

Cadence Opportunities Fund Limited (ASX: CDO) Full Year Results

Sydney, 12 August 2022: Cadence Opportunities Fund Limited today announced its full year results. Karl Siegling, Chairman, said “Cadence Opportunities Fund ended the financial year with the fund up 1.5%, outperforming the index by 9.0%. Over the past two years the fund is up 41.9% per annum, outperforming the All Ordinaries Accumulation Index by 32.1% per annum. The top contributors to performance during the financial year were Whitehaven Coal, Upstart Holdings, TMC The Metals Company, Tuas, Terracom, DigitalOcean Holdings and Stanmore Coal. The largest detractors from performance were Nitro Software, Betmakers Technology, Bed Bath and Beyond, Sofi Technologies and Aussie Broadband.”

Karl added, “Trading opportunity is cyclical. This year saw a marked skew between trading opportunities in the first half of the financial year and a lot less trading opportunity in the second half.”

Karl Siegling continued, “The last year has seen significant changes in trend across markets, interest rates, inflation, energy prices and commodity prices. This has led to very different types of stocks performing well in 2022 compared with 2021.”

Fully Franked Year-end Dividend

On 15th July 2022 the Board announced a 7.5 cents per share fully franked final dividend, being a 25% increase on last year’s ordinary dividends. This is a 25% increase on the previous year’s ordinary dividends of 12.0 cents per share reflecting the strong performance of the fund over the past few years and the build-up of profit reserves. This full year dividend of 15.0 cents per share fully franked equates to a 6.3% fully franked

Full Year Results to 30 June 2022:

- Fund up 1.5% in FY22, outperforming All Ords. Accum. Index by 9.0%
- 7.5c fully franked final dividend
- 25% increase on last year’s ordinary dividends
- Annualised yield of 6.3% fully franked (8.9% gross including franking)
- DRP will be operating at 5% discount for the final dividend
- Statutory loss after tax of \$1.5m

yield or an 8.9% gross yield (grossed up for franking credits) based on the current share price of \$2.40 per share. After paying this dividend the fund still has 44 cents per share of profits reserves to pay future dividends.

The Ex-Date for the dividend is the 17th October 2022. The payment date for the dividend is the 28th October 2022.

The Dividend Re-Investment Plan (“DRP”) is in operation for the year-end dividend. The issue price will be at a 5% discount to the weighted average of the prevailing share price over the relevant DRP pricing period. If you are not registered for the DRP and you would like to participate, please contact Boardroom on 1300 737 760.

Outlook

Karl Siegling said, “The fund has navigated a volatile environment over the year as we saw significant falls in many equity markets in the second half of the year. Following our scaling process, we have seen exposure reduce and cash levels build as we preserve our capital for future opportunities.”

“Importantly, future interest rate expectations have changed dramatically. One year ago, the Reserve Bank of Australia forecast 0% cash rates until 2024. Now the market expects cash rates over 3% by the end of 2022. This will be one of the most important trends to monitor in determining the direction of future asset prices.”

Karl Siegling continued, “The fund has started 2023 in a strong position with high cash and liquidity levels and a market which has started to offer more trading opportunities. We continue to focus on implementing the Cadence process that has served us well through market cycles.”

Karl Siegling
Chairman, Cadence Opportunities Fund Limited

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