

INVESTMENT UPDATE

May 2023

Cadence Capital Limited returned a negative gross performance of 2.7% in May, compared to the All Ordinaries Accumulation Index which was down 2.6% for the month. The top contributors to performance during May were Meta Platforms, Patriot Battery Metals and Netflix. The largest detractors from performance were Tietto Minerals, Newcrest Mining, Capstone Copper and Iris Energy. Cadence Capital Limited is conservatively positioned with gross exposure of 55% and around 50% of its investable portfolio in cash.

While the Australian market was down for the month, the Nasdaq was up 7.6%, with our holdings in Meta Platforms and Netflix performing well. Meta Platforms continued to trend higher after announcing 2023 as the "year of efficiency" and delivering consecutive quarterly results that were better than expected.

Patriot Battery Metals rose over 20%, primarily due to a rising Lithium Carbonate price, with Chinese futures rising over 100% since reaching a low point in late April. The outlook for Lithium demand remains extremely strong with the majority of car manufacturers shifting their focus to battery electric vehicles.

In February US gold miner Newmont approached Newcrest Mining regarding a scrip for scrip takeover, which was recommended by the Newcrest Mining board in May. The prospect of this takeover has seen Newcrest Mining perform well for most of this year, but the share price fell in May due to a fall in the Newmont share price. Now that the takeover is expected to go ahead the Newcrest Mining share price essentially tracks the Newmont share price.

Quarterly Audiocast

If you have not done so already, we recommend that you watch the recently released [Quarterly Audiocast](#). In this audiocast, Karl Siegling firstly discusses the Company's recent performance, CDM's Total Shareholder Return (incl. franking), CDM's Share Price vs NTA and the current composition of the portfolio. Karl then discusses some of CDM's current investment themes and then looks in detail at two of its current investments, Newcrest Mining and Meta Platforms. Karl finishes with the outlook for the rest of the year.

CDM Share Price discount to NTA

CDM is currently trading at a pre-tax NTA discount of around 13% whilst holding around 50% cash. If all the shares in the portfolio fell by 26% the pre-tax NTA would still be above the share price. To put it another way, the shares in the portfolio can be bought at a 26% discount to their underlying value.

Fund NTA

Net Tangible Assets as at 31st May 2023	Amount (\$)
Pre Tax NTA*	\$0.817
Post Tax NTA*	\$0.997
Share Price (ASX Code: CDM)*	\$0.745

*After the 4.0 c fully franked interim dividend

Fund Gross Performance

Gross Performance* to 31st May 2023	CDM	All Ords Accum	Outperformance
1 Month	-2.7%	-2.6%	-0.1%
3 Years (per annum)	9.4%	11.6%	-2.2%
5 Years (per annum)	-0.1%	7.6%	-7.7%
10 Years (per annum)	4.4%	8.3%	-3.9%
Since Inception (17.7 years) (per annum)	10.9%	7.0%	+3.9%
Since Inception (17.7 years) (total return)	518.6%	228.7%	+289.9%

* Gross Performance: before Management and Performance Fees

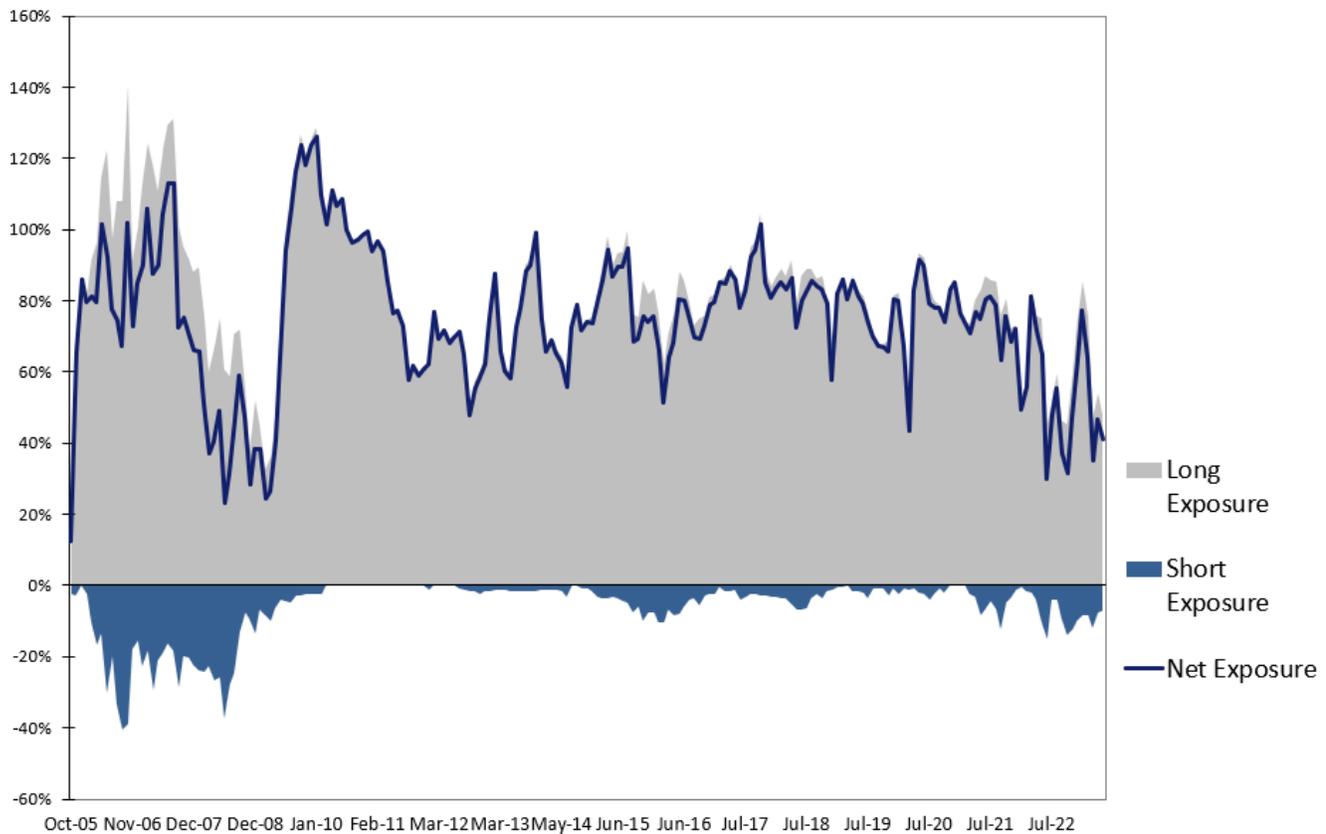
Franked Dividends Declared Since Listing

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	-	-	4.0c	5.7c
TOTAL	56.5c	53.2c	11.5c	121.2c	172.1c

* Off market Equal access buy back

On the 28th of April the Company paid its 4.0 cent fully franked half-year dividend. After paying this dividend the Company still has 22 cents per share of profits reserves to pay future dividends.

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	18.3%	-1.7%	16.6%
Communications	6.8%		6.8%
Consumer, Non-cyclical	4.4%		4.4%
Consumer, Cyclical	3.8%	-0.9%	2.9%
Financial	3.8%	-1.3%	2.5%
Insurance	3.2%		3.2%
Energy	2.9%	-0.4%	2.5%
Utilities	2.6%		2.6%
Industrial	1.7%	-1.0%	0.6%
Technology	0.5%		0.5%
Banks	0.0%	-1.6%	-1.6%
	47.9%	-7.0%	40.9%

Net Cash Holdings and Tax Asset **59.1%**

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	37.8%	-7.0%	30.8%
AUD 500 Mill - AUD 1 Billion	5.0%		5.0%
AUD 250 Mill - AUD 500 Mill	2.6%		2.6%
AUD 100 Mill - AUD 250 Mill	1.4%		1.4%
0 - AUD 100 Mill	1.2%		1.2%
	47.9%	-7.0%	40.9%
Net Cash Holdings and Tax Asset			59.1%

News

To hear CDM's half-year Audiocast [please click here](#). This Audiocast gives an update on the Company's performance, its portfolio composition, some of its current investment holdings and the outlook for the rest of the year.

To view all previous Cadence webcasts and interviews please visit the [Media Section](#) of the website.

We 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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