

## INVESTMENT UPDATE

July 2023

Cadence Opportunities Fund returned a positive gross performance of 1.8% 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, Capstone Copper, Smart Group, Genworth Financial and Tietto Minerals. The largest detractors from performance were Tourism Holdings Rentals, Sierra Rutile and Sayona Mining.

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.

### CDO Share Price discount to NTA

At the time of writing this newsletter, CDO is trading at a pre-tax NTA discount of around 6% whilst holding significant cash balances. If all the shares in the portfolio fell by 9% 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 9% discount to their underlying value.

### Fund NTA

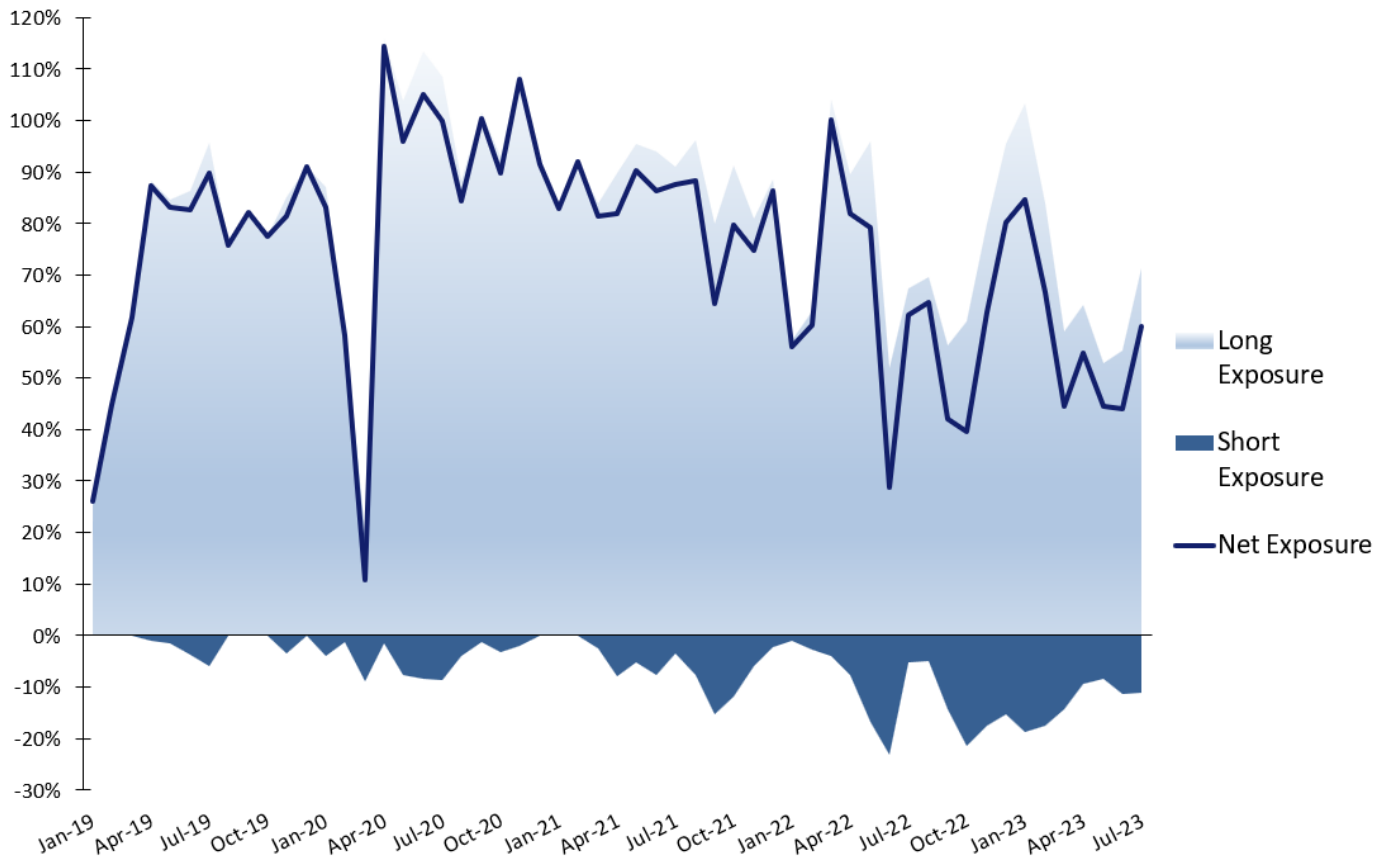
Net Tangible Assets as at 31st July 2023	Amount (\$)
Pre Tax NTA	\$1.999
Post Tax NTA	\$2.087
Share Price (ASX Code: CDO)	\$1.860

## Fund Performance

Gross Performance* to 31st July 2023	CDO
1 Month	1.8%
3 Years (per annum)	19.6%
Since Inception (per annum)	27.5%
Since Inception (4.6 years) (total return)	204.8%

\* Gross Performance: before Management and Performance Fees

## Historic Portfolio Exposure



## Franked Dividends Declared

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2020		6.0c	-	6.0c	8.6c
2021		12.0c	3.0c	15.0c	21.4c
2022	7.5c	7.5c	-	15.0c	21.4c
2023	7.5c	-	-	7.5c	10.7c
<b>TOTAL</b>	<b>15.0c</b>	<b>25.5c</b>	<b>3.0c</b>	<b>43.5c</b>	<b>62.1c</b>

\* Off market Equal access buy back

On the 28th of April the Company paid its 7.5 cent fully franked half-year dividend. After paying this dividend the Company still has 35 cents per share of profits reserves to pay future dividends.

## Portfolio Sector Analysis

Sector	Long	Short	Net
Basic Materials	22.5%	-4.9%	17.6%
Communications	12.1%		12.1%
Financial	8.7%	-1.6%	7.1%
Consumer, Non-cyclical	7.5%		7.5%
Energy	7.2%		7.2%
Insurance	5.5%		5.5%
Utilities	4.8%		4.8%
Industrial	2.5%	-1.5%	1.0%
Consumer, Cyclical	0.6%	-1.1%	-0.5%
Banks		-2.1%	-2.1%
	<b>71.3%</b>	<b>-11.2%</b>	<b>60.1%</b>
<b>Net Cash Holdings</b>			<b>39.9%</b>

## News

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To hear CDO's latest Quarterly Audiocast [please click here](#). In this audiocast, Karl Siegling firstly discusses the Company's recent performance, the interim dividend recently paid and the current composition of the portfolio. Karl then discusses some of CDO's current investment themes and looks in detail at two of its current investments, Newcrest Mining and Meta Platforms. Karl Siegling 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.

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