INVESTMENT UPDATE

CADENCE

July 2023

Cadence Capital Limited returned a positive gross performance of 2.3% in July, compared to the All Ordinaries Accumulation Index which was up 3.0% for the month. The top contributors to performance during July were Iris Energy, Meta Platforms, Tietto Minerals, Qantas Airways, Capstone Copper and Genworth Financial. The largest detractors from performance were Tourism Holdings Rentals, Patriot Battery Metals and Sierra Rutile.

Meta Platforms shares rose after the company released its second quarter earnings in late July, which again beat expectations. The Reality Labs division, which focuses on developing virtual reality hardware and software is still loss making. We expect this division to continue to lose money in the short term, but eventually it will either make money or be scaled back, both of which would significantly benefit the Meta Platforms bottom line.

Our holding in Genworth Financial performed well in July and has continued to perform well in August. Genworth owns approximately 80% of Enact which delivered a strong quarterly result as well as the announcement of a new USD 100m share buyback program. Genworth will participate in the buyback on a pro rata basis so that its shareholding in Enact is not diluted.

CDM Share Price discount to NTA

At the time of writing this newsletter, CDM is trading at a pre-tax NTA discount of around 5% whilst holding significant cash balances. If all the shares in the portfolio fell by 7%, the pre-tax NTA would still be above the share price. To put it another way, the shares in the portfolio can be bought at a 7% discount to their underlying value.

Fund NTA

Net Tangible Assets as at 31st July 2023	Amount (\$)	
Pre Tax NTA	\$0.854	
Post Tax NTA	\$1.024	
Share Price (ASX Code: CDM)	\$0.800	

Fund Gross Performance

Gross Performance* to 31st July 2023	CDM	All Ords Accum	Outperformance
1 Month	2.3%	3.0%	-0.7%
3 Years (per annum)	9.3%	12.2%	-2.9%
5 Years (per annum)	0.5%	7.7%	-7.2%
10 Years (per annum)	4.7%	8.5%	-3.8%
Since Inception (17.8 years) (per annum)	11.0%	7.2%	+3.8%
Since Inception (17.8 years) (total return)	542.5%	245.1%	+297.4%

* 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	-	8.0c	11.4c
2023	4.0c	-	-	4.0c	5.7c
TOTAL	56.5c	53.2c	11.5c	121.2c	172.1c

* Off market Equal access buy back

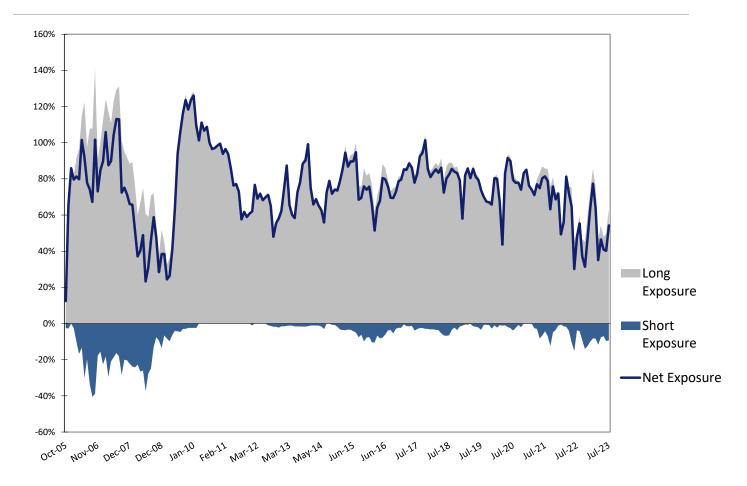
On the 28th of April the Company paid its 4.0 cent fully franked half-year dividend. After paying this dividend the Company still has 22 cents per share of profits reserves to pay future dividends.

Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	19.6%	-4.2%	15.4%
Communications	10.1%		10.1%
Financial	8.7%	-1.4%	7.3%
Energy	7.1%		7.1%
Utilities	4.3%		4.3%
Insurance	4.2%		4.2%
Consumer, Non-cyclical	4.1%		4.1%
Consumer, Cyclical	3.3%	-0.9%	2.3%
Industrial	1.7%	-1.0%	0.6%
Technology	0.5%		0.5%
Banks	0.0%	-1.6%	-1.7%
	63.5%	-9.3%	54.2%
Net Cash Holdings and Tax Asset			45.8%



Historic Portfolio Exposure



Portfolio Market Capitalisation Analysis

Market Capitalisation	Long	Short	Net
> AUD 1 Billion	51.1%	-9.3%	41.8%
AUD 500 Mill - AUD 1 Billion	9.9%		9.9%
AUD 250 Mill - AUD 500 Mill	0.0%		0.0%
AUD 100 Mill - AUD 250 Mill	1.3%		1.3%
0 - AUD 100 Mill	1.2%		1.2%
	63.5%	-9.3%	54.2%
Net Cash Holdings and Tax Asset			45.8%



News

To hear CDM's latest Quarterly Audiocast <u>please click here</u>. In this audiocast, Karl Siegling firstly discusses the Company's recent performance, CDM's Total Shareholder Return (incl. franking), CDM's Share Price vs NTA and the current composition of the portfolio. Karl then discusses some of CDM's current investment themes and then looks in detail at two of its current investments, Newcrest Mining and Meta Platforms. Karl finishes with the outlook for the rest of the year.

To view all previous Cadence webcasts and interviews please visit the Media Section of the website.

We encourage you to visit our <u>52 books you should read before buying your next stock</u> 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.

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