

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

Sydney, 27 February 2025: Cadence Opportunities Fund Limited (ASX: CDO) today announced a half year loss after tax of \$0.3m. Karl Siegling, Chairman, said “The portfolio was down 1.1% over the six months to 31 December 2024. The top contributors to performance during the first half of the year were Echo IQ, Netflix, Iperionx, Queensland Pacific Metals, Base Resources and Evolution Mining. The largest detractors from performance were Whitehaven Coal, Resolute Mining, Capstone Copper, Step One Clothing, Alcoa and BHP.”

Karl Siegling continued, “A downturn in commodity prices led to Metals and Mining companies performing poorly over the last six months with the S&P/ASX 300 Metals & Mining Total Return Index down 3.1% during this time. A number of our investments were impacted by this downturn and have been reduced in size.”

Karl Siegling added, “Investing in turnaround situations continued to contribute positive returns for the fund. Both Netflix and Meta Platforms were fundamentally cheap after falling significantly in early 2022. The upward trend that began in late 2022 has continued with both stocks making new highs during the half year.”

Karl Siegling continued “CDO has also benefitted from a number of trading opportunities during the period. We participated in the Echo IQ equity raise in September 2024 which has produced excellent returns for the fund.”

Half Year Results to 31 December 2024:

- First half year fund down 1.1%
- Loss after tax of \$0.3m
- 6.5c fully franked Interim Dividend
- Annualised Yield of 7.6% fully franked (10.9% gross including franking)
- Ex-Date is 10 April 2025
- Payment date is 30 April 2025
- DRP will be operating for the half year dividend
- Ongoing on-market buy-back to buy back shares issued in DRP
- 13.5 cps profits reserves after paying this dividend
- CDO Trading at a 12% discount to NTA

Fully Franked Interim Dividend

On 27 February the Board declared a 6.5 cent fully franked half-year dividend. This interim dividend equates to a 7.6% annualised fully franked yield or a 10.9% gross yield (grossed up for franking credits) based on the share price on the date of the announcement of \$1.70 per share.

Importantly this equates to a 6.8% dividend yield based on the current pre-tax NTA of \$1.924, as the Company shares are trading at a 12% discount to NTA. After paying this dividend the Company still has around 13.5 cents per share of profits reserves to pay future dividends. The Ex-Date for the dividend is 10 April 2025. The payment date for the dividend is 30 April 2025.

The dividend re-investment plan (DRP) will be in operation for this interim dividend. We would encourage shareholders to participate in the DRP as an efficient mechanism to add to existing holdings in the fund. The DRP will be priced at the weighted average share price over the relevant DRP pricing period. The Company will buy-back the shares it issues under the DRP. This buy-back will operate when the CDO share price is trading at a discount to the Pre-Tax NTA.

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, “After the Reserve Bank of Australia (RBA) lifted interest rates 13 times since May 2022, they reduced interest rates by 25 basis points this month. This means Australian interest rates are below US interest rates which very rarely occurs. Over the past six months the yield on government bonds has increased in both the US and Australia with markets concerned that the policies of the new US government will put upwards pressure on inflation. The market continues to watch interest rates closely as they affect the valuation of all asset classes. ”

Karl Siegling added, "The reporting season has largely shown earnings growth significantly below valuation expansions over the past few years, once again highlighting the growing gap between earnings growth and valuations. Within our own portfolio we have seen Price to Earnings expansion in companies such as QBE, SUN and ORG as well as overseas turnaround companies, including Netflix and Meta which previously met our Earnings Per Share Growth to Price Earnings multiples, now becoming stretched. Resources and Energy stocks, whilst relatively cheap, have not performed in line with the market as underlying energy and commodity prices have been under pressure, except for gold which continues to track higher."

Karl Siegling continued, "We are going through a period of significant change with the new government in the US and expect volatility to remain high in the coming months. We continue to focus on implementing the Cadence process that has served us well through market cycles."

Karl Siegling
Chairman, Cadence Opportunities Fund Limited

Further information:

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