

Cadence Capital Limited (ASX: CDM) Record Profits & Interim Dividend

Sydney, 17th February 2021: Cadence Capital Limited (ASX: CDM) today announced a record half year profit after tax of \$48.5m. Karl Siegling, Chairman, said “The Company has had a strong start to the year with the portfolio up 27.7% in 1H21, outperforming the All Ordinaries Accumulation Index by 12%. The top contributors to performance during the first half were Resimac, Pinterest, Lynas, Money3, AP Eagers, Pointsbet, Credit Corp, ARB Corp, Redbubble, Qualcomm and Reece. The largest detractors from performance were short positions in Wisetech Global and Jumbo Interactive.”

Karl Siegling noted, “It is pleasing that this strong performance has been delivered across both new and existing positions, while the fund has been on average 80% invested over the past six months.”

Karl added, “The Company has made significant progress on its strategy to improve the liquidity and reduce the concentration risk of the portfolio. Currently, more than 78% of the portfolio is able to be liquidated within one week, and over 87% of the portfolio within a month. The company currently holds around 55 positions with the largest position around 7% of the fund. Approximately 63% of the funds’ positions are invested in Companies with a greater than one billion dollar market capitalization.”

Fully Franked Interim Dividend

The Board is pleased to announce a 2.0 cents per share fully franked interim dividend. This equates to a 4.5% annual fully franked yield, or an 6.5% gross yield (grossed up for

Half Year Results to 31 December 2020:

- Record Profit before tax of \$68.7m
- Record Profit after tax of \$48.5m
- Fund gross performance of 27.7%, outperforming All Ordinaries Accumulation Index by 12.0%
- 2.0c fully franked Interim Dividend payable on the 13th May 2021
- Annualised Yield of 4.5% fully franked (6.5% gross including franking)
- CDM at a discount to NTA
- Continuing on-market share buy-back for up to 10% of CDM shares

franking credits) based on yesterday's closing CDM share price of \$0.885. The Ex-Date for the dividend is the 29th April 2021. The payment date for the dividend is the 13th May 2021. The dividend re-investment plan (DRP) will not be in operation for this interim dividend as the Company's shares are currently trading at a large discount to the underlying NTA.

Share Price and Discount to NTA

The Company's share price discount to NTA has been improving from the nearly 40% discount reached at the panic lows in March 2020. The Company's share price is now up more than 150% (including dividends) since the March lows of 35 cents, which was below cash backing. The Company's tax asset per share is currently around 10 cents, from around 18 cents per share at FY20 year end. The Company can utilize this tax shield as and when it so chooses to.

Karl Siegling said, "We remain strongly focused on continuing to reduce CDM's discount to NTA. The Company has continued to implement its on-market share buy-back which increases the NTA per share for all existing CDM shareholders. The Company has now bought back 22.7 million shares for total consideration of \$16.7m or \$0.74 per share. Board and management, who are the largest investors in the Company, continue to add to their position in CDM."

Karl Siegling added, "The current discount to NTA presents an attractive entry for investors to purchase a Listed Investment Company with a good long-term track record of performance and of paying substantial fully franked dividends"

Outlook

Karl Siegling continued, "The Australian market is approaching all time highs after a strong finish to 2020. Corporate profits are rebounding strongly out of the government induced lockdowns with businesses and households having built up significant savings through this period that is finding its way back into the economy. The better-than-expected corporate earnings recovery combined with ongoing central bank and government stimulus and near zero percent interest rates is driving significant demand for financial assets and is encouraging investors to take risk. We have come a long way from the panic in March and are seeing new investor euphoria in certain parts of the markets."

Karl Siegling added, “While overall conditions remains supportive for equities, maintaining high liquidity for the portfolio remains a focus and will allow us to adjust to any changes in market conditions.”

Karl Siegling
Chairman, Cadence Capital Limited

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