

CADENCE

OPPORTUNITIES FUND



Prospectus

Initial Public
Offering of Shares

CADENCE OPPORTUNITIES FUND LIMITED
ACN 627 359 166

Important Information - This prospectus contains important information for you as a shareholder or prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional advisor immediately.



Important Notices

This Prospectus (**Prospectus**) is dated 12 October 2021 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. It is a replacement prospectus which replaces the prospectus dated 5 October 2021 and lodged with ASIC on that date (**Original Prospectus**). It is issued by Cadence Opportunities Fund Limited (ACN 627 359 166) (**Company**) and is an invitation to apply for Shares (with the ability to accept Applications to \$52,000,000). The Issue Price for the Shares will be the NTA Mid-Point of the Company as at 31 October 2021, which will be determined after the Offer closes. Investors will not know the final Issue Price per Share at the time of their investment decision, and will be applying for Shares by reference to a dollar amount (instead of a number of Shares).

None of ASIC, ASX or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of the Original Prospectus.

ASX Listing

The Company will apply within 7 days after the date of the Original Prospectus for admission to the Official List of ASX and for the Shares to be quoted on ASX.

The fact that ASX may admit the Company to the Official List and quote the Shares is not to be taken in any way as an indication of the merits of the Company. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Shares unless and until the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company. If permission is not granted for the Shares to be quoted before the end of 3 months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Exposure Period

Pursuant to the Corporations Act, the Original

Prospectus is subject to an Exposure Period of 7 days after the date it was lodged with ASIC, which period may be extended by ASIC by a further period of 7 days (**Exposure Period**).

The Exposure Period enables the Original Prospectus to be examined by market participants prior to the raising of funds.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and holders of an AFSL (**AFSL Holders**) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise AFSL Holders to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The AFSL Holders' functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. The AFSL Holders do not guarantee the success or performance of the Company or the returns (if any) to be received by investors. No AFSL Holder is responsible for, or has caused the issue of, this Prospectus.

Investment Decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in this Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 5. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on

as having been authorised by the Company in connection with the Offer.

Forward Looking Statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet unknown to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from <https://www.cadencecapital.com.au/cadence-opportunities-fund/>. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will also send a copy of the paper Prospectus and paper Application Form free of charge if the person asks during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Shares to which the Electronic Prospectus relates will only be issued to Applicants who complete the Application Form accompanying the Prospectus and submit that form to the Company together with Application Monies.

How to Apply

You can only make an Application for Shares under the Offer by completing and submitting an Application Form. You can find detailed instructions on completing the Application Form on the back of the paper Application Form. You will be provided with prompts and instructions to assist you to complete the electronic Application Form.

Applications must be for a minimum amount of \$2,000, with larger applications in multiples of \$100.

Applications

Applications and Application Monies for Shares under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to “Cadence Opportunities Fund Limited” and crossed “Not Negotiable”.

No stamp duty is payable by Applicants.

Application Forms

Completed paper Application Forms, together with Application Monies, should be forwarded to the following address:

By Mail

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
GPO Box 3993 Sydney, NSW, 2001

Hand Delivered

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street
Sydney NSW 2000

Alternatively, Applicants can apply online and pay their Application Monies by BPAY at <https://www.cadencecapital.com.au/cadence-opportunities-fund/>.

When to Apply

Completed Application Forms and Application Monies under the Offer must be received by 5:00 pm (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

The Directors reserve the right to allocate any number of Shares to an Applicant, up to a maximum number of the Applicant’s Application Monies received, divided by the Issue Price (rounded down to the nearest whole number). Any surplus Application Monies will be refunded without interest.

Glossary of Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in Section 11 of this Prospectus.

Highlights of the Offer

Important Dates

Lodgement of Original Prospectus with ASIC	5 October 2021
Lodgement of this Prospectus with ASIC	12 October 2021
Offer expected to open	13 October 2021
Broker Firm Offer expected to close	29 October 2021
Priority Allocation expected to close	3 November 2021
General Offer expected to close	3 November 2021
Expected date of allotment / date of dispatch of holding statements	12 November 2021
Shares expected to commence trading ASX	19 November 2021

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. In particular, the Company reserves the right to close the Offer early, extend the period the Offer is open, to accept late Applications either generally or in particular cases or to withdraw the Offer without prior notice.

Key Offer Statistics

Company	Cadence Opportunities Fund Limited (ACN 627 359 166)
Proposed ASX code	CDO
Securities offered	Fully paid ordinary shares
Maximum proceeds from the Offer (before Offer Costs)	\$52,000,000
Issue Price per Share	NTA Mid-Point as at 31 October 2021

Enquiries

Investors with questions relating to the Offer or who require additional copies of the Prospectus should contact the Company, on +61 2 8298 2450 or via email to info@cadencecapital.com.au.

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Chairman's Letter



Dear Investor,

On behalf of Cadence Opportunities Fund Limited, I am pleased to offer you an investment opportunity to become a shareholder in this Company.

Launched in January 2019, the Company has operated as an unlisted investment company and is now progressing toward an ASX listing.

The Company implements an active trading strategy incorporating the unique Cadence investment process of fundamental and technical research. The Company seeks to provide investors with a highly active portfolio of both domestic and international equities, with both long and short exposure.

Since its inception over two and a half years ago, the Company has generated a return of 59% per annum for investors, gross of all fees, up until 31 August 2021. This equates to a gross performance of 245% since inception¹. The Company aims to provide its investors with both capital growth and a stream of fully franked dividends.

Due to strong investment performance and investor demand, the Company has decided to progress with an ASX listing. The listing will provide existing shareholders with liquidity to increase or decrease the size of their existing holding through on-market trades.

The Company is seeking to raise up to \$52,000,000 under this public offer of ordinary shares in the Company (**Offer**) and to obtain a listing on the ASX. The Offer includes a Priority Allocation of up to 50% of the total number of shares to be issued under the Offer, which has been reserved for existing Cadence Opportunities Fund shareholders, Cadence Capital Limited shareholders and Cadence Newsletters subscribers. The Offer is open to investors with a registered address in Australia.

We believe the conversion from an unlisted structure to a listed structure provides both shareholders and the Manager a more efficient structure to maximise returns. A listed structure



provides shareholders with the ability to increase or decrease their investment in a liquid market. A listed structure will provide the Manager with a fixed pool of capital that can effectively implement the proprietary Cadence scaling process. We believe this provides us with a competitive advantage over other investment structures.

You are encouraged to read this Prospectus carefully as it contains detailed information about the Company and the Offer. It is particularly important for potential investors to review carefully the risks associated with an investment in the Company. These are detailed in Section 5.

Between the Board and management, we are the largest investors in the Company and currently own 31.72% of the Company. By being a large investor, our interests are closely aligned with those of our shareholders. I hope you will join me as a shareholder in the Company.

If you have any questions, please contact me or a member of our team on (02) 8298 2450

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Karl Siegling'.

Karl Siegling, Chairman

¹ Past performance is not indicative of future performance and the performance of the Company could be significantly different to the past performance of the Company, or the performance of Cadence Capital Limited in the past or in the future (see section 3.5(a)).

1. Offer Summary

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

Question	Answer	More Information
A. Key investment highlights and Key Risks		
What is the Company?	Cadence Opportunities Fund Limited is an investment company, currently with approximately 200 shareholders. It has been operating as an unlisted investment company since January 2019.	Section 3.1
What is the Company's current investment portfolio?	As at the 31 August 2021 the Company currently holds 42 investments. These are made up of both long and short positions and both Australian and overseas investments. As at 31 August 2021, its: <ul style="list-style-type: none"> • Pre Tax NTA is \$2.739 per Share; and • Post Tax NTA is \$2.590 per Share. 	Section 3.3
How has the Company's portfolio performed since inception?	Since the Company commenced operation in January 2019 as an investment company, it has produced returns that have significantly outperformed the All Ordinaries Accumulation Index, whilst having average exposure to the market of 81.8%. As at 31 August 2021 the Company's portfolio has returned 59.1% per annum over 2.7 years compared to the S&P/ASX All Ordinaries Accumulation Index which has returned 16.2% per annum over the same period.	Section 3.5
What are the benefits of the Offer?	The Offer aims to provide investors with the ability to gain exposure to: <ul style="list-style-type: none"> (a) an actively managed long biased long/short Portfolio predominately comprised of listed Australian and international Securities; (b) the investment expertise of a highly experienced investment Manager, Cadence Asset Management; (c) the Manager's well established fundamental and technical research Investment Process, the same process that the Manager has successfully implemented for over 15 years as the manager of Cadence Capital Limited; and (d) a co-investment opportunity alongside members of the Manager's team. <p>Through the Offer, the Company is seeking to be admitted to the Official List of ASX as an investment company. The Offer is conditional on ASX agreeing to list the Company.</p> <p>Through listing on ASX, the Company will also give existing shareholders in the Company enhanced liquidity in their Shares.</p>	Section 3.1
What is the business model of the Company?	The Company utilises the Manager's well established proprietary fundamental and technical research process. The Manager seeks to identify and incrementally acquire a core group of Long Positions and Short Positions that meet both fundamental and technical research criteria (Core Positions) . Accordingly, Core Long Positions are taken in Securities: <ul style="list-style-type: none"> (a) issued by entities that the Manager considers to have good fundamentals; and (b) with prices that the Manager believes will trend upwards (i.e. increase) over a short (or long) term. 	Section 3

Question	Answer	More Information
	<p>Core Short Positions are taken in Securities that the Manager considers to demonstrate the opposite characteristics. That is, they are issued by entities with bad fundamentals and have market prices trending down (i.e. decreasing). See Section 3.9(b) for details about what the Manager considers to be good and bad fundamentals.</p> <p>In addition to Core Positions, the Portfolio includes Long Positions and Short Positions that arise in respect of Securities that satisfy the Manager's technical research (price trend) criteria (Trading Positions). Trading Positions are taken in Securities that have market prices that the Manager believes to be trending in a particular way (either increasing or decreasing).</p> <p>Positions within the Portfolio are scaled into (entered or increased) and out of (exited or decreased) incrementally as outlined in Section 3.9(c) of this Prospectus. This entry and exit process is intended to be an important factor in managing Portfolio risks.</p> <p>The Company's Portfolio is managed by the Manager in accordance with the terms of the Investment Management Agreement between the Manager and the Company (see Section 9.1 for a summary of this agreement).</p>	
<p>What are the investment objectives?</p>	<p>The Company's investment objectives are to provide (within risk parameters acceptable to the Company):</p> <ul style="list-style-type: none"> (a) capital growth through investment cycles; and (b) fully franked dividends (subject to the Company having sufficient profit reserves and franking credits available and it being within prudent business practices to do so). <p>These are merely investment objectives and are not intended to be a forecast. The Company may not be successful in meeting these objectives.</p>	<p>Section 3.6</p>
<p>Does the Company pay dividends?</p>	<p>In respect of FY21, the Company has declared a 12.0 cents per Share fully franked final dividend and a 3.0 cents per Share fully franked special dividend. The total dividend of 15.0 cents equates to a 6.1% annual fully franked yield, or a 8.8% gross yield (grossed up for franking credits) based on the FY21 year end Post Tax NTA of \$2.4449.</p> <p>The Board of the Company intends to pay fully franked dividends from available profits derived from dividends and interest income it receives from its investments as well as realised gains on the sale of investments within the Portfolio, to the extent permitted by law and the payment being within prudent business practices. This is not intended to be a forecast, it is merely an objective of the Company. The Company may not be successful in meeting this objective.</p> <p>The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including the availability of profit reserves and franking credits, future earnings, capital requirements, financial conditions and other factors that the Board deems relevant.</p> <p>The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 10.4.</p>	<p>Sections 3.12, 6.11, 6.17 and 10.4</p>

Question	Answer	More Information
<p>What are the key risks associated with the business model and the Offer?</p>	<p>The Company's investment activities expose it to a variety of risks. The key risks identified by the Company include:</p> <p>(a) Manager risk: The success and profitability of the Company depends almost entirely on the ability of the Manager to construct a Portfolio of investments that have the ability to increase in value over time. The past performance of the Company is not a guide to future performance of the Company. Further, the success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for the Company or should there be significant changes to key personnel at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted. Even if the Company does not perform well, it may be difficult to remove the Manager.</p> <p>(b) Investment Strategy risk: The success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Portfolio and the Company.</p> <p>(c) Market risk: The Portfolio is exposed to market risk. Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Manager seeks to minimise market and economic risks but cannot eliminate them entirely. In addition, as the Company will be listed on the ASX, Shares will be exposed to market risks. As a result, the Share price may trade at a discount or a premium to its NTA.</p> <p>(d) Equity risk: There is a risk that Securities will fall in value over short or extended periods of time. Historically, Securities have outperformed other traditional asset classes over the long-term. Security markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders in the Company are exposed to this risk both through their holdings of Shares in the Company as well as through the Company's Portfolio.</p> <p>(e) Leverage risk: The Manager is permitted to borrow on behalf of the Company and may use debt to increase the scale of the Portfolio of the Company. In addition, the use of Derivatives and Short Selling creates leverage. Leverage can magnify the gains and losses achieved in the Portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p>	<p>Investors should read these risks together with the other risks described in Section 5.</p>

Question	Answer	More Information
	<p>(f) Derivative risk: The Company may use Derivatives (both Exchange Traded and Over-the-Counter) for risk and portfolio management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also investments in Derivatives may cause losses associated with the value of the Derivative failing to move in line with the underlying Security or as expected. It is the intention of the Manager to only employ relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).</p> <p>(g) Short Selling risk: There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. Short Selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a Security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing. Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p> <p>(h) Foreign issuer and market risk: The Company's Investment Strategy permits investments in Securities both in Australia and overseas. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.</p> <p>(i) Currency risk: The Company's Investment Strategy has a global focus and the Portfolio will be comprised of Australian and international Securities. Investing in assets (Long Positions and Short Positions) denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars.</p> <p>(j) Compensation fee structure risk: The Manager may receive compensation based on the Portfolio's performance. The Performance Fee arrangements may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Portfolio.</p> <p>(k) Counterparty and Collateral risk: The Company uses the services of a Prime Broker for its financing, derivative products and to facilitate the lending of Securities to short sell. The Company will be required to maintain assets with the Prime Broker as Collateral for such services. As such, the Company may be exposed to certain risks in respect of that Collateral. Risks include risk of loss resulting from the insolvency or bankruptcy of a Prime Broker. The Company may seek to limit this risk by moving a portion of the Company's assets to an independent third party Custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit, any investment held in custody on behalf of the Company.</p>	

Question	Answer	More Information
	<p>(l) Default risk: The Company will use the services of the Prime Broker and outsource key operational functions including investment management, custody, execution, registry services, administration and accounting to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company. The use of third party service providers carries risk of default which could adversely affect the value of the Company. This includes a risk that the Custodian fails to secure custody of the Company's assets resulting in a loss. There is a risk of loss resulting from the insolvency or bankruptcy of a Prime Broker or counterparty used by the Manager. The Manager aims to keep this risk to a minimum by monitoring the counterparties and by potentially engaging an independent third party custodian.</p>	
<p>B. Key information about the Portfolio and Investment Strategy</p>		
<p>What is the Company's investment strategy?</p>	<p>The Company provides investors with access to an actively managed long biased long/short Portfolio predominately comprised of listed Australian and international Securities.</p> <p>The Investment Strategy is designed to capture not only necessary fundamental information but also underlying price trends (identified through technical research) for each Security that the Company invests in. This process reflects the Manager's belief that:</p> <ul style="list-style-type: none"> (a) Security prices are influenced by fundamental information; and (b) markets and Security prices behave in trends. These price trends are both short-term (approximately 6 to 18 months) and long-term (approximately 2 to 5 years) in nature. Furthermore, within a long-term price trend, there may be multiple shorter-term price trends. <p>The Investment Strategy involves identifying and incrementally accumulating and exiting Core Positions and Trading Positions as the prices of the underlying Securities trend with or against the investment.</p> <p>Positions within the Portfolio are scaled into (entered or increased) and out of (exited or decreased) incrementally as outlined in Section 3.9(c) of this Prospectus. This entry and exit process is intended to be an important factor in managing Portfolio risks.</p> <p>In constructing the Portfolio, the Manager focuses on benefiting from investment opportunities created by shorter term price trends identified through technical research.</p> <p>To implement the Investment Strategy the Manager will employ the Manager's proven Investment Processes that consist of:</p> <ul style="list-style-type: none"> (a) idea generation; (b) fundamental and technical research; and (c) incremental entry and exit Investment Process. 	<p>Sections 3.1, 3.7, 3.8 and 3.9</p>

Question	Answer	More Information
<p>How is the Portfolio constructed?</p>	<p>The Manager uses its well established proprietary fundamental and technical research as a basis to construct the Portfolio. In constructing the Portfolio, the Manager focuses on investment opportunities created by shorter term price trends identified through technical research.</p> <p>The Company may invest in listed and unlisted Securities (see Section 3.10 for full details). Notwithstanding this broad mandate, the Portfolio is intended to be a long biased long/short Portfolio predominantly comprised of listed Australian and international Securities.</p> <p>The Portfolio is comprised of up to approximately 80 Long and Short Positions (being a combination of Core Positions and Trading Positions). As part of the Investment Strategy, Derivatives and debt may also be used.</p> <p>The Manager may construct a Portfolio comprising a combination of cash, Securities and debt, ranging from 100% cash through to 150% invested (i.e. 100% invested with 50% debt employed).</p> <p>The Portfolio will be constructed in accordance with Investment Guidelines agreed between the Company and the Manager from time to time (set out in Section 3.10) and the Investment Process (set out in Section 3.9).</p> <p>No geographic, industry or sector limitations apply to the Company's Investment Strategy.</p> <p>Position sizes within the Portfolio will be dictated by the Manager's process for entering and exiting Positions as outlined in Section 3.5 of this Prospectus. The process for entering and exiting Positions is intended to be an important factor in managing Portfolio risks.</p>	<p>Sections 3.9 and 3.10</p>
<p>What is the Company's leverage policy?</p>	<p>The Manager is permitted to borrow on behalf of the Company and may use borrowings to increase the size of the Portfolio. While the use of leverage is permitted, it is not expected to be used as part of the Investment Strategy unless there are exceptional circumstances, and Short Selling is more commonly used by the Company.</p> <p>The use of Derivatives and Short Selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p> <p>The maximum debt leverage the Manager can employ in the Portfolio is \$0.50 of debt for every \$1.00 of equity.</p> <p>Net exposure of the Portfolio (i.e. Long Positions less Short Positions) would typically be between 0% and 100% of the Portfolio's NAV.</p> <p>There is no limit on gross exposure with the Portfolio (i.e. Long Positions plus Short Positions plus Derivatives), however, gross exposure is not typically expected to exceed 1.5 times the Portfolio's NAV (or 150%). That is, for every \$1.00 invested, the gross exposure, taking into account all Long Positions, Short Positions and Derivatives held, is not expected to exceed \$1.50.</p> <p>It should be noted that while the Portfolio may have gross exposure in excess of 100% of its NAV, investors in the Company would not have an exposure in excess of 100% of their investment in Shares.</p>	<p>Section 3.10(a)</p>

Question	Answer	More Information
What is the Company's valuation policy?	<p>The Company's valuation policy is set out in Section 3.15.</p> <p>The assets of the Company will be valued using market accepted practices to accurately and independently price all Securities and other assets within the Portfolio.</p>	Section 3.15
What is the Company's Derivatives Policy?	<p>The Company may use Derivatives for risk and other Portfolio management purposes and to take opportunities to increase returns.</p> <p>Whilst Exchange Traded and Over-the-Counter Derivatives are permitted investments, they are not central to the Investment Strategy and are not a core part of the Portfolio. The Manager currently limits Derivative exposures within the Portfolio to relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).</p> <p>To mitigate against the risks associated with Derivatives, the Manager actively manages exposures within the Portfolio, as follows:</p> <p>(a) the effective exposure via Derivatives is typically not expected to exceed 100% of the Portfolio's NAV. If exposure to Derivative positions is 100% or more of the Portfolio's NAV, it is theoretically possible that the Company could lose its entire Portfolio from losses on its Derivative positions; and</p> <p>(b) the Portfolio's gross exposure (i.e. the value of Long Positions, plus Short Positions, plus gross Derivative exposures within the Portfolio), whilst not limited, will typically be less than 150% of the Portfolio's NAV. See Section 3.10(a) for further details.</p>	Section 3.10(b)
Can the Company participate in Short Selling?	<p>The Company engages in Short Selling as a component of the Investment Strategy to seek to benefit from falling Security prices and manage risk.</p> <p>The Manager generally effects its Short Selling strategy by borrowing the desired Security and then selling it on market. To close the Short Position the Company would need to purchase the underlying Security in the market and repay it to the lender. The Manager may also affect a short sale through the use of equity and index derivative contracts, in which two parties agree to exchange payments of value (or cash flows) for typically non-deliverable contracts.</p> <p>While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. When the Manager takes a Short Position, it is expecting that the price of that Security will fall. There is always the risk that the price will increase instead. If this happens, it is possible that the price to repurchase the Security could exceed the amount initially invested, generating a loss.</p> <p>Short Selling can magnify gains in the Portfolio, but can also magnify losses. For key risks to the Company associated with Short Selling, please see Sections 3.10(c), 5.3 and 9.2.</p>	Sections 3.10(c), 5.3 and 9.2
What is the time frame for investment of the Offer proceeds?	<p>The Manager intends to deploy proceeds of the Offer as quickly as practicable without impacting equity prices and existing portfolios of the Manager. However, the pace of the Company's capital deployment will be dependent on market conditions.</p> <p>Accordingly, the Manager estimates that it may take up to 6 months from the Company's listing on the ASX to fully invest the Offer proceeds.</p>	Section 3.9

Question	Answer	More Information
Can the Company hold currency positions?	<p>Investing in Long and Short Positions denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an investment is denominated in a foreign currency and that currency changes in value against the Australian dollar, the value of that investment may change when translated into Australian dollars, and the Portfolio may suffer a profit or a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination. The Company's Investment Strategy seeks to assess the potential returns and risks created by currency exposures and to position the Portfolio with the aim of capturing those returns while minimising those risks.</p> <p>The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian long dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures. As part of its Investment Process, the Manager will typically assess the indirect impact of currency on the companies it invests in and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding.</p>	Section 3.10(d)
What is the investment term?	Investors are strongly advised to regard any investment in the Company as a long-term proposition (more than 5 years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.	Section 5.6
C. Key Information about the Company and Manager		
Who are the Company's Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> (a) Karl Siegling; (b) Susan Oakes; (c) Jolanta Masojada; and (d) Wayne Davies. <p>See Section 8 for further details regarding the background of the Directors.</p>	Section 8
What is the financial performance and position and cash flow of the Company?	<p>A summary of the audited historical financial accounts of the Company as at 30 June 2021, 30 June 2020 and 30 June 2019 are set out in Section 6.</p> <p>Pro-forma statements of financial position as at 30 June 2021 are set out in Section 6.9. These have been prepared as if the Offer was completed by 30 June 2021 (among other adjustments, as stipulated in Section 6.9).</p>	Section 6
Who manages the Portfolio?	<p>Cadence Asset Management Pty Limited (ACN 106 551 062) is the Manager.</p> <p>The Manager provides management services in accordance with the Investment Management Agreement (summarised in Section 9.1).</p> <p>Karl Siegling has primary responsibility for the investment decisions of the Manager. The Cadence Team comprises 3 experienced investment professionals with diverse expertise in the financial markets and 3 operational professionals. See Section 4.4 for detailed information regarding the experience and expertise of the senior members of the Cadence Team.</p>	Section 4

Question	Answer	More Information
	<p>The Manager ensures that each member of the Cadence Team is available to devote the amount of time required for the Manager to properly perform its functions as investment manager of the Company.</p> <p>The Board believes that its Directors and the Manager together bring the required experience and expertise in funds management, listed securities and corporate governance to successfully achieve the investment obligations of the Company.</p>	
Does the Board approve investments?	<p>Board approval is not required for investments undertaken by the Manager that are in accordance with the Company's investment objectives, strategies, guidelines and permitted investments agreed from time to time (being those summarised in this Prospectus). Any investments that the Manager proposes outside of these parameters must be approved by the Board.</p>	See Sections 3.7 and 9.1
What experience does the Manager have?	<p>The Manager is a privately-owned boutique investment management company with funds under management of approximately \$378 million as at 30 June 2021. The Manager is the investment manager of Cadence Capital Limited (ASX Code CDM) and Cadence Opportunities Fund (Cadence Entities).</p> <p>The Manager was established approximately 18 years ago on 3 October 2003 and is based in Sydney, Australia.</p> <p>The Manager has managed the Cadence Entities since their inception using the same proven investment processes it employs as Manager of the Company. In addition, the investment strategy of Cadence Capital Limited is similar to the Investment Strategy that the Manager employs as the Company's manager. See Section 4.5 for details of the key differences between the strategies. See Section 3.9 for more information regarding the Manager's Investment Processes and Section 4 for information regarding the Manager's experience.</p>	Section 4
Does any related party have a significant interest in the Company or in connection with the Offer?	<p>Each director is a related party of the Company. The Directors, other than Karl Siegling, will be remunerated for their services.</p> <p>In addition to their director fees, each of the Directors (including Karl Siegling) will be entitled to be reimbursed for certain costs and expenses. Full details of Director remuneration are set out in Section 8.8.</p> <p>The Directors, and entities associated with them, are permitted to participate in the Offer. The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus. Currently the Directors have a Relevant Interest in the following numbers of Shares:</p> <ul style="list-style-type: none"> (a) Karl Siegling: 2,739,555 Shares (27.79% of current Shares on issue) (b) Susan Oakes: 29,723 Shares (0.32% of current Shares on issue) (c) Wayne Davies: 113,736 Shares (1.24% of current Shares on issue) (d) Jolanta Masojada: 0 Shares <p>Karl Siegling is the sole director and indirect owner of the Manager. As indirect owner of the Manager, Karl Siegling will indirectly benefit from the Management Fees and Performance Fees paid to the Manager in accordance with the Investment Management Agreement.</p>	Section 8

Question	Answer	More Information
	<p>Other than as set out above and in this Prospectus there are no other existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company had or will have a direct or indirect interest in the Company or the Offer.</p>	
<p>What are the key terms of the Investment Management Agreement?</p>	<p>The Investment Management Agreement, which is currently in place between the Company and the Manager, has an initial term that runs until 7 January 2024 (and unless terminated, automatically extends for periods of 5 years at the end of the initial term and each subsequent term thereafter).</p> <p>The Company will apply to the ASX for a waiver to allow an initial term period of 10 years from the date of the Investment Management Agreement. ASX has granted the waiver on an in principle basis.</p> <p>The Manager is responsible for managing the Portfolio in accordance with the strategy set out in Section 3.4 and the guidelines in Section 3.6 (as amended from time to time by the Company).</p> <p>The Manager is entitled to be paid certain fees under the Investment Management Agreement. These fees include Management Fees, Performance Fees and in certain circumstances, termination fees. For details of these fees, how they are calculated and when they are payable, see Section 9.1.</p>	<p>Section 9.1</p>
<p>What fees does the Manager receive?</p>	<p>Management Fee</p> <p>In return for the performance of its duties under the Investment Management Agreement, the Manager is entitled to be paid monthly a Management Fee equivalent to 1.25% (plus GST) per annum of the Value of the Portfolio (calculated on the last Business Day of each month and paid at the end of each month in arrears).</p> <p>The Management Fee is to be paid to the Manager regardless of the performance of the Company. Management Fees will increase if the value of the Company's investments increase, and decrease if the value of the Company's investments decrease, over the period.</p> <p>Performance Fee</p> <p>In addition to the Management Fee, the Manager is entitled to a fee (Performance Fee) equal to 15% (plus GST) of the Portfolio's performance over each 12 month period subject to a high-water mark mechanism.</p> <p>The high-water mark mechanism means that if the Value of the Portfolio (after payment of Management Fees) calculated on the last Business Day of a Performance Calculation Period is less than the highest Value of the Portfolio, calculated on the last Business Day of any preceding Performance Calculation Period, then no Performance Fee is payable in respect of that Performance Calculation Period.</p> <p>The calculation of both the Management Fees and Performance Fees are explained in full in Section 9.1, including worked examples of the amount of fees payable.</p>	<p>Section 9.1</p>
<p>D. About the Offer</p>		
<p>Who is the issuer of the Shares, and this Prospectus?</p>	<p>The issuer is Cadence Opportunities Fund Limited (ACN 627 359 166).</p>	

Question	Answer	More Information
What is the Offer?	<p>The Company is offering for subscription fully paid ordinary shares (Shares) to raise up to \$52,000,000.</p> <p>The Offer includes a Priority Allocation to Eligible Participants of up to 50% of the total number of Shares to be issued under the Offer.</p> <p>The Offer also includes the Broker Firm Offer and a General Offer.</p>	Section 2.1
What is the Issue Price?	<p>The Issue Price per Share will be the NTA Mid-Point (being the the mid-point between the value of the Post Tax NTA per Share and Pre Tax NTA per Share rounded to the nearest hundredth of a cent) as at 31 October 2021.</p> <p>This means that the Issue Price, and accordingly the number of Shares investors are subscribing for, will not be known at the time investors make their Applications, but only after the close of the Offer. Investors will not have an opportunity to withdraw their Application once the Issue Price (and number of Shares) is set.</p>	Section 2.1
How do I apply for Shares?	<p>The procedures for making an Application under the Offer are described in Section 2.</p> <p>The Company may be required to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2
How to participate in the Priority Allocation?	Eligible Participants should refer to Section 2.2 and Section 2.8 for details of how to apply under the Priority Allocation.	Sections 2.2 and 2.8
How to participate in the Broker Firm Offer?	<p>Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Prospectus.</p> <p>To participate in the Broker Firm Offer, the Broker Firm Application Forms must be received by 29 October 2021.</p>	Section 2.9
What is the purpose of the Offer?	<p>The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 3 for details).</p> <p>In addition, the Company will apply for admission to the Official List of ASX in conjunction with the Offer.</p>	Section 3
What are the fees and costs of the Offer?	<p>The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares.</p> <p>These costs are estimated to be between \$323,000 and \$375,000, depending on the amount raised.</p>	Section 6.12
Is the Offer underwritten?	No.	Section 2.6
Who is the Authorised Intermediary?	The Manager, Cadence Asset Management Pty Limited (ACN 106 551 062), is also the Authorised Intermediary to the Offer.	Section 2.16
Who can apply under the Offer?	Persons who have a registered address in Australia.	Section 2.1

Question	Answer	More Information
Who can participate in the Priority Allocation?	<p>If you are an existing Shareholder of the Company or Cadence Capital Limited (ACN 112 870 096) with a registered address in Australia or you are a recipient of one of the Manager’s monthly electronic newsletters (with a registered address in Australia), you are an Eligible Participant and can apply for a Priority Allocation.</p> <p>You can sign up to one of the Manager’s electronic newsletters on the Manager’s website (https://www.cadencecapital.com.au/newsletter/) or by emailing info@cadencecapital.com.au. If you are registered as a recipient of one of the newsletters prior to the Priority Allocation Closing Date (and have a registered address in Australia), you will be an Eligible Participant and can apply for a Priority Allocation.</p>	Section 2.2
Can superannuation funds invest?	Yes, subject to the investment mandate of the particular fund and the trustee’s general powers and duties.	
Is there a minimum subscription amount for the Offer to proceed?	<p>No, there is no minimum subscription amount required for the offer to proceed. However, in order to gain admission to the Official List of ASX, the Company will need to satisfy the shareholder spread requirements of ASX (which it currently does not satisfy). It is intended that the spread requirement will be satisfied through the Offer.</p> <p>It is a condition of the Offer that the Company is admitted to the Official List of ASX. If the Company is not admitted to the Official List and Shares not granted official quotation within 3 months of the date of this Prospectus, Applicants will be returned their Application monies (without interest).</p>	Section 2.5
Is there a Minimum Application amount?	Yes, each Applicant must apply for a minimum of \$2,000 worth of Shares.	Section 2.5
Is there a cooling off period?	No.	
How can I obtain further information?	<p>Contact Cadence Opportunities Fund Limited, on +61 2 8298 2450 or email enquiries to info@cadencecapital.com.au if you have questions relating to the Offer.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, solicitor, accountant or other professional adviser.</p>	

The above table is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

2. Details of the Offer

This Prospectus should be read in full before making any decision to apply for Shares.

2.1. The Offer

Shares

The Offer by the Company under this Prospectus is for the issue of fully paid ordinary shares in the Company (**Shares**).

The rights attaching to the Shares are set out in Section 10.3.

Issue Price

Shares will be issued at the Issue Price, which will be the NTA Mid-Point as at 31 October 2021.

The NTA Mid-Point as at 31 October 2021 will be the mid-point between the value of the Post Tax NTA per Share and Pre Tax NTA per Share of the Company at that date, rounded to the nearest hundredth of a cent. Post Tax NTA is the value of the Company's total assets less the value of its liabilities. Pre Tax NTA is the Post Tax NTA before accounting for any tax liabilities or assets of the Company.

The NTA Mid Point as at 31 October 2021 is being chosen as the Issue Price under this Offer to take into account franking balances that incoming Shareholders will get the benefit of over time.

For reference, the most recent available month end NTA per Share figures of the Company (as at 31 August 2021) were as follows:

Net Tangible Assets as at 31st August 2021	Amount (\$)
Pre Tax NTA	\$2.739
Post Tax NTA	\$2.590

The NTA Mid-Point as at 31 October 2021 will be the mid-point between the value of the Post Tax NTA per Share and Pre Tax NTA per Share of the Company at that date, rounded to the nearest hundredth of a cent. Post Tax NTA is the value of the Company's total assets less the value of its liabilities. Pre Tax NTA is the Post Tax NTA before accounting for any tax liabilities or assets of the Company.

The value of the NTA Mid-Point as at 31 October 2021 is subject to the market value of the Company's assets at that date, which can both increase or decrease.

The NTA Mid-Point as at 31 August 2021 was \$2.6645. On 27 September 2021, the Company declared a \$0.15 per Share dividend, which will be paid prior to completion of the Offer. The pro forma statements of financial position included in Section 6 (prepared on the basis that the Offer has been completed) have assumed an Issue Price of \$2.5145 per Share, which is the NTA Mid-Point as at 31 August 2021 less \$0.15 (being the amount of the dividend per Share).

It is possible that the NTA Mid-Point as at 31 October 2021 may be materially different from \$2.5145.

Applicants will not know the Issue Price when they make their Applications for Shares under this Prospectus. Applicants will be applying for a dollar value of Shares, rather than a number of Shares (due to the Issue Price being unknown), and will not know the maximum number of Shares they may be issued at the time of their Application.

The Offer

The Offer is intended to raise up to a maximum of \$52,000,000.

The Offer is made up of the Priority Allocation (detailed in Section 2.2), the Broker Firm Offer (detailed in Section 2.3) and the General Offer (detailed in Section 2.4).

The Offer will only be made to investors who have a registered address in Australia.

Early lodgement of your Application is recommended as the Directors may close the Offer at any time after the expiry of the Exposure Period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act. The Directors reserve the right to terminate the Offer at any time.

2.2. Priority Allocation

The Offer includes a Priority Allocation to Eligible Participants of up to 50% of the total number of Shares issued under the Offer. Eligible Participants are:

- (a) existing shareholders in Cadence Opportunities Fund or Cadence Capital Limited with registered addresses in Australia; and
- (b) persons who, prior to the Priority Allocation Closing Date, have registered to receive one of the Manager's monthly electronic newsletters and that have a registered address in Australia¹.

The Priority Allocation will be restricted to the Eligible Participants and allocated at the Directors' discretion. Eligible Participants should use the Priority Allocation Application Form.

Eligible Participants will be sent an Entitlement Number via email (or by post if no email address is available) around the time the Offer opens. The Entitlement Number needs to be provided on the Priority Allocation Application (both for on-line or paper versions) to ensure that the Application is treated as a Priority Allocation Application.

The Priority Allocation is open for a limited time only and is expected to close on 3 November 2021. Early lodgement of your Application is recommended, as the Priority Allocation and the Offer may be closed early at the Directors' discretion.

If the Company receives Applications from Eligible Participants for more than 50% of the maximum Offer size, it intends to treat such additional Applications as being made under the General Offer on a General Offer Application Form.

Shares offered under the Priority Allocation that are not taken up will be available for allocation by the Company under the General Offer or Broker Firm Offer.

2.3. Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

To participate in the Broker Firm Offer, your Application Form must be received by your Broker by 5:00pm Sydney time on the Broker Firm Offer Closing Date.

Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

2.4. General Offer

The General Offer is open to all Applicants with a registered address in Australia.

Staff of the Manager and Directors of the Company are able to participate in the General Offer.

To participate in the Offer, your Application Form and Application Monies must be submitted to the Registry by 5:00pm (Sydney time) on the Closing Date.

2.5. Minimum Application

The Minimum Application amount by an individual Applicant under the Offer is \$2,000. Applications for amounts more than \$2,000 must be in multiples of \$100.

There is no aggregate Minimum Subscription required for the Offer to proceed.

¹ You can sign up to one of the Manager's electronic newsletters on the Manager's website (<https://www.cadencecapital.com.au/newsletter/>) or by emailing info@cadencecapital.com.au. If you are registered as a recipient of one of the newsletters prior to the Priority Allocation Closing Date (and have a registered address in Australia), you will be an Eligible Participant and can participate in the Priority Allocation.

However, the Offer is conditional on ASX agreeing to admit the Company to the Official List and to quote the Shares on its market. In order to be admitted, the Company will need to satisfy certain ASX requirements, which includes its minimum spread requirement of having at least 300 non-affiliated shareholders holding at least \$2000 worth of Shares each. At present, the Company does not satisfy that requirement, as it has approximately 200 shareholders. The Board expects that the Offer will result in the Company satisfying ASX's spread requirement.

2.6. Offer Not Underwritten

The Offer is not underwritten.

2.7. Post-Offer capital structure

On the basis that the Company completes the Offer on the terms in this Prospectus, the Company's capital structure will be as follows (assuming different amounts raised under the Offer):

	\$1m Subscription		\$25m Subscription		\$52m Subscription	
	Number	Percentage	Number	Percentage	Number	Percentage
Existing Shares on issue	9,196,837	95.9%	9,196,837	48.1%	9,196,837	30.8%
Shares issued under the Offer	397,693	4.1%	9,942,334	51.9%	20,680,056	69.2%
Total Shares on issue on Completion of Offer	9,594,530	100.0%	19,139,171	100.0%	29,876,893	100.0%
Free Float on Completion of the Offer	6,518,106	67.9%	16,062,747	83.9%	26,800,469	89.7%

Notes:

1. See Section 3.2 for further details relating to the Company's current capital structure.
2. Assumes an Issue Price of \$2.5145 per Share. See Section 6.12.
3. The Company does not currently, and will not following completion of the Offer, have any securities on issue other than fully paid ordinary shares.

2.8. Applications under the Priority Allocation and the General Offer

Priority Allocation Application Forms

The Application Form marked "Priority Application Form" must be completed by Eligible Participants.

Eligible Participants will be sent an Entitlement Number via email (or by post if no email address is available) around the time the offer opens. The Entitlement Number needs to be provided on the Priority Offer Application (online application or paper based application form) to ensure that the application is treated as a Priority Application.

Priority Allocation Application Forms will be accepted at any time after the Opening Date and prior to 5:00pm (Sydney Time) on the Priority Allocation Closing Date (expected to be 3 November 2021).

General Offer Application Forms

The Application Form marked “General Offer” must be completed by Applicants who are not Eligible Participants and who are not participating in the Broker Firm Offer.

“General Offer Application Forms” will be accepted at any time after the Opening Date and prior to 5:00pm (Sydney Time) on the Closing Date (expected to be 3 November 2021).

Applications generally

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus (either on-line or paper based). Applications must be accompanied by payment in Australian currency.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form. If using an on-line Application Form, follow the prompts).

Applications and Application Monies for Shares under the Offer should be received before 5:00pm (Sydney time) on the Closing Date.

The Directors may extend the Closing Date.

Payment by BPAY

You may apply for Shares online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at <https://www.cadencecapital.com.au/cadence-opportunities-fund/> and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN in your Application it will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

Payment by cheque or bank draft

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to “Cadence Opportunities Fund Limited” and crossed “Not Negotiable”.

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be lodged with:

BY MAIL

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
GPO Box 3993 Sydney, NSW, 2001

HAND DELIVERED

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street
Sydney NSW 2000

2.9. Applications under the Broker Firm Offer

If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 29 October 2021. Please contact your Broker for instructions.

The allocation of Shares to Brokers will be determined by the Company. Shares that are allocated to Brokers for allocation to their Australian resident clients will be issued to the successful Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Shares.

The Company and the Share Registry take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (**DvP**) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker for further details.

Please contact your Broker if you have any questions.

2.10. Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of the Original Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

2.11. Allocation policy

The basis of allocation of Shares within the Priority Allocation and the General Offer and the Broker Firm Offer will be determined by the Company.

Certain Applicants nominated by the Company may be given preference in the allocation of Shares. The Directors currently expect that certain shareholders, directors and employees of the Manager and the Company will participate in the Offer.

The Company reserves the right in its absolute discretion not to issue any Shares to Applicants under the Offer

and may reject any Application or allocate a lesser number of Shares than those applied for at its absolute discretion.

2.12. Application Monies

All Application Monies received by the Company will be held by the Company on trust in a separate account until the Shares are issued to successful Applicants. The Company will retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

2.13. Allotment

The Company will not allot Shares until the ASX has granted permission for quotation of the Shares unconditionally or on terms acceptable to the Company. The Company is not currently seeking quotation of its Shares on any financial market other than ASX. The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for issue under the Offer.

ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Shares to be quoted within three months after the date of this Prospectus, the Shares will not be issued and all Application Monies will be refunded (without interest) in accordance with the Corporations Act.

It is expected that the issue of Shares under the Offer will take place by 12 November 2021.

An Application constitutes an offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus. A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

Where the number of Shares allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) in accordance with the Corporations Act.

2.14. ASX and CHESS

The Company will apply within 7 days of the date of the Original Prospectus for admission to the Official List of the ASX and for the Shares to be quoted.

The Company will apply to participate in the ASX's CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Shares quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in 1 of 2 sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. Shares issued pursuant to the Broker Firm Offer will be registered on the CHESS sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the

Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.15. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

2.16. Broker Fees

Offers under this Prospectus will be made under an arrangement between the Company and the Manager pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise AFSL Holders to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with Applications made under such offers if they are accepted.

The Manager holds an appropriate AFSL and is the Authorised Intermediary to the Offer. The Manager will not receive a fee for provision of its services as the Authorised Intermediary.

Any Application Form that the Company receives which does not bear an AFSL Holder's stamp, will be forwarded to the Manager for processing.

No fee will be payable by Applicants in respect of Applications under the Offer.

2.17. Overseas Investors

The Offer is an offer to Australian investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Shares being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.18. Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - (iii) carry out appropriate administration;

- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis;
 - (ii) third parties if that disclosure is required by law; and
 - (iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the Privacy Act 1988 (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Manager.

2.19. Tax implications of investing in the Company

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 10.8 and are based on current tax law and Australian Taxation Office (**ATO**) tax rulings as at the date of this Prospectus. The information in Section 10.8 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.20. Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company, the Manager or your Broker may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

3. About the Company

3.1. Overview of Cadence Opportunities Fund Limited

The Company was incorporated on 6 July 2018 and provides investors with the opportunity to invest in an actively managed portfolio of Australian and international listed Securities.

The Company previously conducted a public offer under a prospectus dated 2 November 2018 with a view to listing on the ASX. However, it was unable to raise the minimum subscription amount specified in that offer. By way of supplementary prospectus dated 7 December 2018, the minimum subscription and ASX listing conditions were removed from the offer, and applicants given the opportunity to withdraw the prior applications. Subject to that, the Company determined to proceed with the offer under that prospectus. The shares offered under the prospectus were issued in January 2019, and following close and settlement of the offer, the Company had raised \$5,547,550 at \$1.25 per share (4,438,040 Shares). The funds raised were invested by the Manager on behalf of the Company, in accordance with the stated investment philosophy.

Under an Offer Information Statement (OIS) dated 14 October 2020, the Company conducted a pro rata rights issue to raise up to \$10 million. To the extent shareholders did not take up their rights, the shortfall was issued to new investors. A total of \$7,824,756 was raised for the issue of 3,647,167 of Shares. 1,143,544 Shares were issued based on the NTAs on 31 October 2020 and 2,503,613 Shares were issued based on the NTA's on 30 November 2020.

Subsequent to that, the Company conducted an equal access buy-back in December 2020-January 2021, in order to give shareholders who desired it an ability to exit their investment in the Company. A total of 214,139 Shares were bought back at \$490,592 (based off the NTA of the Company as at 15 January 2021).

The Company was established to provide investors with access to:

- (a) an actively managed long biased long/short Portfolio, predominately comprised of listed Australian and international Securities;
- (b) the investment expertise of a highly experienced investment manager;
- (c) the Manager's well established fundamental and technical research Investment Process, the same process that the Manager has successfully implemented for over 15 years as the manager of Cadence Capital Limited; and
- (d) a co-investment opportunity alongside members of the Manager's team.

The Company benefits from the Manager's well established Investment Process based on the Manager's proprietary fundamental and technical research (each of which is discussed in detail below). The Manager believes that a combination of fundamental and technical research has a greater probability of producing higher returns than either fundamental or technical research alone.

3.2. Current capital structure

At the date of this Prospectus, the share capital structure of the Company, and particulars of its current significant Shareholders, are as follows:

Shareholder	Shares	Percentage
Karl Siegling	2,739,555	29.79%
Other	6,457,282	70.21%
Total Shares on issue at the date of this Prospectus	9,196,837	100.00%

Note: Karl Siegling is a director and beneficial owner of companies that hold these Shares. See Section 8.6 for details on Shareholdings of all Directors.

The Company has no securities on issue other than fully paid ordinary shares.

The Company has no subsidiaries.

3.3. Investment portfolio

As at 31 August 2021, the investment portfolio of the Company consisted of the following positions:

Portfolio Positions as at 31 August 2021

Stock Code	Position	Direction	Exposure
AGL	AGL Energy Ltd	Short	(2.0%)
ABNB US	Airbnb Inc	Long	2.3%
APX	Appen Ltd	Short	(1.0%)
ASAN US	Asana Inc	Long	3.7%
AMS	Atomos Ltd	Long	2.1%
BBBY US	Bed Bath & Beyond Inc	Long	2.5%
BET	Betmakers Technology Group Ltd	Long	4.9%
CTT	Cettire Ltd	Long	3.3%
CFLT US	Confluent Inc	Long	2.0%
CTD	Corporate Travel Management	Long	1.4%
CROX US	Crocs Inc	Long	3.1%
CRWD US	CrowdStrike Holdings Inc	Long	2.0%
CSR	CSR Ltd	Short	(1.9%)
DDR	Dicker Data Ltd	Long	1.0%
**	DeepGreen Metals Inc	Long	0.8%
DOCN US	DigitalOcean Holdings Inc	Long	3.4%
ECX	Eclixp Group Ltd	Long	2.4%
FZO	Family Zone Cyber Safety Ltd	Long	2.4%
GLBE US	Global-E Online Ltd	Long	2.6%
HUBS US	Hubspot Inc	Long	2.9%
IFM AU	Infomedia Ltd	Long	1.3%
JRL	Jindalee Resources Ltd	Long	1.5%
KGN	Kogan.com Ltd	Long	1.2%
360	Life360 Inc	Long	5.9%
LOV	Lovisa Holdings Ltd	Long	4.0%
MGH	Maas Group Holdings Ltd	Long	2.0%
MFG	Magellan Financial Group Ltd	Short	(1.6%)
MVF	Monash IVF Group Ltd	Long	2.0%
NHC	New Hope Corp Ltd	Long	1.7%
NTO	Nitro Software Ltd	Long	4.4%
NVDA US	Nvidia Corp	Long	1.5%
SE US	Sea Ltd	Long	2.8%
SHOP US	Shopify Inc	Long	2.3%
SITM US	SiTime Corp	Long	1.2%
SPSC US	SPS Commerce Inc	Long	1.9%
SWP	Swoop Holdings Ltd	Long	2.7%
TUA	Tuas Ltd	Long	2.4%
UWL	Uniti Group Limited	Long	4.8%
UNI	Universal Store Holdings Ltd	Long	1.5%
UPST US	Upstart Holdings Inc	Long	5.2%
WHC	Whitehaven Coal Ltd	Long	2.5%
WPL	Woodside Petroleum Ltd	Short	(1.0%)

** A Pre-IPO investment in the materials sector

Note that on 9 September 2021, the Company's holding in DeepGreen Metals Inc was exchanged (pursuant to an agreed merger) for a holding of shares and warrants over shares in TMC The Metals Company Inc., a Nasdaq listed entity. This holding is not subject to escrow.

Portfolio Sector Analysis as at 31 August 2021

Sector	Long	Short	Net
Technology	29.5%	-1.0%	28.5%
Communications	21.8%		21.8%
Consumer, Cyclical	19.6%		19.6%
Consumer, Non-cyclical	6.5%		6.5%
Financial	7.7%	-1.6%	6.1%
Energy	5.1%	-1.0%	4.1%
Industrial	4.4%	-2.1%	2.3%
Utilities		-2.0%	-2.0%
Basic Materials	1.5%		1.5%
	96.1%	-7.7%	88.4%
Net Cash and Tax Liabilities			11.6%

3.4. Use of proceeds

The Manager intends to deploy proceeds of the Offer as quickly as practicable without impacting equity prices and existing portfolios of the Manager. However, the pace of the Company's capital deployment will be dependent on market conditions. Accordingly, the Manager estimates that it may take up to 6 months from the Company's listing on the ASX to fully invest the Offer proceeds.

The Investment Strategy, Philosophy, Process and Guidelines will be used by the Manager in deploying the capital raised under the Offer, and those are set out in Sections 3.7 to 3.10.

3.5. Historical Performance of Cadence Opportunities Fund

This Section contains details in relation to the historic performance of the Company since inception in January 2019. The graphs and charts detailed in this Section are not forecasts and do not represent the future behaviour of the Company or its Investment Strategy and processes. Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance in the past.

(a) Historical performance

The following table illustrates the historical performance of the Company. The table below shows that the Company delivered a gross return of 59.1% per annum since its inception in January 2019.

Gross Performance* to 31st August 2021	CDO
1 Month	11.1%
YTD	10.1%
1 Year	65.4%
2 Years (per annum)	65.2%
Since Inception (per annum)	59.1%
Since Inception (2.7 years) (total return)	244.9%

*Gross Performance: before Management and Performance Fees

Note:

1. The gross performance of the Company is calculated in Australian dollars prior to payment of management fees and performance fees, based on audited accounts for each financial year listed in the above chart and unaudited accounts for the period between 1 July 2021 to 31 August 2021.
2. The above table reflects the various periods, each of which ends on 31 August 2021.
3. Past performance is not a reliable indicator of future performance. The performance of the Company's Portfolio could be significantly different to its past performance.

(b) Historical long, short and net exposure

The following chart illustrates the historical exposure of the Company, detailing its long exposure, its short exposure and its net exposure. The historical exposures have been included to provide some context to the investment environment that the historical investment performance returns have been generated in. The information is not intended to provide an indication of the exposure that the Company will hold from time-to-time in the future.

Since inception to 31 August 2021, the average net exposure for the Company has been 81.8% and the average gross exposure for the Company has been 88.0% (both less than 100% market exposure on average).

Historic Portfolio Exposure to 31 August 2021



Notes:

1. "Long Exposure" means the value of Long Positions within the Company's Portfolio and "Short Exposure" means the value of Short Positions within the Company's Portfolio, in each case expressed as a percentage of the total Portfolio at various points from January 2019 to 31 August 2021.
2. "Net Exposure" is the value of the Long Positions less the value of Short Positions within the Company's Portfolio and "Gross Exposure" is the value of the Long Positions plus the value of Short Positions, each expressed as a percentage of the Company's Portfolio at various points from January 2019 to 31 August 2021.

3. "Average Gross Exposure" and "Average Net Exposure" have been calculated over the period from January 2019 to 31 August 2021.
4. This chart does not reflect the likely net or gross exposure within the Portfolio. It is provided as an example only – it is not to be taken as an example of the optimal portfolio exposures or targeted allocation of Long Positions and Short Positions, now or in the future.

3.6. Investment objectives

The Company's investment objectives are to provide (within risk parameters acceptable to the Company):

- (a) capital growth through investment cycles; and
- (b) fully franked dividends (subject to the Company having sufficient profit reserves and franking credits available and it being within prudent business practices to do so).

These are merely investment objectives and are not intended to be a forecast. The Company may not be successful in meeting these objectives.

3.7. Investment Philosophy

The Investment Strategy and the Investment Process is designed to capture not only what the Manager considers to be an entity's necessary fundamental information, but also the underlying price trends for that entity's Securities (identified by the Manager's technical research).

The Investment Strategy and the Manager's Investment Process reflects the Manager's belief that:

- (a) Security prices are influenced by fundamental factors (such as earnings, cash flow yields and levels of debt and cash). See Section 3.9(b) for further details; and
- (b) share markets, and individual Security prices, behave in trends, which can be short-term (approximately 6 to 18 months) or long-term (approximately 2 to 5 years) in nature. In addition, within any long-term price trend, there may be multiple short-term price trends.

It is the Manager's belief that markets and Securities trend for 3 reasons:

- (a) information is dispersed slowly through markets;
- (b) contrary to general economic theory, a rise in prices can lead to an increase in demand for a Security rather than a decrease; and
- (c) economies are inherently cyclical and Security prices are similarly influenced.

The Manager uses fundamental research to identify mispriced Securities and technical research to identify trends (both short-term and long-term) in the prices of those Securities.

The Manager believes Securities with prices that trend consistently with their fundamentals have a greater probability of producing higher rates of return.

3.8. Investment Strategy

The Investment Strategy uses the Manager's Investment Process to identify and incrementally accumulate a core group of Long Positions and Short Positions that meet both the Manager's fundamental and technical (price trend) research criteria (**Core Positions**). In this way, Core Long Positions will be taken in Securities:

- (a) issued by entities that the Manager considers to have good fundamentals; and
- (b) with prices that the Manager believes will trend upwards (i.e. increase) over both the short and long term.

Core Short Positions will be taken in Securities that the Manager considers to demonstrate the opposite characteristics. That is, they are issued by entities with bad fundamentals and have market prices trending down (decreasing).

In addition to Core Positions, the Portfolio will include Long Positions and Short Positions in Securities that

satisfy the Manager's technical research criteria (but do not satisfy the Manager's fundamental research criteria) (**Trading Positions**). Trading Positions will be taken in Securities that have market prices that the Manager believes to be trending in a particular way (either increasing or decreasing).

In implementing the Investment Strategy, the Manager intends to focus on investment opportunities created by shorter term pricing trends.

Positions within the Portfolio will be scaled into (entered or increased) and out of (exited or decreased) incrementally as outlined in Section 3.9(c) of this Prospectus. This entry and exit process is intended to be an important factor in managing Portfolio risks.

3.9. Investment Process

To implement the Investment Strategy the Manager will employ the Manager's proven Investment Processes that consist of:

- (a) idea generation;
- (b) fundamental and technical research; and
- (c) incremental entry and exit Investment Process.

(a) Idea generation

The Manager's idea generation process is driven by the Manager's investment values. Investment ideas come from a variety of sources, including news, announcements released on security exchanges, entity visits and contact with entity management, screening tools, brokers and industry sources.

The Manager's global investment universe is filtered a number of times to assess those Securities that have the potential to meet the Manager's fundamental and/or technical research criteria. The first step in this filtering process is to identify profitable entities (the Manager may disregard from further consideration any entities that are not profitable) The second step is to filter out entities that exhibit average fundamentals, which allows the Manager to focus its fundamental research on the small number of remaining Securities, i.e. entities determined to be either best performers (or "Good Securities") or the worst performers (i.e. "Bad Securities").

(b) Fundamental and technical research

Fundamental research

Once a potential investment has been identified, the Manager will then conduct fundamental research using its formalised research and financial modelling process. In conducting the fundamental research the Manager accumulates historical information and prepares two year forecasts on each of the following:

- (a) earnings per share growth, price/earnings multiples and price/earnings to growth multiples;
- (b) operating cash-flow yield and free cash-flow yield; and
- (c) statement of financial position strength, particularly levels of debt and cash.

The Manager uses this information to identify entities it considers to have "good fundamentals" (potential Core Long Positions) and "bad fundamentals" (potential Core Short Positions).

Once a potential Core Position has been identified, the Manager will undertake further, more extensive due diligence. This includes discussions with the entity's management and conducting detailed research into the industry in which the entity operates (industry research may include meetings with other industry participants).

The Manager will also conduct technical research on each potential Core Position.

Technical research

In conducting the technical research, the Manager accumulates and assesses Security price and trading volume indicators to identify trends in Security prices. The Manager uses this technical research to identify long-term pricing trends (trends that occur over a period of approximately 2 to 5 years) and within any long term trends identified, short-term pricing trends (trends that occur within a period of approximately 6 to 18 months).

For a Trading Position to satisfy the Manager's technical research criteria, the price of that Security must be trending (up or down).

For a Core Position to satisfy the Manager's technical research criteria, the price of that Security must be trending in line with its fundamental characteristics. A Core Long Position will be taken if the entity has "good fundamentals" and a Security price that is trending up (increasing). A Core Short Position will be taken if the entity has "bad fundamentals" and a Security price that is trending down (decreasing).

The technical research will be carried out both before an investment takes place and on an ongoing basis and will act as a continuous filtering process.

Selecting Core Positions and Trading Positions

The Manager uses its fundamental and technical research as the basis to construct a long biased Portfolio of up to approximately 80 Long and Short Positions (being a combination of Core Positions and Trading Positions).

Core Positions are Long Positions or Short Positions that satisfy both the Manager's fundamental and technical research criteria.

Trading Positions are Long Positions or Short Positions that satisfy the Manager's technical research criteria only. Trading Positions are typically short-term trading opportunities that arise as a result of (without limitation):

- (a) Security issues (including placements, share purchase plans and rights issues);
- (b) arbitrage (takeover, dividend arbitrage, dual listed arbitrage, convertible note arbitrage etc.);
- (c) underwriting and sub-underwriting; and
- (d) price action sell downs and block trades.

Once the Manager has identified a Core Position or Trading Position to invest in, investments will be made in accordance with the entry and exit process outlined below.

(c) Portfolio construction and entry and exit Investment Process

The Portfolio will be constructed in accordance with the Investment Guidelines agreed between the Company and the Manager from time to time (currently as set out in Section 3.10) and the Investment Process set out in this Section 3.9.

The Portfolio can be comprised of a combination of cash, Long Positions, Short Positions and debt, ranging from 100% cash through to 150% invested (i.e. 100% invested with 50% debt employed). To the extent suitable Positions cannot be found, the Company will hold cash.

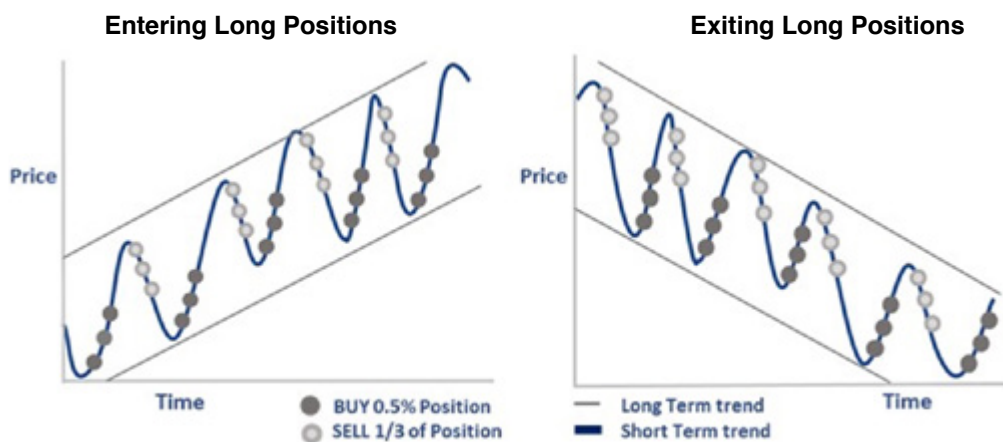
Once a Core Position or Trading Position has been identified, generally an initial Position size of $\pm 0.5\%$ of the Portfolio's NAV will be taken. Due to the nature of trading opportunities, the initial size of Trading Positions may be smaller.

The size of each Position will be incrementally increased as the price of the underlying Security moves in accordance with the trend identified by the Manager (i.e. the price of a Long Position increases or the price of a Short Position decreases). The size of each incremental increase to a Position will typically be around $\pm 0.5\%$ of the Portfolio's NAV (at the time of purchase). This process of incremental increases is referred to as "scaling into a Position".

Typically, a single Long Position or Short Position within the Portfolio will not be bigger than $\pm 5\%$ of the Portfolio's NAV (at cost). In other words, the Manager will scale into a Position with 10 incremental purchases of approximately $\pm 0.5\%$ of the Portfolio's NAV (at purchase). However, a Position may end up being larger than $\pm 5\%$ of the Portfolio's NAV (from time to time) depending on the relative value of all investments within the Portfolio at any given time.

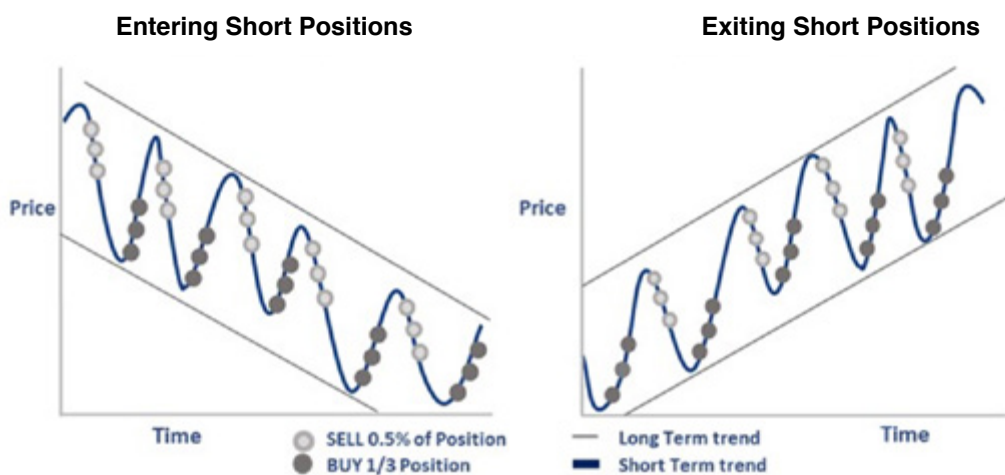
Once a material change to the price trend of a Position is identified, the Manager will start to incrementally decrease the size of that Position, initially selling one third of the total Position. If the material change in price trend continues, the Manager will further decrease the size of that Position (typically selling another third of the Position). This process continues until 100% of the Position has been sold. This process of incrementally decreasing is referred to as "scaling out of a Position".

In this way, Long Positions will be scaled into while the Position's price trends upward and scaled out of when the Position's price trends down. This process is depicted in the below diagrams.



Note: This is a worked example only. Actual price trends may differ for each Security.

The reverse is true for Short Positions. A Short Position will be established and incrementally increased while the price of the underlying Security price trends downwards and scaled out of when the Position's price trends upwards. This process is depicted in the below diagrams.



Note: This is a worked example only. Actual price trends may differ for each Security.

3.10 Investment Guidelines

The Investment Guidelines for the construction of the Portfolio are as follows:

Exposure	Guidelines
Number of Securities	<p>Typically, when fully invested, the Portfolio is expected to comprise an average of 40 to 80 Positions (being a combination of Core Positions and Trading Positions).</p> <p>The Company's Investment Strategy does not require there to be a minimum or a maximum number of Core Positions and/or Trading Positions within the Portfolio as the opportunities at any given time will depend on market conditions. To the extent suitable Positions cannot be found, the Company will hold cash.</p>
Listed requirements	<p>The Company may invest in both listed and unlisted Securities. Notwithstanding this broad mandate, the Portfolio is expected to be predominantly comprised of listed Securities.</p>
Typical Position size (when scaling in and out of investments)	<p>Typically, $\pm 0.5\%$ of the Portfolio's NAV (at purchase) will be taken in all Positions. Due to the nature of trading opportunities, the initial size of Trading Positions may be smaller.</p> <p>Positions will be scaled into (increasing exposure) in additional lots of 0.5% of the Portfolio's NAV (at purchase) as the underlying Security price moves in favour of the investment.</p> <p>Positions will be scaled out of (decreasing exposure) in one third lots once a material change to the price trend of the underlying Security is identified and as that material change continues.</p>
Position limits	<p>Typically, the average size of Positions (at the time of purchase) will not be bigger than $\pm 5\%$ of the Portfolio's NAV.</p> <p>A single Position size could end up being larger or smaller than $\pm 5\%$ of the Portfolio's NAV depending on relative value of all investments within the Portfolio at any given time.</p>
Industry/Sectors limits	<p>There are no industry or sector limits on the Investment Strategy.</p> <p>Due to the fundamental and technical research Investment Process employed by the Manager, sector exposures within the Portfolio will vary significantly over time. As the Manager scales into and out of Positions in different sectors, so sector exposure alters. The fundamental and technical process dictates overall exposure within the Portfolio.</p>
Geographic exposure limits	<p>There are no geographic limitations on the Company's Investment Strategy. Similarly, the Investment Strategy does not require the Portfolio be diversified across multiple geographies.</p> <p>The Manager will generally invest in first world, developed markets, but is also permitted to invest in listed and unlisted Securities within emerging markets.</p> <p>Due to the fundamental and technical research Investment Process employed by the Manager, geographic exposures will vary significantly over time.</p>
Debt leverage	<p>Debt is permitted in the Portfolio (refer to Section 3.10(a)).</p> <p>The maximum debt leverage the Manager can employ in the Portfolio is \$0.50 of debt for every \$1.00 of equity.</p>

Exposure	Guidelines
Net exposure	The Portfolio will be a long biased Portfolio of Long Positions and Short Positions. Net exposure (i.e. Long Positions less Short Positions) will typically be between 0% and 100% of the Portfolio's NAV.
Gross exposure	Gross exposure (i.e. Long Positions plus Short Positions) would typically be less than 150% of the Portfolio's NAV.
Derivatives	The use of Derivatives in the Portfolio is permitted (refer to Section 3.10(b)). The effective exposure via Derivatives will typically be less than 100% of the Portfolio's NAV. The Manager currently intends to limit Derivative exposures within the Portfolio to relatively simple Derivatives.
Short sales	Short selling is permitted in the Portfolio (refer to Section 3.10(c)). Whilst there are no limits on Short Positions, the Investment Strategy provides for the Portfolio to be long biased. The exposure to Short Positions within the Portfolio at any given time is expected to typically be between 0% and 50% of the Portfolio's NAV.
Foreign currency hedging	Foreign currency hedging is permitted in the Portfolio (refer to Section 3.10(d)).
Limitation of cash and cash equivalents	Limitation of cash and cash equivalent instruments will not be applied to the Company's Investment Strategy. The application of the Manager's Investment Process, particularly the incremental entering and exiting individual Securities, will result in the Portfolio being actively moved into and out of cash and cash equivalents. Cash and cash equivalents within the Portfolio at any given time is expected to be between 0% to 50% of the Portfolio's NAV.

(a) Leverage policy

The Manager is permitted to borrow on behalf of the Company. The Manager may use borrowings to increase the size of the Portfolio. While the use of leverage is permitted, it is not expected to be used as part of the Investment Strategy unless there are exceptional circumstances, and Short Selling is more commonly used by the Company.

The use of Derivatives and Short Selling creates leverage. Leverage can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

The maximum debt leverage the Manager can employ in the Portfolio is \$0.50 of debt for every \$1.00 of equity.

Net exposure of the Portfolio (i.e. Long Positions less Short Positions) would typically be between 0% and 100% of the Portfolio's NAV.

Although there is no limit on gross exposure with the Portfolio (i.e. Long Positions plus Short Positions plus Derivatives), gross exposure is not expected to exceed 1.5 times the Portfolio's NAV (or 150%). That is, for every \$1.00 invested, the gross exposure, taking into account all Long Positions, Short Positions and Derivatives held, is not expected to exceed \$1.50.

It should be noted that while the Portfolio may have gross exposure in excess of 100% of its NAV, investors in the Company would not have an exposure in excess of 100% of their investment in Shares.

(b) Derivative Policy

The Company may use Derivatives for risk and other Portfolio management purposes and to take opportunities to increase returns, including, for example:

- (i) for the purposes of risk management in order to either increase or decrease the Company's exposure to markets, hedge physical positions and establish currency positions; and

- (ii) with a view to reducing transaction and administrative costs (for example, the use of an equity swap or contract for difference to establish a position in a Security).

Whilst Exchange Traded and Over-the-Counter Derivatives (including options, participatory notes, futures and swaps, fixed income, currency, commodities and credit default exposures, currency forwards/contracts and related instruments) are permitted investments, they are not central to the Investment Strategy and are not expected to be a core part of the Portfolio. The Manager currently intends to limit Derivative exposures within the Portfolio to relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).

To mitigate against the risks associated with Derivatives, the Manager will actively manage exposures within the Portfolio, as follows:

- (i) the effective exposure via Derivatives is typically not expected to exceed 100% of the Portfolio's NAV. If exposure to Derivative positions is 100% or more of the Portfolio's NAV, it is theoretically possible that the Company could lose its entire Portfolio from losses on its Derivative positions; and
- (ii) the Portfolio's gross exposure (i.e. the value of Long Positions, plus Short Positions, plus gross Derivative exposures within the Portfolio), whilst not limited, will typically be less than 150% of the Portfolio's NAV. See Section 3.10(a) for further details.

It should be noted that irrespective of the Portfolio's gross exposure or effective exposure via Derivatives, investors in the Company would not have an exposure in excess of 100% of their investment in the Company Shares.

(c) Short Selling Policy

The Company may hold Short Positions where it sees attractive risk-return opportunities and to manage specific risks it has identified.

The Manager will generally affect a Short Selling strategy by borrowing the desired security and then selling it on market. To close the Short Position the Company would need to purchase the underlying security in the market and repay it to the lender. The Manager may also affect a short sale through the use of equity and index derivative contracts, in which two parties agree to exchange payments of value (or cash flows) for typically non-deliverable contracts.

While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. When the Manager takes a Short Position, it is expecting that the price of that security will fall. There is always the risk that the price will increase instead. If this happens, it is possible that the price to repurchase the security could exceed the amount initially invested, generating a loss. Refer to the examples below and Section 5 for risk considerations relating to Short Selling.

The following examples illustrate how a Short Position may result in a loss or a profit. Both examples assume the Manager short sells 10,000 shares of XYZ Limited (**XYZ Shares**) at \$100 per XYZ Share and later closes the Short Position by entering into an equal and opposite trade. We have assumed that all costs and interest associated with the Short Position in each example are the same (i.e. borrowing costs and commissions totalling \$200 and \$250 in interest receivable).

Example 1: Potential gain

The Company short sells 10,000 XYZ Shares at \$100 and closes the Short Position when the XYZ Share price falls to \$80.

Trade	No. of XYZ Shares	XYZ Share Price (\$)	Total Income / Cost
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$200)
Interest receivable			\$250
Closing buy	10,000	\$80	(\$800,000)
Profit			\$200,050

Example 2: Potential loss

The Company short sells 10,000 XYZ Shares at \$100 and closes the Short Position when the XYZ Share price rises to \$120 by entering into an equal and opposite trade.

Trade	No. of XYZ Shares	XYZ Share Price (\$)	Total Income / Cost
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$200)
Interest receivable			\$250
Closing buy	10,000	\$120	(\$1,200,000)
Loss			(\$199,950)

(d) Currency

Investing in Long positions and Short positions denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an investment is denominated in a foreign currency and that currency changes in value against the Australian dollar, the value of that investment may change when translated into Australian dollars, and the Portfolio may suffer a profit or a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination. The Company's Investment Strategy seeks to assess the potential returns and risks created by currency exposures and to position the Portfolio with the aim of capturing those returns while minimising those risks.

The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian long dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures. As part of its Investment Process, the Manager will typically assess the indirect impact of currency on the companies it invests in and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding.

3.11. Permitted investments

Under the Investment Management Agreement, the Manager is permitted to undertake investments on behalf of the Company. The types of securities and other financial products and instruments included in the Company's investable universe include, but are not limited to:

- (a) all Securities, whether listed or unlisted, Australian or international (including options, convertible notes, rights and debentures);
- (b) cash and cash equivalent investments; and
- (c) Derivatives (including equity swaps, contract for differences, futures, forwards, warrants and currency forward contracts).

This is not an exhaustive list of all the types of investments authorised under the Investment Management Agreement between the Company and the Manager, and investments will be made in accordance with the guidelines agreed between the Company and the Manager (currently being the guidelines in Section 3.10).

Under the Investment Management Agreement, the Manager may undertake investments in the Portfolio without the prior approval of the Board, provided they are in accordance with the investment objectives, strategies, policies and guidelines set by the Company from time to time. In the event that a proposed investment is not in accordance with the Company's investment objective, strategies, policies and guidelines or permitted investments, the Manager must obtain Board approval to make the investment.

3.12. Dividend objective

The Board of the Company intends to pay fully franked dividends from available profits derived from dividends and interest income it receives from its investments as well as realised gains on the sale of investments within the Portfolio, to the extent permitted by law and the payment being within prudent business practices. This is not intended to be a forecast, it is merely an objective of the Company. The Company may not be successful in meeting this objective.

The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including the availability of profit reserves and franking credits, future earnings, capital requirements, financial conditions and other factors that the Board deems relevant.

The Company has established a Dividend Reinvestment Plan, the terms of which are summarised in Section 10.4.

3.13. Capital management policy

The Board will regularly review the capital structure of the Company and, where the Board considers appropriate, undertake capital management initiatives which may involve:

- (a) the issue of other Shares (through bonus options issues, placements, share purchase plans, pro rata rights issues, dividend re-investment plans, etc); and / or
- (b) the buy-back of its Shares.

3.14. Allocation policy

The Manager is also the investment manager of Cadence Capital Limited.

The Cadence Team will apply the same Investment Processes and a similar investment strategy in managing Cadence Capital Limited that it applies to the Portfolio. The key differences to the Company's Investment Strategy and those of Cadence Capital Limited are described in Section 4.5.

If the Company and other Cadence Entities wish to purchase a particular Security, then the allocation will depend on the targeted weighting or level indicated by the Company and the relevant Cadence Entities, and may take into account a number of factors including the relevant entities gross asset values.

3.15. Valuation, location and custody of assets

The assets of the Company will be valued daily (released to the ASX monthly) using market accepted practices to accurately and independently price all securities and other assets within the Portfolio. The Value of the Portfolio shall be determined by aggregating the value of each investment forming part of or comprised in the Portfolio and each investment shall be valued in accordance with the following methodology:

- (a) cash (including income) – the amount of such cash (in Australian dollars);
- (b) securities – the market value of such Securities determined in accordance with Australian Accounting Standards (unless otherwise agreed by the Company and the Manager); and
- (c) other investments – if any investment is not included in (a) or (b) above, the value of that investment determined in accordance with Australian Accounting Standards.

The Company may request that the value of an investment be determined by a duly qualified valuer independent of both the Company and the Manager (Approved Valuer), which is recommended by the Manager having regard to the particular type or types of investment which are the subject of the valuation.

The Company will delegate custody of its Portfolio to the Custodian and its Prime Broker. The Company may also retain custody of some of its assets such as cash.

3.16. Risk management philosophy and approach

The Company has appointed the Manager to manage the Portfolio. The Manager will be primarily responsible for managing the risk of the Portfolio. The Manager has implemented risk policies and controls which are designed to be relevant to the Company's Investment Strategy. In addition, the Manager's process for entering and exiting Positions outlined in Section 3.9(c) of this Prospectus is intended to be an important factor in managing Portfolio risks.

The Manager will continuously monitor the Portfolio to ensure compliance with the Investment Strategy and Investment Guidelines. They ensure, amongst other things, ongoing exposures within the Portfolio.

The Company will manage risk by monitoring the Manager. Under the Investment Management Agreement the Manager must report to the Board on a regular basis. These reports will allow the Board to monitor the Manager and the Portfolio to ensure ongoing compliance with the Investment Strategy and Investment Guidelines.

3.17. Changes to Investment Strategy

If material changes to the Investment Strategy are contemplated in the future, these changes would be made with the approval of the Board, after consultation with the Manager. The Company will notify Shareholders via its website and ASX of any material changes to the Company's Investment Strategy.

3.18. Reports to Shareholders

Within 14 days after the end of each month, the Company will release to the ASX a statement of the net tangible asset backing of its Shares as at the end of that month. The calculation of the net tangible asset backing of Shares will be made in accordance with the ASX Listing Rules.

The Company will provide to Security holders on request, free of charge, a copy of statements released to ASX of the net tangible asset backing of Shares from time to time.

The Company may also release to the ASX (and place on its website) reports, prepared by the Manager from time to time, to keep Shareholders informed about the current activities of the Company, the performance of the Company's Portfolio and the investment outlook.

4. About the Manager

4.1. Overview of the Manager

The Investment Strategy has, and will continue to be, implemented by the Manager, Cadence Asset Management Pty Limited, which holds Australian Financial Services Licence 252745.

The Manager is a privately-owned boutique investment management company with funds under management of approximately \$378 million as at 30 June 2021.

The Manager is the investment manager of Cadence Opportunities Fund and Cadence Capital Limited (ASX Code CDM).

The Manager was established approximately 18 years ago on 3 October 2003, and currently has an experienced investment team comprised of 3 investment professionals and 3 operational professionals. The Cadence Team is led by Karl Siegling (the Chairman of the Company) and is based in Sydney, Australia.

Alignment of interests is a critical aspect of the Manager's business model and culture. In aggregate, members of the Cadence Team hold 31.35% of the current Shares on issue in Cadence Opportunities Fund.

4.2. Role of the Manager

The Manager is responsible for making investment decisions for the Company and implementing the Investment Strategy in accordance with the Investment Management Agreement (a summary of the agreement is set out in Section 9.1).

The Manager will:

- (a) implement the Investment Strategy, including active management and supervision of the Portfolio's investments;
- (b) manage the Portfolio's exposure to markets, Derivatives and cash;
- (c) regularly update the Company and Shareholders regarding the Portfolio and provide all information necessary for the maintenance of the Company's financial accounts to be completed; and
- (d) provide administrative support to assist and ensure the maintenance of the Company's corporate and statutory records, compliance with the ASX Listing Rules and the Corporations Act.

4.3. Cadence Team Overview

Karl Siegling holds ultimate responsibility for the implementation of the Company's Investment Strategy.

The 3 investment professionals within the Cadence Team have diverse expertise in the financial markets. Together, they have over 38 years equity investment experience.

There have been no adverse regulatory findings against the Manager or any member of the Cadence Team.

4.4. Cadence Team Members

Karl Siegling (Managing Director and Portfolio Manager)



Karl Siegling has over 25 years investment experience in the financial sector both in Australia and overseas. He holds a Bachelor of Commerce and a Law degree from the University of Melbourne and an MBA from INSEAD in France. Karl holds a Post Graduate Diploma in Finance with the Securities Institute of Australia.

He commenced work in the Financial Services sector in Australia with Deutsche Morgan Grenfell, trading overnight currencies, bonds and bond options on the Sydney Futures Exchange. He then worked within the Equities Research Division of Deutsche Morgan Grenfell before Studying an MBA at INSEAD and working as a Summer Associate within the equities division of Goldman Sachs in London.

Upon returning to Australia, Karl was the Managing Director of eFinancial Capital Limited (a subsidiary of Challenger International Limited) focused on investing in early stage and expansion capital for financial services and technology companies. Karl worked as a consultant for Wilson Asset Management, researching stocks, before setting up Cadence Asset Management Pty Limited.

Karl has been the Chairman and Managing Director of Cadence Asset Management Pty Limited (The Manager), for 18 years.

Karl has been the Chairman of Cadence Capital Limited for 16 years and the Chairman of Cadence Opportunities Fund for 2 and a half years.

Wayne Davies (Chief Operating Officer)



Wayne Davies has over 15 years of funds management experience in Equity Long/Short Funds both in Australia and overseas. He is both a member of the South African Institute of Chartered Accountants and the Chartered Institute of Management Accountants.

Wayne Davies is a founding member of the Manager and has been the Chief Operating Officer of the Manager for the past 13 years.

Wayne Davies previously worked with Theorema Asset Management in London and was a director of Theorema Europe Fund and Theorema Europe Fund Plus.

Wayne has been a director of Cadence Capital Limited for 7 and a half years and a director of Cadence Opportunities Fund for 2 and a half years. Wayne is also the Company Secretary of Cadence Opportunities Fund.

Charlie Gray (Portfolio Manager)



Charlie joined the Manager in 2017 as an Equity Analyst. Charlie has over 8 years experience in financial markets, having worked at Hunter Green Institutional Broking and Morgan Stanley Smith Barney.

Charlie holds a Bachelor of Commerce (Finance) and is a Chartered Financial Analyst (CFA) Charterholder.

Jackson Aldridge (Portfolio Manager and Sales Trader)



Jackson joined Cadence Capital in 2018 as Sales Trader. Jackson has over 5 years financial services experience having worked at Merrill Lynch in the United States. Jackson holds a Bachelor of Science (Finance) and a Certified Portfolio Manager designation from Columbia University.

4.5. Relevant experience of the Manager

The Manager is also the investment manager of Cadence Capital Limited (ASX Code CDM).

Cadence Capital Limited is a listed investment company. The Manager has managed Cadence Capital Limited since its inception in October 2005 using the same investment processes and an investment strategy that is similar to the strategy it employs as the Company's Manager. The key differences between the respective investment strategies are:

- (a) the Company's Investment Strategy is focused on benefiting from shorter-term trends to a greater extent than Cadence Capital Limited's strategy;

- (b) the Company will be taking smaller initial Position sizes and adding to Positions in smaller subsequent lots than Cadence Capital Limited; and
- (c) the Company will have a greater ability to participate in trading opportunities (see Section 3.9(b) for details).

Notwithstanding the above differences, the Manager will employ the same proven investment processes in implementing the respective strategies of Cadence Capital Limited and the Company.

5. Risk Factors

5.1. Introduction

Intending investors should be aware that subscribing for Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of the Company. These factors include Australian and worldwide economic and political stability, natural disasters, performance of the global stock markets, interest rates, foreign exchange, taxation and labour relations environments internationally.

Some of the events and circumstances described below may negatively impact the Company's investment performance and NTA backing per Share, which may in turn cause the market price of the Company's Shares to fall and may result in the loss of income and the principal you invested. The market price of the Shares may also be directly affected by some of the events and circumstances described below.

While the Company and the Manager have put in place various corporate governance, compliance and risk management systems to mitigate risks, neither the Company nor the Manager can guarantee that these safeguards and systems will be effective. Some risks are outside the control of the Company, the Directors, the Manager and its directors and employees, and cannot be mitigated.

Before making a decision on whether to apply for any Securities under the Offer, you are urged to carefully consider the risks described in this Section 5, which is not an exhaustive list of all the possible risks associated with investing in the Company, as well as any other risk factors that you may consider relevant to such investments. Your stockbroker, solicitor, accountant or other professional adviser can assist you in determining the risks of investing in the Company and whether it is suited to your needs and circumstances.

The following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

5.2. Key investment strategy risk

The Company's investment activities will expose it to a variety of risks. The Company has identified some of them as being particularly relevant to its Investment Strategy, namely:

Investment Strategy risk

The success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Securities.

Manager risk

The success and profitability of the Company depends almost entirely on the ability of the Manager to construct a Portfolio of investments that have the ability to increase in value over time. The past performance of the Manager is not necessarily a guide to future performance of the Company.

Further, the success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for the Company or should there be significant key personnel changes at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted. Even if the Company does not perform well, it may be difficult to remove the Manager.

5.3. Significant risks of investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company.

Market risk

Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

Equity risk

There is a risk that Securities will fall in value over short or extended periods of time. Historically, Securities have outperformed other traditional asset classes over the long-term. Security markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders in the Company are exposed to this risk both through their holdings in Shares in the Company as well as through the Company's Portfolio.

Leverage risk

The Manager is permitted to borrow on behalf of the Company and may use debt to increase the scale of the Portfolio of the Company. In addition, the use of Derivatives and Short Selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Derivative risk

The Company may use Derivatives (both Exchange Traded and Over-the-Counter) for risk and portfolio management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also, investments in Derivatives may cause losses associated with the value of the Derivative failing to move in line with the underlying Security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

Generally, Over-the-Counter Derivatives transactions carry greater counterparty risk than Exchange Traded Derivatives (i.e. where the counterparty to the transaction is the exchange's clearing house). Trading in Over-the-Counter Derivatives will generally require the lodgement of collateral or credit support, such as a margin or guarantee with the counterparty, which in turn gives rise to counterparty risk. In selecting counterparties to enter into transactions with, consideration is given to the financial position and credit rating of the counterparty. It is the intention of the Manager to only employ relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).

Short Selling risk

There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. Short Selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a Security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Short Selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns.

The use of Short Selling may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also, changes in the value of a Short Position may not correlate perfectly with the underlying asset.

Short Positions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction. Short Positions may also be subject to liquidity risk or counterparty risk. Depending on market conditions, Short Positions can be costly or difficult to reverse.

Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Foreign issuer and market risk

The Company's Investment Strategy is focused on investing in Securities both in Australia and overseas.

Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.

Investments in foreign companies may decline in value because of sovereign, political, economic or market instability; the absence of accurate information about the companies; risks of unfavourable government actions such as expropriation and nationalisation. Other countries may have different legal systems, taxation regimes, auditing and accounting standards with less governmental regulation and transparency. These risks may be higher when investing in emerging markets.

The Company aims to minimise this risk through the Manager's careful analysis of each Security the Company invests in.

Currency risk

Investing in assets (Long and Short Positions) denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars and the Portfolio may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination.

The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures.

Counterparty and Collateral Risk

The Company uses the services of a Prime Broker for its financing, derivative products and to facilitate the lending of Securities to short sell. The Company will be required to maintain assets with the Prime Broker as Collateral for such services. As such, the Company may be exposed to certain risks in respect of that Collateral. Risks include risk of loss resulting from the insolvency or bankruptcy of a Prime Broker.

When the Company enters into an arrangement that requires it to deliver Collateral or other credit support to a counterparty, the Company will be exposed to the following additional risks in respect of that Collateral. The Company:

- (a) may be required to post upfront margin/Collateral with the counterparty (whether cash or other securities). The Company will need to have sufficient liquid assets to satisfy this obligation;
- (b) may, from time-to-time if the value of the arrangements moves against it, be required to post additional Collateral with the counterparty. The Company will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the counterparty may have the right to terminate such arrangements and will be subject to credit risk on the counterparty.

In the event the counterparty becomes insolvent at a time it holds margin/Collateral posted with it by the Company, the Company will be an unsecured creditor of the counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law.

The Company may seek to limit this risk by moving a portion of the Company's assets to an independent third party Custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit any investment held in custody on behalf of the Company.

Default risk

Investment in Securities and financial instruments generally involves third parties as custodial, Prime Broker and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company.

There is a risk of loss resulting from the insolvency or bankruptcy of a prime broker or counterparty used by the Manager. The Manager aims to keep this risk to a minimum by monitoring the counterparties and may engage an independent third party custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit any investment held in custody on behalf of the Company.

The Company uses the services of the Prime Broker and outsources key operational functions including investment management, custody, execution, registry services, administration and accounting to a number of third party service providers.

There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company. The use of third party service providers carries risk of default which could adversely affect the value of the Company. This includes a risk that the Custodian fails to secure custody of the Company's assets resulting in a loss.

Liquidity risk

The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a Security cannot be bought or sold quickly enough to minimise potential loss, the Company may have difficulty satisfying its commitments, including those associated with financial instruments.

The Company's Securities are also exposed to liquidity risk. The ability of an investor in the Company to sell their Securities on the ASX will depend on the turnover or liquidity of the Securities at the time of sale. Therefore, investors may not be able to sell their Securities at the time, in the volumes, or at the price they desire.

The Manager will seek to minimise liquidity risks by:

- (a) monitoring significant exposure to illiquid or thinly traded financial instruments; and
- (b) being aware of liquidity when constructing and managing the Portfolio.

Small cap investment risk

Securities of smaller companies involve greater risk than those of larger, more established companies. This is because smaller companies may be in earlier stages of development, may be dependent on a small number of products or services, may lack substantial capital reserves and/or do not have proven track records. Small cap companies may be more adversely affected by poor economic or market conditions, and may be traded in low volumes, which may increase volatility and liquidity risks.

Portfolio turnover risk

The Manager may adjust the Portfolio as considered advisable in view of prevailing or anticipated market conditions and the Company's investment objective, and there is no limitation on the length of time Securities must be held, directly or indirectly, by the Company prior to being sold. Portfolio turnover rate will not be a limiting factor and will vary from year to year. Higher portfolio turnover rates involve correspondingly higher transaction costs, which are borne directly or indirectly by the Company. In addition, the Company may realise significant short-term and long-term capital gains.

Compensation fee structure risk

The Manager may receive compensation based on the Portfolio's performance. Performance Fee arrangements may create an incentive for the Manager to make more speculative or higher risk investments than would be the case in the absence of a fee based on the performance of the Portfolio.

Regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

Concentration risk

The Company's typical portfolio is expected to hold 40 to 80 Positions, which represents moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility. A Position may end up being larger than $\pm 5\%$ of the Portfolio's NAV (from time to time) depending on the relative value of all investments within the Portfolio at any given time (see Section 3.9(c))

Interest rate risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a Security and the cost of borrowing. The Company is exposed to movements in Australian interest rates as well as movements to interest rates in each jurisdiction it holds investments.

5.4. Risks associated with investment in Shares

The prices at which Shares will trade on the ASX are subject to a number of risks, including:

Market risk

Share markets tend to move in cycles, and individual Share prices may fluctuate and under perform other asset classes over extended periods of time. The value of Shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares as well as through the Company's Portfolio.

Economic risk

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

Financial market volatility

A fall in global equity markets, global bond markets or the rate of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which the Securities trade.

Liquidity risk

The Company will be a listed entity; therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time.

Discount to NTA

The Company will be listed on the ASX and may not trade in line with the underlying Value of the Portfolio. The Company may trade at a discount or a premium to its NTA.

5.5. Other risk factors

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment.

There may be tax implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend reinvestment plan of the Company, participation in any on-market share buy-back and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

5.6. Time frame for investment

Investors are strongly advised to regard any investment in the Company as a medium-to-long-term proposition of over 5 years and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period.

In addition, the above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

You should consider that an investment in the Company is speculative and consult your professional adviser before deciding whether to apply for Shares.

6. Financial information

6.1. Introduction

Section 6 contains a summary of the historical financial information prepared by the Directors of the Company for the financial years ended 30 June 2019 (**FY19**), 30 June 2020 (**FY20**) and 30 June 2021 (**FY21**) as set out below:

- The historical financial information for the Company comprising:
 - Statutory historical statements of profit or loss and other comprehensive income for FY19, FY20 and FY21 (the **Historical Results**);
 - Statutory historical statements of cash flows for FY19, FY20 and FY21 (the **Historical Statements of Cash Flow**);
 - Statutory historical statements of financial position as at 30 June 2019, 2020 and 2021 (the **Historical Statement of Financial Position**);
 - Statutory historical statements of changes in equity for FY19, FY20 and FY21 (the **Historical Statement of Changes in Equity**);

(together, the **Historical Financial Information**);

- The pro forma historical financial information for the Company comprising pro forma historical statement of financial position as at 30 June 2021 (the **Pro Forma Historical Statement of Financial Position**), and supporting notes which includes the pro forma transactions, material subsequent events and capital raising.

The statutory and pro forma historical financial information is referred to in this Section 6 collectively as **Financial Information**.

Also summarised in this Section 6 are:

- the basis of preparation and presentation of the Financial Information (Section 6.2);
- the application of new accounting standards to the Financial Information and areas of critical judgements and estimates (Section 6.19);
- information regarding certain non-IFRS measures (Section 6.4);
- a description of the pro forma adjustments to the Historical Statement of Financial Position (Section 6.13);
- management's discussion and analysis of the Historical Financial Information (Section 6.18); and
- details of the Company's proposed dividend policy (Section 6.17).

The information in this Section 6 should be read in conjunction with the Company Overview set out in Section 3.1, Risk Factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1. Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculation.

6.2. Basis of preparation and presentation of the Financial Information

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Company. The Directors of the Company are responsible for the preparation and presentation of the Financial Information.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles of AAS, other than it includes certain adjustments which have been prepared in a manner consistent with AAS in order to illustrate their effect as if they had occurred on or before 30 June 2021.

The Financial Information is presented in an abbreviated format and does not contain all of the disclosures required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Forecast financial information

The Directors have considered the requirements of ASIC Regulatory Guide 170 *Prospective financial information* (RG170) to determine if prospective financial information should be included in this Prospectus. The Directors have determined that, as at the date of this Prospectus, the Company does not have reasonable basis to reliably forecast future earnings and accordingly forecast financial information is not included in this Prospectus.

Independent Limited Assurance Report

The Financial Information presented in this Prospectus has been reviewed by Pitcher Partners as the Investigating Accountant in accordance with the *Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information* as stated in its Independent Limited Assurance Report set out in Section 7. Investors should note the scope and limitations of the Independent Limited Assurance Report.

6.3. Preparation of Historical Financial Information

The Historical Financial Information has been extracted from the audited financial statements of the Company for FY19, FY20 and FY21.

The financial statements of the Company for FY19, FY20 and FY21 were audited by Pitcher Partners Sydney Partnership in accordance with Australian Auditing Standards. The audit opinion issued for FY19, FY20 and FY21 were unmodified.

The Pro Forma Historical Statement of Financial Position has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Statement of Financial Position has been derived from the Historical Financial Information, with pro forma adjustments being made to reflect the impact of the Offer.

In preparing the Financial Information, the Company's accounting policies have been consistently applied throughout the periods presented.

Investors should note that past results are not a guarantee of future performance.

Going Concern

The Financial Information for FY19, FY20 and FY21 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Company will be able to continue as a going concern irrespective of the proceeds raised from the Offer.

6.4. Explanation of certain non-IFRS financial measures

The Company uses certain measures to manage and report on its business that are not recognised under AAS, nor under IFRS. These measures are collectively referred in this Section 6 and under ASIC Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as "non-IFRS financial measures". The principal ones used in this Prospectus are as follows:

- Pre Tax NTA per Share is the net tangible assets of the Company before the provision for current and deferred tax balances but after taxes paid.
- Post Tax NTA per Share is the net tangible assets of the Company after current and deferred tax balances.
- Gross Performance – Performance of the Company after Company costs but before management fees, performance fees and tax

Certain financial data included in Section 6 is also non-IFRS financial information.

Although the Company believes that these measures provide useful information about the financial performance of the Company, they should be considered as supplements to the statement of profit and loss and statement of

cash flow measures that have been presented in accordance with the AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions, and the way the Company calculated these measures may differ from similarly titled measures used by other companies. Investors should therefore not place undue reliance on these non-IFRS financial measures.

6.5. Historical Results

Table 6.1 below sets out the Historical Results for FY19, FY20 and FY21. Investors are referred to Section 6.18 which provides a description and management discussion of the profit and loss categories.

TABLE 6.1: HISTORICAL RESULTS FOR FY19, FY20 and FY21

	2021 \$	2020 \$	2019 \$
INCOME			
Net realised and unrealised gain on investments	10,216,240	2,919,153	543,835
Dividends received	72,523	68,178	43,513
Interest received	2,046	8,904	12,392
Other income	20,196	4,092	3,399
Total Income	10,311,005	3,000,327	603,139
EXPENSES			
Finance costs	(54,918)	(29,038)	(8,772)
Management fees	(238,723)	(98,839)	(34,108)
Performance fees	(1,603,871)	(428,614)	(83,107)
Directors fees	(22,500)	(22,500)	(11,250)
Stock loan fees	(6,854)	(2,637)	(125)
Dividends on short positions	(495)	(6,705)	-
Brokerage expenses on share purchases	(287,006)	(115,743)	(30,921)
Registry fees	(11,756)	(4,127)	(551)
Legal fees	(9,307)	(1,886)	-
Custody fees	(64,825)	(57,148)	(14,884)
Audit and taxation fees	(42,173)	(29,473)	-
Other expenses from ordinary activities	(8,058)	(8,940)	(28,146)
Total Expenses	(2,350,486)	(805,650)	(211,864)
Profit before income tax	7,960,519	2,194,677	391,275
Income tax expense	(2,366,473)	(653,697)	(97,881)
Profit attributable to members of the Company	5,594,046	1,540,980	293,394
Other comprehensive income	-	-	-
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the year	5,594,046	1,540,980	293,394
Basic earnings per share	75.2 cents	31.5 cents	6.6 cents

6.6. Historical Statements of Cash Flow

Table 6.2 sets out the Company's Statutory Historical Statements of Cash Flow for FY19, FY20 and FY21. Investors are referred to Section 6.18, which provides a management discussion and analysis of the cash flow line items.

TABLE 6.2: STATUTORY HISTORICAL STATEMENT OF CASH FLOW

	2021 \$	2020 \$	2019 \$
Cash Flows from Operating Activities			
Proceeds from the sale of investments	138,001,697	55,632,421	8,595,821
Payments for the purchase of investments	(140,542,923)	(56,145,882)	(13,300,823)
Dividends received	70,340	71,188	37,263
Interest received	2,046	8,904	12,392
Other income received	20,196	4,092	3,399
Performance fees paid	(342,619)	(51,745)	-
Management fees paid	(83,300)	-	-
Brokerage expenses on share purchases	(287,006)	(115,743)	(30,921)
Interest paid	(54,918)	(29,038)	(8,772)
Dividends paid on shorts	(495)	(6,705)	-
Payments for other expenses	(257,262)	(164,252)	(267,263)
Income tax paid	(1,627,621)	(58,608)	-
Net Used In Operating Activities	(5,101,865)	(855,368)	(4,958,904)
Cash Flows from Financing Activities			
Proceeds from shares issued	8,544,670	1,035,000	5,560,050
Dividends paid	(311,052)	-	-
Net Cash Provided by Financing Activities	8,233,618	1,035,000	5,560,050
Net Increase in Cash Held	3,131,753	179,632	601,146
Cash and Cash Equivalents as at beginning of the Financial Year	780,778	601,146	-*
Cash and Cash Equivalents as at end of the Financial Year	3,912,531	780,778	601,146

* the Company was incorporated on 6 July 2018.

6.7. Historical Statements of Financial Position

Table 6.3 sets out the Company's Statutory Historical Statements of Financial Position as at 30 June 2019, 2020 and 2021.

TABLE 6.3: STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION

	2021 \$	2020 \$	2019 \$
Assets			
Cash	11,404,356	2,679,294	1,641,849
Trade and other receivables	3,036,586	653,968	788,816
Financial assets at fair value through profit or loss	21,396,111	9,842,520	5,105,902
Deferred tax asset	14,572	6,303	-
Total Assets	35,851,625	13,182,085	7,536,567
Liabilities			
Cash Overdrafts	7,491,825	1,898,516	1,040,703
Trade and other payables	3,220,591	1,238,497	328,757
Financial liabilities at fair value through profit or loss	1,735,725	916,375	215,782
Current tax liability	611,359	296,948	-
Deferred Tax Liability	826,189	402,325	97,881
Total Liabilities	13,885,689	4,752,661	1,683,123
Net Assets	21,965,936	8,429,424	5,853,444
Equity			
Contributed equity	14,869,214	6,595,050	5,560,050
(Less): Capitalised costs of share issues	(20,646)	-	-
Profits Reserve	7,117,368	1,834,374	293,394
Total Equity	21,965,936	8,429,424	5,853,444
Pre Tax NTA per Share	2.6033	1.7764	1.3380
Post Tax NTA per Share	2.4449	1.6414	1.3160

6.8. Historical Statements of Changes in Equity

Table 6.4 sets out the Company's Statutory Historical Statements of Changes in Equity for FY19, FY20 and FY21.

TABLE 6.4: STATUTORY HISTORICAL STATEMENT OF CHANGES IN EQUITY

	Issued capital	Retained Profits	Profits reserve	Total equity
	\$	\$	\$	\$
Balance at incorporation (6 July 2018)	1	-	-	1
Profit for the year	-	293,394	-	293,394
Transfer to profits reserve	-	(293,394)	293,394	-
Other comprehensive income for the year	-	-	-	-
Transactions with owners:				
Shares issued	5,560,049	-	-	5,560,049
Balance at 30 June 2019	5,560,050	-	293,394	5,853,444
Profit for the year	-	1,540,980	-	1,540,980
Transfer to profits reserve	-	(1,540,980)	1,540,980	-
Other comprehensive income for the year	-	-	-	-
Transactions with owners:				
Shares issued	1,035,000	-	-	1,035,000
Balance at 30 June 2020	6,595,050	-	1,834,374	8,429,424
Profit for the year	-	5,594,046	-	5,594,046
Transfer to profits reserve	-	(5,594,046)	5,594,046	-
Other comprehensive income for the year	-	-	-	-
Transactions with owners:				
Net shares issued	8,274,164	-	-	8,274,164
Share issue transaction costs	(20,646)	-	-	(20,646)
Dividends paid	-	-	(311,052)	(311,052)
Balance at 30 June 2021	14,848,568	-	7,117,368	21,965,936

6.9. Statutory and Pro Forma Historical Statement of Financial Position

Table 6.5 below sets out the pro forma adjustments that have been made to the audited Historical Statement of Financial Position for the Company as at 30 June 2021 in order to prepare the Pro Forma Historical Statement of Financial Position for the Company. These adjustments reflect certain pro forma adjustments including the Offer proceeds, transaction expenses, and other material transactions post 30 June 2021, and the impact of the operating and capital structure that will be in place following completion of the Offer as if it had occurred or were in place as at 30 June 2021.

TABLE 6.5: STATUTORY AND PRO FORMA HISTORICAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Statutory 30 June 2021 Audited	Pro forma		
		\$1 million Subscription	\$25 million Subscription	\$52 million Subscription
Assets				
Cash	11,404,356	11,252,208	35,223,227	62,199,726
Trade and other receivables	3,036,586	3,036,586	3,036,586	3,036,586
Financial assets at fair value through profit or loss	21,396,111	21,396,111	21,396,111	21,396,111
Deferred tax asset	14,572	111,359	120,053	127,104
Total Assets	35,851,625	35,796,264	59,775,977	86,759,527
Liabilities				
Cash Overdrafts	7,491,825	7,491,825	7,491,825	7,491,825
Trade and other payables	3,220,591	3,220,591	3,220,591	3,220,591
Financial liabilities at fair value through profit or loss	1,735,725	1,735,725	1,735,725	1,735,725
Current tax liability	611,359	611,359	611,359	611,359
Deferred Tax Liability	826,189	826,189	826,189	826,189
Total Liabilities	13,885,689	13,885,689	13,885,689	13,885,689
Net Assets	21,965,936	21,910,575	45,890,288	72,873,838
Equity				
Contributed equity	14,869,214	16,419,214	40,419,214	67,419,214
(Less): Capitalised costs of share issues	(20,646)	(149,107)	(204,028)	(235,793)
Accumulated Losses	-	(97,375)	(62,741)	(47,426)
Profits Reserve	7,117,368	5,737,843	5,737,843	5,737,843
Total Equity	21,965,936	21,910,575	45,890,288	72,873,838
Pre Tax NTA per Share ¹		2.422	2.467	2.483
Post Tax NTA per Share ¹		2.284	2.398	2.439

¹ Pro forma NTA per share calculations do not include the benefit of the balance of franking credits available (please refer to Section 6.16), but are after subscriptions received and payment of offer costs and payment of the 27 September 2021 dividend.

6.10. Subsequent events and Pro Forma Adjustments

Subsequent to 30 June 2021, events have occurred which have changed the Shares on issue and cash balances. These changes have been reflected in the Pro Forma Statement of Financial Position. These transactions are detailed in Section 6.11.

With the exception of the subsequent events and pro forma transactions noted below no other material transactions have occurred between 30 June 2021 and the date of this Prospectus which the Directors consider require disclosure.

This Prospectus contemplates transactions subsequent to 30 June 2021 which are to take place on or before the completion of the Offer. These transactions are reflected in the pro forma statement of financial position and are explained in Section 6.12.

6.11. Subsequent events

Since 30 June 2021 the Company has raised \$550,000 by way of two Share issuances, being 115,459 shares in July 2021 and 97,038 shares in August 2021, as set out in Section 6.14, which increased cash and contributed equity by \$550,000.

On 27 September 2021, the Company announced a 12.0 cents per share fully franked final dividend and a 3.0 cents per share fully franked special dividend. The Ex-Date for the dividend is the 22 October 2021, Record date is 25 October 2021 and the payment date for the dividend is the 29 October 2021. The Pro Forma balance sheet has been adjusted for the payment of the dividend, decreasing cash and the Profits Reserve by \$1,379,525.

6.12. Pro forma transactions

These unaudited pro forma statements of financial position have been prepared on the basis of the following assumptions:

- (a) the actual 30 June 2021 Year End Financial Accounts;
- (b) adjustment for the subsequent events detailed at Section 6.11 above;
- (c) Shares will be issued at the Issue Price, which will be the NTA Mid-Point as at 31 October 2021. For the purposes of these pro forma statements of financial position, an Issue Price of \$2.5145 is assumed, which is the NTA Mid-Point as at 31 August 2021, adjusted for the \$0.15 per Share dividend subsequently declared by the Company and to be paid prior to completion of the Offer;
- (d) In the unaudited pro forma statement of financial position titled “\$1 Million Subscription” the reference is to issuing 397,693 Shares to Applicants under the Prospectus, based on the assumed Issue Price of \$2.5145;
- (e) In the unaudited pro forma statement of financial position titled “\$25 Million Subscription” the reference is to issuing 9,942,334 Shares to Applicants under the Prospectus, based on the assumed Issue Price of \$2.5145;
- (f) In the unaudited pro forma statement of financial position titled “\$52 Million Subscription” the reference is to issuing 20,680,056 Shares to Applicants under the Prospectus, based on the assumed Issue Price of \$2.5145; and
- (g) Adjustments for expenses of the Offer to be paid by the Company, including deducting from cash the estimated costs of listing on the ASX and recognising the tax benefit of those costs as a deferred tax asset. Those costs which directly relate to the issue of new shares have been capitalised, while the remaining costs have been expensed, as set out below:

	\$1 million Subscription	\$25 million Subscription	\$52 million Subscription
Legal fees	88,000	88,000	88,000
Investigating accountant and tax adviser fees	33,000	33,000	33,000
ASX fees	101,586	130,567	154,068
ASIC lodgement fees	2,795	2,795	2,795
Other expenses	97,242	97,242	97,242
Total estimated gross expenses of the Offer	322,623	351,604	375,105
Deferred tax asset	(96,787)	(105,481)	(112,532)
Total estimated expenses of the Offer (net of tax)	225,836	246,123	262,573
Allocated as follows:			
Offer costs expensed	97,375	62,741	47,426
Offer costs capitalised to Equity	128,461	183,382	215,147
	225,836	246,123	262,573

6.13. Pro forma cash and cash equivalents

A reconciliation of the pro forma statements of financial position for cash is as below:

	\$1 million Subscription	\$25 million Subscription	\$52 million Subscription
Cash as at 30 June 2021	11,404,356	11,404,356	11,404,356
Subsequent event – contributed equity	550,000	550,000	550,000
Subsequent event – Final and Special Dividend	(1,379,525)	(1,379,525)	(1,379,525)
Proceeds of Prospectus offer	1,000,000	25,000,000	52,000,000
Expenses of Offer	(322,623)	(351,604)	(375,105)
Estimated net cash position	11,252,208	35,223,227	62,199,726

The pro forma as at 30 June 2021 does not reflect the change in cash position between 30 June 2021 and completion of the Offer, which will occur as a result of ongoing operations and other cash requirements of the Company over this period.

6.14. Contributed equity

A reconciliation of the pro forma contributed equity has been set out below:

Date	Details	Share Price \$	No. of Shares	Issue Value \$
On incorporation 6 July 2018		\$1.000	1	1
15-Jan-19	Placement	\$1.250	4,438,040	5,547,549
1-Mar-19	Placement	\$1.260	9,921	12,500
As at 30 June 2019			4,447,962	5,560,050
1-Oct-19	Placement	\$1.490	3,356	5,000
1-Nov-19	Placement	\$1.500	570,000	855,000
1-Dec-19	Placement	\$1.535	100,977	155,000
1-Jan-20	Placement	\$1.530	13,072	20,000
As at 30 June 2020			5,135,367	6,595,050
1-Sep-20	Placement	\$2.048	48,840	100,000
1-Oct-20	Placement	\$2.066	24,207	50,000
1-Nov-20	Placement	\$2.061	1,143,554	2,356,865
1-Dec-20	Placement	\$2.184	2,503,613	5,467,891
1-Jan-21	Placement	\$2.234	223,804	500,000
16-Jan-21	Buy-Back	\$2.291	(214,139)	(490,592)
1-Mar-21	Placement	\$2.377	42,065	100,000
1-Apr-21	Placement	\$2.389	41,853	100,000
1-Jun-21	Placement	\$2.559	35,176	90,000
As at 30 June 2021			8,984,340	14,869,214
1-Jul-21	Placement	\$2.598	115,459	300,000
1-Aug-21	Placement	\$2.576	97,038	250,000
Pro forma 30 June 2021 including subsequent events			9,196,837	15,419,214

Pro forma closing balances at each Pro forma subscription level:

Subscription \$1 Million	397,693	1,000,000
Pro Forma closing with \$1 Million Subscription	9,594,530	16,419,214
Subscription \$25 Million	9,942,334	25,000,000
Pro Forma closing with \$25 Million Subscription	19,139,171	40,419,214
Maximum Subscription \$52 Million	20,680,056	52,000,000
Pro Forma closing with \$52 Million Subscription	29,876,893	67,419,214

6.15. Dividend franking account

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

	Statutory 30 June 2021 Audited \$
Balance of franking account at 30 June 2021 adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.	2,219,127
Subsequent to 30 June 2021, the franking account will be reduced by the 12.0 cents per share fully franked final dividend and a 3.0 cents per share fully franked special dividend declared on 27 September 2021	(591,225)
The Pro Forma balance of the franking account	1,627,902

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$826,189 as at 30 June 2021.

6.16. Profits Reserve

The Profit Reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

	Statutory 30 June 2021 Audited \$
Profits Reserve as at 30 June 2021	7,117,368
Subsequent to 30 June 2021, the Profits Reserve will be reduced by the 12.0 cents per share fully franked final dividend and a 3.0 cents per share fully franked special dividend declared on 27 September 2021	(1,379,525)
Pro forma profits reserve	5,737,843

The Company's capacity to distribute franked dividends to shareholders is dependent on it having sufficient profits reserves and franking credits.

Since commencing trading in January 2019, the Company's investment operations have generated profits and the Company has paid tax, which generates franking credits that become available for distribution.

On 27 September 2021, the Company announced a 12.0 cents per Share fully franked final dividend and a 3.0 cents per Share fully franked special dividend which will be paid prior to the completion of the Offer. After adjusting the Company's franking account and profit reserve for the above mentioned dividend, the Company will have the following amounts of franking and profits reserve available on a per Share basis:

	\$1 million Subscription \$	\$25 million Subscription \$	\$52 million Subscription \$
Franking balance per Share	0.170	0.085	0.054
Fully franked dividend available per Share with franking balance	0.396	0.198	0.127
Profits reserve available per Share	0.598	0.300	0.192

6.17. Dividend policy

The Board of the Company intends to pay fully franked dividends from available profits derived from dividends and interest income it receives from its investments as well as realised gains on the sale of investments within the Portfolio, to the extent permitted by law and the payment being within prudent business practices. This is not intended to be a forecast, it is merely an objective of the Company. The Company may not be successful in meeting this objective.

The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including the availability of profit reserves and franking credits, future earnings, capital requirements, financial conditions and other factors that the Board deems relevant.

The Company has established a Dividend Reinvestment Plan, the terms of which are summarised in Section 10.4.

6.18. Management discussion and analysis

This section discusses the general factors that affected the Company's operations and relative financial performance in FY19, FY20 and FY21 and which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's historical operating and financial performance, nor everything that may affect the Company's operations and financial performance in the future.

FY19

The Company started trading in January 2019 and was not fully invested until April 2019. For the 6 months ended 30 June 2019 Cadence Opportunities Fund Limited ("the Company") delivered a maiden profit before tax of \$391,275 and a \$293,394 profit after tax. The post-tax NTA per share as at 30 June 2019 was \$1.3155 moving up from its issue price of \$1.25 per share.

FY20

Investment operations over the year resulted in an operating profit before tax of \$2,194,677 (2019: \$391,275) and an operating profit after tax of \$1,540,980 (2019: \$293,394). There was significant volatility in the second half of the year with equity markets falling over 35% during late February and March, as many economies were shut down in response to the spread of COVID-19. Cadence Opportunities Fund Limited scaled out of its positions as the market fell, with the Fund being less than 20% invested in late March. As markets recovered in April and May the Company re-deployed its cash and scaled back into both new and existing positions. This correction provided an opportunity to initiate positions at compelling valuations in several domestic and international companies. Some of these stocks became significant positive contributors to Company performance.

Investments are valued continuously to market value. For the year ended 30 June 2020, net investments were valued at \$8,926,145 (2019: \$4,890,120).

The net asset value of the Company for the year ended was \$8,429,424 (2019: \$5,853,444). The 30 June 2020 Post-tax NTA per share was \$1.6414

FY21

Investment operations over the year resulted in an operating profit before tax of \$7,960,519 (2020: \$2,194,677) and an operating profit after tax of \$5,594,046 (2020: \$1,540,980).

Investments are valued continuously to market value. For the year ended 30 June 2021, net investments were valued at \$19,660,386 (2020: \$8,926,145).

The net asset value of the Company for the year ended 30 June 2021 was \$21,965,936 (2020: \$8,429,424). The 30 June 2021 Post-tax NTA per share was \$2.4449.

6.19. Significant Accounting Policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, cash flow information, "held-for-trading" financial assets and certain other financial assets and liabilities, which have been measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(k).

Accounting Policies

(a) Investments

Classification

Investments consist of shares in publicly listed and unlisted companies and fixed interest securities.

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through the profit or loss.

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Trade date is the date on which the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the profit or loss immediately.

Financial assets are classified and measured at fair value with changes in value being recognised in the profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Valuation

All investments are classified and measured at fair value, being market value, including the potential tax charges that may arise from the future sale of the investments. These fair value adjustments are recognised in the profit or loss. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

Investment Income

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an “ex-dividend” basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss.

Financial Liabilities

Borrowed stock is classified as financial liabilities at fair value through the profit or loss. Realised and unrealised gains and losses arising from changes in fair value are included in the profit or loss in the year in which they arise.

(b) Income Tax

The income tax expense or benefit for the period is the tax payable on that period’s taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable entity or different taxable entity’s which intend to settle simultaneously.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within the current liabilities on the statement of financial position.

(d) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit loss. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(e) Trade and Other Payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at

nominal amounts and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amount of trade and other payables represent their fair value.

(f) Impairment

At each reporting date, the Company shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(g) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Income tax

The entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Future taxable amounts are determined based on the historical performance of the Company. Deferred tax assets are reviewed at each reporting period.

There are no estimates or judgements that have a material impact on the Company's financial results for the period ended 30 June 2021 (2020: none). All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect of their valuation.

(h) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Profits Reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

(j) New and amended standards adopted by the Company

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on or after 1 July 2020 that will have a material impact on the accounts recognised in the prior periods or will affect the current or future periods.

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

7. Investigating Accountant's Report



12 October 2021

The Directors
Cadence Opportunity Fund Limited
Level 11, 131 Macquarie Street
Sydney NSW 2000

Pitcher Partners Sydney Corporate
Finance Pty Ltd

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

Dear Directors,

PART 1: INDEPENDENT LIMITED ASSURANCE REPORT ON CADENCE OPPORTUNITY FUND LIMITED HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

7.1 INTRODUCTION

The directors ("*Directors*") of Cadence Opportunity Fund Limited (the "*Company*") have engaged Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") to report on the Historical Financial Information and Pro Forma Historical Financial Information of the Company to be included in the prospectus of the Company ("*Prospectus*") for the proposed initial public offering of new fully paid ordinary shares in the Company ("*Offer*") and listing on an Australian Securities Exchange ("*ASX*").

We have prepared this Independent Limited Assurance Report ("*Report*") to be included in a Prospectus dated on or around 12 October 2021 relating to the Offer of new fully paid ordinary Shares at an offer price representing the mid-point of the 31 October 2021 pre and post tax NTA per share to raise up to \$52,000,000 should the Maximum Subscription be raised and subscriptions accepted. The Offer is not underwritten.

Under the Offer, there will be no options attached to the Shares.

Unless stated otherwise, expressions defined in the Prospectus (in which this Report is included) have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this Report is such that it can only be issued by an entity which holds an Australian Financial Services License ("*AFSL*") under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

7.2 SCOPE

This Report deals with the financial information included in Section 6 of the Prospectus ("*Financial Information*"). The Financial Information consists of the Company's:

- historical Statement of Financial Position as at 30 June 2019, 2020 and 2021, historical Statements of Financial Performance, and historical Statements of Cash Flows and historical Statements of Changes in Equity for the financial years ended 30 June 2019, 2020 and 2021 ("*Historical Financial Information*");
- pro forma historical Statement of Financial Position as at 30 June 2021 ("*Pro Forma Historical Financial Information*");
- related notes as set out in Section 6 of the Prospectus.

As described in Section 6.2 of the Prospectus the stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Historical Financial Information.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

Pitcher Partners Sydney Corporate Finance Pty Ltd, ABN 77 122 561 184, AFSL 516413. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



pitcher.com.au

The Historical Financial Information in Section 6 has been prepared for inclusion in the Prospectus and has been derived from the audited financial statements of the Company for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 by Pitcher Partners Sydney Partnership in accordance with Australian Auditing Standards. The three audit opinions issued to the members of the Company relating to those financial reports were unmodified.

The Pro Forma Historical Financial Information in Section 6.9 has been prepared to illustrate the financial position of the Company as at completion of the Offer and has been derived from the 30 June 2021 Historical Financial Information and adjusted for the effects of the events to which the pro forma assumptions relate, as described in Sections 6.10, 6.11 and 6.12 of the Prospectus, as if those events had occurred as at 30 June 2021. Due to its nature, the Pro Forma Financial Information does not represent the Company's actual or prospective financial position.

The Financial Information is presented in the Prospectus in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to the general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

7.3 DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the statutory historical financial information and included in the Pro Forma Historical Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and such internal controls as the Directors determine are necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

7.4 OUR RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the Financial Information included in Section 6 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Financial Information of the Company.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any Financial Information used as a source of the Financial Information.

7.5 CONCLUSION

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information including:

- the statutory historical Statements of Financial Performance for the financial for the financial years ended 30 June 2019, 2020 and 2021 as set out in Section 6.5 of the Prospectus;
- the statutory historical Statements of Cash Flows for the financial years ended 30 June 2019, 2020 and 2021 as set out in Section 6.6 of the Prospectus,
- the statutory historical Statements of Financial Position as at 30 June 2019, 2020 and 2021 as set out in Section 6.7 of the Prospectus; and

- the statutory historical Statements of Changes in Equity for the financial years ended 30 June 2019, 2020 and 2021 as set out in Section 6.8 of the Prospectus,

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Sections 6.2 and 6.3 of the Prospectus being the recognition and measurement principles described under Australian Accounting Standards and the Company adopted accounting policies applied to the Historical Financial Information.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, being the pro forma historical Statement of Financial Position as at 30 June 2021 as set out in Section 6.9 is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2, 6.3, 6.10, 6.11 and 6.12 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information.

7.6 RESTRICTION ON USE

Without modifying our conclusions, we draw attention to Section 6.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Investors should consider the risks factors set out in Section 5 of the Prospectus.

7.7 LIABILITY

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other Statements or material in or omissions from, the Prospectus.

7.8 INDEPENDENCE OR DISCLOSURE OF INTEREST

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Pitcher Partner Sydney is the auditor of the Company and from time to time, associated entities may also provide the Company with certain other professional services (where independence requirements permit) for which normal professional fees are received.

7.9 FINANCIAL SERVICES GUIDE

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail investors in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett

Director

PART 2 - FINANCIAL SERVICES GUIDE

This Financial Services Guide was prepared on 17 September 2021.

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") is licensed as an Australian Financial Services Licensee, Licence No. 516413.

Pitcher Partners may provide the following financial services to wholesale and retail clients:

- Financial product advice for the following classes of financial products:
 - (i) deposit and payment products including:
 - (a) basic deposit products;
 - (b) deposit products other than basic deposit products; and
 - (c) non-cash payment products;
 - (ii) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (iii) interests in managed investment schemes excluding investor directed portfolio services; and
 - (iv) securities;(collectively "Authorised Financial Products") and
- Deal in a financial product by:
 - (i) arranging for another person to issue, acquire, vary or dispose of a financial product in respect of the following classes of financial products:
 - (a) interests in managed investment schemes excluding investor directed portfolio services; and
 - (b) securities; and
 - (ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - (a) deposit and payment products including:
 - (1) basic deposit products;
 - (2) deposit products other than basic deposit products; and
 - (3) non-cash payment products;
 - (b) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (c) interests in managed investment schemes excluding investor directed portfolio services; and
 - (d) securities.

2. Financial Services Guide

The Corporations Act 2001 (Cth) requires Pitcher Partners to provide this Financial Services Guide ("FSG") in connection with its provision of an Independent Limited Assurance Report ("*Report*") which is included in the Prospectus issued by the Company.

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

4. Remuneration

The fees we charge for preparing reports are usually determined on an hourly basis, however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us. Neither Pitcher Partners, nor its directors or officers, nor any related bodies corporate and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits arising directly as a result of the services provided to you. We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Pitcher Partners' shareholders (including any shareholders of a related body corporate) will also receive a benefit based on Pitcher Partners' ongoing overall performance.

5. Independence

Pitcher Partners is required to be independent of the Company.

Neither Pitcher Partners, any related entities, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the Company's Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$30,000 (excluding GST) will be received and audit fees agreed from time to time.

No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, any related entities, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

If you have a complaint about Pitcher Partners' Report or this FSG:

- You can contact the Complaints Manager of Pitcher Partners on (02) 9221 2099 or send a written complaint to GPO Box 1615, Sydney NSW 2001 or sydneypartners@pitcher.com.au. We will try to resolve your complaint quickly, fairly and within prescribed timeframes.
- If you do not get a satisfactory outcome, you have the right to complain to the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001, email at info@afca.org.au or call on 1800 931 678 (free call). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

8. Directors of Cadence Opportunities Fund Limited

8.1. Introduction

The Company believes that the Manager has the skill, depth of knowledge and history of achieving results through the Investment Strategy to manage this Portfolio.

The Manager will be overseen by the Board of Directors who have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their positions:

Director	Position	Independence
Karl Siegling	Chairman	Non Independent
Susan Oakes	Director	Independent
Jolanta Masojada	Director	Independent
Wayne Davies	Director	Non Independent

8.2. Background of the Directors

Karl Siegling (Non-Independent Chairman)

Karl Siegling has over 25 years investment experience in the financial sector both in Australia and overseas. He holds a Bachelor of Commerce and a Law degree from the University of Melbourne and an MBA from INSEAD in France. Karl holds a Post Graduate Diploma in Finance with the Securities Institute of Australia.

He commenced work in the Financial Services sector in Australia with Deutsche Morgan Grenfell, trading overnight currencies, bonds and bond options on the Sydney Futures Exchange. He then worked within the Equities Research Division of Deutsche Morgan Grenfell before Studying an MBA at INSEAD and working as a Summer Associate within the equities division of Goldman Sachs in London.

Upon returning to Australia, Karl was the Managing Director of eFinancial Capital Limited (a subsidiary of Challenger International Limited) focused on investing in early stage and expansion capital for financial services and technology companies. Karl worked as a consultant for Wilson Asset Management, researching stocks, before setting up Cadence Asset Management Pty Limited.

Karl has been the Chairman and Managing Director of Cadence Asset Management Pty Limited (The Manager), for 18 years.

Karl has been the Chairman of Cadence Capital Limited for 16 years and the Chairman of Cadence Opportunities Fund for 2 and a half years.

Susan Oakes (Independent Director)

Susan Oakes has over 30 years of financial service industry experience, gained predominantly from trading rooms in London, New York & Sydney. Susan has extensive experience in trading, risk management and regulatory overlay.

Susan is a former Director and Head of Trading and Sales at Merrill Lynch and has held trading roles at firms that include Midland Bank, Transmarket & Genesis Proprietary Trading.

Susan is currently in a Risk Management role in Global Markets, Commonwealth Bank of Australia, Sydney.

Susan holds an MBA from the Australian Graduate School of Management UNSW, and is a graduate of the Australian Institute of Company Directors.

Susan Oakes has been a director of Cadence Opportunities Fund for 2 and a half years.

Jolanta Masojada – (Independent Director)

Jolanta Masojada is Principal of MasMarket Advisers, providing strategic investor relations and communications advice to listed companies. She has more than 25 years' experience in financial markets and equity research in the media and technology sectors in Australia and the US. Jolanta was formerly Director Equity Research at Credit Suisse and Deutsche Bank, with previous roles at Macquarie Bank and Pierson Sal. Oppenheim in New York.

Jolanta is a graduate of the University of KwaZulu-Natal and Cambridge University. She is a Non-Executive Director of Bailador Technology Investments (ASX:BTI), a fellow of the Financial Services Institute of Australasia, a graduate of the Australian Institute of Company Directors and a Certified Investor Relations Officer (CIRO) of the Australasian Investor Relations Association (AIRA).

Jolanta Masojada became a director of Cadence Opportunities Fund on 24 September 2021.

Wayne Davies (Non-Executive Director and Company Secretary)

Wayne Davies has over 15 years of funds management experience in Equity Long/Short Funds both in Australia and overseas. He is both a member of the South African Institute of Chartered Accountants and the Chartered Institute of Management Accountants.

Wayne Davies is a founding member of the Manager and has been the Chief Operating Officer of the Manager for the past 13 years.

Wayne Davies previously worked with Theorema Asset Management in London and was a director of Theorema Europe Fund and Theorema Europe Fund Plus.

Wayne has been a director of Cadence Capital Limited for 7 and a half years and a director of Cadence Opportunities Fund for 2 and a half years. Wayne is also the Company Secretary of Cadence Opportunities Fund.

8.3. Independent Directors

Susan Oakes and Jolanta Masojada, being independent Directors, are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the persons' judgement.

8.4. Director disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

8.5. The role of the Directors

The Directors ensure the Company has corporate governance procedures and that those procedures are followed. In addition, the Board is responsible for reviewing the Manager's performance and ensuring compliance with the Investment Management Agreement terms.

The Board may also implement capital management strategies (in line with the policy set out in Section 3.13) from time to time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors commitment of time to these activities will depend on a number of factors including, without limitation, the size of the Portfolio.

The Company has outsourced its investment management to the Manager, its corporate Registry function to Boardroom. Custody services will be provided by both the Company's Prime Broker and Custodian.

The Company has outsourced its accounting functions to the Manager on commercial terms. Following listing on ASX, the accounting services will amount to \$20,750 per annum (excl. GST). The Board will supervise compliance with this agreement.

Each Director has confirmed that, notwithstanding his/her other commitments, he/she will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

8.6. Directors' interests in the Company

Currently the Directors have a Relevant Interest and Voting Power in the following numbers of Shares:

Director	Relevant Interest	Voting Power
Karl Siegling	2,739,555 Shares	29.79%
Susan Oakes	29,723 Shares	0.32%
Jolanta Masojada	0 Shares	NIL
Wayne Davies	113,736 Shares	1.24%

Subject to any takeovers' restrictions under the Corporations Act, the Directors, and entities associated with them, are permitted to participate in the Offer. The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus.

8.7. No other interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company, or in any property proposed to be acquired by the Company in connection with its formation or promotion, or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or securities or otherwise by any persons either to induce him/her to become or to qualify him/her as a Director or otherwise, for services rendered by him/her in connection with the promotion or formation of the Company.

8.8. Directors' appointment and remuneration

The Company has issued to each Independent Director an appointment letter setting out the terms of their appointment as a director of the Company, and each Independent Director has accepted those terms of appointment.

A Director will cease to be a Director if they resign, are not re-elected at an annual general meeting (where applicable), or if they are removed as a Director in accordance with the Constitution or applicable law.

Directors are entitled to receive Directors' fees of up to \$100,000 per annum to be shared among the non-executive Directors.

Additional remuneration may be paid in accordance with the Company's Constitution. The following are the Directors' annual remuneration payable:

Director	Director's Fees
Karl Siegling	NIL
Susan Oakes	\$30,000
Jolanta Masojada	\$30,000
Wayne Davies	\$15,000

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the ASX Listing Rules, may be increased.

8.9. Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 9.3 for details.

8.10. Corporate governance policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board endorses the Corporate Governance Principles and Recommendations (**ASX Recommendations**) published by the ASX Corporate Governance Council, and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These are available on the Company's website, <https://www.cadencecapital.com.au/cadence-opportunities-fund/>.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

8.11. Related party disclosures

Each Director has entered into a director protection deed with the Company pursuant to which the Company has agreed to, amongst other things, indemnify (to the extent permitted by law) each Director in respect of certain liabilities incurred in their capacity as Directors. These deeds contain standard commercial terms and are consistent with market practice (see Section 9.3).

As indirect owner of the Manager Karl Siegling benefits from the entry by the Manager into the Investment Management Agreement through the payment of fees under the Investment Management Agreement. Details of the financial benefit payable under the Investment Management Agreement are included in Section 9.1.

Other than as set out above or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

In January 2019, the Company loaned \$269,086 to the Manager in order so that the Manager could pay the costs of the public offer made under a prospectus of the Company dated 2 November 2018. This loan was interest free and was repaid in full by the Manager by 30 June 2021. Separately, the Company has paid management fees and performance fees to the Manager in accordance with the terms of the Investment Management Agreement since January 2019. The amount of these fees paid through 30 June 2021 is set out in Table 6.2 in Section 6.6.

9. Material contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. This Section contains a summary of the material contracts and their substantive terms.

9.1. Investment Management Agreement

The Company has entered into the Investment Management Agreement with the Manager on 25 October 2018 with respect to the investment management of the Company's Portfolio. Set out below is a summary of the material terms of the Investment Management Agreement.

Services

The Company has exclusively appointed the Manager to manage the Company's portfolio on the terms set out in the Investment Management Agreement.

The Manager must manage and supervise the Portfolio and all investments within the Portfolio.

The Manager will also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business.

Permitted investments

The Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with the approved investment strategies, Board approval for the investment is required. The Board may approve changes to the approved investment strategies from time-to-time.

To the extent the Manager's AFSL does not include the authorisations required for the Manager to provide advice or deal in certain investments, the Manager will engage external advisors with the appropriate AFSL authorisations.

Powers of the Manager

Subject to the Corporations Act, the ASX Listing Rules and any written guidelines issued by the Company from time-to-time, the Manager has the powers necessary to, on behalf of the Company, invest money constituted in or available to the Portfolio, make, hold, realise and dispose of investments within the Portfolio. Any investment outside the written guidelines of the Board requires Board approval.

Subject to an obligation to liquidate the Portfolio to meet the Company's operating costs, dividend payments, capital returns, buybacks or other distributions, the Manager has absolute and unfettered discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) investigation, negotiation, acquisition, or disposal of every investment;
- (b) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
- (c) if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued:
 - (i) to convert that investment into some other investment;
 - (ii) to accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment;
 - (iii) to re-invest any of those monies;
- (d) retain or sell any shares, debentures or other property received by the Company by way of bonus, or in satisfaction of a dividend in respect of any investments or from amalgamation or reconstruction of any entity; and
- (e) to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights.

Valuations

The Manager must arrange for calculation of the Value of the Portfolio at least monthly or at such more frequent times as may be agreed between the Manager and the Company. All costs incurred by the Manager in arranging this calculation are to be paid by the Company.

Delegation

The Manager may, with the prior approval of the Company (not to be unreasonably withheld), appoint or employ any person, including any Related Body Corporate of the Manager, to be a sub-contractor for the Manager to perform any or all of the duties and obligations imposed on the Manager by the Investment Management Agreement.

Non-exclusivity and conflict management

The Manager may from time-to-time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the Investment Management Agreement, provided the Manager does not prejudice or otherwise derogate its responsibilities specified in the Investment Management Agreement.

To manage potential conflicts of interest, the Manager must comply with the allocation policy set out in Section 3.10 (as amended by the Company from time-to-time) and will ensure appropriate procedures are in place to protect the Company's confidential information.

Confidentiality

To protect the confidentiality of information related to the Company and its assets under management, the Manager has provided various confidentiality undertakings in the Investment Management Agreement. These undertakings are consistent with market practice. Importantly, these undertakings:

- (a) effectively prohibit the Manager from using the Company's information for any purpose other than in its role as the Company's Manager; and
- (b) require the Manager to take all reasonable, proper and effective precautions to maintain the confidential nature of the Company's information.

Related party protocols

The Manager is not prohibited under the Investment Management Agreement from acquiring assets from, or disposing assets to, a related party. However, if the Manager does ever propose that the Company acquire assets from or dispose of assets to a related party of the Manager, the Company must approve that acquisition or disposal to the extent required by the Corporations Act or the ASX Listing Rules.

The Manager has no right to be issued securities in the Company under the Investment Management Agreement (whether in satisfaction of the amounts due under the agreement or otherwise).

Amendment

The Investment Management Agreement may only be altered by the agreement of the Company and the Manager. The Company and the Manager have agreed that they will only make material changes to the Investment Management Agreement if the Company has obtained Shareholder approval for these material changes.

Change of control provisions

The Manager has no right to terminate the Investment Management Agreement in the event of a change of control of the Company.

Similarly, the Company has no right to terminate the Investment Management Agreement in the event of a change of control of the Manager.

The Investment Management Agreement does not contain any pre-emptive rights over the Portfolio which are exercisable by either the Company, the Manager or a related entity of the Manager in the event of a change of control of either the Company or the Manager.

Company indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses) incurred in connection with the Manager or any of its officers, employees or agents acting under the Investment Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of the Investment Management Agreement.

Investment Manager's liability

Subject to the Corporations Act, the ASX Listing Rules and the Investment Management Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
- (b) the manner or mode of, and time for, their exercise.

In the absence of gross negligence, other default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

Investment Manager indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers. This obligation continues after the termination of the Investment Management Agreement.

Management Fee

In return for the performance of its duties the Manager is entitled to be paid a monthly Management Fee equal to 1.25% per annum (plus GST) of the Value of the Portfolio (calculated on the last Business Day of each month and paid at the end of each month in arrears).

Worked Example

Assuming an initial Value of the Portfolio of \$75,000,000 and nil Portfolio performance each month, the Management Fee payable for the 12 month period from 1 July 2022 to 30 June 2023 would be approximately \$932,044 (plus GST).

Management Fees would increase if the Value of the Portfolio increases, and decrease if the Value of the Portfolio decreases, over the period.

The Investment Management Agreement does not provide for the Management Fee to be reviewed or varied over the term of the Investment Management Agreement.

Performance Fee

The Manager is entitled to be paid by the Company a fee (Performance Fee) equal to 15% (plus GST) of the base amount (BA). Except as set out below, BA for a Performance Calculation Period is calculated in accordance with the following formula:

$$BA = FV - IV$$

Where:

BA is the base amount to be used in calculating the Performance Fee outlined above.

FV is the Value of the Portfolio less the value of any borrowings undertaken for gearing purposes, calculated on the last Business Day of the relevant Performance Calculation Period.

IV is the Value of the Portfolio less the value of any borrowings undertaken for gearing purposes, calculated on the last Business Day of the last Performance Calculation Period in which a Performance Fee was paid, or if no prior Performance Fee has been paid to the Manager, the Value of the Portfolio on the Commencement Date.

If the amount calculated for BA above is a negative number, no Performance Fee is payable in respect of that Performance Calculation Period.

If the Value of the Portfolio (less the value of any borrowings undertaken for gearing purposes) calculated on the last Business Day of a Performance Calculation Period is less than the high water mark, no Performance Fee is payable in respect of that Performance Calculation Period.

The high water mark is:

- (a) the Value of the Portfolio on the first Performance Calculation Period;
- (b) thereafter, the highest Value of the Portfolio (less the value of any borrowings undertaken for gearing purposes), calculated on the last Business Day of any preceding Performance Calculation Period.

In calculating the Performance Fee for a Performance Calculation Period, changes in the Value of the Portfolio as a result of the issue of securities, capital reductions undertaken by the Company, share buy-backs undertaken by the Company, dividend distributions by the Company, prior year Performance Fee payments and income tax payments or receipts will be disregarded or adjusted for in a manner determined by the Company's auditor at the conclusion of that Performance Calculation Period.

The auditor of the Company must review the correct calculation of the Performance Fee prior to payment.

Worked Example 1: Performance above the high water mark

Assuming a Performance Calculation Period ending 30 June 2023, an initial Value of the Portfolio of \$75,000,000 (which also represent the high-water mark), and a Value of the Portfolio at the end of the Performance Calculation Period of \$82,500,000 (representing a 10% higher value than at the beginning):

- (a) As the high-water mark is \$75,000,000 and the closing Value of the Portfolio is \$82,500,000 (after Management Fees), there would be an aggregate positive performance of \$7,500,000.
- (b) In this instance:
 - (i) there would be a Performance Fee payable at 15% of this amount equating to \$1,125,000 (plus GST) for the Performance Calculation Period, as the Value of the Portfolio is above the high-water mark; and
 - (ii) the high-water mark would become \$81,346,875 (being the Value of the Portfolio net of the Performance Fee paid, adjusted for RITC at the last Performance Calculation Date).

Worked Example 2: Performance below the high-water mark

Assuming a Performance Calculation Period ending 30 June 2024, an initial Value of the Portfolio of \$82,500,000, a Value of the Portfolio at the end of the Performance Calculation Period of \$78,375,000 (representing a 5% lower value than at the beginning) and a high water mark of \$81,346,875:

- (a) As the high-water mark is \$81,346,875 and the closing Value of the Portfolio is \$78,375,000, there would be an aggregate negative performance of \$2,971,875.
- (b) In this instance:
 - (i) there would be no Performance Fee payable for the Performance Calculation Period as the Value of the Portfolio is less than the high-water mark; and
 - (ii) the high-water mark remains \$81,346,875.

Worked Example 3: Recouping past underperformance against high-water mark

Assuming a Performance Calculation Period ending 30 June 2025, a high-water mark of \$81,346,875, an initial Value of the Portfolio of \$78,375,000, and a Value of the Portfolio at the end of the Performance Calculation Period of \$86,212,500 (representing a 10% higher value than at the beginning):

- (a) As the high-water mark is \$81,346,875 and the closing Value of the Portfolio is \$86,212,500, there would be an aggregate positive performance of \$4,865,625.
- (b) In this instance:
 - (i) there would be a Performance Fee payable at 15% of \$4,865,625 equating to \$729,844 (plus GST) for the Performance Calculation Period, as the Value of the Portfolio is above the high-water mark; and
 - (ii) the high-water mark would become \$85,464,410 (being \$86,212,500 minus \$748,090).

The Investment Management Agreement does not provide for the Performance Fee to be reviewed or varied over the term of the Investment Management Agreement.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Manager for the fees, costs and expenses provided they were properly incurred in connection with the investment and management of the Portfolio of the Company or the research, acquisition, disposal or maintenance of any investment, including:

- (a) fees payable to any securities exchange, ASIC or other regulatory body; and
- (b) all valid company costs or expenses including custody fees, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, research costs, travel costs, commissions and brokerage.

Notwithstanding the above, the Manager is solely responsible for payment of the fees of any investment manager engaged by the Manager to assist it in undertaking its duties under the Investment Management Agreement.

Assignment

The Manager may assign the Investment Management Agreement to a third party with the prior consent in writing of the Company, which must not be unreasonably withheld or delayed. The replacement investment manager may utilise the Investment Strategy or engage Karl Siegling as a responsible investment manager or an Authorised Representative in a management capacity.

Term of Agreement

The initial term of the Investment Management Agreement is currently due to run until 7 January 2024, with automatic five year extensions thereafter, unless terminated earlier in accordance with the Investment Management Agreement. However, the Company will apply to the ASX for a waiver to extend this initial term so that it expires 10 years from the date of the Investment Management Agreement with automatic extensions of five year periods thereafter unless terminated earlier in accordance with the Investment Management Agreement. ASX has granted this waiver on an in principle basis.

The Investment Management Agreement gives the Company certain termination rights including the right to immediately terminate if the Manager becomes insolvent or breaches its obligations under the Investment Management Agreement in a material respect and such a breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach.

The Company may also terminate the Investment Management Agreement following the initial term on three months' notice if Shareholders pass an ordinary resolution directing the Company to terminate the Manager's appointment.

If the Company terminates the Investment Management Agreement in accordance with any of these rights, it must pay to the Manager a termination fee calculated in accordance with the following formula:

$$TF = (60 - M) \times 0.10417\% \times VP$$

Where:

TF is the termination fee.

VP is the Value of the Portfolio at the date the Investment Management Agreement is terminated.

M is the number of calendar months (or part there of) that have passed from the start of the relevant 5 year term to the date the Investment Management Agreement is terminated.

The Manager may terminate the Investment Management Agreement at any time after 5 years by giving the Company at least six months' written notice.

After termination

If the Investment Management Agreement is terminated by the Company, it will be required to call a general meeting to change the Company's name by removing "Cadence". If the Company's name has not been changed within 3 months of the date of termination, the Manager will grant the Company a personal, non-transferable licence to use the "Cadence" name for so long as the Company's name includes the word "Cadence". In consideration for this licence, the Company must pay the Manager an annual licence fee (in advance) equal to 1.5% of the Value of the Portfolio (plus GST) calculated on the date of termination and each subsequent anniversary of that date.

The Company does not have an AFSL and so requires an investment manager to manage the Portfolio and implement its Investment Strategy and objectives. If the Investment Management Agreement is terminated while the Company remains a licensed investment company, the Portfolio would need to be assigned to a replacement manager and a new management agreement would need to be put in place. Under the Investment Management Agreement the Manager must assign all its rights, title and interest in the Portfolio to the replacement manager within 30 Business Days of termination. The Company would seek all necessary Shareholder approvals if this were to occur.

Removal of Manager

The Company may remove the Manager by not less than 3 months' notice on the occurrence of any one of the following events:

- (a) the Manager persistently fails to ensure that investments made on behalf of the Company are consistent with the Investment Strategy applicable at the time the investment is made;
- (b) the Manager is in default or breach of its obligations under the Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after the Company has notified the Manager in writing to rectify the default or breach; or
- (c) the Manager's AFSL is suspended for a period of no less than three months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act.

The Manager can appoint a replacement if removed

If the Manager is so removed, the Manager may appoint a replacement investment manager provided such appointment takes place within the 3 month notice period referred to above.

The Company believes it is appropriate for the Manager to appoint a replacement manager as the Manager is in the best position to assess the ability of an incoming manager to properly implement and execute the Investment Strategy and to achieve the objectives of the Company. As such, the Company believes this provision is in the best interest of all Shareholders.

The Manager must assign all its rights, title and interest in and to the Investment Management Agreement to the replacement investment manager provided the replacement investment manager:

- (a) holds a valid and current AFSL;
- (b) undertakes to the Company to comply with all the obligations imposed on the Manager under the Investment Management Agreement; and
- (c) if appointed as a result of a breach by the Manager, rectifies the breach or default within the 30 day notice period.

The effect of the assignment of this Agreement is the novation of the Investment Management Agreement for the benefit of the replacement investment manager and the Company is deemed to have consented to that assignment.

The Company may terminate the Investment Management Agreement if a replacement manager has not been appointed within the three month notice period referred to above.

If the replacement investment manager, having been so appointed, is itself removed in the circumstances outlined above:

- (a) it has no right to in turn appoint a replacement investment manager; and
- (b) the Company may terminate the Investment Management Agreement at the expiry of the 3 months' notice period referred to above.

9.2. Prime Broker Agreements

Deutsche Bank AG, acting through its London Branch (**Deutsche Bank**), has been appointed as a Prime Broker to the Company under the terms of an international prime brokerage agreement entered into between the Company and Deutsche Bank. On 12 April 2021 the Company signed a transfer deed with BNP Paribas to take over from Deutsche Bank the Prime Broker agreement on the same terms as originally signed and agreed with Deutsche Bank. It is expected that BNP Paribas will take over from Deutsche Bank later this year. The services provided by Deutsche Bank under this international prime brokerage agreement may include the provision to the Company of custody, margin financing and settlement services regarding the purchase and sale of securities entered into by the Company with third parties or Deutsche Bank or affiliates of Deutsche Bank.

Deutsche Bank may at its discretion provide financing to the Company by way of cash financing or securities financing, which will be treated as a cash loan or advance of securities. Deutsche Bank is authorised under German Banking Law (competent authority: **BaFIN**) and authorised and regulated by the Financial Conduct Authority and Prudential Regulatory Authority. Deutsche Bank will be responsible for the safekeeping of all securities delivered to it in accordance with the terms of the agreement and the applicable rules of BaFIN.

As security for the payment and performance of the Company's obligations to Deutsche Bank, Deutsche Bank will be granted as continuing security a security interest by way of:

- (a) a fixed charge over the Company's interests in and rights in relation to the securities, on the books of Deutsche Bank as being held for the benefit of the Company in accordance with the terms of the international prime brokerage agreement with the Company (**Securities Account**), and cash accounts in the name of the Company; and
- (b) a floating charge over any and all other assets of the Company held by Deutsche Bank, including amounts payable by Deutsche Bank to the Company whether under the international prime brokerage agreement or otherwise.

The beneficial ownership of securities held in the Securities Account will remain vested in the Company and will be held on trust for the Company. The Company's securities may be pooled with segregated securities belonging to other customers of Deutsche Bank, but they will be held in such a manner that they can be identified at any time as belonging to the Company and so as to be readily identifiable as such and as separate from Deutsche Bank's own securities. The Company will not have the right to any specific securities but will instead be entitled, subject to any applicable laws and regulations and to its international prime brokerage agreement with the Company, to the transfer or delivery of an amount of securities of the same description and of the same amount. Deutsche Bank may, at all times, appropriate for its own account and deal with securities recorded in the Securities Account as being held for the benefit of the Company, up to 100% of the aggregate value of any financial accommodation provided by Deutsche Bank to the Company. Deutsche Bank will obtain full legal and beneficial title to the securities so appropriated, but they will continue to be recorded in the Securities Account. Deutsche Bank will be contractually obliged to deliver securities or cash equivalent of such securities identical in type, nominal value, description and amount (**Equivalent Securities**) to the Company pursuant to the international prime brokerage agreement with the Company. The Company will rank as an unsecured creditor in relation to the Equivalent Securities and in the event of insolvency of Deutsche Bank, the Company may not be able to recover such Equivalent Securities in full.

Deutsche Bank may appoint a sub-custodian and will maintain an appropriate level of supervision over the sub-custodian.

Deutsche Bank will not be responsible for any act or omission, or for the insolvency of any sub-custodian which is not affiliated with Deutsche Bank or for any loss arising therefrom. Deutsche Bank will, however, assign its right to claim against the sub-custodian for any act or omission which involves negligence, fraud or wilful default on the part of the sub-custodian.

The Company has agreed to indemnify Deutsche Bank and its affiliates and their respective officers and employees against any loss suffered by, and any claims made against, them arising out of the international prime brokerage agreement.

Deutsche Bank is a service provider to the Company and Deutsche Bank will act strictly in accordance with instructions received from the Company. Deutsche Bank is not responsible for the preparation of this document or the activities of the Company and therefore accepts no responsibility for any information contained in this document.

9.3. Director protection deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for 7 years after they cease to act as officers.

10. Additional Information

10.1. Incorporation

The Company was registered with ASIC on 6 July 2018.

10.2. Balance date and company tax status

The accounts for the Company are made up to 30 June annually. The Company is taxed as a public company.

10.3. Rights attaching to the Shares

The following information is a summary of the Company Constitution. Shareholders have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- (a) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable), subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share;
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (d) Subject to the Corporations Act and the ASX Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders at a general meeting by special resolution.

10.4. Dividend reinvestment plan

Eligible Members

Shareholders who may participate in the dividend reinvestment plan (**Plan**) comprise Shareholders:

- (a) whose address, as it appears in the register of members of the Company, is situated in Australia; or
- (b) whose address, as it appears in the register of members of the Company, is situated outside Australia, and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible members may elect to participate in the Plan in respect of all or part of their Shares, which will comprise that member's Plan Shares. The Directors may in their absolute discretion accept or refuse any application to participate.

Subscription price

Shares allotted to participants will be allotted at a price per Share determined in accordance with the Corporations Act and the ASX Listing Rules equal to the volume weighted average market price of Shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend, or any other period at the directors' sole discretion, less any discount determined by the Directors (at their discretion).

Investment of dividends

In respect of each cash dividend from time-to-time due and payable to a Shareholder in respect of the member's Plan Shares, the Directors will, on behalf of and in the name of the Shareholder, subscribe for Shares being

the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for Shares at the subscription price.

Ranking of Shares

All Shares allotted and issued under the Plan will rank equally in all respects with existing Shares.

ASX listing

The Company will make an application promptly after each allotment of Shares for quotation of such Shares on the Official List of the ASX.

Variation or termination of participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

10.5. ASX waiver

ASX Listing Rule 15.16 sets a maximum term of 5 years for an Investment Management Agreement. The Company will apply for a waiver of ASX Listing Rule 15.16 to allow for a maximum term of 10 years from the date of the Investment Management Agreement. The waiver (which has been obtained on an in principle basis) is expected to be granted prior to the inclusion of the Company in ASX's Official List.

Other standard in principle confirmations have been received from ASX.

10.6. Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in an entity listed on the ASX. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.7. Status as a listed investment company

It is intended that the Company will qualify as a listed investment company under Australian taxation laws. The major requirements the Company must meet to be a listed investment company are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in subsection 115-290(4) of the Income Tax Assessment Act 1997 (Cth).

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of another company or trust that is not another listed investment company), financial instruments, Derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore Shareholders may not be able to obtain a deduction in relation to dividends attributable to listed investment company capital gains under the listed investment company regime.

10.8. Australian taxation implications of investing under the Offer

Introduction

The tax implications provided below only relate to Australian resident Shareholders who hold their Shares on capital account. Different tax implications apply to non-resident Shareholders or Shareholders whose Shares are held on revenue account.

The comments in this Section 10.8 are general in nature on the basis that the tax implications for each Shareholder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Shareholder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 10.8 are based on the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth), *A New Tax System (Goods and Services Tax) Act 1999* (Cth), and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 10.8 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate for the 2021/22 income year, which is currently 30.0% for companies with an aggregated turnover of more than \$50,000,000, or 25% for certain companies with an aggregated turnover of less than \$50,000,000.

The Company is required to maintain a franking account and may declare franked dividends to Shareholders. The Directors intend to frank dividends at 100.0%, or to the maximum extent possible.

Income tax position of Australian resident Shareholders

A general outline of the tax implications associated with the Offer for Australian resident Shareholders who hold their Shares on capital account are set out below.

Treatment of Shares

The Offer comprises the issue of Shares in the Company. Broadly, the Capital Gains Tax (**CGT**) cost base of Shares subscribed under the Offer will be equal to the Application Price plus certain non-deductible incidental and holding costs. The reduced cost base of the Shares is essentially the same as the CGT cost base of the Shares, subject to certain modifications.

On disposal of Shares in the Company, an investor will realise a capital gain if the capital proceeds it receives or is deemed to have received for the disposal of the Shares exceeds their respective cost base. On the other hand, an investor will incur a capital loss if the reduced cost base exceeds the capital proceeds from the Shares.

A CGT discount may be available where the Shares have been held for twelve months or more. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50.0% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate for the 2021/22 income year, which is currently 30.0% for companies with an aggregated turnover of \$50,000,000 or more and 25% for certain companies with an aggregated turnover of less than \$50,000,000.

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15.0%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100.0% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and are therefore exempt from income tax.

Goods and Services Tax (GST)

Shareholders should not be liable to GST in Australia in respect of the acquisition of Shares under the Offer. Shareholders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Shares under the Offer.

Stamp duty

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

10.9. Legal proceedings

The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

10.10. Consents and Responsibility Statements

Each of the following parties has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named.

Name	Role / Responsible
Cadence Asset Management Pty Limited	Manager and Authorised Intermediary to the Offer. All information about it, including its Investment Process and performance history in Section 4 and elsewhere in this Prospectus.
Watson Mangioni Lawyers Pty Limited	Australian Solicitor to the Offer.
Pitcher Partners Sydney Corporate Finance Pty Ltd	Investigating accountant for the Company. The Investigating Accountant's Report on Pro Forma Financial Information in Section 7.
Pitcher Partners Sydney	Auditor for the Company and Cadence Capital Limited. All information about it, including the audited figures in Section 6 and elsewhere in this Prospectus.
Boardroom Pty Limited	Share Registrar for the Company.
Cadence Capital Limited	All information about it, including its performance history, in this Prospectus.

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named. Except to the extent indicated above, none of the above parties have authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

10.11. Offer expenses

The Company will pay all of the costs associated with the Offer. These costs are fully described in Section 6.12.

10.12. Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Watson Mangioni Lawyers Pty Limited has acted as Australian solicitors to the Offer and have performed work in relation to preparation of this Prospectus, preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this work, the Company estimates that it will pay amounts totaling approximately \$80,000 (plus GST and disbursements) to Watson Mangioni.

Pitcher Partners Sydney Corporate Finance Pty Limited has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters and financial disclosure in this Prospectus. In respect of this work, the Company estimates that it will pay amounts totaling approximately \$30,000 (plus GST and disbursements).

Certain partners and employees of the above firms may subscribe for Shares in the context of the Offer.

11 Definitions and Interpretation

11.1 Defined Terms

In this Prospectus:

AASB means the Australian Accounting Standards Board.

AFSL means Australian Financial Services Licence.

AFSL Holder means an entity that holds an AFSL.

Applicant means an applicant for Shares under this Prospectus.

Application means an application for Shares under this Prospectus.

Application Form means the application form attached to this Prospectus or the online electronic application form.

Application Monies means the Australian dollar amount accompanying a completed Application submitted to the Company.

Approved Valuer means a duly qualified valuer independent of both the Company and the Manager.

ASIC means the Australian Securities & Investments Commission.

ASX or **Australian Shares Exchange** means the ASX Limited or the Shares exchange operated by ASX Limited.

ASX Listing Rules means the listing rules of the ASX.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition, February 2019).

Authorised Intermediary means Cadence Asset Management Pty Limited, in its capacity as the authorised intermediary of the Offer.

Board means the board of Directors of the Company.

Broker means any ASX participating organisation.

Broker Firm Application Form means the Application Form to be used by Applicants who are participating in the Broker Firm Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.3.

Broker Firm Offer Closing Date means the closing date of the Broker Firm Offer, expected to be 5.00pm, 29 October 2021 or such other date as the Company may determine in its discretion.

Business Day means a day other than a Saturday or Sunday on which banks located in the Sydney metropolitan area are open for general banking business.

Cadence Entities means Cadence Capital Limited (ACN 112 870 096) (ASX Code CDM) and Cadence Opportunities Fund Limited (ACN 627 359 166).

Cadence Team means the 3 investment personnel responsible for implementation of the Investment Strategy and 3 operational professionals.

CHESS means Clearing House Electronic Subregister System, being the computer system used by the ASX to record shareholdings and manage the settlement of share transactions.

Closing Date means the date by which valid Application Forms must be received, being 3 November 2021 or such other dates as the Company may determine in its discretion.

Collateral means such Securities or financial instruments or cash which the Company delivers or is required to deliver to a Prime Broker for the purpose of meeting any margin requirement in accordance with the international Prime Brokerage Agreement, and includes any certificate or other documents of title and transfer in respect of such Securities, financial instruments or cash.

Company means Cadence Opportunities Fund Limited (ACN 627 359 166).

Constitution means the constitution of the Company.

CFD means contract for difference.

Core Long Position means the core group of Long Positions that meet both fundamental and technical research criteria.

Core Position means the core group of Long and Short Positions that meet both fundamental and technical research criteria.

Core Short Position means the core group of Short Positions that meet both fundamental and technical research criteria.

Corporations Act means Corporations Act 2001 (Cth).

Custodian means the custodian appointed by the Company from time to time.

Derivatives means a security, such as an equity swap, currency forward, contract for difference, option, or futures contract whose value depends on the performance of an underlying asset and includes Exchange Traded Derivatives and Over-the-counter Derivatives.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of the Prospectus, a copy of which can be downloaded at <https://www.cadencecapital.com.au/cadence-opportunities-fund/>.

Eligible Participant means a person eligible to participate in the Priority Allocation, being:

- (a) an existing Shareholder of the Company or Cadence Capital Limited (ACN 112 870 096) with a registered address in Australia; or
- (b) a current recipient of one of the Manager's monthly electronic newsletters that has a registered address in Australia.

Exchange Traded Derivative means a Derivative that is quoted and may be traded on a regulated exchange.

Exposure Period means the period of 7 days after the date of lodgement of the Original Prospectus with ASIC, which may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

FY19 means the financial year ended 30 June 2019.

FY20 means the financial year ended 30 June 2020.

FY21 means the financial year ended 30 June 2021.

General Offer means the offer referred to in Section 2.4.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the Broker Firm Offer or the Priority Allocation.

GST means Goods and Services Tax and has the same meaning as contained in A New Tax Systems (Goods and Services Tax) Act 1999 (Commonwealth).

HIN or Holder Identification Number means the unique identifier of holders of shares on the CHESSE subregister issued by ASX Settlement.

Investment Guidelines means the guidelines for the construction of the Portfolio agreed between the Company and the Manager from time to time, currently being the guidelines in Section 3.10.

Investment Management Agreement means the investment management agreement between the Manager and the Company, the terms of which are summarized in Section 9.1.

Investment Process means the investment process to be used by the Manager in relation to the Portfolio, set out in Section 3.9.

Investment Strategy means the strategy to be used by the Manager in relation to the Portfolio, summarized in Section 3.8.

Issue Price means the issue price of Shares being the NTA Mid-Point as at 31 October 2021.

Long Position means holding either physically or via a derivative, a positive amount of an asset in the expectation that the value of that asset will appreciate.

Management Fee means the monthly management fees payable to the Manager in accordance with the Investment Management Agreement.

Manager means the manager of the Portfolio appointed under the terms of the Investment Management Agreement, being Cadence Asset Management Pty Limited ACN 106 551 062 (AFSL number 252745).

Maximum Subscription means the maximum amount sought to be raised by the Company under the Offer, being \$52,000,000.

NAV or Net Asset Value means the value of the Company's total assets less the value of any liabilities.

NTA means net tangible assets.

NTA Mid-Point means the mid-point between the value of the Post Tax NTA per Share and Pre Tax NTA per Share rounded to the nearest hundredth of a cent, as at a particular date.

Offer means the offer of Shares to raise up to \$52,000,000.

Offer Cost means the cost of the Offer.

Official List means the official list of the ASX.

Official Quotation means official quotation on the ASX.

Opening Date means the date the Offer opens, expected to be 12 October 2021.

Over-the-counter Derivative means a derivative that is not quoted on a regulated exchange and so may only be traded in an unregulated or over-the-counter fashion.

Performance Calculation Period is defined in the Investment Management Agreement as:

- (a) for the first Performance Calculation Period, the period from the Commencement Date (as that term is defined in the Investment Management Agreement) to the earlier of the date of termination and 30 June 2019;
- (b) thereafter and subject to paragraph (c), each full 12 month period commencing on 1 July and ending on 30 June;
- (c) if the Term (as that term is defined in the Investment Management Agreement) expires on a day other than 30 June, the last Performance Calculation Period is the period from the first day after the preceding Performance Calculation Period to the date the Investment Management Agreement is terminated or expires.

Performance Fee means the performance fees payable to the Manager in accordance with the Investment Management Agreement.

Portfolio means the portfolio of investments of the Company constructed by the Manager.

Portfolio's NAV means the net asset value of the Company's Portfolio less the value of its liabilities from time to time.

Position means Short Position and/or Long Position.

Post Tax NTA means the value of the Company's total assets less the value of its liabilities.

Pre Tax NTA means Post Tax NTA before accounting for any tax liabilities or assets of the Company.

Prime Broker means Deutsche Bank AG, BNP Paribas or any other prime broker contracted by the Company.

Priority Allocation means the allocation of up to 50% of the total number of Shares issued under the Offer to Eligible Participants on the terms set out in Section 2.2.

Priority Allocation Application Form means the Application Form to be used by an Eligible Participant who is not participating in the Broker Firm Offer or the General Offer.

Prospectus means this prospectus as modified or varied by any supplementary document issued by the Company and lodged with ASIC.

RBA means the Reserve Bank of Australia.

Related Body Corporate has the meaning given to that term under Section 50 of the Corporations Act.

Relevant Interest has the meaning set out in the Corporations Act.

RITC means reduced input tax credit

Securities have the meaning given in Section 92 of the Corporations Act.

Securityholder Reference Number or **SRN** is the unique identifier of holders of shares on the issuer sponsored sub-register.

Share means a fully paid ordinary share in the Company.

Share Registrar or **Registry** means Boardroom Pty Limited (ABN 14 003 209 836).

Shareholder means a registered holder of a Share.

Short Position means holding, either physically or via a derivative, a negative amount of an asset in the expectation that the value of that asset will decrease.

Short Selling or **Shorting** means selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date. Short selling also includes achieving this outcome through the use of derivatives.

Trading Position means the included Long and Short Positions that arise in respect of Securities that satisfy the Manager's technical research (price trend) criteria.

U.S. Person means a person with a registered address in the United States.

US Securities Act means the United States Securities Act of 1933.

Value of the Portfolio is defined in the Investment Management Agreement as the aggregate sum of the gross value of all investments, monies, assets) and liabilities (excluding borrowings undertaken for gearing purposes) forming part of the Portfolio less any liabilities attributable to an investment or the Portfolio incurred or accrued on or before the date of the calculation (including but not limited to any unpaid purchase consideration, accrued legal or other expenses, brokerage and stamp duty). Liabilities incurred by the Company due to the use of Borrowings undertaken for gearing purposes are not deducted from the Value of the Portfolio. Accordingly, investments acquired through the use of borrowings will increase the Value of the Portfolio by the value of those investments.

Voting Power has the meaning set out in the Corporations Act.

11.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) The singular includes the plural and vice versa;
- (c) A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) A reference to any gender includes both genders;
- (e) A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) A reference to "dollars", "AUD" or "\$" is to Australian currency;
- (g) In this document, headings are for ease of reference only and do not affect its interpretation; and
- (h) Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

Governing Law

This Prospectus is governed by the laws of New South Wales.

Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

A handwritten signature in black ink, appearing to read 'K. Siegling', written in a cursive style.**Karl Siegling****12 October 2021****Chairman**

Corporate Directory

DIRECTORS

Karl Siegling
Wayne Davies
Susan Oakes
Jolanta Masojada

COMPANY SECRETARY

Wayne Davies

REGISTERED OFFICE

Level 11
131 Macquarie Street
Sydney NSW 2000

SHARE REGISTRY

Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600

INVESTIGATING ACCOUNTANT

Pitcher Partners Sydney Corporate
Finance Pty Ltd
Level 16, Tower 2, Darling Park
201 Sussex St
Sydney NSW 2000

SOLICITORS TO THE OFFER

Watson Mangioni Lawyers Pty Ltd
Level 23, 85 Castlereagh St
Sydney NSW 2000

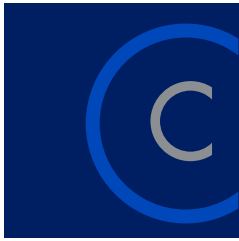
MANAGER

Cadence Asset Management Pty Ltd
Level 11, 131 Macquarie Street
Sydney NSW 2000

AFSL Number: 252745

Telephone: (02) 8298 2450

Facsimile: (02) 8298 2499



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