

Cadence Capital Limited (ASX: CDM) Half Year Results

Sydney, 18 February 2022: Cadence Capital Limited (ASX: CDM) today announced a half year profit after tax of \$22.1m. Karl Siegling, Chairman, said “The Company had a strong 6 months to 31 December 2021 with the portfolio up 10.2% in 1H21, outperforming the All Ordinaries Accumulation Index by 5.6%. The top contributors to performance during the first half were TMC The Metals Group, Upstart, DigitalOcean, Johns Lyng, Life360, Uniti Group, Asana and Whitehaven Coal. The largest detractors from performance were Resimac, Bed Bath and Beyond and Nitro Software.”

Karl added, “Importantly, the fund’s returns benefitted significantly from the higher liquidity levels in the portfolio which has

been a focus for the investment team over the past few years. Currently, more than 90% of the portfolio can be liquidated within one week, and over 96% of the portfolio within a month. The company currently holds around 45 positions with the largest position less than 6% of the fund. Approximately 77% of the funds’ positions are invested in Companies with a greater than one billion dollar market capitalization.”

Karl continued, “The CDM share price is trading closer to its NTA but it is still trading at a discount to NTA despite the funds strong performance and its high fully franked yield. It is pleasing to see buying interest returning from both new, existing and past CDM shareholders.”

Half Year Results to 31 December 2021:

- Half Year fund gross performance of 10.2%, outperforming All Ords. Accum. Index by 5.6%
- 4.0c fully franked Interim Dividend payable on the 14 April 2022
- 100% increase on previous half year dividend
- Annualised Yield of 8.2% fully franked (11.7% gross including franking)
- DRP will be operational for the half year dividend
- CDM at a discount to NTA despite strong fund performance and high ff yield
- Profit before tax of \$31.2m
- Profit after tax of \$22.1m

Fully Franked Interim Dividend

On 13 January 2022 the Board announced a 4.0 cents per share fully franked interim dividend. This equates to an 8.2% annual fully franked yield, or an 11.7% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$0.98 per share. The Ex-Date for the dividend is the 31 March 2022. The payment date for the dividend is the 14 April 2022. The dividend re-investment plan (DRP) will be in operation for this interim dividend. There will be no DRP discount applied. The Company is able to reissue shares that it purchased in the on-market buy-back at an average price of \$0.768 per share. The profits from the on-market buy-back benefit all existing shareholders. If you are not registered for the DRP and you would like to participate, please contact Boardroom on 1300 737 760.

Outlook

Karl Siegling continued, “The final quarter of 2021 saw a marked change in performance of markets globally. We have seen interest rates begin to increase and stimulus start to be removed after a period of very low or zero interest rates globally. The strong trends experienced in high-valuation growth-style stocks for much of the last two years in many cases have reversed. At the same time, trends across the resources and energy sectors have in many cases strengthened.”

Karl Siegling added, “The portfolio’s construction has changed significantly to align with these developments. A period of increasing interest rates and elevated inflation will lead to different stocks performing well compared to what we have seen in recent years. Shorting and high levels of cash will also play an important role going forward. Liquidity and cash levels in the portfolio are currently high and maintaining flexibility in this period of increased uncertainty and volatility.”

Karl Siegling
Chairman, Cadence Capital Limited

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