



Cadence Capital Limited (ASX: CDM) Half-Year Results

Wednesday, 18 February 2015

Half-yearly results to 31 December 2014:

- 5.0c interim dividend payable on the 10th April 2015,
- Annualised yield of 7.0% fully franked (10.0% grossed-up) based on the 31st December 2014 share price,
- Options exercised before the 27th March 2015 will be entitled to the interim dividend,
- Revenue from ordinary activities of \$315,062,
- A net loss after tax of \$630,177 based on a largely flat market and portfolio,
- 5,600 shareholders, an increase of 30% over 12 months,
- SMSFs account for 65% of all shareholders in the fund.

Cadence Capital Limited announced a 5.0 cent fully-franked interim dividend to be paid on the 10th April 2015. This equates to a 7% annualised fully franked yield, or a 10% gross yield before tax based on the CDM share price at the time of writing this announcement.

The All Ordinaries Accumulation Index produced a 2% return for the six months ended 31st December 2014 whilst Cadence produced an almost flat return for the same period whilst holding high levels of cash during this period. This resulted in reduced half-year revenues of \$315,062 to 31 December 2014 and a half-year operating loss after tax of \$630,177.

Since the 1st January 2015 the All Ordinaries Accumulation Index is up around 8.3% and Cadence has produced approximately 7.8% gross performance for the same period. Our investment process has seen us adding to a number of positions and at the time of writing, the fund is holding less than 10% cash. After 'treading water' for several years, the renewed increase in the All Ordinaries Index coincides with the Reserve Bank of Australia (RBA) cutting interest rates in early February 2015, with commentary signalling further interest rate cuts in the year ahead.

We continue to add to our offshore investments with the fund currently having more than 20% invested in global listed equities. We estimate a further 20% of our domestic investments earn income directly from offshore, creating a portfolio with approximately 40% offshore exposure. Falling interest rates and any future interest rate cuts will place further pressure on the Australian dollar, with offshore investments benefitting from this trend.

Karl Siegling, Chairman, said “Given the record low interest rate environment in Australia, we are pleased that the Company has delivered an annualised fully franked yield of 7.0% (10.0% when grossed-up for franking credits). Once again, Cadence will be providing current investors the ability to participate in its Dividend Re-Investment Plan (“DRP”) at a 3% discount.”

Recent interest rate cuts combined with the stock market reaction to RBA directives give rise to cautious optimism for 2015. The outlook for our domestic portfolio looks promising with our current weighting towards interest rate sensitive stocks. Our overseas investments have performed very well to date and have also benefited from the falling Australian dollar.

If you are a CDM Option holder and would like to exercise your Options to receive the 5.0c interim dividend, please see the dates below to ensure you are a registered shareholder on dividend record date (27th March 2015):

BPay: Funds to be received by 26th March 2015.

Cheque: Cheques must be received by Boardroom Limited by 23rd March 2015

Fund Performance to 31st January 2015

Performance* to 31 January 2015	CDM**	All Ords	Outperformance
1 Month	3.12%	3.03%	+0.09%
1 Year	7.25%	11.28%	-4.03%
2 Years	24.32%	23.21%	+1.11%
3 Years	47.07%	46.22%	+0.85%
4 Years	92.02%	36.19%	+55.83%
5 Years	167.39%	49.53%	+117.86%
8 Years	165.17%	35.45%	+129.72%
Since Inception (9.3 years)	376.44%	78.66%	+297.78%
Since Inception Annualised (9.3 years)	18.21%	6.42%	11.79%

* Gross Performance before Management and Performance Fees

** Adjusted to include the franking value of the substantial RHG dividend received in May 2011

Karl Siegling
Chairman, Cadence Capital Limited

For further information:

Karl Siegling
Cadence Capital Limited
Telephone: +61 2 8298 2498
Email: karls@cadencecapital.com.au
Web: www.cadencecapital.com.au

Michelle Morgan
Cadence Capital Limited
Telephone: +61 2 8298 2402
Email: michellem@cadencecapital.com.au
Web: www.cadencecapital.com.au