

INVESTMENT UPDATE

June 2022

Cadence Capital Limited ended the financial year with the fund down 3.3%, outperforming the index by 4.1%. Over the past two years the fund is up 17.7% per annum, outperforming the All Ordinaries Accumulation Index by 7.9% per annum. The fund was down 9.8% in June, compared to the All Ordinaries Accumulation Index which was down 9.4% for the month. The top contributors to performance during the financial year were Whitehaven Coal, TMC The Metals Company, New Hope, Upstart Holdings, DigitalOcean Holdings and Asana. The largest detractors from performance were Resimac Group, Bed Bath and Beyond, Nitro Software, Peabody Energy, Betmakers Technology and Sofi Technologies.

Global financial markets continued their downward trend through June, with the S&P 500 and NASDAQ falling 8.4% and 8.7% respectively. The ASX ended its run of outperformance versus its international peers, falling 9.4% over the month as the big 4 banks and the major miners, which had previously been resilient, broke lower. For context, the ASX Financials and ASX Resources sectors fell 11.9% and 10.6% in June respectively. The question for markets is, how does the global economy continue to grow in the face of rising inflation, slowing demand and rising interest rates.

The portfolio's high exposure to energy, which has delivered strong returns for the fund YTD, was a meaningful detractor from performance during the month. In the US, the energy sector fell 20.6%. Also contributing to falls was the surprise introduction by the Queensland Government of additional royalties on coal profits from 1st July.

Whilst energy companies remain fundamentally cheap, the fund has reduced exposure to these areas in line with its process and cash levels have continued to build (currently 70% cash and cash equivalents). Short positions performed well through the month and the fund's short exposure continues to grow. In particular, the fund has added several new shorts in the resources sector and other cyclical sectors such as shipping and agriculture.

Year-end Audiocast

Over the coming weeks we will be releasing our year end audiocast which will give an update on the Company's performance, the portfolio's composition, its current investment themes and holdings, and the outlook for the coming year.

Fund NTA

Net Tangible Assets as at 30th June 2022	Amount (\$)
Pre Tax NTA	\$0.967
Post Tax NTA	\$1.114
Share Price (ASX Code: CDM)	\$0.845

Fund Gross Performance

Gross Performance* to 30th June 2022	CDM	All Ords Accum	Outperformance
1 Month	-9.8%	-9.4%	-0.4%
YTD	-3.3%	-7.4%	+4.1%
1 Year	-3.3%	-7.4%	+4.1%
2 Years (per annum)	17.7%	9.8%	+7.9%
3 Years (per annum)	9.6%	3.8%	+5.8%
5 Years (per annum)	4.3%	7.1%	-2.8%
10 Years (per annum)	7.3%	9.4%	-2.1%
Since Inception (16.8 years) (per annum)	11.9%	6.6%	+5.3%
Since Inception (16.8 years) (total return)	555.6%	192.0%	+363.6%

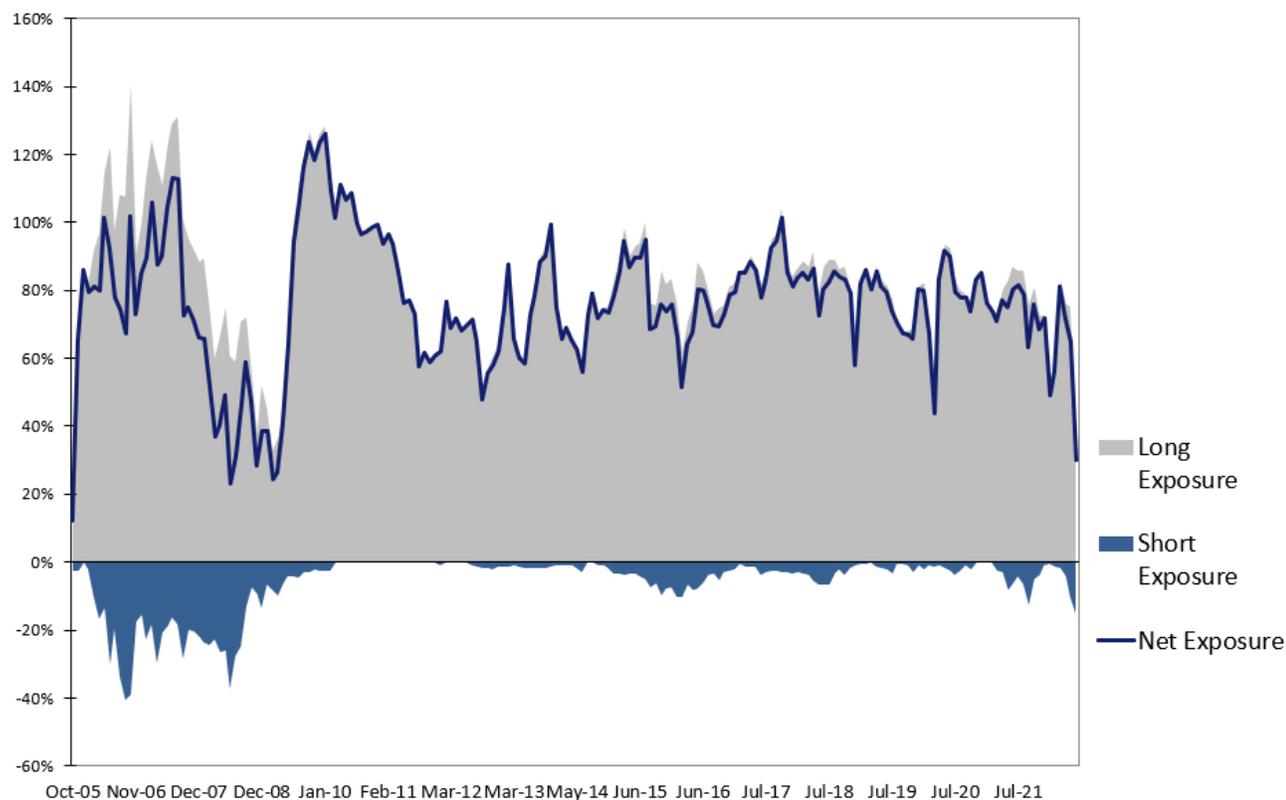
* Gross Performance: before Management and Performance Fees

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	5.7c
TOTAL	52.5c	49.2c	11.5c	113.2c	160.7c

* Off market Equal access buy back

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Energy	20.7%	-1.1%	19.6%
Basic Materials	7.4%	-4.0%	3.3%
Communications	4.0%	0.0%	4.0%
Utilities	3.9%		3.9%
Financial	2.8%		2.8%
Consumer, Non-cyclical	2.2%	-2.2%	0.0%
Industrial	1.8%	-2.2%	-0.4%
Consumer, Cyclical	1.3%	-3.0%	-1.7%
Technology	1.2%	-2.0%	-0.8%
Materials	0.0%	-0.7%	-0.7%
	45.3%	-15.2%	30.1%

Net Cash Holdings and Tax Asset

69.9%

Top 20 Portfolio Positions

Code	Position*	Direction	Currency Exposure
AGL	AGL Energy Ltd	Long	AUD
9988 HK	Alibaba Group Holding Ltd	Long	AUD
AMP	AMP Ltd	Long	AUD
BTE CN	Baytex Energy Corp	Long	AUD
BHP	BHP Group Ltd	Long	AUD
CWH US	Camping World Holdings Inc	Short	AUD
FLT	Flight Centre Travel Group	Long	AUD
LYC	Lynas Corp Ltd	Long	AUD
MIN	Mineral Resources Ltd	Short	AUD
NHC	New Hope Corp Ltd	Long	AUD
RMC	Resimac Group Ltd	Long	AUD
STO	Santos Ltd	Long	AUD
SGM	Sims Ltd	Short	AUD
SHL	Sonic Healthcare Ltd	Long	AUD
SMR	Stanmore Coal Ltd	Long	AUD
TER	Terracom Ltd	Long	AUD
TGH US	Textainer Group Holdings Ltd	Short	AUD
WEB	Webjet Ltd	Long	AUD
WHC	Whitehaven Coal Ltd	Long	AUD
WDS	Woodside Energy Group Ltd	Long	AUD

* In Alphabetical Order

Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	39.9%	-15.2%	24.7%
AUD 500 Mill - AUD 1 Billion	0.2%		0.2%
AUD 250 Mill - AUD 500 Mill	4.5%		4.5%
AUD 100 Mill - AUD 250 Mill			0.0%
0 - AUD 100 Mill	0.7%		0.7%
	45.3%	-15.2%	30.1%
Net Cash Holdings and Tax Asset			69.9%

News

As the portfolio has changed substantially over the past 6 months we recommend that you watch the [March 2022 Quarterly Audiocast](#). In this audiocast Karl Siegling firstly provides an update on the Company's performance, fully franked interim dividend, portfolio composition and the funds current cash levels. Charlie Gray and Jackson Aldridge then discuss some of the company's investment themes and its positions held in AGL, AMP and 5 coal stocks. Karl Siegling finishes with an update on the outlook for 2022.

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