

**CADENCE OPPORTUNITIES FUND
LIMITED**

A.B.N. 37 627 359 166

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019**

COMPANY PARTICULARS

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

DIRECTORS:	Karl Siegling (Chairman) Wayne Davies Susan Oakes
SECRETARY:	Wayne Davies
MANAGER OF THE FUND:	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 2444 Fax: (02) 8298 2499 Email: info@cadencecapital.com.au Website: www.cadencecapital.com.au
PRIME BROKER:	Deutsche Bank AG Winchester House, 1 Great Winchester Street London EC2N 2DB
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
COUNTRY OF INCORPORATION:	Australia

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The Directors present their report together with the condensed interim financial report of Cadence Opportunities Fund Limited ('the Company') for the half-year ended 31 December 2019.

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 period.

OPERATING RESULTS

The Company started trading in January 2019. Investment operations over the past half-year resulted in an operating profit before tax of \$1,059,171 and an operating profit after tax of \$778,397.

REVIEW OF OPERATIONS

For the half-year ended 31 December 2019, the Company produced a positive gross performance of 22.6%. Investments are valued continuously to market value. For the half-year ended 31 December 2019, net investments were valued at \$6,943,380 (June 2019: \$4,890,120).

FINANCIAL POSITION

The net asset value of the Company for the half-year ended 31 December 2019 was \$7,646,841 (June 2019: \$5,853,444).

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended in the half-year ended 31 December 2019.

DIRECTORS

The names of the Directors in office at any time during or since the end of the half-year are as follows:

Karl Siegling – Chairman
Wayne Davies – Non Executive Director
Susan Oakes – Non Executive Director

The Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

ROUNDING

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

Signed in accordance with a resolution of the Board of Directors.



KARL SIEGLING Director
Dated at Sydney this 13 day of March 2020

**Auditor's Independence Declaration
To the Directors of Cadence Opportunities Fund Limited
ABN 37 627 359 166**

In relation to the independent auditor's review of Cadence Opportunities Fund Limited for the half year ended 31 December 2019, I declare to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



C I Chandran
Partner

Pitcher Partners
Sydney

13 March 2020

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	December 2019 \$
INCOME		
Net realised and unrealised gain on investments		1,361,420
Dividends received		47,203
Interest received		5,884
Other income		4,000
Total Income		<u>1,418,507</u>
EXPENSES		
Finance costs		(13,370)
Brokerage expenses on share purchases		(44,410)
Dividends on short positions		(1,746)
Stock loan fees		(793)
Custody fees		(22,206)
Audit and taxation fees		(18,369)
Management fees		(45,581)
Performance fees		(204,762)
Registry fees		(923)
Other expenses from ordinary activities		(7,176)
Total Expenses		<u>(359,336)</u>
Profit before income tax		1,059,171
Income tax expense		<u>(280,774)</u>
Profit attributable to members of the Company	4 (c)	<u>778,397</u>
Other comprehensive income		
Other comprehensive income for the period, net of tax		<u>-</u>
Total comprehensive income for the period		<u>778,397</u>
Basic earnings per share		<u>16.7 cents</u>
Diluted earnings per share		<u>16.7 cents</u>

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	December 2019 \$	June 2019 \$
ASSETS			
Cash and cash equivalents		2,618,258	1,641,849
Trade and other receivables		451,514	788,816
Financial assets at fair value through profit or loss	5	6,943,380	5,105,902
Deferred tax asset		6,837	-
TOTAL ASSETS		10,019,989	7,536,567
LIABILITIES			
Cash overdrafts		1,422,462	1,040,703
Trade and other payables		623,802	328,757
Financial liabilities at fair value through profit or loss	5	-	215,782
Current tax liability		93,100	-
Deferred tax liability		233,784	97,881
TOTAL LIABILITIES		2,373,148	1,683,123
NET ASSETS		7,646,841	5,853,444
EQUITY			
Issued capital	3	6,575,050	5,560,050
Profits reserve	4 (b)	1,098,083	293,394
Accumulated losses	4 (c)	(26,292)	-
TOTAL EQUITY		7,646,841	5,853,444

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued capital	Accumulated losses	Profits reserve	Total equity
Note	\$	\$	\$	\$
Balance at 1 July 2019	5,560,050	-	293,394	5,853,444
Profit for the half-year	-	778,397	-	778,397
Transfer to profits reserve	-	(804,689)	804,689	-
Other comprehensive income for the year	-	-	-	-
Transactions with owners:				
Shares issued	3	1,015,000	-	1,015,000
Balance at 31 December 2019	6,575,050	(26,292)	1,098,083	7,646,841

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from the sale of investments	22,851,298
Payments for the purchase of investments	(23,097,994)
Dividends received	53,453
Interest received	5,884
Other income received	4,000
Management and performance fees paid	(68,124)
Brokerage expenses on share purchases	(44,409)
Dividends on shorts	(1,746)
Finance costs	(13,370)
Income tax paid	(58,608)
Payments for administration expenses	(70,734)
NET CASH USED BY OPERATING ACTIVITIES	(440,350)
Proceeds from shares issued	1,035,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,035,000
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	594,650
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	601,146
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	1,195,796

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The condensed half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue on 13 March 2020 by the Board of Directors.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half-year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2019 and any public announcements made by Cadence Opportunities Fund Limited ("the Company") during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs with the exception of "held for trading" financial assets and certain other financial assets and liabilities which have been measured at fair value.

Rounding

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

(b) Accounting Policies

There are no new and revised accounting requirements significantly affecting the half-year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2019 Annual Financial Report.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

(c) Details of Reporting Period

The current reporting period is the half-year ended 31 December 2019. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow, there is no previous corresponding period as the Company only started trading in January 2019. For the Statement of Financial Position, the previous corresponding date is 30 June 2019.

(d) Segment Reporting

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

2. DIVIDENDS

(a) Dividends paid during the period

There were no dividends paid in the half-year ended 31 December 2019

December
2019
\$

-

(b) Dividends not recognised during the period

Since the end of the half-year the Directors have not declared a dividend.

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	December 2019	June 2019
3. ISSUED CAPITAL	\$	\$
Paid-up Capital		
5,122,295 ordinary shares fully paid (June 2019: 4,447,962)	<u>6,575,050</u>	<u>5,560,050</u>

4. MOVEMENTS IN EQUITY

(a) Ordinary share capital

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the period			4,447,962	5,560,050
1 October 2019	Placement	\$1.49	3,356	5,001
1 November 2019	Placement	\$1.50	570,000	855,000
1 December 2019	Placement	\$1.535	100,977	155,000
At reporting date			<u>5,122,295</u>	<u>6,575,051</u>

	December 2019	June 2019
(b) Profits reserve	\$	\$
Opening balance	293,394	-
Transfer of profits attributable to members of the Company	<u>804,689</u>	<u>293,394</u>
	<u>1,098,083</u>	<u>293,394</u>

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

(c) Accumulated losses

Opening balance	-	-
Profit attributable to members of the Company	778,397	291,053
Transfer to profits reserve	<u>(804,689)</u>	<u>(291,053)</u>
	<u>(26,292)</u>	<u>-</u>

5. 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).

CADENCE OPPORTUNITIES FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

5. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

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 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 31 December 2019 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 a pre-IPO investment in DeepGreen Metals Inc. This investment is valued at the weighted average cost of purchases which is determined to be the closest approximation to its fair value as at the half year end date.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2019:

31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	6,572,519	163,028	207,833	6,943,380
Financial liabilities	-	-	-	-
Total	6,572,519	163,028	207,833	6,943,380

30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	4,956,932	-	148,970	5,105,902
Financial liabilities	(215,782)	-	-	(215,782)
Total	4,741,150	-	148,970	4,890,120

6. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any 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.

As outlined in the Prospectus, and Supplementary Prospectus, the Board will reconsider an ASX listing before 7 December 2020. If the Board does not determine to proceed with a listing of the Company's shares it will pursue opportunities for returning capital to the Company's Shareholders.

7. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments of \$63,750 exist for placements entered into before 31 December 2019 which settle after this date. There were no contingent liabilities as at 31 December 2019. (June 2019: Nil capital commitments and nil contingent liabilities).

CADENCE OPPORTUNITIES FUND LIMITED

ABN: 37 627 359 166

DIRECTORS' DECLARATION

The Directors of Cadence Opportunities Fund Limited declare that:

1. The financial statements and notes, as set out on pages 5 to 11, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 31 December 2019 and of its performance for the half-year ended on that date.
2. 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.

Signed in accordance with a resolution of the Board of Directors.



K. SIEGLING
Director

Dated at Sydney this 13 day of March 2020



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Sydney NSW 2000

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**Independent Auditor's Review Report
to the Members of Cadence Opportunities Fund Limited
ABN 37 627 359 166**

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Cadence Opportunities Fund Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Cadence Opportunities Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Cadence Opportunities Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



C I Chandran
Partner

13 March 2020



Pitcher Partners
Sydney