

Cadre Tactical Opportunities Portfolio



30 September 2024

Quarterly Portfolio Commentary

The portfolio had a positive September quarter (+1.86%) that lagged the S&P ASX Small Ordinaries benchmark of 6.53%. It was a strong quarter for small caps overall however some of the portfolios gold and resource positions dragged on performance.

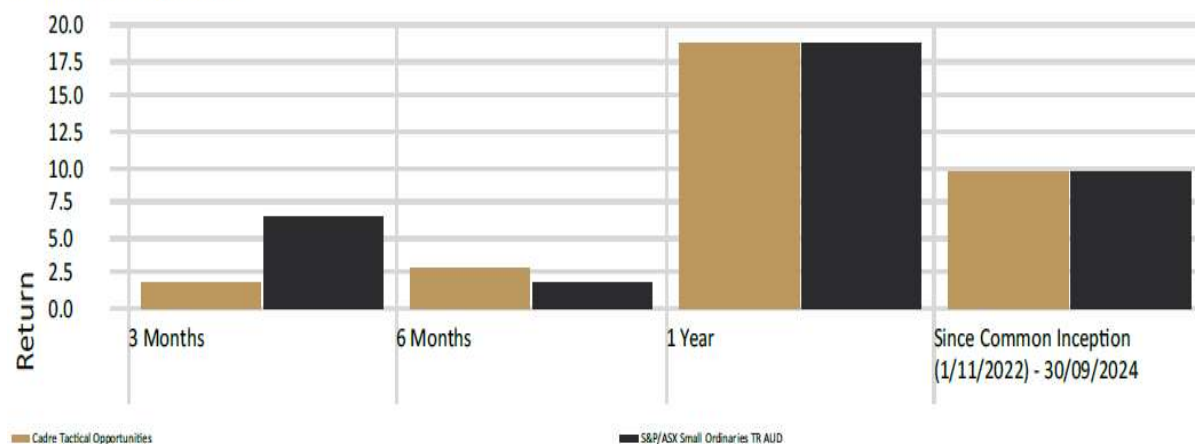
Goldminer Bellevue fell 26.05% after an unexpected capital raising to increase production levels in later years. This detracted materially for the quarters performance. Hillgrove Resources also fell due to a miss on expected income.

Aiding performance was the finalisation of takeovers for some of our tactical positions. Decmil (+75%) and Listed Investment Company Magellan Global Fund (+65%) were both realized over the quarter.

While short term headwinds have limited performance, we remain happy with the portfolios consistent outperformance over longer term timeframes. Since inception (24th October 2022), Cadre has now returned pre tax 22.2% in the form of capital gains, dividends and franking credits.

Returns

As of Date: 30/09/2024



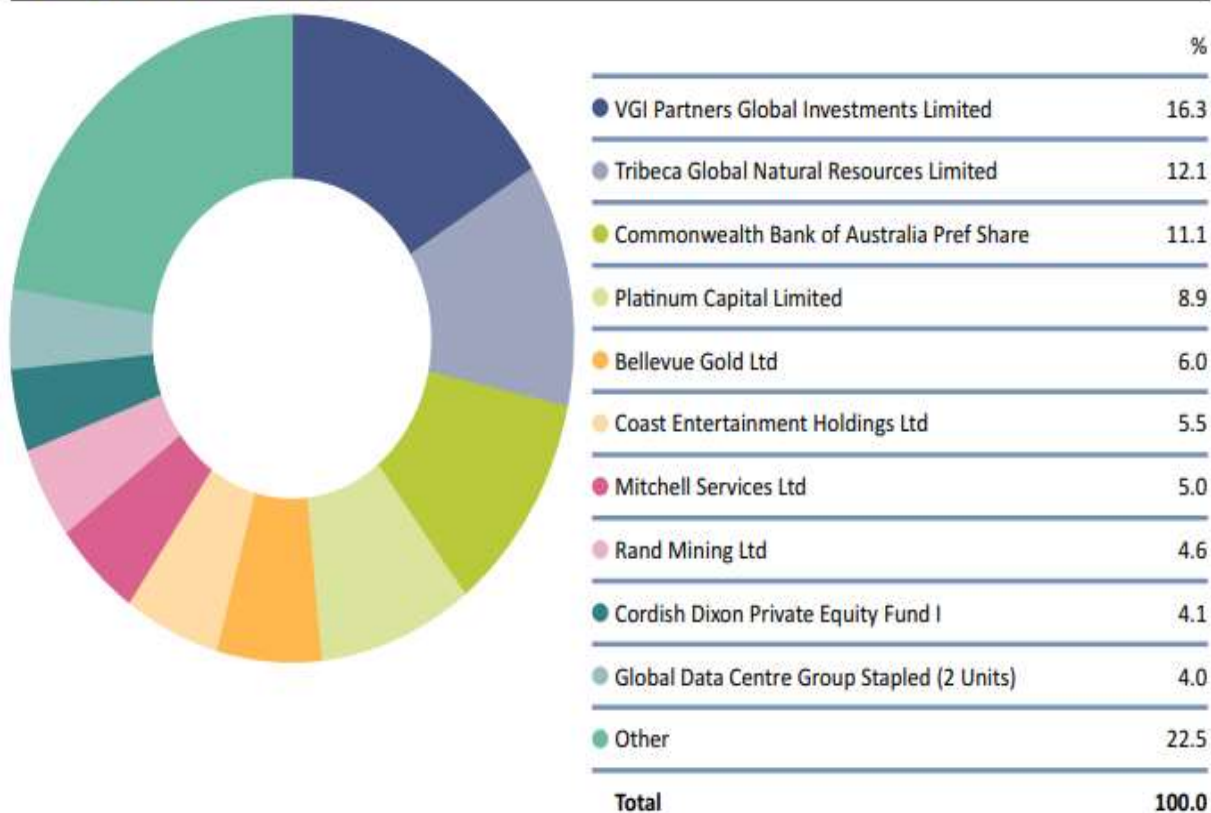
	3 Months	6 Months	1 Year	Since Inception
Cadre Tactical Opportunities	1.86	2.89	18.66	19.25
S&P/ASX Small Ordinaries TR AUD	6.53	1.78	18.79	19.23

Returns reported above are pre-tax, include dividends paid to unitholders, and are after all management fees and expenses.

Additional benefits from franking credits attached to dividends paid are not included. A 5% fully franked dividend was paid out in April 2024.

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Target Holdings



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.

Dividend – Whilst there is no strict policy on the fund paying out a dividend, a 5% fully franked dividend was paid out in April 2024.

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