

# 2021 ANNUAL REPORT



CADENCE  
CAPITAL LIMITED

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## COMPANY PARTICULARS

### CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

### DIRECTORS

Karl Siegling  
James Chirnside  
Wayne Davies  
Jenelle Webster

### SECRETARY

Wayne Davies

### MANAGER OF THE COMPANY

Cadence Asset Management Pty Limited  
ABN: 68 106 551 062

### REGISTERED OFFICE

Level 11, 131 Macquarie Street,  
Sydney, NSW, 2000

### CONTACT DETAILS

Level 11, 131 Macquarie Street,  
Sydney, NSW, 2000  
Telephone: (02) 8298 2450  
Fax: (02) 8298 2499  
Email: [info@cadencecapital.com.au](mailto:info@cadencecapital.com.au)  
Website: [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

For enquiries regarding net asset backing  
(as advised each month to the Australian Securities  
Exchange) refer to [asx.com.au](http://asx.com.au) or call (02) 8298 2450

### PRIME BROKERS AND CUSTODIANS OF THE COMPANY

Deutsche Bank AG  
Winchester House, 1 Great Winchester Street  
London EC2N 2DB

The Bank of New York Mellon  
160 Queen Victoria Street,  
London EC4V 4LA

### SHARE REGISTRAR

Boardroom Pty Limited  
Mail Address: GPO Box 3993 Sydney, NSW, 2001  
Telephone: (02) 9290 9600  
Fax: (02) 9279 0664

For all enquiries relating to shareholdings, dividends  
(including participation in the Dividend Reinvestment  
Plan) and related matters, please contact the share  
registrar.

### AUDITORS

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

### ASX CODE

Cadence Capital Limited Ordinary Shares (CDM)

### COUNTRY OF INCORPORATION

Australia

## SUMMARY OF RESULTS

- Record Profit before tax of \$106.1m
- Record Profit after tax of \$75.0m
- Fund gross performance of 43.2%, outperforming All Ordinaries Accumulation Index by 13.0%
- 3.0c fully franked final dividend, up 50% on interim dividend
- Annualised Yield of 4.5% fully franked (6.4% gross including franking)
- CDM share price is up 83.5% over past year (including dividends but excluding franking)
- CDM has bought back 24.3 million shares for \$18.4m (\$0.76 per share)

## COMPANY PERFORMANCE

Cadence Capital Limited (ASX: CDM) had strong financial year with the fund up 43.2%, outperforming the index by 13.0%. The company also made a record full year profit before tax of \$106.1m and a record full year profit after tax of \$75.0m. The top contributors to performance during the year were Resimac Group, Lynas Corp, Uniti Group, ARB Corp and Pinterest. The largest detractors from performance were EML Payments and Redfin.

It is pleasing that this performance was driven by both new and existing positions across a broad range of sectors. It was also achieved with the fund having less than market exposure, being on average 78.5% invested over the past year.

## DIVIDENDS

The Company announced a 3.0 cents per share fully franked final dividend. This is a 50% increase in the 2020 final dividend and brings the 2021 fully franked full year dividend to 5.0 cents per share. This full year dividend equates to a 4.5% fully franked yield, or 6.4% gross yield (grossed up for franking) based on the CDM share price of \$1.12 on the date of the dividend announcement. The Ex-Date for the dividend is the 18th October 2021 and the payment date is the 29th October 2021. The Dividend Re-Investment Plan ("DRP") is in operation for the final dividend. There will be no DRP discount applied.

## DISCOUNT TO NTA

Over the past financial year the Company continued to implement its on-market share buy-back which has increased the NTA per share for all CDM shareholders. Since its implementation in June 2019 the company has bought back 24.3 million shares for a total consideration of \$18.4m, representing an average price of \$0.76 per share. Board and management, who are the largest investors in the Company, continued to add to their positions in CDM.

## DEEPCGREEN

In September 2021, DeepGreen Metals merged with Sustainable Opportunities Acquisition Corporation (SOAC). The merged entity renamed, TMC The Metals Company Inc. (TMC) and listed on the NASDAQ on the 10 September 2021.

The Company's investment in DeepGreen Metals was valued at \$9m at 30 June 2021. As at the date of this report the value of the Company's TMC position is \$31 million. The Company announced on the 24 September 2021 that approximately one third of the TMC position was not subject to the escrow provisions. Some of the TMC Position has been sold. The TMC position currently represents approximately 8% of the Net Asset Value of the Company. The Company is considering a demerger of the TMC investment under which it would transfer the majority of the TMC investment into a separately listed ASX Listed Investment Company. This proposal would require shareholder and ASX approval.

### OUTLOOK

The World is slowly coming to terms with Covid 19 with financial markets having largely recovered from the Covid 19 'panic'. Corporate profits have rebounded and in many cases are at all-time highs. Investor confidence has returned. Western Europe and North America are leading the world in vaccinations which is allowing their economies to fully re-open. With interest rates expected to remain at zero, or low, across much of the world, the overall environment remains supportive of equities.

We are finding investment opportunities for the fund across a broad range of sectors, both domestically and internationally. Opportunity now exists through stock selection rather than 'all boats rising in a rising tide.

As managers of your Company, we aim to provide shareholders with clear and transparent communication. We do this through monthly investment updates, quarterly webcasts, investor presentations, market insights, as well as annual and half yearly profit announcements. We would encourage you to register to receive regular updates at [www.cadencecapital.com.au/newsletter](http://www.cadencecapital.com.au/newsletter).

Please feel free to contact us at [info@cadencecapital.com.au](mailto:info@cadencecapital.com.au) with any feedback to improve our communication and engagement with you.

I would like to take this opportunity to thank our investors for their continued support.



**Karl Siegling**  
Managing Director  
Cadence Asset Management Pty Limited

LONG AND SHORT POSITIONS

Long Positions	Company Name	Exposure \$	% Of Equity
RMC	Resimac Group	\$19,049,091	5.36%
GOOGL US	Alphabet Inc	\$13,276,826	3.74%
BLD	Boral Ltd	\$10,716,300	3.01%
UWL	Uniti Group Limited	\$9,930,000	2.79%
JLG	John Iyng Group Ltd	\$9,526,127	2.68%
**	DeepGreen Metals Inc.	\$9,191,777	2.59%
ARB	ARB Corp Ltd	\$9,069,900	2.55%
NTO	Nitro Software Ltd	\$9,046,500	2.55%
CCP	Credit Corp Group Ltd	\$8,919,000	2.51%
ASAN US	Asana Inc	\$8,899,237	2.50%
MGH	Maas Group Holdings Ltd	\$8,714,832	2.45%
360	Life360 Inc	\$8,410,120	2.37%
CHN	Chalice Gold Mines Ltd	\$7,791,000	2.19%
MNY	Money3 Corp Ltd	\$7,771,199	2.19%
WHC	Whitehaven Coal Ltd	\$7,760,000	2.18%
SHOP US	Shopify Inc	\$7,382,819	2.08%
BET	Betmakers Technology Group Ltd	\$7,163,901	2.02%
BSL	Bluescope Steel Ltd	\$6,862,500	1.93%
CTT	Cettire Ltd	\$6,336,000	1.78%

\*\* A Pre-IPO investment in the Materials sector

Short Positions	Company Name	Exposure \$	% Of Equity
APX	Appen Ltd	\$7,758,800	2.18%
<b>Total Top 20 Long and Short Positions</b>		<b>\$168,058,330</b>	<b>47.28%</b>

\*\* A Pre-IPO investment in the Materials sector

TOTAL PORTFOLIO POSITIONS:

Portfolio Net Exposure Long Positions	\$313,067,950	88.08%
Portfolio Net Exposure Short Positions	\$23,724,165	6.67%
<b>Total Portfolio Net Exposure</b>	<b>\$289,343,785</b>	<b>81.41%</b>

The Directors of Cadence Capital Limited ( "the Company") submit herewith their report together with the financial report of Cadence Capital Limited for the financial year ended 30 June 2021.

## PRINCIPAL ACTIVITY

The principal activity of the Company was investing primarily in securities listed both in Australia and internationally. The Company may take short positions and may also deal in derivatives for hedging purposes. No significant changes in the nature of these activities occurred during the financial year.

## OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$106,059,254 (2020: operating loss before tax of \$16,882,749) and an operating profit after tax of \$75,013,446 (2020: operating loss after tax of \$10,878,268).

## REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2021, net investments were valued at \$289,343,785 (2020: \$269,888,718). Further information regarding the performance of the entity during the reporting period is provided in the Manager's Report, which precedes this report.

## FINANCIAL POSITION

The net asset value of the Company for the current financial period ended was \$355,436,086 (2020: \$300,354,519).

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year there were no significant changes in the state of affairs of the Company.

## DIVIDENDS PAID OR RECOMMENDED

The Board have declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend is the 18 October 2021.

Dividends paid are as follows:	\$
Fully franked 2021 interim dividend of 2.0 cents per share was paid on 13 May 2021	5,938,517
Fully franked 2020 final dividend of 2.0 cents per share was paid on 30 October 2020	6,024,777
Fully franked 2020 interim dividend of 2.0 cents per share was paid on 13 May 2020	6,166,630
Fully franked 2019 final dividend of 2.0 cents per share was paid on 30 October 2019	6,313,827

## DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report:

Karl Siegling, James Chirnside, Wayne Davies and Jenelle Webster

## INFORMATION ON DIRECTORS

### **Karl Siegling (Chairman)**

Karl Siegling has 28 years investment experience in the financial services sector both in Australia and overseas. He holds a Bachelor of Commerce and a Law degree from the University of Melbourne and a MBA from INSEAD in France. Karl holds a Post Graduate Diploma in Finance with the Securities Institute of Australia (FINSIA). 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 a 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 17 and a half years. Karl is also a Director Cadence Opportunities Fund Limited. Karl was previously a Director of Webcentral Group Limited (WCG). Karl has been the Chairman and Managing Director of Cadence Capital Limited for 16 and a half years.

### **James Chirnside (Non-Executive Director)**

James Chirnside has worked in financial markets for 36 years mostly as an equities fund manager across a broad range of markets and sectors. As a fund manager, he was mainly focused in emerging and frontier markets. In addition, he has also been a proprietary metals trader, derivatives broker, and fund promoter in Sydney, Hong Kong, London, and Melbourne.

James studied for a Bachelor's degree in Business Administration at Edith Cowan University in Perth. James is also a director of Dart Mining NL (DTM), WAM Capital Limited (WAM), Mercantile Investment Company Ltd (MVT), and Ask Funding Ltd (ASK). James has been a Director of the Company for the past 16 and a half years.

### **Jenelle Webster (Non-Executive Director)**

Jenelle is currently the CFO at St Vincents Private Hospital Sydney, a member of Chartered Accountants, Chartered Secretaries, Institute of Internal Auditors and a Registered Company Auditor, with over 20 years financial accounting and reporting experience within both the public and private sectors. Jenelle has been responsible for, and conducted, the audit of ASX listed companies, Listed Investment Companies (LICs), funds, disclosing entities, large propriety limited companies and Not-For-Profit organisations. In addition to performing statutory audits, Jenelle has provided internal audit and evaluation services to a large number of public, private and community sector organisations. Jenelle is also a director of Whitefield Limited (WHF). Jenelle has been a Director of the Company for the past 2 and a half years.

### **Wayne Davies (Non-Executive Director and Company Secretary)**

Wayne Davies has over 19 years 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 long-standing member of the Cadence Asset Management team and has been the Chief Operating Officer of Cadence Asset Management for the past 14 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 is also a Director of Cadence Opportunities Fund Limited. Wayne has been a Director of the Company for the past 7 and a half years.

## COMPANY SECRETARY

Wayne Davies held the position of Company Secretary at the end of the financial year.

DIRECTORS' MEETINGS

	No. eligible to attend	Attended
Karl Siegling (Chairperson)	5	5
James Chirnside	5	5
Wayne Davies	5	5
Jenelle Webster	5	5

AUDIT COMMITTEE MEETINGS

	No. eligible to attend	Attended
Jenelle Webster (Chairperson)	2	2
James Chirnside	2	2
Wayne Davies	2	2

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Cadence Capital Limited.

(a) Remuneration

There are no executives that are paid by the Company. Cadence Asset Management Pty Limited provides day to day management of the Company and is remunerated as outlined below.

2021 Short-term Employee Benefits - Directors Fees:	Cash Salary \$	Superannuation \$	Total \$
James Chirnside	27,397	2,603	30,000
Jenelle Webster	27,397	2,603	30,000
Wayne Davies	13,699	1,301	15,000
	<b>68,493</b>	<b>6,507</b>	<b>75,000</b>

2020 Short-term Employee Benefits - Directors Fees:	Cash Salary \$	Superannuation \$	Total \$
James Chirnside	27,397	2,603	30,000
Jenelle Webster	27,397	2,603	30,000
Wayne Davies	13,699	1,301	15,000
	<b>68,493</b>	<b>6,507</b>	<b>75,000</b>

The following table reflects the Company's performance and Director's remuneration over five years:

	2021	2020	2019	2018	2017
Operating(loss) profit after tax (\$)	75,013,446	(10,878,268)	(59,307,818)	41,166,747	36,952,243
Dividends (cents per share)	4.0	4.0	5.0	8.0	8.0
NTA after tax (\$ per share)	1.20	0.98	1.04	1.30	1.24
Total directors remuneration (\$)	75,000	75,000	75,000	75,000	75,000
Shareholders equity (\$)	355,436,086	300,354,519	333,591,433	412,648,397	340,290,676

REMUNERATION REPORT (AUDITED) (Continued)**(b) Director Related Entities Remuneration**

All transactions with related entities were made on normal commercial terms and conditions.

Karl Siegling is the sole Director and a beneficial owner of Cadence Asset Management Pty Limited, the entity appointed to manage the investment portfolio of Cadence Capital Limited. In its capacity as Manager, Cadence Asset Management Pty Limited was paid a management fee of \$3,368,368 (inclusive of GST) (2020: \$2,818,612). This is equivalent to 0.08333% of the value of the portfolio calculated on the last business day of each month. Over a full year, the monthly management fee will be comparable to a fee of 1% of the gross value of the portfolio per annum. As at 30 June 2021, the balance payable to the manager was \$173,913 (inclusive of GST) (2020: \$128,426).

The duties of the manager are to manage the portfolio and to manage and supervise all investments, maintain the corporate and statutory records of the Company, liaise with the ASX with respect to compliance with the ASX listing rules, liaise with ASIC with respect to compliance with the Corporations Act and liaise with the share registrar of the Company.

In addition, Cadence Asset Management Pty Limited is to be paid, annually in arrears, a performance fee, being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the level of the portfolio exceeds this increase, or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period, where the portfolio has decreased in value over that period. For the year ended a performance fee of \$9,965,697 (inclusive of GST) was payable to Cadence Asset Management Pty Limited (2020: nil). As at 30 June 2021, \$9,965,697 was payable to the manager (2020: nil).

Cadence Asset Management Pty Limited employs accounting personnel to provide accounting services to Cadence Capital Limited. These services are provided on commercial terms and include a standard charge of \$1,375 (inclusive of GST) per month and an additional charge of \$3,500 (inclusive of GST) is charged for preparing the half year and full year financial statements.

**(c) Compensation Practices**

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently limited to a maximum of \$80,000 per annum between the four directors. Non-Executive Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all mainboard activities and membership of committees. Directors' fees are not linked to the performance of the Company.

REMUNERATION REPORT (AUDITED) (Continued)

(d) Shareholdings

The Company's key management personnel directly and indirectly held the following shares in the Company:

Shareholdings	Balance at 1 July 2020	Acquisitions	Disposals	Balance at 30 June 2021
Karl Siegling	23,838,569	1,081,624	-	24,920,193
Wayne Davies	1,004,979	104,800	-	1,109,779
James Chirnside	26,851	23,149	-	50,000
Jenelle Webster	33,173	40,000	-	73,173
	<b>24,903,572</b>	<b>1,249,573</b>	-	<b>26,153,145</b>

As at the date of this report, Karl Siegling holds 26,159,823 shares and Jenelle Webster holds 153,173 shares in the company. There have been no other changes in KMP interests between balance date and the date of this report.

End of Remuneration Report.

EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend is 18 October 2021.

In September 2021, DeepGreen Metals merged with Sustainable Opportunities Acquisition Corporation (SOAC). The merged entity renamed, TMC The Metals Company Inc. (TMC) and listed on the NASDAQ on the 10 September 2021. The Company's investment in DeepGreen Metals was valued at \$9m at 30 June 2021. As at the date of this report the value of the Company's TMC position is \$31 million. The Company announced on the 24 September 2021 that approximately one third of the TMC position was not subject to the escrow provisions. Some of the TMC Position has been sold. The TMC position currently represents approximately 8% of the Net Asset Value of the Company. The Company is considering a demerger of the TMC investment under which it would transfer the majority of the TMC investment into a separately listed ASX Listed Investment Company. This proposal would require shareholder and ASX approval.

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.

FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial year.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the year the Company did pay a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### NON-AUDIT SERVICES

During the year Pitcher Partners, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Related entities of Pitcher Partners, performed taxation services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 2 to the financial statements.

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 2 did not compromise the external auditor's independence for the following reasons:

- all non-audit services do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants sets (including Independence Standards)*.

### ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar unless otherwise stated.

### CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at <https://cadencecapital.b-cdn.net/wp-content/uploads/2021/08/CDM-Corp-Governance-Statement-June-2021.pdf>

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 12 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors of the Company:



**Karl Siegling**

Director

Dated in Sydney, this 27<sup>th</sup> September 2021



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201 Sussex Street  
Sydney NSW 2000

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GPO Box 1615  
Sydney NSW 2001

**p.** +61 2 9221 2099  
**e.** [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Auditor's Independence Declaration  
To the Directors of Cadence Capital Limited  
ABN 17 112 870 096**

In relation to the independent audit of the financial report of Cadence Capital Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

A handwritten signature in black ink, appearing to read "C I Chandran".

**C I Chandran**  
Partner

**Pitcher Partners**  
Sydney

27 September 2021

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>INCOME</b>			
Net realised and unrealised profit/ (loss) on investments		119,632,539	(15,731,004)
Dividends received		2,892,424	4,685,227
Interest received		16,703	437,734
Other income		14,500	18,594
<b>Total Income/ (Loss)</b>		<b>122,556,166</b>	<b>(10,589,449)</b>
<b>EXPENSES</b>			
Finance costs		(992,671)	(1,198,880)
Management fees		(3,011,384)	(2,626,434)
Performance fees		(9,286,218)	-
Assignment fees		(519,075)	(110,860)
Directors fees		(75,000)	(75,000)
Dividends on short positions		(24,119)	(209,704)
Stock loan fees		(120,324)	(55,147)
Brokerage expenses on share purchases		(1,811,683)	(1,482,155)
ASX fees		(72,642)	(73,845)
Registry fees		(108,911)	(114,221)
Legal fees		(77,991)	(5,902)
Custody fees		(212,320)	(187,347)
Audit and taxation expenses	2	(118,514)	(76,825)
Other expenses from ordinary activities		(66,060)	(76,980)
<b>Total Expenses</b>		<b>(16,496,912)</b>	<b>(6,293,300)</b>
<b>Profit/ (Loss) before income tax</b>		<b>106,059,254</b>	<b>(16,882,749)</b>
Income tax (expense)/ benefit	3(a)	(31,045,808)	6,004,481
<b>Profit/ (Loss) attributable to members of the Company</b>	<b>11</b>	<b>75,013,446</b>	<b>(10,878,268)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive profit/ (loss) for the period</b>		<b>75,013,446</b>	<b>(10,878,268)</b>
Basic profit/ (loss) per share	13	25.0 cents	(3.4) cents
Diluted profit/ (loss) per share	13	25.0 cents	(3.4) cents

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
Cash and cash equivalents	12	139,836,141	19,458,443
Trade and other receivables	5	27,350,831	17,386,421
Financial assets at fair value through profit or loss	6	313,067,950	277,442,708
Deferred tax asset	3(b)	26,867,521	58,062,357
<b>TOTAL ASSETS</b>		<b>507,122,443</b>	<b>372,349,929</b>
<b>LIABILITIES</b>			
Bank overdrafts	12	102,171,598	55,185,767
Trade and other payables	7	25,790,594	5,229,083
Financial liabilities at fair value through profit or loss	8	23,724,165	7,553,990
Current tax liability	3(c)	-	4,026,570
<b>TOTAL LIABILITIES</b>		<b>151,686,357</b>	<b>71,995,410</b>
<b>NET ASSETS</b>		<b>355,436,086</b>	<b>300,354,519</b>
<b>EQUITY</b>			
Issued capital	9	411,950,669	419,919,254
Profits reserve	10	72,774,128	9,723,976
Accumulated losses	11	(129,288,711)	(129,288,711)
<b>TOTAL EQUITY</b>		<b>355,436,086</b>	<b>300,354,519</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Note	Issued Capital \$	Accumulated Losses \$	Profits Reserve \$	Total Equity \$
Balance at 1 July 2019		429,797,443	(113,144,037)	16,938,027	333,591,433
Loss for the year	11	-	(10,878,268)	-	(10,878,268)
Transfer to profits reserve	10	-	(5,266,406)	5,266,406	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
On-Market Share Buy-Back	9	(9,878,189)	-	-	(9,878,189)
Dividends paid	4(a)	-	-	(12,480,457)	(12,480,457)
Balance at 30 June 2020		419,919,254	(129,288,711)	9,723,976	300,354,519
Profit for the year	11	-	75,013,446	-	75,013,446
Transfer to profits reserve	10	-	(75,013,446)	75,013,446	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
On-Market Share Buy-Back	9	(7,968,585)	-	-	(7,968,585)
Dividends paid	4(a)	-	-	(11,963,294)	(11,963,294)
Balance at 30 June 2021		411,950,669	(129,288,711)	72,774,128	355,436,086

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from the sale of investments		978,751,536	646,388,667
Payments for the purchase of investments		(877,954,777)	(682,903,190)
Dividends received		3,094,367	4,947,339
Interest received		16,703	437,734
Other income received		14,500	18,594
Management fees paid		(2,965,897)	(2,614,376)
Brokerage expenses on share purchases		(1,811,683)	(1,482,154)
Interest paid		(992,671)	(1,198,880)
Dividends paid on shorts		(24,119)	(209,704)
Payments for administration expenses		(926,683)	(905,181)
Income tax paid	3(c)	(3,877,530)	(468,535)
<b>NET CASH GENERATED BY/ (USED IN) OPERATING ACTIVITIES</b>	<b>12(b)</b>	<b>93,323,746</b>	<b>(37,989,686)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	4(a)	(11,963,294)	(12,480,457)
On-market share buy-back		(7,968,585)	(9,878,190)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(19,931,879)</b>	<b>(22,358,647)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>73,391,867</b>	<b>(60,348,333)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>(35,727,324)</b>	<b>24,621,009</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR</b>	<b>12(a)</b>	<b>37,664,543</b>	<b>(35,727,324)</b>
<b>NON-CASH TRANSACTIONS:</b>			
Shares issued via dividend reinvestment plan		-	-

The accompanying notes form part of these financial statements.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cadence Capital Limited (“the Company”) is a listed public company, incorporated and domiciled in Australia.

### 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’).

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the 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).

The financial report was authorised for issue on 27<sup>th</sup> September 2021 by the Board of Directors.

### ACCOUNTING POLICIES

#### (a) Investments

##### *i) Classification*

Investments consist of shares in publicly listed and unlisted companies.

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.

##### *ii) 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.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Investments (Continued)

#### *iii) 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.

#### *iv) 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.

#### *v) 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.

#### *vi) 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.

#### *vii) 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.

#### *viii) Investment Entity*

The Company owns 100% of the shares on issue in Cadence Global Fund Pty Limited. The Directors have assessed the requirements of AASB 10 Consolidated Financial Statements and have applied the criteria set out in the standards to the operations of the Company. Cadence Capital Limited is therefore considered to be an investment entity and as a result, the wholly owned entity of the Company are not consolidated into the financial statements, but rather are accounted for as financial assets at fair value through profit or loss.

### (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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Income Tax (Continued)

- 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) Rounding of Amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the financial report has been rounded to the nearest dollar unless otherwise stated.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

### (i) 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 securities which are listed Internationally.

### (j) Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

### (k) 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 year ended 30 June 2021. 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.

### (l) 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.

### (m) Profits Reserve

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(o) 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 2019 that have a material impact on the accounts recognised in the prior periods or will affect the current or future periods.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective at 30 June 2021. These have not been early adopted in preparing these financial statements and are not expected to have a material impact when adopted.

2. AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company for:

Audit and review of the financial report

Other assurance services

**Non-audit services**

Other services provided by a related practice of the auditor:

Taxation services

	2021 \$	2020 \$
Audit and review of the financial report	55,049	62,509
Other assurance services	-	-
<b>Non-audit services</b>		
Other services provided by a related practice of the auditor:		
Taxation services	63,465	14,316
	<b>118,514</b>	<b>76,825</b>

### 3. TAXATION

#### (a) Current Income Tax Expense/(Benefit)

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

	2021 \$	2020 \$
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30%	31,817,776	(5,064,825)
Imputation credit gross up	281,182	452,802
Franked dividends receivable – prior year	34,106	92,588
Franking credits on dividends received	(937,273)	(1,509,338)
Prior years under/(over)	(150,090)	24,287
Other	107	5
	<b>31,045,808</b>	<b>(6,004,481)</b>

#### Effective tax rate

29.3%	(35.6%)
-------	---------

The effective tax rate for FY2021 is 29.3% reflecting the benefit to the Company of franking credits received on dividend income during the year.

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

Current tax liability	-	4,519,398
Movement in deferred tax assets - net	31,045,808	(10,523,879)
	<b>31,045,808</b>	<b>(6,004,481)</b>

#### (b) Deferred Tax Assets

Provisions	20,728	10,140
Capitalised share issue costs	40,906	81,811
Fair value adjustments	(21,983,737)	14,151,456
Tax losses	48,789,624	36,749,539
Trading stock election	-	7,069,411
	<b>26,867,521</b>	<b>58,062,357</b>

#### Movement in deferred tax assets

Balance at the beginning of the period	58,062,357	47,562,766
(Debited)/ Credited to the profit or loss	(31,045,796)	10,523,878
Movement relating to over adjustment	(149,040)	(24,287)
	<b>26,867,521</b>	<b>58,062,357</b>

#### (c) Current Tax Liabilities

##### Movement in current tax liabilities

Balance at the beginning of the period	4,026,570	-
Current year income tax on operating profit	-	6,004,443
Income tax paid	(3,877,530)	(468,535)
Franking credits	-	(1,509,338)
Prior year over	(149,040)	-
At reporting date	<b>-</b>	<b>4,026,570</b>

4. DIVIDENDS

(a) Dividends paid

	2021 \$	2020 \$
Dividends paid by the Company	11,963,294	12,480,457

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 \$
Interim 2021 Ordinary	2.0	13 May 21	30%	100%	5,938,517
Final 2020 Ordinary	2.0	30 October 20	30%	100%	6,024,777
<b>Total Amount</b>					<b>11,963,294</b>

Subsequent to 30 June 2020, the Board have declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend was the 18 October 2021.

2020

Dividends paid by the Company for the year ended 30 June 2020	Cents per share	Date of payment	Tax rate for franking credit	% Franked	Total Amount \$
Interim 2020 Ordinary	2.0	13 May 20	30%	100%	6,166,630
Final 2019 Ordinary	2.0	30 October 19	30%	100%	6,313,827
<b>Total Amount</b>					<b>12,480,457</b>

(b) Dividend franking account

	2021 \$	2020 \$
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.	992,507	5,290,059

Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a) and be increased by any taxation payments made. 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.

5. TRADE AND OTHER RECEIVABLES

Trade debtors	26,405,147	16,934,910
Income receivable	87,907	289,850
Sundry debtors	857,777	161,661
	<b>27,350,831</b>	<b>17,386,421</b>

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.

6. FINANCIAL ASSETS

Long positions - held for trading financial assets:	2021 \$	2020 \$
Listed Investments at fair value	303,875,703	267,457,038
Unlisted Investments at fair value	9,192,247	9,985,670
	<b>313,067,950</b>	<b>277,442,708</b>

7. TRADE AND OTHER PAYABLES

Trade creditors	14,880,003	4,790,477
Sundry creditors - related parties	10,139,610	128,426
Sundry creditors - other	770,981	310,180
	<b>25,790,594</b>	<b>5,229,083</b>

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 – other, are settled within the terms of payment offered, which is usually within 30 days. Sundry creditors – related parties, includes fees payable of \$10,139,610 (inclusive of GST) (2020: \$128,426) to the manager, Cadence Asset Management Pty Limited.

8. FINANCIAL LIABILITIES

Short positions: Listed investments at fair value – held for trading	23,724,165	7,553,990
	<b>23,724,165</b>	<b>7,553,990</b>

The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities. Refer to Note 14(b) for further information on Credit Risk.

9. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	414,847,098	422,815,683
Capitalised share issue costs	(4,137,756)	(4,137,756)
Deferred tax asset on capitalised share issue costs	1,241,327	1,241,327
	<b>411,950,669</b>	<b>419,919,254</b>

9. ISSUED CAPITAL (Continued)

(a) Paid-up Capital (Continued)

2021

Date	Details of the issue	Share Price \$	No. of Shares	Issue Value \$
Balance at the beginning of the year			<b>306,259,780</b>	<b>422,815,683</b>
July 2020	On-market share buy-back	\$0.64958	(1,427,519)	(927,288)
August 2020	On-market share buy-back	\$0.67419	(1,591,841)	(1,073,196)
September 2020	On-market share buy-back	\$0.72367	(1,402,198)	(1,014,722)
October 2020	On-market share buy-back	\$0.77629	(1,205,114)	(935,514)
November 2020	On-market share buy-back	\$0.82786	(847,915)	(701,957)
December 2020	On-market share buy-back	\$0.86947	(531,283)	(461,935)
January 2021	On-market share buy-back	\$0.87130	(641,272)	(558,740)
February 2021	On-market share buy-back	\$0.88240	(1,070,394)	(944,516)
March 2021	On-market share buy-back	\$1.05681	(504,879)	(533,562)
April 2021	On-market share buy-back	\$1.09789	(147,538)	(161,981)
May 2021	On-market share buy-back	\$1.11322	(155,102)	(172,663)
June 2021	On-market share buy-back	\$1.06365	(453,637)	(482,511)
			<b>296,281,088</b>	<b>414,847,098</b>

2020

Date	Details of the issue	Share Price \$	No. of Shares	Issue Value \$
Balance at the beginning of the year			<b>320,027,168</b>	<b>432,693,872</b>
July 2019	On-market share buy-back	\$0.77244	(1,123,851)	(868,109)
August 2019	On-market share buy-back	\$0.75667	(1,465,019)	(1,108,536)
September 2019	On-market share buy-back	\$0.79378	(1,400,443)	(1,111,643)
October 2019	On-market share buy-back	\$0.77872	(912,681)	(710,726)
November 2019	On-market share buy-back	\$0.75355	(1,365,053)	(1,028,639)
December 2019	On-market share buy-back	\$0.74711	(1,036,309)	(774,238)
January 2020	On-market share buy-back	\$0.75902	(1,314,272)	(997,561)
February 2020	On-market share buy-back	\$0.71184	(2,258,209)	(1,607,493)
March 2020	On-market share buy-back	\$0.53746	(819,850)	(440,640)
May 2020	On-market share buy-back	\$0.56011	(1,033,978)	(579,145)
June 2020	On-market share buy-back	\$0.62778	(1,037,723)	(651,459)
			<b>306,259,780</b>	<b>422,815,683</b>

9. ISSUED CAPITAL (Continued)

(a) Paid-up Capital (Continued)

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 since the prior year. The Company is not subject to any externally imposed capital requirements.

On 15 May 2019 the Company approved an on-market share buy-back of up to 31.79 million of its ordinary shares. On 20 May 2020 the Company announced the approval of a further on-market share buy-back of up to 30.7 million of its ordinary shares. The share buy-back commenced on 5 June 2020 and finished on 4 June 2021. On 24 May 2021 the Company announced the approval of a further on-market share buy-back of up to 29.7 million of its ordinary shares. The share buy-back period commenced on 9 June 2021 and will finish no later than 8 June 2022.

10. PROFITS RESERVE

	2021 \$	2020 \$
Profits Reserve	<b>72,774,128</b>	<b>9,723,976</b>
<b>Movement in Profits Reserve</b>		
Opening balance	9,723,976	16,938,027
Transfer from current year earnings	75,013,446	5,266,406
Dividends paid (Note 4)	(11,963,294)	(12,480,457)
	<b>72,774,128</b>	<b>9,723,976</b>

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

11. ACCUMULATED LOSSES

Opening balance	(129,288,711)	113,144,037
Profit/ (Loss) attributable to members of the Company	75,013,446	10,878,268
Transfer to Profits Reserve	(75,013,446)	5,266,406
	<b>(129,288,711)</b>	<b>129,288,711</b>

12. CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	139,836,141	19,458,443
Bank overdrafts	(102,171,598)	(55,185,767)
	<b>37,664,543</b>	<b>(35,727,324)</b>

The weighted average interest rate for cash and cash equivalents as at June 2021 is 0.01% (June 2020: 0.38%). The weighted average interest rate for bank overdrafts as at June 2021 is 0.95% (June 2020: 1.09%). The Company has Prime Brokerage facilities, including lending, and Custody arrangements with Deutsche Bank AG and Custody arrangements with Bank of New York Mellon. The Prime Brokerage facilities are secured by a first charge over the financial assets of the Company.

The Company has granted a charge over all of the Company's right, title and interest in the assets transferred to the Prime Broker. This includes those transferred to the Custodians and sub-custodians in accordance with Prime Brokerage Agreements, and any right which arises after the date of the charges to receive cash or return of property from the parties under the Prime Brokerage Agreement, as security for payments and performance by the Company of all of its obligations to the Prime Brokers under the Prime Brokerage Agreement.

(b) Reconciliation of Operating Profit after Income Tax

	2021 \$	2020 \$
Operating profit/(loss) after income tax	75,013,446	(10,878,268)
Movement in fair value on financial assets and liabilities	(19,455,067)	(9,058,446)
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(9,284,942)	(16,291,434)
Decrease/(Increase) in deferred tax assets	31,194,848	(10,499,591)
Increase/(Decrease) in trade and other payables	19,882,031	4,711,483
Increase/(Decrease) in current tax liability	(4,026,570)	4,026,570
<b>Net cash generated by/(used in) Operating Activities</b>	<b>93,323,746</b>	<b>(37,989,686)</b>

(c) Non-cash Financing Activities

The Company issued no shares through its Dividend Reinvestment Plan during the year (2020: nil).

13. EARNINGS PER SHARE

Basic profit/ (loss) per share

Profit/ (loss) after income tax used in the calculation of earnings per share

Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share

Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share

**Reconciliation of weighted average number of shares:**

Weighted average number of ordinary shares used in calculation of basic earnings per share

Add:

Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share

Weighted average number of shares used in the calculation of diluted earnings per share

	2021 Cents Per Share	2020 Cents Per Share
Basic profit/ (loss) per share	25.0	(3.4)
Profit/ (loss) after income tax used in the calculation of earnings per share	75,013,446	(10,878,268)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	299,865,408	312,694,333
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	299,865,408	312,694,333
<b>Reconciliation of weighted average number of shares:</b>		
Weighted average number of ordinary shares used in calculation of basic earnings per share	299,865,408	312,694,333
Add:		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	-	-
Weighted average number of shares used in the calculation of diluted earnings per share	299,865,408	312,694,333

14. FINANCIAL RISK MANAGEMENT

**Financial Risk Management Policies**

The Company's financial instruments consist of money market instruments, short and long term investments, accounts receivable and payable.

*Financial Risk Exposures and Management*

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and market price risk.

**(a) Terms, Conditions and Accounting Policies**

The Company's accounting policies are included in Note 1, while the terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date are included under the appropriate note for that instrument.

**(b) Credit Risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty (prime broker, custodian, subcustodian and broker) will be unable to pay amounts in full when due. The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

All transactions in listed securities are settled /paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

## 14. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit Risk (Continued)

There are risks involved in dealing with custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where the Company's assets are pledged as collateral for leverage from a prime broker/custodian, or where the Company's assets are held at a prime broker, custodian or sub-custodian, the securities and assets deposited with the prime broker/custodian may be exposed to a credit risk with regards to such parties. In addition, there may be practical or timing problems associated with enforcing the Company's rights to its assets in case of an insolvency of any such party.

The Company maintains Prime Brokerage facilities, including lending, and Custody facilities with its prime broker and custodian Deutsche Bank AG and Custody facilities with Bank of New York Mellon. There is no guarantee that these or any sub-custodian that Deutsche Bank AG may use or any other prime broker or custodian that the Company may use from time to time, will not become insolvent. In the event of an insolvency or liquidation of a prime broker or custodian that is being used by the Company, there is no certainty that the Company would not incur losses due to its assets being unavailable for a period of time or ultimately less than full recovery of its assets, or both. As substantially all of the Company's assets may be held by a prime broker, custodian or sub-custodian and in some cases a major Australian bank, such losses could be significant and materially impair the ability of the Company to achieve its investment objective.

Any cash held by Deutsche Bank AG is not treated as client money, but rather held as collateral and is not subject to the client monies protections conferred by the Financial Conduct Authority rules relating to client money. As a consequence, the Company's money is held by the Prime Broker as banker and not as a trustee or agent and the Prime Broker will not be required to place the Fund's money in a segregated client account, and the Company will therefore rank equally with Deutsche Bank AG's other account holders in relation thereto.

### (c) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the management company. The Company's inward cash flows depend upon the level of sales of securities, dividends, interest received and any exercise of options that may be on issue.

The Company monitors its cashflow requirements daily by reference to known transactions to be paid or received. The Company may hold a portion of its portfolio in cash and short-term fixed interest securities sufficient to ensure that it has cash available to meet all payments. Alternatively, the Company can increase its level of sales of the readily tradeable securities it holds to increase cash inflows or it can use its lending facility with its Prime Broker.

### (d) Market Price Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. By its nature, as an investment company that invests in tradeable securities, the Company will always be subject to market price risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Company can seek to reduce market risk by not being overly exposed to one company or one particular sector of the market. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector. The Company monitors its gross and net exposures to the market on a daily basis.

### (e) Foreign Currency Risk

The Company undertakes certain transactions and holds assets and liabilities denominated in currencies other than Australian Dollar (AUD), the reporting currency of the Company. The Company is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Company monitors its foreign currency risks.

The following table summarises the net amount of assets and liabilities which are denominated in currencies that the Company is significantly exposed to:

14. FINANCIAL RISK MANAGEMENT (Continued)

(e) Foreign Currency Risk (Continued)

	2021	2020
United States Dollar:		
Investments	USD 69,802,157	USD 29,203,773
Bank Overdraft	USD (66,962,324)	USD (22,522,981)
	USD 2,839,833	USD 6,680,792
Canadian Dollar:		
Investments	-	-
Bank Overdraft	CAD (4,373,127)	CAD (3,942,277)
	CAD (4,373,127)	CAD (3,942,277)

(f) Interest Rate Risk

Any excess cash and cash equivalents of the Company are invested at short-term market interest rates. Floating rate instruments expose the Company to cash flow risk, whereas short term fixed rate instruments expose the Company to interest rate risk. Excess cash and cash equivalent balances are monitored closely and can be moved into short term bank bills or fixed term deposits.

(g) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as the Company's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

2021	Weighted Average Interest Rate	Interest bearing		Non-interest bearing \$	Total \$
		Less than 90 days \$	More than 1 year \$		
<b>Assets</b>					
Financial assets	-	-	-	313,067,950	313,067,950
Cash and cash equivalents	0.01%	139,836,141	-	-	139,836,141
Trade debtors (<90 days)	-	-	-	26,405,147	26,405,147
Other receivables	-	-	-	945,684	945,684
<b>Total Assets</b>		<b>139,836,141</b>	<b>-</b>	<b>340,418,781</b>	<b>480,254,922</b>
<b>Liabilities</b>					
Financial liabilities	-	-	-	23,724,165	23,724,165
Bank overdrafts	0.95%	102,171,598	-	-	102,171,598
Trade creditors (<90 days)	-	-	-	14,880,003	14,880,003
Other payables	-	-	-	10,910,591	10,910,591
<b>Total liabilities</b>		<b>102,171,598</b>	<b>-</b>	<b>49,514,759</b>	<b>151,686,357</b>

14. FINANCIAL RISK MANAGEMENT (Continued)

(g) Financial instrument composition and maturity analysis (Continued)

2020	Weighted Average Interest Rate	Interest bearing		Non-interest bearing	Total
		Less than 90 days \$	More than 1 year \$	\$	\$
<b>Assets</b>					
Financial assets	-	-	-	277,442,708	277,442,708
Cash and cash equivalents	0.38%	19,458,443	-	-	19,458,443
Trade debtors (<90 days)	-	-	-	16,934,910	16,934,910
Other receivables	-	-	-	451,511	451,511
<b>Total Assets</b>		<b>19,458,443</b>	<b>-</b>	<b>294,829,129</b>	<b>314,287,572</b>
<b>Liabilities</b>					
Financial liabilities	-	-	-	7,553,990	7,553,990
Bank overdrafts	1.09%	55,185,767	-	-	55,185,767
Trade creditors (<90 days)	-	-	-	4,790,477	4,790,477
Other payables	-	-	-	438,606	438,606
<b>Total liabilities</b>		<b>55,185,767</b>	<b>-</b>	<b>12,783,073</b>	<b>67,968,840</b>

2021 \$	2020 \$
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Other payables are expected to be paid as follows:

- Less than 6 months	10,910,591	438,606
- 6 months to one year	-	-

(h) Financial Instruments Measured at Fair Value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

**Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Investments included in Level 2 of the hierarchy include amounts in relation to Contracts for Difference, Financial Liabilities, Initial Public Offerings and Placements in which the Company has subscribed to during the year. The

14. FINANCIAL RISK MANAGEMENT (Continued)

(h) Financial Instruments Measured at Fair Value (Continued)

fair value of Contracts for Difference and Financial Liabilities have been determined using market inputs of the underlying investments. Initial Public Offerings and Placements are investments that have not listed on the

Australian Stock Exchange as at 30 June 2021 and therefore represent investments in an inactive market. In valuing unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the quoted subscription price and the amount of securities subscribed for by the Company under the relevant offers.

Level 3 asset class is made of two pre-IPO investments. DeepGreen Metals Inc is valued at the weighted average cost of most recent purchases at \$9,191,777 (2020: \$9,985,273). DeepGreen Metals merged with Sustainable Opportunities Acquisition Corporation (SOAC) and listed on the NASDAQ on 10 September 2021 under the name TMC The Metals Company Inc. Refer to Note 17 of the financial statements for further information.

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	303,875,703	-	9,192,247	313,067,950
Financial liabilities	(23,724,165)	-	-	(23,724,165)
<b>Total</b>	<b>280,151,538</b>	<b>-</b>	<b>9,192,247</b>	<b>289,343,785</b>

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	267,457,038	-	9,985,670	277,442,708
Financial liabilities	(7,553,990)	-	-	(7,553,990)
<b>Total</b>	<b>259,903,048</b>	<b>-</b>	<b>9,985,670</b>	<b>269,888,718</b>

(i) Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and market risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

*Interest Rate Sensitivity Analysis*

The sensitivity analyses below have been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period. The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2021 \$	2020 \$
<b>Change in profit before tax</b>		
- Increase in interest rate by 1%	(980,240)	64,430
- Decrease in interest rate by 1%	980,240	(64,430)
<b>Change in equity</b>		
- Increase in interest rate by 1%	(686,168)	45,101
- Decrease in interest rate by 1%	686,168	(45,101)

**14. FINANCIAL RISK MANAGEMENT (Continued)****(i) Sensitivity Analysis (Continued)***Foreign Currency Risk Sensitivity Analysis*

At 30 June 2021, the effect on profit and equity as a result of changes in the foreign currency risk, with all other variables remaining constant would be as follows:

	2021 \$	2020 \$
<b>Change in profit before tax</b>		
- Depreciation of the AUD by 2%	(75,335)	63,548
- Appreciation of the AUD by 2%	75,335	(63,548)
<b>Change in equity</b>		
- Depreciation of the AUD by 2%	(52,735)	44,484
- Appreciation of the AUD by 2%	52,735	(44,484)

*Market Price Risk Sensitivity Analysis*

At 30 June 2021, the effect on profit and equity as a result of changes in the market risk, with all other variables remaining constant would be as follows:

	2021 \$	2020 \$
<b>Change in profit before tax</b>		
- Increase in market price by 2%	5,786,876	5,397,774
- Decrease in market price by 2%	(5,786,876)	(5,397,774)
<b>Change in equity</b>		
- Increase in market price by 2%	4,050,813	3,778,442
- Decrease in market price by 2%	(4,050,813)	(3,778,442)

**15. KEY MANAGEMENT PERSONNEL COMPENSATION**

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

Karl Siegling	Chairman
Wayne Davies	Non-Executive Director and Company Secretary
James Chirnside	Non-Executive Director
Jenelle Webster	Non-Executive Director

15. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

(a) Remuneration

There are no executives that are paid by the Company. Cadence Asset Management Pty Limited, the investment manager of the Company provides day to day management of the Company and is remunerated as outlined in Note 16 – Related Party Transactions.

	2021 \$	2020 \$
Short-term Employee Benefits - Directors' Fees	68,493	68,493
Post-employment Benefits - Superannuation	6,507	6,507
	<b>75,000</b>	<b>75,000</b>

(b) Compensation Practices

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently limited to a maximum of \$80,000 per annum between the Directors. Non-Executive Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main board activities and membership of committees. Directors' fees are not linked to the performance of the Company.

(c) Shareholdings

As at 30 June 2021, the Company's key management personnel indirectly held the following shares in the Company:

	Balance at 1 July 2020	Acquisitions	Retired from Board	Balance at 30 June 2021
Karl Siegling	23,838,569	1,081,624	-	24,920,193
Wayne Davies	1,004,979	104,800	-	1,109,779
James Chirnside	26,851	23,149	-	50,000
Jenelle Webster	33,173	40,000	-	73,173
	<b>24,903,572</b>	<b>1,249,573</b>	-	<b>26,153,145</b>

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

15. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

(c) Shareholdings (Continued)

As at 30 June 2020, the Company's key management personnel indirectly held the following shares in the Company:

	Balance at 1 July 2019	Acquisitions	Disposals	Balance at 30 June 2020
Karl Siegling	22,322,355	1,516,214	-	23,838,569
Wayne Davies	863,234	141,745	-	1,004,979
James Chirnside	26,851	-	-	26,851
Jenelle Webster	30,000	3,173	-	33,173
	<b>23,242,440</b>	<b>1,661,132</b>	-	<b>24,903,572</b>

16. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions.

Karl Siegling is the sole Director and a beneficial owner of Cadence Asset Management Pty Limited, the entity appointed to manage the investment portfolio of Cadence Capital Limited. In its capacity as Manager, Cadence Asset Management Pty Limited was paid a management fee of \$3,368,368 (inclusive of GST) (2020: \$2,818,612). This is equivalent to 0.08333% of the value of the portfolio calculated on the last business day of each month. Over a full year, the monthly management fee will be comparable to a fee of 1% of the gross value of the portfolio per annum. As at 30 June 2021, the balance payable to the manager was \$173,913 (inclusive of GST) (2020: \$128,426).

The duties of the manager are to manage the portfolio and to manage and supervise all investments, maintain the corporate and statutory records of the Company, liaise with the ASX with respect to compliance with the ASX listing rules, liaise with ASIC with respect to compliance with the Corporations Act and liaise with the share registrar of the Company.

In addition, Cadence Asset Management Pty Limited is to be paid, annually in arrears, a performance fee, being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which
- the level of the portfolio exceeds this increase, or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio

No performance fee is payable in respect of any performance period, where the portfolio has decreased in value over that period. For the year ended a performance fee of \$9,965,697 (inclusive of GST) was payable to Cadence Asset Management Pty Limited (2020:nil). As at 30 June 2021 \$9,965,697 was payable to the manager (2020: nil).

Cadence Asset Management Pty Limited employs accounting personnel to provide accounting services to Cadence Capital Limited. These services are provided on commercial terms and include a standard charge of \$1,375 (inclusive of GST) per month and an additional charge of \$3,500 (inclusive of GST) is charged for preparing the half year and full year financial statements.

17. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend is 18 October 2021.

In September 2021, DeepGreen Metals merged with Sustainable Opportunities Acquisition Corporation (SOAC). The merged entity renamed, TMC The Metals Company Inc. (TMC) and listed on the NASDAQ on the 10 September 2021. The Company's investment in DeepGreen Metals was valued at \$9m at 30 June 2021. As at the date of this report the value of the Company's TMC position is \$31 million. The Company announced on the 24 September 2021 that approximately one third of the TMC position was not subject to the escrow provisions. Some of the TMC Position has been sold. The TMC position currently represents approximately 8% of the Net Asset Value of the Company. The Company is considering a demerger of the TMC investment under which it would transfer the majority of the TMC investment into a separately listed ASX Listed Investment Company. This proposal would require shareholder and ASX approval.

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.

18. CONTINGENT LIABILITIES

There were no material contingencies as at 30 June 2021 (2020: nil).

19. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before 30 June 2021, which settle after year end.

2021 \$	2020 \$
-	<b>628,000</b>

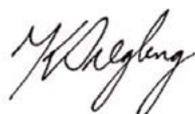
20. SEGMENT REPORTING

The Company engages in investing activities, including cash and equity instruments. The Company continues to have foreign equity and currency exposure as part of its principal activity in making investments in listed global securities. It has no other reportable business or geographic segments.

The Directors of Cadence Capital Limited declare that:

1. The financial statements as set out in pages 13 to 36 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 8 to 10 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance for the year ended on that date;
2. The Directors have been given declaration required by section 295A of the *Corporations Act 2001* from the Manager, Cadence Asset Management Pty Limited declaring that:
  - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Karl Siegling**  
Director

Dated in Sydney, this 27<sup>th</sup> day of September 2021



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## Independent Auditor's Report To the Members of Cadence Capital Limited ABN 17 112 870 096

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Cadence Capital Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Cadence Capital Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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**Independent Auditor's Report  
To the Members of Cadence Capital Limited  
ABN 17 112 870 096**



*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<p><b>Existence and Valuation of Financial Assets and Completeness of Financial Liabilities</b>  <b>Refer to Note 6: Financial Assets and Note 8: Financial Liabilities</b></p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets and the completeness of the Company's financial liabilities as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 3" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the design of the investment management processes and controls;</li> <li>▪ Reviewing and evaluating the independent auditor's reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians;</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's reports relate to and where necessary obtaining bridging letters;</li> <li>▪ Obtaining confirmations of the investment holdings directly from the Custodians;</li> <li>▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent pricing sources;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

Independent Auditor's Report  
 To the Members of Cadence Capital Limited  
 ABN 17 112 870 096



<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><b>Accuracy and Existence of Management and Performance Fees</b>  <b>Refer to Note 7: Trade and other payables and Note 16: Related party transactions</b></p>	
<p>We focused our audit effort on the accuracy and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the design of the processes and controls for calculating the management and performance fees;</li> <li>▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;</li> <li>▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;</li> <li>▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Independent Auditor's Report  
To the Members of Cadence Capital Limited  
ABN 17 112 870 096**

*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



**Independent Auditor's Report  
To the Members of Cadence Capital Limited  
ABN 17 112 870 096**

*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 8 to 10 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Cadence Capital Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read "C I Chandran".

**C I Chandran**  
Partner

27 September 2021

A handwritten signature in black ink, appearing to read "Pitcher Partners".

**Pitcher Partners**  
Sydney

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

## SHAREHOLDINGS

### Substantial shareholders (as at 31 August 2021)

The following shareholder's have advised that they are a substantial shareholder of Cadence Capital Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders as at ex-date	No. of shares	% of total
Esselmont Pty Ltd & associates	24,920,193	8.429

### Distribution of shareholdings (as at 31 August 2021)

Category	No. of Shareholders
1 – 1,000	454
1,001 – 5,000	986
5,001 – 10,000	1,197
10,001 – 100,000	3,855
100,001 and over	472
	<b>6,964</b>

The number of shareholdings held in less than marketable parcels is 184.

## ASX ADDITIONAL INFORMATION

Twenty largest shareholders - Ordinary shares (as at 31 August 2021)	Number of ordinary shares held	Percentage of issued capital held
Esselmont Pty Ltd and associates	24,920,193	8.429%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd	6,874,751	2.325%
Yarandi Investments Pty Ltd & associated entities	4,179,034	1.414%
Southern Steel Investments Pty Limited	4,099,577	1.387%
HSBC Custody Nominees (Australia) Limited	2,633,759	0.891%
BNP Paribas Noms (NZ) Ltd <DRP>	2,049,305	0.693%
Mr Aaron Francis Quirk	1,719,500	0.582%
Obtainium Pty Ltd	1,661,993	0.562%
Golden Words Pty Ltd	1,422,779	0.481%
Mr Cameron McFarlane <McFarlane Super Fund A/C>	1,350,000	0.457%
Andonandon Pty Ltd and associates	1,109,193	0.375%
Mr Paul Van Ryn & Mrs Karen Van Ryn <Kapalasar Family A/C>	1,107,703	0.375%
Mr Paul Van Ryn & Mrs Karen Van Ryn & Mr Luke Van Ryn <Pakifor S/F A/C>	1,100,000	0.372%
Kerridge Foundation Pty Limited < The Kerridge Foundation A/C>	1,100,000	0.372%
Arongi Pty Limited <Harrison Super Fund A/C>	1,054,189	0.357%
Mr Richard James Gors	1,050,000	0.355%
Netwealth Investments Limited <Super Services A/C>	1,038,596	0.351%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	1,019,339	0.345%
J P Morgan Nominees Australia Pty Limited	1,007,600	0.341%
Mr Brian Belostoky	885,260	0.299%
	<b>61,382,771</b>	<b>20.763%</b>

### STOCK EXCHANGE LISTING

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.



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CAPITAL LIMITED

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