



Target Market Determination (TMD)

Date of issue 12 October 2021

Version 2

Target Market Summary

Cadence Opportunities Fund Limited is targeted at investors who:

- Seek a professionally managed Listed Investment Company;
- Seek income from their investments;
- Seek capital return from their investments;
- Have a long investment timeframe;
- Understand the benefits and risks associated with investing in a listed investment company, including the possibility that shares in the listed investment company can trade at a premium or discount to the net tangible assets of the listed investment company at any time;
- Are comfortable with a manager who uses professional judgement and experience to seek to generate high returns using sophisticated strategies that can carry high risk; and
- Understand the role of the manager in a listed investment company including fees that may be payable to the manager.

This document should be read in conjunction with the prospectus for Cadence Opportunities Fund Limited dated 12 October 2021.

Product and Issuer Details

Issuer	Cadence Opportunities Fund Limited (the AFSL of Cadence Asset Management Pty Ltd as authorised intermediary of the Issuer)
Issuer ABN	37 627 359 166
Issuer AFSL	252745
Product Name	Fully Paid Ordinary Shares
ASX ticker code	Expected to be CDO
Reporting Period	A period ending 30 days after the day that the product has listed on the ASX.

About the Target Market

The Target Market is determined by considering the likely objectives, financial situation and needs of investors who may invest in the product.

Listed investment	<p>Cadence Opportunities Fund Limited will be listed on the ASX in compliance with the ASX Listing Rules and the Corporations Act. The ASX Listing Rules impose a high level of disclosure on listed entities. This ensures that the market remains fully informed of material information relating to the product and that trading in the product is conducted on an efficient and informed basis.</p> <p>Listed products have a clearly defined value in a financial market as the price can be observed at any time and can be accurately tracked and measured against publicly available information such as the company's audited financial statements.</p> <p>Listed products tend to be classified as "liquid", meaning there is an immediately available market into which the product can be sold. This means that when the holder of the product decides to exit the position, the transaction can occur within a short timeframe and at a known price. Listed Investment Companies are closed-ended, meaning that investors cannot redeem their investment, the only way to exit the product is to sell on-market.</p> <p>Listed investments are generally accessible to both Retail and Wholesale investors, however Cadence Opportunities Fund considers it prudent for retail investors to seek advice from a Financial Adviser prior to making any investment decision.</p> <p>The Target Market will include investors who understand the risks associated with Listed Investment Companies. They will understand price movements associated with listed products and be familiar with the ASX. This makes the product suitable for investors who are looking for increases in the price which represent a capital gain but understand the risks of a product decreasing in value or even trading at a discount to net tangible assets as a function of supply and demand.</p>
Seeking yield	<p>Cadence Opportunities Fund has recently declared a fully franked final dividend of 12 cents per share and a fully franked special dividend of 3 cents per share for the year ending 30 June 2021. The total dividend of 15.0 cents equates to a 6.1% annual fully franked yield, or an 8.8% gross yield (grossed up for franking credits) based on the 30 June 2021 year end Post-Tax NTA of \$2.4449. The company intends to continue paying fully franked dividends from its profits to the extent permitted by law and the payment being within prudent business practices. This is not intended to be a forecast, it is merely an objective of the Company.</p> <p>The Target Market will include investors looking for income yield in their portfolio.</p>
Seeking capital growth	<p>Historically, Cadence Opportunities Fund has significantly outperformed the All Ordinaries Accumulation Index. As at 31st August 2021 the company's portfolio has returned 59.1% gross performance per annum over 2.7 years compared to the S&P/ASX All Ordinaries Accumulation Index which has returned 16.2% per annum over the same period¹. Note that past performance is not indicative of future performance.</p>

	<p>The Target Market will include investors seeking to gain exposure to equities using the experience and expertise of an established investment manager.</p> <p>¹The gross performance of the Company is calculated before management and performance fees</p>
Long investment timeframe	<p>Cadence Opportunities Fund will always be exposed to market conditions and macro-economic factors. This means there is a real chance that a market downturn could impact returns. For this reason, investments in listed products are often considered to be medium to long term strategies.</p> <p>The Target Market will include investors with a minimum suggested timeframe for holding an investment of 5 or more years.</p>
Aware of the role a Manager plays	<p>Cadence Opportunities Fund is managed by Cadence Asset Management Pty Ltd (ACN 106 551 062) (the Manger). The Manager is a highly experienced investment manager with a well-established fundamental and technical research investment process. The Manager has been managing the listed investment company Cadence Capital Limited for almost 16 years.</p> <p>The Manager receives management fees and may also receive a performance fee that is directly linked to the performance of the fund. This means that if the assets of the fund increase in value, a part of that increase will be paid to the Manager. The Manager and associates are currently significant shareholders in the Cadence Opportunities Fund and intend to remain as significant shareholders. The Manager is motivated by these holdings and by the payment model to obtain as high a return as possible.</p> <p>The Target Market will include investors who understand that personnel involved in managing Cadence Opportunities Fund Limited are motivated to increase the profit of the fund as they hold a significant shareholding in the fund.</p>
Comfortable with high-risk positions in a professionally managed portfolio	<p>Cadence Opportunities Fund is an actively managed long biased, Long/Short Portfolio predominantly comprised of listed Australian and International Securities. The fund typically holds some Core Positions (which meet technical and fundamental analysis criteria) and usually a higher number of Trading Positions (which meet technical analysis criteria). The Fund holds short positions where its research and analysis determine that to be appropriate. It also may hold derivatives.</p> <p>The Target Market includes investors who are comfortable with a large part of the portfolio being invested in more risky trading positions that only meet the technical analysis criteria of the manager and for investors who wish to gain exposure to sophisticated strategies but do not have sufficient personal experience in dealing with them.</p>

Key risks faced by Cadence Opportunities Fund are set out in the Prospectus in Section 5. Risks are occurrences that may impede the fund from reaching its objective. These include things such as Market Risk, Manager Risk, Leverage Risk and Short Selling Risk. While the fund has achieved outstanding returns since its inception, the conditions of financial markets are always changing. Rapid or prolonged downturns in a market are always a risk.

Who This Product is NOT Suitable For

Listed Investment Company	Cadence Opportunities Fund is not suitable for investors who do not want exposure to Listed Investment Companies.
Price Fluctuations	Cadence Opportunities Fund is not suitable for investors who do not understand price fluctuations in the market.
Income or Capital Guarantee	Cadence Opportunities Fund is not suitable for investors who are extremely conservative and may require certainty around future income or capital gains from the product.
Manager using sophisticated strategies that are not suitable for some retail investors	Cadence Opportunities Fund may use a variety of strategies, including short selling, derivatives and leverage. Positions are termed as either 'Trading Positions' meaning they may be viewed as having short term trading potential or 'Core Positions' held for longer duration. These strategies can result in complete loss of capital in individual investments. Cadence Opportunity Fund is not suitable for investors who are not comfortable with the Manager using professional judgement and experience in implementing the Cadence Opportunities Fund strategies.

Product Distribution

This product is designed to be distributed through an Initial Public Offering, followed by a subsequent listing on the ASX.

Representations regarding the investment prospects of this product should be limited to the performance of Cadence Opportunities Fund only.

Any marketing material produced specific to this product must be submitted to the product issuer prior to distribution.

The period of distribution of this product will occur in a short timeframe. Distributors must not use the short offer period to pressure investors to make a decision quickly without taking time to assess whether the investment meets their likely objectives, financial situation and needs.

Cadence Opportunities Fund will be offered as an Initial Public Offering. Distributors of this product have an obligation to report back to Cadence Opportunities Fund any significant dealing in the product that is not consistent with the TMD, and complaints regarding the product during the Reporting Period, or any other information relevant to the TMD or the product as required by law.

Review of the TMD

The Design and Distribution Obligations apply to any initial public offering of a Listed Investment Company and to any subsequent offer by the LIC that requires disclosure to investors under Part 6D.2 of the Corporations Act. The review requirements only apply when a product is on offer for acquisition by issue, or regulated sale, to retail clients: see s994C(2)-(5). Once the product is listed, the TMD will only be reviewed and updated if there is a subsequent offer under Part 6D.2, or at the discretion of the issuer.

About this Document

A TMD is a document that describes the class of consumers that comprises the target market for a financial product as well as matters relevant to the product's distribution and review. This helps us to plan how the product will be distributed so that it reaches those consumers in the target market and so that it is not marketed to consumers who are not part of the target market.

A TMD must meet certain requirements as set out in s994B of the Corporations Act 2001.

This TMD should be read in conjunction with the Cadence Opportunities Fund Limited Prospectus dated 12th October 2021 and other documents that might set out terms and conditions.

Previous versions of the TMD should not be relied upon as the contents are subject to change.