



INVESTMENT UPDATE

August 2018

For the month of August 2018, Cadence Capital Fund returned a negative gross performance of 2.8%, compared to an increase in the All Ordinaries Accumulation Index of 1.7%.

As at the 31st August 2018 the fund is 89.6% invested (10.4% cash).

Over the coming months, Cadence intends to list a new investment company, **Cadence Opportunities Fund (ASX:CDO)**, that follows Cadence Capital's proven Fundamental and Technical research process whilst trading more actively within established shorter duration trends. **Cadence Capital Limited (ASX:CDM) shareholders will be offered a priority allocation in the Initial Public Offering (IPO).**

To register your interest for the upcoming IPO*, visit <http://www.cadencecapital.com.au/register-your-interest-upcoming-ipo/>

Fund NTA

Unit price estimate (Pre-Distribution) as at 31st August 2018:

NTA (Post Fees, Pre Distribution) – Class A Original series \$2.33

Fund Performance

Performance* to 31 August 2018	CCF	All Ords Accum	Outperformance
1 Month	-2.8%	1.7%	-4.5%
YTD	-3.1%	3.0%	-6.1%
1 Year	14.7%	16.0%	-1.3%
3 Years (per annum)	6.3%	11.8%	-5.5%
5 Years (per annum)	7.8%	9.2%	-1.4%
8 Years (per annum)	16.9%	9.3%	+7.6%
10 Years (per annum)	12.1%	6.6%	+5.5%
Annualised return since inception (14.8 years)	14.2%	9.2%	+5.0%
Inception to date accumulated return (14.8 years)	612.7%	266.8%	+345.9%

* Gross Performance before Management and Performance Fees



Top Portfolio Positions

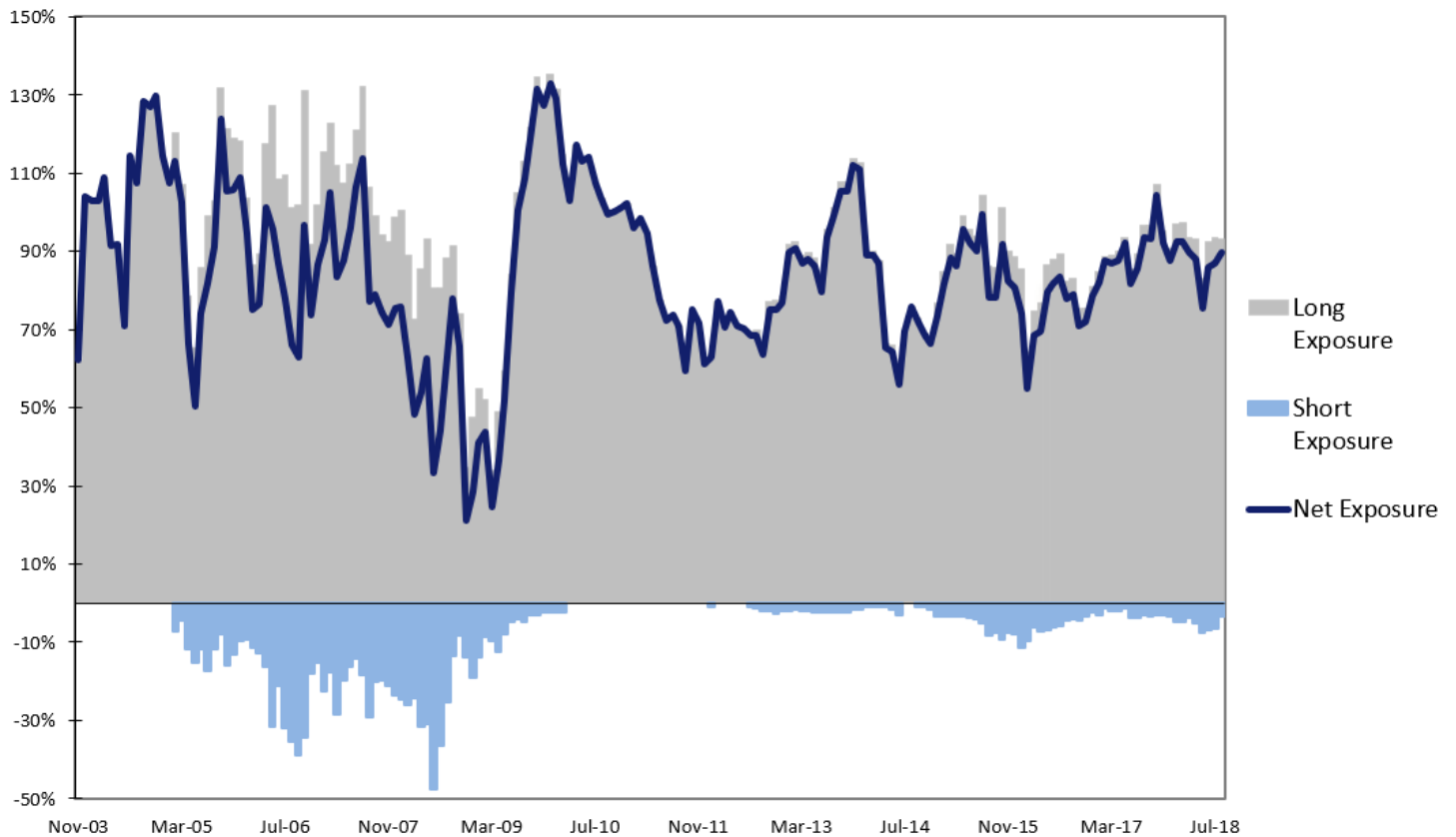
Stock Code	Position	Direction	Currency	Holding
ARQ	ARQ Group Ltd	Long	AUD	12.5%
MQG	Macquarie Group Limited	Long	AUD	6.9%
EHL	Emeco Holdings Ltd	Long	AUD	6.9%
NBL	Noni B Ltd	Long	AUD	5.3%
MNY	Money3 Corp Ltd	Long	AUD	4.6%
CCP	Credit Corp Group Ltd	Long	AUD	3.5%
TEVA US	Teva Pharmaceutical-SP	Long	AUD	3.4%
NGI	Navigator Global Investments Ltd	Long	AUD	3.2%
JHG	Janus Henderson Group Plc	Long	AUD	3.2%
SHJ	Shine Corporate Ltd	Long	AUD	3.1%
STO	Santos Ltd	Long	AUD	2.5%
MAH	Macmahon Holdings Ltd	Long	AUD	2.5%
FXJ	Fairfax Media Ltd	Long	AUD	2.4%
CLH	Collection House Ltd	Long	AUD	2.3%
AMI	Aurelia Metals Ltd	Long	AUD	2.3%
FB US	Facebook Inc	Long	AUD	2.2%
TSLA US	Tesla Inc	Short	AUD	(2.1%)
HOM	Homeloans Ltd	Long	AUD	2.1%
Top Portfolio Holdings - Net Exposure				66.8%

Portfolio Sector Analysis

Sector	Long	Short	Net
Consumer, Non-cyclical	22.7%		22.7%
Financial	14.9%		14.9%
Technology	12.8%		12.8%
Industrial	7.9%		7.9%
Energy	7.8%		7.8%
Diversified Financials	6.9%		6.9%
Basic Materials	6.4%		6.4%
Communications	4.6%		4.6%
Consumer, Cyclical	6.7%	3.5%	3.2%
Materials	2.1%		2.1%
Health Care Equipment & Services	0.2%		0.2%
	93.1%	3.5%	89.6%
Cash on hand			10.4%



Portfolio Exposure



News

Cadence Opportunities Fund

Over the coming months, Cadence intends to list a new investment company, **Cadence Opportunities Fund (ASX:CDO)**, that follows Cadence Capital's proven Fundamental and Technical research process whilst trading more actively within established shorter duration trends. **Cadence Capital Limited (ASX:CDM) shareholders will be offered a priority allocation in the Initial Public Offering (IPO).**

To register your interest for the upcoming IPO*, visit <http://www.cadencecapital.com.au/register-your-interest-upcoming-ipo/>



Reporting Season

Generally speaking, the portfolio performed well through the reporting season with most stocks posting results that were in line or ahead of expectations. The positions which were the largest positive contributors to performance for the period included Credit Corp Group Limited, Macmahon Holdings Limited, Homeloans Limited, Aurelia Metals Limited, and Mayne Pharma Group Limited. One notable exception was the half year results for ARQ group (formerly Melbourne IT). Whilst the actual half year result was close to our numbers and the full year guidance was around 5% below our expectations, the guidance for the years ahead was revised downwards, although still reflecting positive and healthy growth. The market interpreted this guidance poorly and the stock price fell around 30% during the month. The stock now has a \$300M enterprise value with normalised EBITDA of around \$40M putting the company on approximately 7.5 times EV/EBITDA. We believe this is a very low multiple for the earnings stream ARQ delivers.

Australian Shareholders Association

We will be presenting at the Australian Shareholder's Association Listed Investment Companies Showcase on the 5th October in Brisbane, 10th October in Sydney and 12th October in Melbourne. Should you wish to attend any of these presentations please [click here](#) to register your interest.

We encourage you to visit our [56 books you should read before buying your next stock](#) page on our website.

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

We welcome any of your friends or colleagues that you feel may benefit from our monthly Cadence Capital Limited Newsletter. [Please click here to refer a friend by supplying their name and email address.](#)

Disclaimer

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd and is of a general nature only. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.

*Prospective investors should consider the Prospectus in deciding whether to acquire shares in CDO under the offer. Prospective investors who want to acquire CDO shares under the offer will need to complete an application from that is in, or that accompanies, the Prospectus.