

INVESTMENT UPDATE

February 2023

Cadence Opportunities Fund returned a negative performance of 7.8% in February, underperforming the All Ordinaries Accumulation Index by 5.3% for the month. The largest detractors from performance during February were Citi Chic Collective, Domino's Pizza, Tietto Minerals, BHP, Syrah Resources, Star Entertainment Group and Capstone Copper. The top contributors to performance were Red 5, Sierra Rutile Holdings, Kogan and Genworth Financial.

Equity markets declined in February led by the resource and financial sectors which were down 6.9% and 3.1% respectively. Financial conditions continued to tighten during the month, with the RBA and the US Federal Reserve raising interest rates by 0.25% to 3.35% and 4.75% respectively. The reporting season on the ASX was weaker than expected, with nearly 50% of companies missing earnings expectations, significantly above the longer-term average of 30%. Many companies are finding it difficult to maintain profit margins in an environment of ongoing inflation pressure and demand that is starting to falter.

Portfolio performance was impacted by stocks in turnaround situations where progress was slower than hoped. For example, AMP traded weaker post its result as divestments and cost cutting measures are taking longer than expected, however we believe a large amount of its market capitalization remains in surplus capital that is likely to be returned to shareholders. Domino's Pizza was also sold off heavily following results that showed sales were weaker than expected despite price rises, suggesting customers were more price sensitive than originally thought. The fund has exited its DMP position. Star Entertainment issued a downgrade as a result of the increased regulatory oversight into operations and undertook a \$800m capital raise at \$1.20 p/share to repair the balance sheet.

Elsewhere, the main positive contributors to performance were short positions in selected mining companies such as Red 5 which needed to undertake an emergency \$80m capital raise after raising \$60m only four months ago. Sierra Rutile performed well on the back of solid results showing the company is trading well below book value and is generating enough cashflow to reduce the need for external equity to develop its expansion project in Sierra Leone. Genworth Financial was another positive contributor that is also trading well below book value and is in the process of simplifying its operations to improve transparency for shareholders. The company is also benefitting from higher interest rates in its life insurance operations.

Fully Franked Half Year Dividend

On the 3 February the Board declared a 7.5 cent fully franked half-year dividend. This interim dividend equates to a 6.5% annualised fully franked yield or a 9.2% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$2.32 per share.

After paying this dividend the Company still has 36 cents per share of profits reserves to pay future dividends. The Ex-Date for the dividend is the 14 April 2023. The payment date for the dividend is the 28 April 2023. The Dividend Re-Investment Plan ("DRP") is in operation for the half-year dividend. The issue price will be at a 3% discount to the weighted average of the prevailing share price over the relevant DRP pricing period.

Fund NTA

Net Tangible Assets as at 28th February 2023	Amount (\$)
Pre Tax NTA*	\$2.188
Post Tax NTA*	\$2.239
Share Price (ASX Code: CDO)*	\$2.250

*Before the 7.5c fully franked final dividend , ex-date 14 April 2023

Fund Performance

Gross Performance* to 28th February 2023	CDO
1 Month	-7.8%
YTD	0.6%
1 Year	-9.7%
2 Years (per annum)	8.3%
3 Years (per annum)	36.9%
Since Inception (per annum)	32.2%
Since Inception (4.2 years) (total return)	219.9%

* Gross Performance: before Management and Performance Fees

Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	35.3%	-4.6%	30.7%
Consumer, Non-cyclical	15.3%	-1.8%	13.5%
Energy	10.1%	-1.9%	8.2%
Communications	7.1%		7.1%
Insurance	2.6%		2.6%
Retailing	2.4%		2.4%
Financial	3.8%	-1.5%	2.3%
Technology	1.3%		1.3%
Utilities	0.9%		0.9%
Consumer, Cyclical	2.9%	-2.0%	0.9%
Consumer Services	0.8%		0.8%
Industrial	1.6%	-3.6%	-2.0%
Banks		-2.0%	-2.0%
	84.0%	-17.4%	66.6%

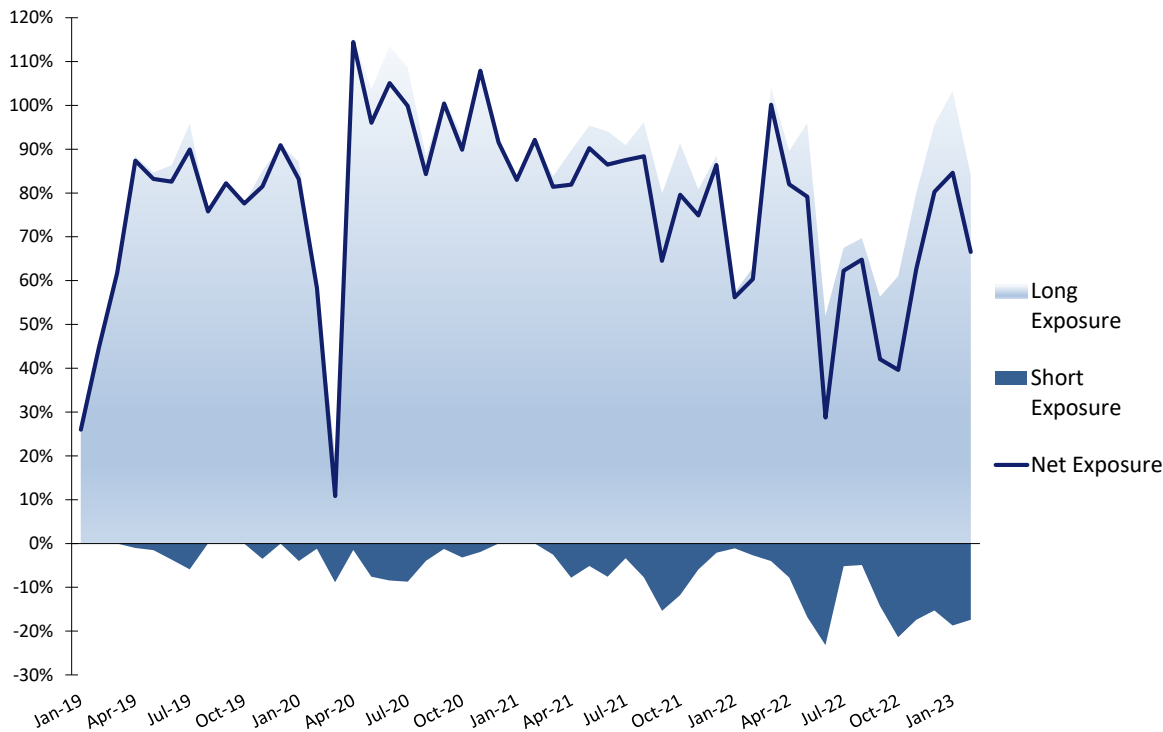
Net Cash Holdings **33.4%**

For more information contact Cadence Opportunities Fund on 02 8298 2450 or email info@cadencecapital.com.au
 Register to receive our FREE newsletter at www.cadencecapital.com.au/register-for-free-newsletter

Portfolio Positions

Stock Code	Position	Direction	Exposure	Stock Code	Position	Direction	Exposure
1112 HK	H&H International Holdings	Long	AUD	NAB	National Australia Bank Ltd	Short	AUD
360	Life360 Inc	Long	AUD	NCM	Newcrest Mining Ltd	Long	AUD
3690 HK	Meituan	Long	AUD	NFLX US	Netflix Inc	Long	AUD
700 HK	Tencent Holdings	Long	AUD	NHC	New Hope Corp Ltd	Short	AUD
9988 HK	Alibaba Group Holding Ltd	Long	AUD	NHY NO	Norsk Hydro ASA	Long	AUD
A2M	A2 Milk Co Ltd	Long	AUD	NWL	Netwealth Group Ltd	Short	AUD
AJL	AJ Lucas Group Ltd	Long	AUD	PINS US	Pinterest Inc	Long	AUD
AKE	Allkem Ltd	Long	AUD	PLS	Pilbara Minerals Ltd	Long	AUD
AMP	AMP Limited	Long	AUD	PMET CN	Patriot Battery Metals Inc	Long	AUD
ANZ	ANZ Group Holdings Ltd	Short	AUD	PPS	Praemium Ltd	Long	AUD
AQC	Australian Pacific Coal Ltd	Long	AUD	QAN	Qantas Airways Ltd	Long	AUD
BAP	Bapcor Ltd	Short	AUD	QBE	QBE Insurance Group Ltd	Long	AUD
BGL	Bellevue Gold Ltd	Long	AUD	RED	Red 5 Ltd	Short	AUD
BHP	BHP Group Ltd	Long	AUD	RFG	Retail Food Group Ltd	Long	AUD
CBA	Commonwealth Bank of Australia	Short	AUD	RIG US	Transocean Ltd	Long	AUD
CCX	City Chic Collective Ltd	Long	AUD	RMD	Resmed CDI	Long	AUD
CHN	Chalice Mining Ltd	Long	AUD	RNU	Renascor Resources Ltd	Long	AUD
CLG	Close The Loop Ltd	Long	AUD	SBM	St Barbara Ltd	Short	AUD
COI	Comet Ridge Ltd	Long	AUD	SGR	Star Entertainment Group Ltd	Long	AUD
CRN	Coronado Global Resources Inc	Long	AUD	SMR	Stanmore Resources Ltd	Long	AUD
CS CN	Capstone Copper Corp	Long	AUD	SQ US	Block Inc	Long	AUD
DAC US	Danaos Corp	Short	AUD	SRG	SRG Global Ltd	Long	AUD
DRE	Dreadnought Resources Ltd	Long	AUD	SRX	Sierra Rutile Holdings Ltd	Long	AUD
DVP	Develop Global Ltd	Long	AUD	SYA	Sayona Mining Ltd	Short	AUD
DYL	Deep Yellow Limited	Long	AUD	SYR	Syrah Resources Ltd	Long	AUD
GHY	Gold Hydrogen Ltd	Long	AUD	TEVA US	Teva Pharmaceutical Industries	Long	AUD
GNW US	Genworth Financial Inc	Long	AUD	TGH US	Textainer Group Holdings Ltd	Short	AUD
HLO	Helloworld Travel Ltd	Long	AUD	THL	Tourism Holdings Rentals Ltd	Long	AUD
IREN US	Iris Energy Ltd	Long	AUD	TIE	Tietto Minerals Ltd	Long	AUD
JLG	Johns Lyng Group Ltd	Short	AUD	TLG	Talga Group Ltd	Long	AUD
KAR	Karoon Energy Ltd	Long	AUD	TWE	Treasury Wine Estates Ltd	Long	AUD
LYC	Lynas Rare Earths Ltd	Long	AUD	VSTO US	Vista Outdoor Inc	Short	AUD
MAY	Melbana Energy Ltd	Long	AUD	WBC	Westpac Banking Corp	Short	AUD
MEG CN	MEG Energy Corp	Long	AUD	WHC	Whitehaven Coal Ltd	Short	AUD

Historic Portfolio Exposure



News

To watch CDO'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.

Portfolio manager Jackson Aldridge was recently interviewed:

- Nadine Blayney Interviewed Jackson Aldridge on Ausbiz – 17 February 2023 ([Click here](#) to watch)
- Nadine Blayney Interviewed Jackson Aldridge on Ausbiz – 3 March 2023 ([Click here](#) to watch)

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

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