

Cadence Capital Limited (ASX: CDM) Full Year Results

Sydney, 16 August 2022: Cadence Capital Limited today announced its full year results. Karl Siegling, Chairman, said “Cadence Capital Limited ended the financial year with the fund down 3.3%, outperforming the index by 4.1%. Over the past two years the fund is up 17.7% per annum, outperforming the All Ordinaries Accumulation Index by 7.9% per annum. The top contributors to performance during the financial year were Whitehaven Coal, TMC The Metals Company, New Hope, Upstart Holdings, DigitalOcean Holdings and Asana. The largest detractors from performance were Resimac Group, Bed Bath and Beyond, Nitro Software, Peabody Energy, Betmakers Technology and Sofi Technologies.”

Karl Siegling continued, “The last year has seen significant changes in trend across markets, interest rates, inflation, energy prices and commodity prices. This has led to very different types of stocks performing well in 2022 compared with 2021.”

Karl Siegling added, “We are pleased that the CDM share price is trading closer to the underlying Net Tangible Asset (NTA) backing of the Company, with buying interest returning from new, existing and past CDM shareholders.”

Fully Franked Year-end Dividend

On 15th July 2022 the Board announced a 4.0 cents per share fully franked year-end dividend bringing the full year dividend to 8.0 cents per share fully franked. This is a 60% increase on the previous year’s dividends of 5.0 cents per share reflecting the strong performance of the company over the past few years and the build-up of profit reserves.

This full year dividend of 8.0 cents per share fully franked equates to an 9.0% fully franked yield or a 12.9% gross yield (grossed up for franking credits) based on the share price of

Full Year Results to 30 June 2022:

- Fund down 3.3% in FY22, outperforming All Ords. Accum. Index by 4.1%
- Past two years fund up 17.7% p.a. outperforming index by 7.9% p.a.
- 4.0c fully franked final dividend
- 60% increase on last year’s ordinary dividends
- Annualised yield of 9.0% fully franked (12.9% gross including franking)
- Statutory loss after tax of \$4.5m

\$0.885 per share on the day of the announcement. Importantly this equates to an 8.0% dividend yield based on the current pre-tax NTA of \$1.00, as the Company shares are trading at a discount to NTA despite recent strong performance and a 16-year track record of significant outperformance against the All Ordinaries Accumulation Index. After paying this dividend the Company still has 25 cents per share of profits reserves to pay future dividends.

The Ex-Date for the dividend is the 17th October 2022. The payment date for the dividend is the 28th October 2022. The dividend re-investment plan (DRP) will not be in operation for this final dividend as the Company's shares are trading at a discount to the underlying NTA.

Outlook

Karl Siegling said, "The fund has navigated a volatile environment over the year as we saw significant falls in many equity markets in the second half of the year. Following our scaling process, we have seen exposure reduce and cash levels build as we preserve our capital for future opportunities."

"Importantly, future interest rate expectations have changed dramatically. One year ago, the Reserve Bank of Australia forecast 0% cash rates until 2024. Now the market expects cash rates over 3% by the end of 2022. This will be one of the most important trends to monitor in determining the direction of future asset prices."

Karl Siegling continued, "The fund has started 2023 in a strong position with high cash and liquidity levels and a market which has started to offer more investment opportunities. We continue to focus on implementing the Cadence process that has served us well through market cycles."

Karl Siegling
Chairman, Cadence Capital Limited

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