



CADENCE  
*Capital Limited*



## Cadence Capital Limited (ASX Code: CDM) June 2018 Quarterly Webcast

**Click to view the June 2018 Quarterly Webcast**

In this Webcast, Karl Siegling discusses the company's expected **record profit** for 2018, stocks that performed well for the year and details of the final dividend. He briefly discusses global growth, the company's outlook over the coming year and then concludes by introducing the upcoming **[Initial Public Offering \(IPO\) – Cadence Opportunities Fund](#)**.

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Cadence Capital Limited

## 2018 Financial Year End Webcast



## 2018 Results at a Glance

- **Record Profit before tax** of approximately \$54 million.
- **Record Profit after tax** of approximately \$41 million.
- EPS of 13.5 cents.
- Fund **gross performance of 18.2%** outperforming the All Ords. Accum. Index by 4.5%.
- This performance has been achieved whilst holding on average 20% cash over the past 12 months (i.e. less than market risk).
- 4.0 cents **fully franked final dividend** payable on 17<sup>th</sup> September 2018.
- **Annualised dividend yield of 6.4% fully franked** (9.1% grossed-up) based on the share price as at 30<sup>th</sup> June 2018.





## Performance

Gross Performance* to 30th June 2018	CDM	All Ords Accum	Outperformance
1 Month	0.9%	2.9%	-2.0%
YTD	18.2%	13.7%	+4.5%
1 Year	18.2%	13.7%	+4.5%
3 Years (per annum)	6.7%	9.5%	-2.8%
5 Years (per annum)	9.6%	10.3%	-0.7%
8 Years (per annum)	17.8%	9.4%	+8.4%
10 Years (per annum)	14.4%	6.2%	+8.2%
Since Inception (12.8 years) (per annum)	15.5%	6.9%	+8.6%
Since Inception (12.8 years) (total return)	526.7%	135.1%	+391.6%

\* Gross Performance: Before Management and Performance Fees

- Stocks that performed well over the past 12 months :  
Emeco Holdings, ARQ Group, Macquarie Group, Navigator Global Investments, Noni B, Shine Corporate, Money3, Facebook, Independence Group and McPherson's.
- Stocks that under performed over the past 12 months :  
Retail Food Group, Fortescue Metals Group, Eclixp Group, Fleetwood Corp, BW Offshore, HT&E, Jervois Mining, Tesla (short position), Softbank and Domino's Pizza (short position).
- The Company's holdings performed well generating both strong profits and outperformance.

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## Final Dividend

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
<b>TOTAL</b>	<b>41.5c</b>	<b>42.2c</b>	<b>11.5c</b>	<b>95.2c</b>	<b>135.1c</b>

\* Offmarket Equal access buyback

- Annualised yield of 6.4% fully franked (9.1% grossed-up) based on CDM share price as at 30<sup>th</sup> June 2018.
- Investors can participate in the Dividend Re-investment Plan (DRP) at a **3% discount**.
- Cadence Management team are participating in the DRP.
- Ex date 7th Sept 18, Payment date 17th Sept 18, DRP Closing date 12th Sept 18.

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## Top 20 Holdings – 30 June 2018

Top 20 Holdings				
Code	Position	Direction	Currency	Holding
ARQ	ARQ Group Ltd	Long	AUD	16.6%
EHL	Emeco Holdings Ltd	Long	AUD	7.1%
MQG	Macquarie Group Ltd	Long	AUD	6.3%
NBL	Noni B Ltd	Long	AUD	4.8%
JHG	Janus Henderson Group Plc	Long	AUD	3.9%
MNY	Money3 Corporation Ltd	Long	AUD	3.6%
TEVA US	Teva Pharmaceutical-SP	Long	AUD	2.9%
NGI	Navigator Global Investments Ltd	Long	AUD	2.9%
SHJ	Shine Corporate Ltd	Long	AUD	2.6%
AMI	Aurelia Metals Ltd	Long	AUD	2.5%
DMP	Domino's Pizza Enterprises Ltd	Short	AUD	(2.3%)
TSLA US	Tesla Inc	Short	AUD	(2.2%)
CCP	Credit Corp Group Ltd	Long	AUD	2.2%
5930 KS	Samsung Electronics Co Ltd	Long	USD	2.1%
FB US	Facebook Inc	Long	AUD	2.1%
HOM	Homeloans Ltd	Long	AUD	2.0%
MAH	Macmahon Holdings Ltd	Long	AUD	1.7%
LYC	Lynas Corp Ltd	Long	AUD	1.6%
BOL	Boom Logistics Ltd	Long	AUD	1.5%
MIN	Mineral Resources Ltd	Short	AUD	(1.4%)
<b>Top Portfolio Holdings Net Exposure</b>				<b>60.5%</b>

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## Outlook

- The fund performed well over the past twelve months, with both small and large cap stocks contributing positively to performance, as well as companies across a number of sectors.
- This is important to achieving above-average risk-adjusted returns over time.
- Global markets have recovered from the weakness early in the calendar year, and appear to again be climbing a wall of worry.
- The Australian market has more than recovered, with the All Ordinaries hitting new highs in June, 2018.
- Although there has been some pockets of relative weakness and strength, synchronized global growth has continued in 2018.
- We continue to find opportunities that fit the Cadence investment process which we are adding to the portfolio.
- We will be launching the Cadence Opportunities Fund IPO over the coming months, register on our website to receive a copy of the prospectus when it is available.

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## Cadence Opportunities Fund – CDO

- **Cadence Opportunities Fund** is an active trading version of the Cadence Capital process.
- **Long biased**, long-short strategy investing **domestically and internationally**.
- Established use of our proprietary **Fundamental** and **Technical Research** process.
- Using **shorter duration trends** produces alpha opportunities.
- Smaller initial position sizes will facilitate more positions being entered and exited earlier within a trend. Up to 40 core and 40 trading positions.
- This approach allows the Fund to readily enter and exit both long and short positions.
- The strategy is likely to benefit in times of volatility and carry less overall net exposure (more cash on average).
- Additional Alpha (outperformance) will be generated from defined 'Trades'.
- This fund should compliment our existing fund, and I intend to invest in this new fund to compliment my existing CDM holding.

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