

## FINANCIAL REVIEW

# Cadence to go with the flow of the market

Jun 29, 2005

[Joyce Moullakis and Chris Wright](#)

Cadence Capital has not been deterred from entering the market in the new financial year despite the listing of several investment companies in the past 18 months.

Cadence, which has lodged a prospectus with the Australian Securities and Investments Commission, wants to issue 25million fully paid ordinary shares at \$1.

The company's portfolio of 20 to 80 securities will be managed by Cadence Asset Management, under chairman Karl Siegling.

More than 20 listed investment companies have hit the market in the past 18 months, bringing the total number on the Australian Stock Exchange to about 60.

Many are trading at a discount to their net tangible assets, as investors have questioned whether they have a proven track record.

Mr Siegling, who manages a wholesale fund, said he believed the company's active trading style and the timing of the float would support the listing.

"I'm running a pretty different beast," he said. "I've deliberately gone out in the new financial year and there are a lot of people in the community at the moment that have to make important decisions about their future finances."

The Cadence wholesale fund has returned 22.2 per cent over the 12months to April 30.

The offer is expected to close on August 26 in the lead-up to listing on September 8.

The new company will not be treated as a listed investment company for the purposes of the Income Tax Assessment Act, instead qualifying as a trader. As a result, the fund will not receive a capital gains tax concession on profits, but will be able to buy and sell more frequently than other LICs. This approach has been taken by several other investment vehicles in recent years, including WAM Capital and Aberdeen Leaders.

Mr Siegling has worked as a consultant for Wilson Asset Management (WAM) for the past two years. The Wilson group won't directly own any of the company, though members of Wilson LICs will get priority entitlement offers if they want to buy into it.

WAM's chairman, Geoff Wilson, is a non-executive director alongside hedge-fund manager James Chirnside, and one of Mr Wilson's management companies, MAM, will take up to a quarter of the new fund's management fee, depending on the amount the offer raises.

Asked if it was a bad time to launch another LIC, Mr Wilson said: "When is a good time? We had that period when an enormous amount of them listed, now we're going back to more sanity and you'll get two or three LICs floating every year."

Mr Siegling plans to invest at least \$1 million in the company.