

## INVESTMENT UPDATE

July 2019

Cadence Capital Limited returned a gross performance of 2.3% during July 2019. Stocks that contributed positively during the month were Bingo Industries, Eclixp Group, Resimac Group, Strike Energy and Treasury Wine Estates. The largest detractor for the month was Ausnutria Dairy. Over the past six months the Company has added to several new positions which have been performing well, with the overall diversification and liquidity of the portfolio having improved significantly.

In the upcoming weeks the Company will release its full year results and its year-end webcast. This detailed year-end webcast will give shareholders an update on the fund's performance, current top positions and an outlook for the year ahead. During September 2019 we will be holding investor presentations in major cities around Australia. We will announce full details of these investor presentations later this month.

The largest factor affecting the CDM share price over recent times has been the move from trading at a premium to NTA to a discount to NTA. This move from premium to discount has been twice as large as the negative performance of the fund. A change in investor psychology has resulted in a share price fall greater than actual losses incurred. We believe this presents an opportunity for investors to purchase a Listed Investment Company with a good long-term track record and fully franked dividends at a discount to NTA.

At 31<sup>st</sup> July 2019, the Company was 73.7% invested.

## Fund NTA

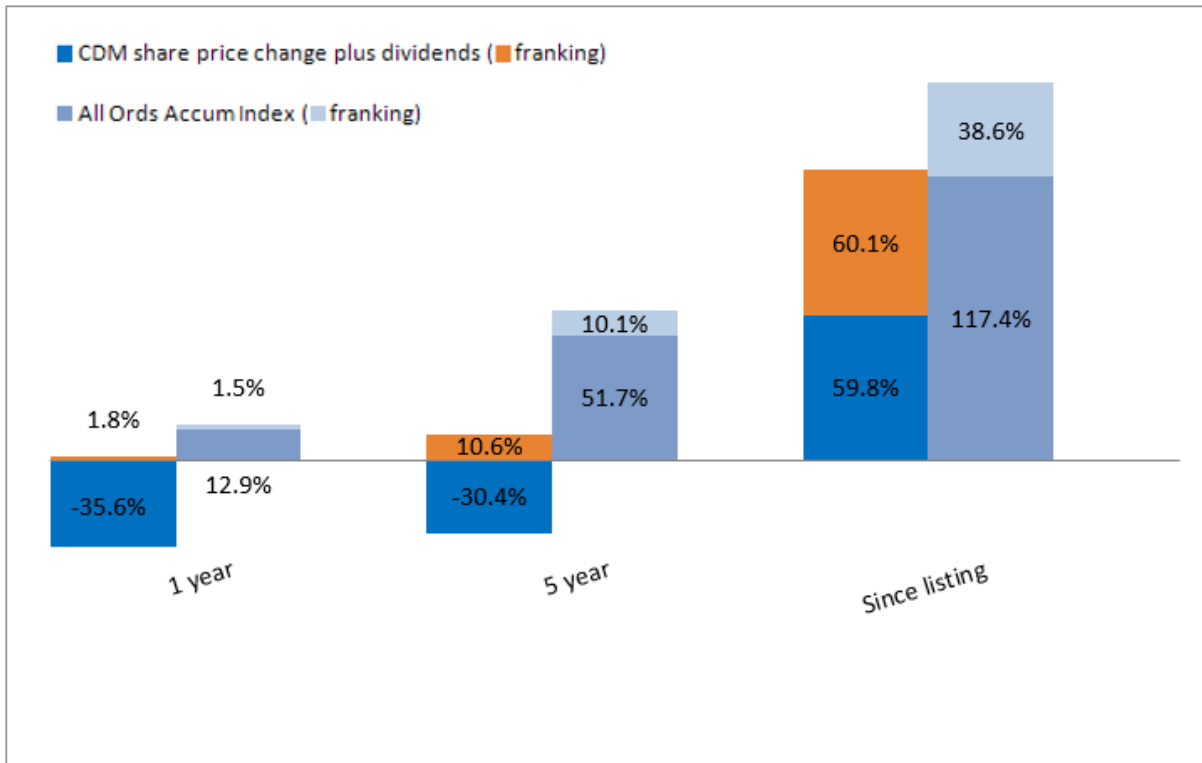
Net Tangible Assets as at 31 July 2019	Amount (\$)
Pre Tax NTA	\$0.917
Post Tax NTA	\$1.060
Share price (ASX Code: CDM)	\$0.785

## Fund Gross Performance

Gross Performance* to 31st July 2019	CDM	All Ords Accum	Outperformance
1 Month	2.3%	3.0%	-0.7%
1 Year	-18.7%	12.9%	-31.6%
3 Years (per annum)	2.6%	11.4%	-8.8%
5 Years (per annum)	1.4%	8.7%	-7.3%
8 Years (per annum)	6.4%	10.1%	-3.7%
10 Years (per annum)	13.1%	9.5%	+3.6%
Since Inception (13.8 years) (per annum)	12.5%	7.4%	+5.1%
Since Inception (13.8 years) (total return)	409.1%	168.8%	+240.3%

\* Gross Performance: before Management and Performance Fees

## CDM Share Price Return Plus Dividends & Franking

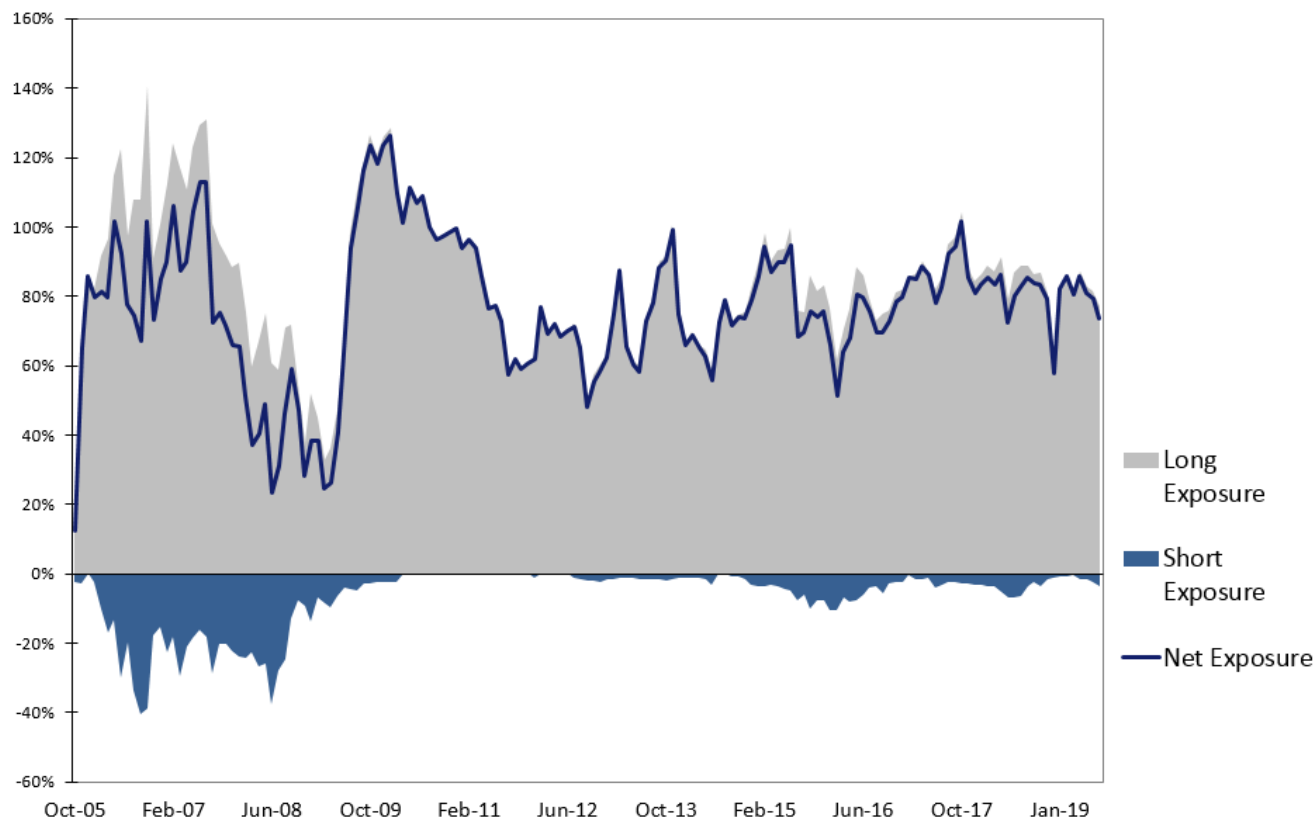


## Franked Dividends Declared Since Listing

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	-	-	3.0c	4.3c
<b>TOTAL</b>	<b>44.5c</b>	<b>42.2c</b>	<b>11.5c</b>	<b>98.2c</b>	<b>139.4c</b>

\* Off market equal access buy back

## Historic Portfolio Exposure



## Portfolio Sector Analysis

Sector	Long	Short	Net
Financial	15.0%		15.0%
Energy	9.8%		9.8%
Technology	9.5%		9.5%
Basic Materials	10.2%	1.0%	9.2%
Industrial	7.0%		7.0%
Consumer, Cyclical	5.4%		5.4%
Communications	5.2%		5.2%
Diversified Financials	4.7%		4.7%
Consumer, Non-cyclical	6.3%	2.5%	3.8%
Diversified	3.8%		3.8%
Health Care Equipment & Services	0.2%		0.2%
Materials	0.1%		0.1%
<b>Exposure</b>	<b>77.2%</b>	<b>3.5%</b>	<b>73.7%</b>

**Cash Holdings and Tax Asset**

**26.3%**

## Top Portfolio Positions

Code	Position	Direction	Currency	Holding
MNY	Money3 Corp Ltd	Long	AUD	5.4%
ECX	Eclixp Group Ltd	Long	AUD	5.0%
MQG	Macquarie Group Ltd	Long	AUD	4.6%
CIA	Champion Iron Ltd	Long	AUD	4.3%
ARQ	ARQ Group Ltd	Long	AUD	4.3%
BIN	Bingo Industries Ltd	Long	AUD	4.1%
SVW	Seven Group Holdings Ltd	Long	AUD	3.8%
TWE	Treasury Wine Estates Ltd	Long	AUD	3.3%
RMC	Resimac Group Ltd	Long	AUD	3.3%
1717 HK	Ausnutria Dairy Corp Ltd	Long	AUD	3.1%
NBL	Noni B Ltd	Long	AUD	3.1%
QCOM US	Qualcomm Inc	Long	AUD	3.1%
**	Deeppgreen Metals	Long	AUD	2.9%
STO	Santos Ltd	Long	AUD	2.7%
SHJ	Shine Corporate Ltd	Long	AUD	2.7%
XIP	Xenith IP Group Ltd	Long	AUD	2.6%
IPH	IPH Ltd	Short	AUD	(2.5%)
SBM	St Barbara Ltd	Long	AUD	2.2%
JD US	JD.COM Inc	Long	AUD	2.2%
SMR	Stanmore Coal Ltd	Long	AUD	1.9%
<b>Top Portfolio Holdings Net Exposure</b>				<b>62.0%</b>

\*\* A Pre-IPO investment in the Materials sector

## News

Cadence Capital Limited (CDM) was highlighted as a Listed Investment Company (LIC) to watch in the Bell Potter Research article on Livewire Markets titled [Looking for opportunity in LIC land](#). This article discusses the potential investment opportunities presented where a LIC's share price is trading at a discount to its NTA.

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

## 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.