

INVESTMENT UPDATE

May 2022

Cadence Opportunities Fund was down 2.1% in May, outperforming the All Ordinaries Accumulation Index by 1.0%. Year to date the fund is up 16.9% outperforming the All Ordinaries Accumulation Index by 14.8%. For May the top contributors to performance were Terracom, Whitehaven Coal, Stanmore Coal and Schlumberger Ltd. The largest detractors from performance were Aussie Broadband, Calix, Seven West Media and Jervois Mining. As at 31 May 2022, the Company was 79.1% invested (20.9% cash and equivalents).

Recent sector trends persisted through May with energy remaining the clear leader while small capitalisation and 'growth' style equities led the rest of the market lower. The RBA joined its international peers in raising interest rates by 0.50% early in June and signalled further increases ahead. The trajectory of higher inflation and interest rates is a significant headwind for risk assets, just as low inflation and interest rates have benefitted markets over the past 30 years. The fund's high weighting to energy continues to deliver strong returns for investors, while high cash levels and a larger short book also aided performance.

Fully Franked Half Year Dividend

The Company's 7.5 cents fully franked half year dividend was paid out on the 14 April 2022. This interim dividend equates to a 5.1% annualised fully franked yield or a 7.3% gross yield (grossed up for franking credits) on the share price on the date of the announcement of \$2.94 per share. After paying this dividend the Company still has more than 50 cents per share of profits reserves to pay future dividends

Quarterly Audiocast

As the portfolio has changed substantially over the past 6 months, if you have not done so already, we strongly 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 the company's trading statistics, investment themes and some of its current long and short holdings. Karl Siegling finishes with an update on the outlook for 2022.

Fund NTA

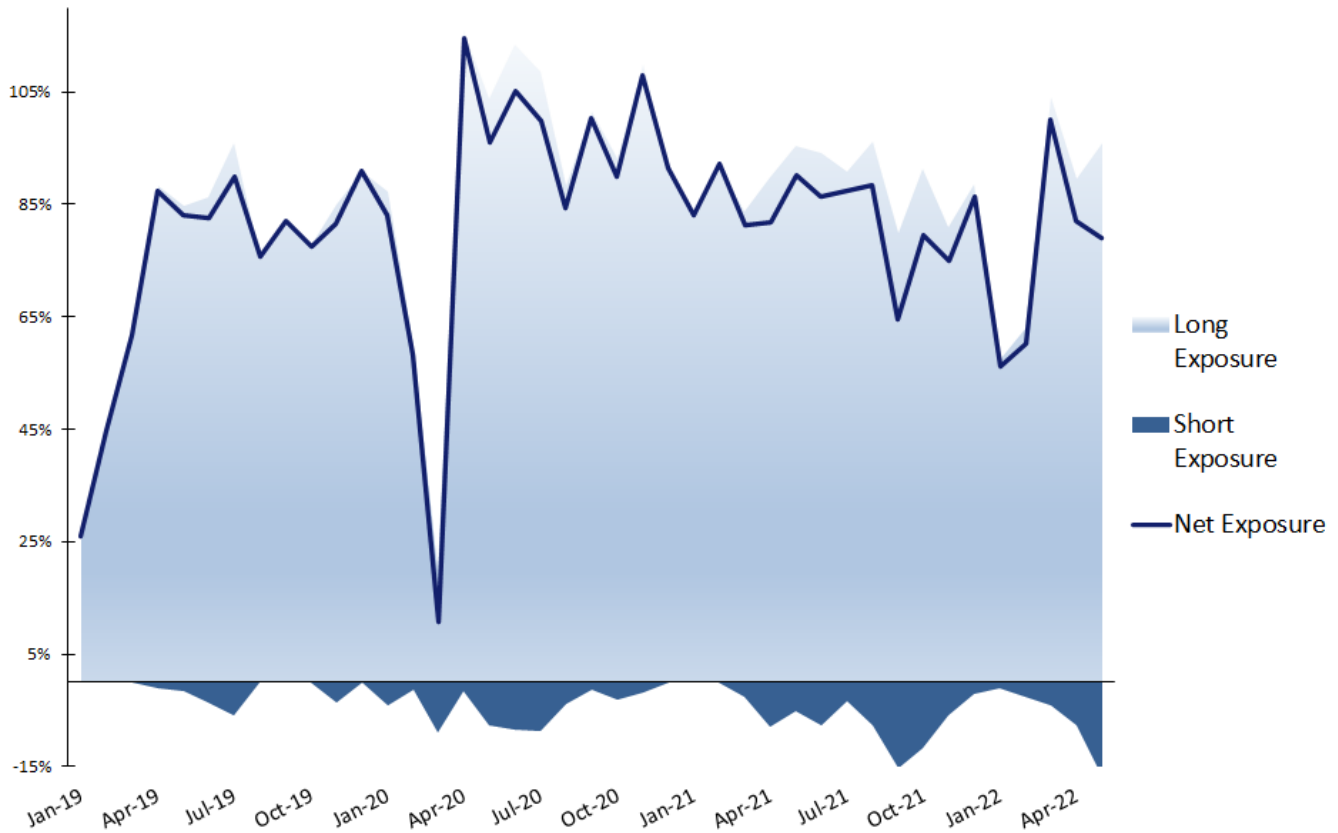
Net Tangible Assets as at 31st May 2022	Amount (\$)
Pre Tax NTA	\$2.571
Post Tax NTA	\$2.508
Share Price (ASX Code: CDO)	\$2.440

Fund Performance

Gross Performance* to 31st May 2022	CDO
1 Month	-2.1%
YTD	16.9%
1 Year	19.8%
2 Years (per annum)	55.5%
Since Inception (per annum)	47.6%
Since Inception (3.4 years) (total return)	266.4%

* Gross Performance: before Management and Performance Fees

Historic Portfolio Exposure



Portfolio Sector Analysis

Sector	Long	Short	Net
Energy	48.9%		48.9%
Basic Materials	28.1%	-1.6%	26.5%
Utilities	3.8%		3.8%
Financial	3.9%	-0.6%	3.2%
Consumer, Non-cyclical	4.3%	-2.4%	1.9%
Retailing		-1.6%	-1.6%
Consumer, Cyclical	2.2%	-3.5%	-1.3%
Technology	0.5%	-1.8%	-1.3%
Communications	2.4%	-1.3%	1.0%
Software & Services		-1.0%	-1.0%
Industrial	1.9%	-2.9%	-1.0%
	95.9%	-16.8%	79.1%
Net Cash and Tax Liabilities			20.9%

Portfolio Positions

Stock Code	Position	Direction	Exposure	Stock Code	Position	Direction	Exposure
AGL	AGL Energy Ltd	Long	AUD	MIN	Mineral Resources Ltd	Long	AUD
AKE	Allkem Ltd	Long	AUD	MRO US	Marathon Oil Corp	Long	AUD
ALU	Altium Ltd	Short	AUD	NC1	Nico Resources Ltd	Long	AUD
AMP	AMP Ltd	Long	AUD	NHC	New Hope Corp Ltd	Long	AUD
APX	Appen Ltd	Short	AUD	ON US	ON Semiconductor Corp	Long	AUD
AR US	Antero Resources Corp	Long	AUD	OPEN US	Opendoor Technologies Inc	Short	AUD
ASM	Australian Strategic Materials Ltd	Short	AUD	PDN	Paladin Energy Ltd	Long	AUD
BCB	Bowen Coking Coal Ltd	Long	AUD	PRSI US	Portsmouth Square Inc	Short	AUD
BHP	BHP Group Ltd	Long	AUD	PLS	Pilbara Minerals Ltd	Long	AUD
BOE	Boss Energy Ltd	Long	AUD	PME	Pro Medicus LLtd	Short	AUD
BTE CN	Baytex Energy Corp	Long	AUD	POD	Podium Minerals Ltd	Long	AUD
CIA	Champion Iron Ltd	Long	AUD	SD US	SandRidge Energy Inc	Long	AUD
CRN	Coronado Global Resource	Long	AUD	SGM	Sims Ltd	Short	AUD
DAR US	Darling Ingredients Inc	Long	AUD	SHL	Sonic Healthcare Ltd	Long	AUD
DMP	Domino's Pizza Enterprises Ltd	Short	AUD	SHV	Select Harvests Ltd	Long	AUD
EDV	Endeavour Group Ltd	Short	AUD	SLB US	Schlumberger Ltd	Long	AUD
FLNG US	Flex Lng Ltd	Long	AUD	SMR	Stanmore Resources Ltd	Long	AUD
FLT	Flight Centre Travel Group Ltd	Long	AUD	STO	Santos Ltd	Long	AUD
ILU	Iluka Resources Ltd	Long	AUD	TER	Terracom Ltd	Long	AUD
JBH	JB Hi-Fi Ltd	Short	AUD	TGH US	Textainer Group Holdings Ltd	Short	AUD
JRV	Jervois Mining Ltd	Long	AUD	TIE	Tietto Minerals Ltd	Long	AUD
KAR	Karoon Energy Ltd	Long	AUD	TSM US	Taiwan Semiconductor Manufacturing	Short	AUD
LIC	Lifestyle Communities Ltd	Short	AUD	WDS	Woodside Energy Group Ltd	Long	AUD
LTHM US	Livent Corp	Long	AUD	WEB	Webjet Ltd	Long	AUD
LYC	Lynas Corp Ltd	Long	AUD	WHC	Whitehaven Coal Ltd	Long	AUD
MAY	Melbana Energy Ltd	Long	AUD	WHR US	Whirlpool Corp	Short	AUD
MEG CN	MEG Energy Corp	Long	AUD	WIRE US	Encore Wire Corp	Short	AUD
MFG	Magellan Financial Group Ltd	Long	AUD	YAL	Yancoal Australia Ltd	Long	AUD

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

News

We encourage you to visit our [52 books you should read before buying your next stock](#) page on our website. We have compiled a list of books/ documentaries that have influenced our investment style or helped provide insight into the investment process. To view all previous Cadence webcasts and press articles, please visit the [Media Section](#) of the website.

Disclaimer

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd and is of a general nature only. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax, or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies, or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.

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