

Cadre Tactical Opportunities Portfolio



31 December 2023

Quarterly Portfolio Commentary

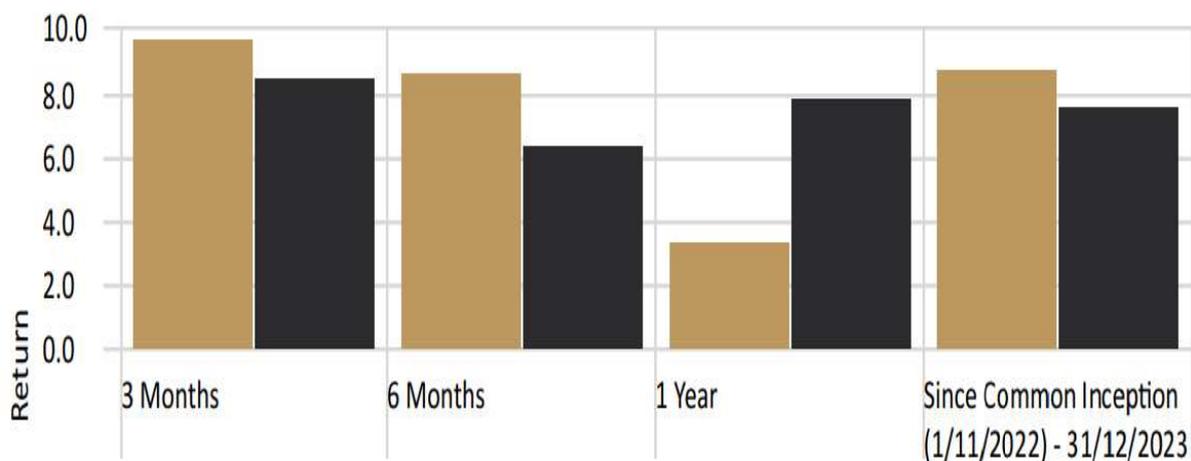
Cadre TOF had a very good quarter and finished up 9.7% pre tax. It was pleasing to outperform the XSO (Small Ordinaries Index) which rose 8.5%, especially as Cadre TOF has some defensive assets (cash 16.5%, a bank hybrid 11%).

At a stock level, Hillgrove rose 54% as their copper mine not far from Adelaide nears production. Magellan Global Fund rose 16% on news that it will merge with it's unlisted stablemate which will eliminate the discount to asset backing it has been trading (this discount was 15-18% when Cadre TOF entered the stock).

The Fund continues to be managed with a contrarian approach, as we seek value based small/microcap stocks that most fund managers ignore. Given the size of the fund, we have more flexibility to uncover hidden opportunities; where others believe the market cap is too small, there is low trading volume, the trade is unfashionable or unusual, or where the stock is under researched.

Returns

As of Date: 31/12/2023



	3 Months	6 Months	1 Year	Since Inception
Cadre Tactical Opportunities	9.72	8.67	3.36	10.26
S&P/ASX Small Ordinaries TR AUD	8.52	6.42	7.82	8.92

Target Holdings

Portfolio Date: 31/12/2023



FUND CHARACTERISTICS:

Index unaware, absolute return focus.

Base management fee – Nil.

Performance fee – 20% of excess returns above 5% per annum with high water mark. The 5% threshold for investment performance fees is pre-tax. The clients will get the franking credits as a bonus, and these do not count towards performance fees.

Other administrative fees – circa 70bps at current fund size approximately \$5 million.

Structure – Unregistered Managed Investment Scheme, wholesale only, minimum investment \$100k.

Fund Strategy:

The Fund management style can best be described as Contrarian and small/Microcap Value based. The fund will have a bias to search for investments that most fund managers ignore. The reasons other funds might neglect certain stocks include:

- Market cap is too small (we are capping our AUMs at a very small amount).
- Illiquid (our low AUMs and patient client base will help us take a long term view).
- Unfashionable (we have always been contrarian investors, we don't need to promote exciting stocks because growing AUMs is not our focus).
- Unusual (if it happens to be a hybrid security, complicated merger, scrip takeover, we are happy to put in the time and effort to understand it).
- Under researched (we prefer to research stocks that have no broker coverage).
- Not focusing on after tax returns (traditional funds may focus on pre tax returns which are promoted, we have significant skin in the game and therefore conscious of after tax outcomes).
- Hidden value – (we are not interested in trying to be experts on all constituents of the ASX200, we do however thoroughly search the accounts across a more concentrated watchlist for hidden value in smaller companies).
- Flexibility – Whilst we usually find our “edge” in smaller stocks, we retain flexibility across our portfolio that some fund managers don't have the luxury of. Larger cap and more liquid stocks will also present opportunities from time to time.

FOR FURTHER INFORMATION VISIT THE FOLLOWING:

AFSL holder / product provider refer to cadrecapital.com.au

Authorized representative and investment team with longer term track records refer to assurancecapitalfund.com