

## INVESTMENT UPDATE

May 2020

Cadence Opportunities Fund had a strong month of performance, returning 15.9% during the month of May 2020, compared to the All Ordinaries Accumulation Index which was up 5.0% over the same period. Since its inception, the fund is up 51.5% on a gross performance basis compared to the market which is up 7.9% during the same period.

For the month of May, the largest contributors to performance were EML Payments, Qube Holdings, Pointsbet Holdings, ZIP Co, AP Eagers, Reject Shop and City Chic Collective. The largest detractor from performance was Auckland International.

COVID-19 has had a significant impact on the global economy as well as our daily lives, and a number of clear trends have emerged. The first key trend has been the acceleration in the adoption of technology, for example in both the payments industry and in ecommerce. Our positions in EML Payments, ZIP Co and online retailers such as City Chic Collective, reflect this thesis and we have continued to scale into these positions.

The second key trend that has emerged is the resurgence of the auto industry. Due to social distancing measures on public transport, instant asset write offs and delayed overseas holiday plans, the auto industry is showing early signs of a recovery. We have scaled into positions such as AP Eagers, Carsales.com, Atlas Arteria, and ARB Corp.

Since the 31st March 2020, where the fund was 65.3% invested, the fund has scaled into a number of new and existing positions and as at 31st May 2020 the fund was 96% invested (4.0% cash).

## Fund NTA

Net Tangible Assets as at 31st May 2020	Amount (\$)
Pre Tax NTA	\$1.722
Post Tax NTA	\$1.614

## Fund Performance

Performance* to 31st May 2020	CDO
1 Month	15.9%
YTD	38.5%
1 Year	43.1%
Since Inception (per annum)	34.1%
Since Inception (1.4 years) (total return)	51.5%

\* Gross Performance: before Management and Performance Fees

## Portfolio Positions

Stock Code	Position	Direction	Exposure	Stock Code	Position	Direction	Exposure
700 HK	Tencent Holdings	Long	AUD	IDX AU	Integral Diagnostics Ltd	Long	AUD
A2M AU	A2 Milk Co Ltd	Short	AUD	JIN AU	Jumbo Interactive Ltd	Short	AUD
AAPL US	Apple Inc	Long	AUD	LOV AU	Lovisa Holdings Ltd	Long	AUD
AFG AU	Australian Finance Group	Long	AUD	LYC AU	Lynas Corp Ltd	Long	AUD
ALL AU	Aristocrat Leisure Ltd	Long	AUD	MFG AU	Magellan Financial Group	Long	AUD
ALX AU	Atlas Arteria	Long	AUD	MQG AU	Macquarie Group Ltd	Long	AUD
AMZN US	Amazon.com Ltd	Long	AUD	MSB AU	Mesoblast Ltd	Long	AUD
APE AU	AP Eagers Ltd	Long	AUD	NVDA US	NVIDIA Corp	Long	AUD
APX AU	Appen Ltd	Long	AUD	OPC AU	Opticomm Ltd	Long	AUD
ARB AU	ARB Corp Ltd	Long	AUD	PBH AU	Pointsbet Holdings Ltd	Long	AUD
ASB AU	Austal Ltd	Long	AUD	PRN AU	Perenti Global Ltd	Long	AUD
BABA US	Alibaba Group Holding	Long	AUD	QCOM US	Qualcomm Inc	Long	AUD
BPT AU	Beach Energy Ltd	Long	AUD	QUB AU	Qube Holdings Ltd	Long	AUD
BTH AU	Bigtincan Holdings Ltd	Long	AUD	REH AU	Reece Ltd	Long	AUD
CAR AU	Carsales.com Ltd	Long	AUD	RMC AU	Resimac Group Ltd	Long	AUD
CCP AU	Credit Corp Group Ltd	Long	AUD	STO AU	Santos Ltd	Long	AUD
CCX AU	City Chic Collective Ltd	Long	AUD	TEVA US	Teva Pharmaceutical SP	Long	AUD
DHG AU	Domain Holdings Australia	Long	AUD	TNE AU	Technology One Ltd	Short	AUD
**	DeepGreen Metals Inc	Long	AUD	TRS AU	The Reject Shop Ltd	Long	AUD
DTL AU	Data#3 Ltd	Long	AUD	TWE AU	Treasury Wine Estates Ltd	Short	AUD
EML AU	EML Payments Ltd	Long	AUD	UWL AU	Uniti Group Ltd	Long	AUD
EOS AU	Electro Optic Systems	Long	AUD	WPL AU	Woodside Petroleum Ltd	Long	AUD
FB US	Facebook Inc	Long	AUD	Z1P AU	ZIP Co Ltd	Long	AUD
GOOGL US	Alphabet Inc - Cls A	Long	AUD				

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

## Portfolio Sector Analysis

Sector	Long	Short	Net
Consumer, Non-cyclical	24.2%	-4.2%	20.0%
Communications	21.2%	-1.9%	19.3%
Consumer, Cyclical	15.0%		15.0%
Technology	13.0%	-1.6%	11.4%
Energy	7.1%		7.1%
Industrial	7.0%		7.0%
Financial	5.9%		5.9%
Basic Materials	4.8%		4.8%
Retailing	3.2%		3.2%
Diversified Financials	2.4%		2.4%
	<b>103.7%</b>	<b>-7.6%</b>	<b>96.0%</b>
<b>Net Cash holdings and Tax</b>			<b>4.0%</b>

## News

In April 2020 the Company released its [April 2020 Quarterly Webcast \(Audiocast\)](#). In this Audiocast, Karl Siegling firstly provides an update on Cadence Opportunities Fund's performance, its current exposure levels and its current cash holdings. He then discusses the current outlook for the market and the Company.

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