

CADENCE OPPORTUNITIES FUND LIMITED
A.B.N. 37 627 359 166

APPENDIX 4E
PRELIMINARY FINAL REPORT
for the year ended 30 June 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the year ended 30 June 2021

	\$	up/down	% mvmt
Revenue from ordinary activities	(1,011,320)	Down	110%
Loss from ordinary activities before tax attributable to members	(2,584,749)	Down	132%
Loss from ordinary activities after tax attributable to members	(1,520,202)	Down	127%
		Franked amount per share	Tax rate for franking
Dividend Information	Amt per share		
2022 Final dividend per share	7.5c	7.5c	30%
2022 Interim dividend per share	7.5c	7.5c	30%
2021 Final dividend per share	12.0c	12.0c	30%
2021 Special dividend per share	3.0c	3.0c	30%
Final dividend dates			
Ex dividend date			17 October 2022
Record date			18 October 2022
Payment date			28 October 2022
The Dividend Re-Investment Plan ("DRP") is in operation for the final dividend of 7.5c per share. There will a 5% discount applied to the final dividend. The relevant issue price will be calculated as the weighted average market price of shares sold on the ASX over the 4 trading days commencing on the ex-dividend date less the discount. The last date for DRP election is the 20 October 2022.			
		30 June 2022	30 June 2021
Net tangible asset backing after tax		\$2.30	\$2.44
<i>This report is based on the 2022 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.</i>			

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
INCOME			
Net realised and unrealised (loss)/gain on investments		(2,364,981)	10,216,240
Dividends received		1,342,435	72,523
Interest received		11,226	2,046
Other income		-	20,196
Total (Loss)/ Income		<u>(1,011,320)</u>	<u>10,311,005</u>
EXPENSES			
Finance costs		(91,527)	(54,918)
Brokerage expenses on share purchases		(594,816)	(287,006)
Directors fees		(61,875)	(22,500)
Dividends on short positions		(58,035)	(495)
Stock loan fees		(38,755)	(6,854)
Custody fees		(46,800)	(64,825)
Audit and taxation fees		(60,917)	(42,173)
Management fees		(454,870)	(238,723)
Performance fees		-	(1,603,871)
ASX Fees		(100,153)	-
Registry fees		(29,393)	(11,756)
Legal fees		-	(9,307)
Other expenses from ordinary activities		(36,288)	(8,058)
Total Expenses		<u>(1,573,429)</u>	<u>(2,350,486)</u>
(Loss)/ Profit before income tax		(2,584,749)	7,960,519
Income tax benefit/ (expense)	2(a)	<u>1,064,547</u>	<u>(2,366,473)</u>
(Loss)/ Profit attributable to members of the Company		<u>(1,520,202)</u>	<u>5,594,046</u>
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive(loss)/ income for the year		<u>(1,520,202)</u>	<u>5,594,046</u>
Basic (loss)/ profit per share	11	<u>(11.6) cents</u>	<u>75.2 cents</u>
Diluted (loss)/ profit per share	11	<u>(11.6) cents</u>	<u>75.2 cents</u>

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
Cash and cash equivalents	4	24,024,178	11,404,356
Trade and other receivables	5	2,857,497	3,036,586
Financial assets at fair value through profit or loss	6	20,843,032	21,396,111
Current tax asset	2(d)	56,203	-
Deferred tax asset	2(b)	332,239	14,572
TOTAL ASSETS		48,113,149	35,851,625
LIABILITIES			
Cash overdrafts	4	2,502,848	7,491,825
Trade and other payables	7	2,837,412	3,220,591
Financial liabilities at fair value through profit or loss	8	7,764,124	1,735,725
Current tax liability	2(d)	-	611,359
Deferred tax liability	2(c)	-	826,189
TOTAL LIABILITIES		13,104,384	13,885,689
NET ASSETS		35,008,765	21,965,936
EQUITY			
Issued capital	9	31,920,498	14,848,568
Profits reserve	10	7,850,109	7,117,368
Accumulated losses		(4,761,842)	-
TOTAL EQUITY		35,008,765	21,965,936

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2020		6,595,050	-	1,834,374	8,429,424
Profit for the year		-	5,594,046	-	5,594,046
Transfer to profits reserve	10	-	(5,594,046)	5,594,046	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued (net of costs)	9	8,253,518	-	-	8,253,518
Dividends paid	3(a)	-	-	(311,052)	(311,052)
Balance at 30 June 2021		14,848,568	-	7,117,368	21,965,936
Loss for the year		-	(1,520,202)	-	(1,520,202)
Transfer to profits reserve	10	-	(3,241,640)	3,241,640	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued (net of costs)	9	15,908,480	-	-	15,908,480
Shares issued via DRP	9	1,163,450	-	-	1,163,450
Dividends paid	3(a)	-	-	(2,508,899)	(2,508,899)
Balance at 30 June 2022		31,920,498	(4,761,842)	7,850,109	35,008,765

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from the sale of investments	347,319,175	138,001,697
Payments for the purchase of investments	(341,439,805)	(140,542,923)
Dividends received	1,343,547	70,340
Interest received	11,226	2,046
Other income received	-	20,196
Management fees paid	(444,140)	(342,619)
Performance fees paid	(1,603,871)	(83,300)
Brokerage expenses on share purchases	(594,816)	(287,006)
Dividends on shorts	(51,928)	(495)
Finance costs	(91,527)	(54,918)
Income tax paid	(666,275)	(1,627,621)
Payments for administration expenses	(355,222)	(257,262)
NET CASH GENERATED BY/ (USED IN) OPERATING ACTIVITIES	3,426,364	(5,101,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from shares issued	15,527,884	8,544,670
Dividends paid	(1,345,449)	(311,052)
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,182,435	8,233,618
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	17,608,799	3,131,753
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	3,912,531	780,778
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	21,521,330	3,912,531
NON-CASH TRANSACTIONS:		
Shares issued via dividend reinvestment plan	1,163,450	-

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cadence Opportunities Fund Limited ("the Company") is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

Balances included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise indicated.

The accounting policies are consistent with those applied in the 30 June 2021 Annual Report.

The Company has only one segment. The Company operates predominately in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its financial assets at fair value through profit or loss. However the Company has foreign exposures as it invests in companies which operate internationally.

This preliminary report was authorised by the Directors on 12 August 2022.

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. TAXATION

(a) Current Income Tax (Benefit)/ Expense

The prima facie tax on (loss)/ profit from ordinary activities before income tax is reconciled to the income tax (benefit)/ expense as follows:

	2022 \$	2021 \$
Prima facie tax (benefit)/ expense on (loss)/ profit from ordinary activities before income tax at 30%	(775,425)	2,388,157
Imputation credit gross up	129,590	(15,228)
Franked dividends receivable – prior year	-	389
Franked dividends receivable – current year	(431,967)	-
Other	13,255	(6,000)
Prior year under/ (over)	-	(845)
	(1,064,547)	2,366,473
Effective tax rate	41.2%	29.7%

The effective tax rate for FY2022 is 41.2% reflecting the benefit to the Company of franking credits received on dividend income during the year.

Total income tax (benefit)/ expense results in a:

Current tax (asset)/ liability	(56,203)	611,358
Movement in deferred tax assets/liabilities	(1,079,383)	1,755,115
Other	71,039	-
	(1,064,547)	2,366,473

(b) Deferred Tax Asset

Provisions	11,683	7,494
Capitalised share issue costs	55,244	7,078
Fair value adjustment	83,690	-
Tax losses	181,622	-
	332,239	14,572

Movement in deferred tax asset

Balance at the beginning of the year	14,572	6,303
Credited to the profit or loss	317,667	1,191
Charged to equity	-	7,078
	332,239	14,572

(c) Deferred Tax Liability

Provisions	-	1,627
Fair value adjustments	-	824,562
	-	826,189

Movement in deferred tax liability

Balance at the beginning of the year	826,189	402,325
Debited/ (credited) to the profit or loss	(826,189)	423,864
	-	826,189

(d) Current Tax Asset/ (Liability)

Balance at the beginning of the year	(611,359)	(296,948)
Current year income tax on operating profit	-	(1,942,876)
Income tax paid	666,275	1,627,621
Prior year under/(over)	1,287	844
	56,203	(611,359)

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. DIVIDENDS

(a) Dividends paid during the period

Dividends paid by the Company

2022

\$

2,508,899

2021

\$

311,052

2022

Dividends paid by the Company for the year ended 30 June 2022	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2022 Ordinary	7.5	14 April 21	30%	100%	1,129,373
Final 2021 Ordinary	12.0	29 October 21	30%	100%	1,103,621
Final 2021 Special	3.0	29 October 21	30%	100%	275,905
Total Amount					<u>2,508,899</u>

2021

Dividends paid by the Company for the year ended 30 June 2021	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Final 2020 Ordinary	6.0	16 October 20	30%	100%	311,052
Total Amount					<u>311,052</u>

(b) Dividend franking account

The balance of the franking account at year end is adjusted for franking credits and debits arising from receipts or payments of income tax and franking credits arising from dividends receivable.

1,574,567

2,219,127

Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a). 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.

(b) Dividends not recognised during the period

Since the end of the year the Directors have declared a fully franked final dividend of 7.5 cents per share payable on 28 October 2022. The Ex-Date for the dividend is 17 October 2022.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	24,024,178	11,404,356
Cash overdrafts	(2,502,848)	(7,491,825)
	<u>21,521,330</u>	<u>3,912,531</u>

5. TRADE AND OTHER RECEIVABLES

Trade debtors	2,824,251	2,888,451
Income receivable	4,311	5,423
GST receivable	28,935	137,212
Miscellaneous receivable	-	5,500
	<u>2,857,497</u>	<u>3,036,586</u>

Trade debtors relate to outstanding settlements, are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed. Income receivable relates to accrued income, it is non-interest bearing and is unsecured. Trade and other receivables are not past due or impaired and are of a good credit quality, therefore no expected credit loss has been recognised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Long positions - held for trading financial assets:		
Listed Investments at fair value	20,655,288	21,201,634
Swap positions at fair value	187,744	-
Unlisted Investments at fair value	-	194,477
	20,843,032	21,396,111

7. TRADE AND OTHER PAYABLES

Trade creditors	2,741,771	1,143,098
Dividends payable on shorts	6,107	-
Sundry creditors - related parties	46,341	1,750,788
Sundry creditors - other	43,193	326,705
	2,837,412	3,220,591

Trade creditors relate to outstanding settlements. They are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed.

Sundry creditors - related parties, includes fees payable of \$46,341 (inclusive of GST) (2021: \$1,750,788) to the manager, Cadence Asset Management Pty Limited.

Sundry creditors - other, are settled within the terms of payment offered, which is usually within 30 days.

8. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Short positions - held for trading financial liabilities:

Listed investments at fair value	7,764,124	1,735,725
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The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities.

9. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	32,129,200	14,869,214
Share issue transaction costs	(298,146)	(29,494)
Deferred tax asset on share issue transaction costs	89,444	8,848
	31,920,498	14,848,568

2022 Date	Details	Share Price \$	No. of Shares	Value \$
Balance at the beginning of the year			8,984,340	14,869,214
1 July 2021	Placement	\$2.5983	115,459	300,000
1 August 2021	Placement	\$2.5763	97,038	250,000
29 October 2021	DRP	\$2.8210	252,232	711,547
19 November 2021	IPO	\$2.7716	5,609,228	15,546,536
14 April 2022	DRP	\$2.5729	175,648	451,903
			15,233,945	32,129,200

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9. ISSUED CAPITAL (Continued)

(a) Paid-up Capital (Continued)

2021 Date	Details	Share Price \$	No. of Shares	Value \$
Balance at the beginning of the year			5,135,367	6,595,050
1 September 2020	Placement	\$2.048	48,840	100,000
1 October 2020	Placement	\$2.066	24,207	50,000
1 November 2020	Placement	\$2.061	1,143,554	2,356,865
1 December 2020	Placement	\$2.184	2,503,613	5,467,891
1 January 2021	Placement	\$2.234	223,804	500,000
16 January 2021	Buy-Back	\$2.291	(214,139)	(490,592)
1 March 2021	Placement	\$2.377	42,065	100,000
1 April 2021	Placement	\$2.389	41,853	100,000
1 June 2021	Placement	\$2.559	35,176	90,000
			8,984,340	14,869,214

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(b) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There has been no change in the strategy adopted by the Board to control the capital of the Company. The Company is not subject to any externally imposed capital requirements.

On 19 November 2021, the Company completed a successful capital raise of \$15.5 million and listed on the ASX under the ticker CDO.

10. PROFITS RESERVE

	2022 \$	2021 \$
Profits Reserve	7,850,109	7,117,368
Movement in Profits Reserve:		
Opening balance	7,117,368	1,834,374
Transfer from Accumulated Losses	3,241,640	5,594,046
Dividends paid (Note 3)	(2,508,899)	(311,052)
	7,850,109	7,117,368

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

11. EARNINGS PER SHARE

	2022 Cents per share	2021 Cents per share
Basic (loss)/ profit per share	(11.6)	75.2

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
11. EARNINGS PER SHARE (Continued)		
(Loss)/ Profit after income tax used in the calculation of earnings per share	<u>(1,520,202)</u>	<u>5,594,046</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>13,097,310</u>	<u>7,436,796</u>
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	<u>13,097,310</u>	<u>7,436,796</u>
<u>Reconciliation of weighted average number of shares:</u>		
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>13,097,310</u>	<u>7,436,796</u>
Add:		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	<u>-</u>	<u>-</u>
Weighted average number of shares used in the calculation of diluted earnings per share	<u>13,097,310</u>	<u>7,436,796</u>

As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the Company.

12. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 7.5 cents per share fully franked final dividend payable on 28 October 2022. The Ex-Date for the dividend is 17 October 2022.

Other than the above there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

13. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2022 (2021: nil).

14. CAPITAL COMMITMENTS

No capital commitments exist for placements entered into before 30 June 2022 which settle after year end. (2021: nil).

15. SEGMENT REPORTING

The Company has only one segment. The Company operates predominately in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its financial assets at fair value through profit or loss, however the Company has foreign exposures as it invests in companies which operate internationally.