensland Pacific Metals, IperionX and Amplitude Energy.

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, CDM is trading at a pre-tax NTA discount of around 10%. CDM 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 CDM share price is trading at a discount to the Pre-Tax NTA.

Fund NTA

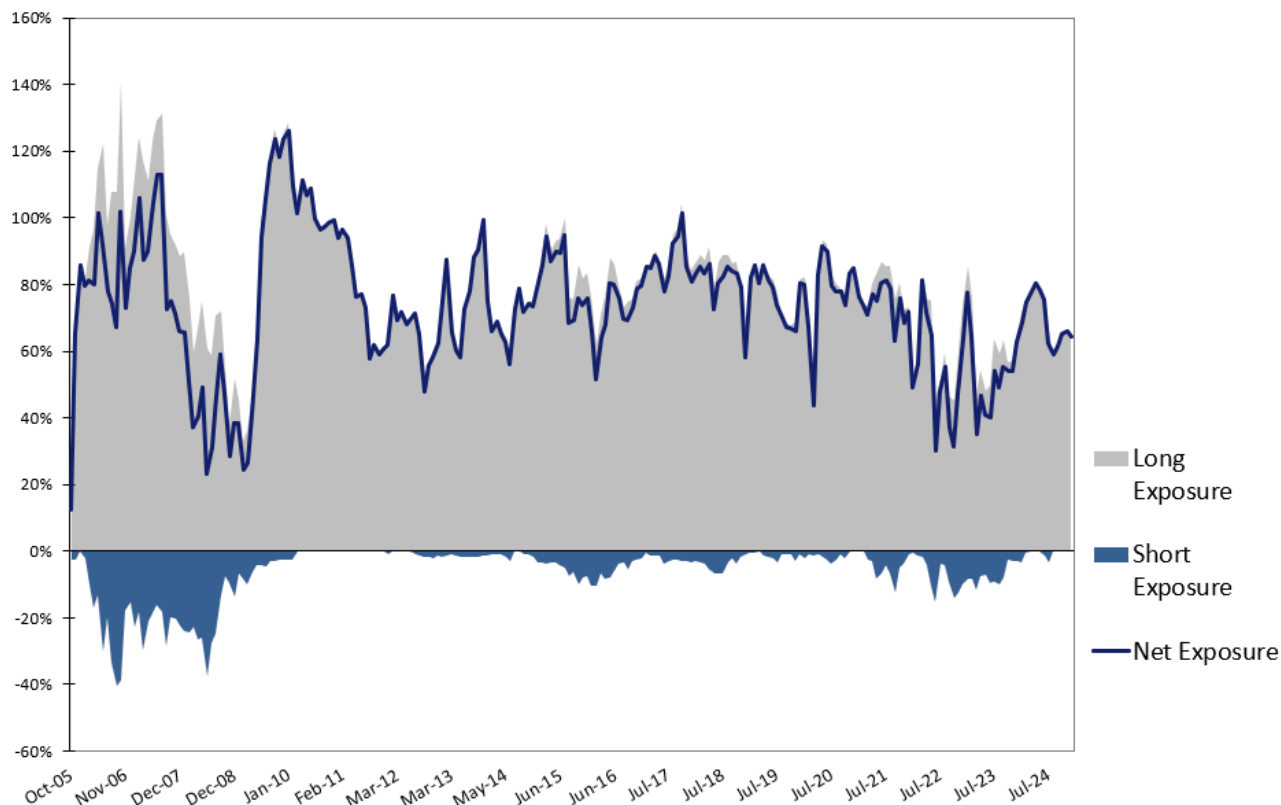
Net Tangible Assets as at 31st December 2024	Amount (\$)
Pre Tax NTA	\$0.772
Post Tax NTA	\$0.963
Share Price (ASX Code: CDM)	\$0.690

Fund Gross Performance

Gross Performance* to 31st Dec 2024	CDM	All Ords Accum	Outperformance
1 Month	-1.8%	-3.1%	+1.3%
5 Years (per annum)	5.6%	8.3%	-2.7%
10 Years (per annum)	3.8%	8.8%	-5.0%
Since Inception (19.3 years) (per annum)	10.4%	7.5%	+2.9%
Since Inception (19.3 years) (total return)	568.5%	303.1%	+265.4%

* Gross Performance: before Management and Performance Fees

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	28.6%		28.6%
Communications	9.4%		9.4%
Consumer, Non-cyclical	3.3%		3.3%
Energy	7.7%		7.7%
Financial	3.5%		3.5%
Industrial	1.3%		1.3%
Insurance	7.5%		7.5%
Technology	1.0%		1.0%
Utilities	2.1%		2.1%
	64.3%	0.0%	64.3%

Net Cash Holdings and Tax Asset	35.7%
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Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	48.3%		48.3%
AUD 500 Mill - AUD 1 Billion	4.9%		4.9%
AUD 250 Mill - AUD 500 Mill	6.7%		6.7%
AUD 100 Mill - AUD 250 Mill	3.2%		3.2%
0 - AUD 100 Mill	1.1%		1.1%
	64.3%	0.0%	64.3%

Net Cash Holdings and Tax Asset	35.7%
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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
TOTAL	59.5c	59.2c	11.5c	130.2c	185.0c

* Off market Equal access buy back

The company has around 12.5 cents per share of profits reserves to pay future dividends.

News

To watch CDM's recent AGM Investor Briefing [please click here](#). In this AGM Investor Briefing, Karl Siegling starts by giving an update on CDM's past and current year performance, discusses the portfolio's current composition 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 holdings before closing with the outlook for 2025.

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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