

CADENCE

OPPORTUNITIES FUND



Prospectus

Initial Public
Offering of Shares

BROKERS TO THE OFFER

Baillieu
1889 ONWARD

BELL POTTER

morgans

PATERSONS

Shaw and Partners

CADENCE OPPORTUNITIES FUND LIMITED
ACN 627 359 166

Important Information - This prospectus contains important information for you as a shareholder or prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional advisor immediately.

CADENCE
ASSET MANAGEMENT

Important Notices

This Prospectus (**Prospectus**) is dated 2 November 2018 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. It is issued by Cadence Opportunities Fund Limited (ACN 627 359 166) (**Company**) and is an invitation to apply for up to 80,000,000 Shares at an Application Price of \$1.25 per Share (with the ability to accept Applications for up to a further 80,000,000 Shares in Oversubscriptions).

None of ASIC, ASX or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of this Prospectus.

ASX Listing

The Company will apply within 7 days after the date of this Prospectus for admission to the Official List of ASX and for the Shares to be quoted on ASX.

The fact that ASX may admit the Company to the Official List and quote the Shares is not to be taken in any way as an indication of the merits of the Company. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Shares unless and until the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company. If permission is not granted for the Shares to be quoted before the end of 3 months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days after the date of this Prospectus, which period may be extended by ASIC by a further period of 7 days (**Exposure Period**).

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and holders of an AFSL (**AFSL Holders**) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise AFSL Holders to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The AFSL Holders' functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. The AFSL Holders do not guarantee the success or performance of the Company or the returns (if any) to be received by investors. No AFSL Holder is responsible for, or has caused the issue of, this Prospectus.

Investment Decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in this Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 5. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may

not be relied on as having been authorised by the Company in connection with the Offer.

Forward Looking Statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet unknown to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from <http://www.cadencecapital.com.au/cadence-opportunities-fund/>. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will also send a copy of the paper Prospectus and paper Application Form free of charge if the person asks during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Shares to which the Electronic Prospectus relates will only be issued to Applicants who complete the Application Form accompanying the Prospectus and submit that form to the Company together with Application Monies.

How to Apply

You can only make an Application for Shares under the Offer by completing and submitting an Application Form. You can find detailed instructions on completing the Application Form on the back of the paper Application Form. You will be provided with prompts and instructions to assist you to complete the electronic Application Form.

Applications must be for a minimum of 1,600 Shares at \$1.25 each (i.e. for a Minimum Subscription amount of \$2,000). A larger number of Shares may be applied for in multiples of 100 Shares.

Applications

Applications and Application Monies for Shares under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "Cadence Opportunities Fund Limited" and crossed "Not Negotiable".

No stamp duty is payable by Applicants.

Application Forms

Completed paper Application Forms, together with Application Monies, should be forwarded to the following address:

By Mail

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
GPO Box 3993 Sydney, NSW, 2001

Hand Delivered

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street
Sydney NSW 2000

Alternatively, Applicants can apply online and pay their Application Monies by BPAY at <http://www.cadencecapital.com.au/cadence-opportunities-fund/>.

When to Apply

Completed Application Forms and Application Monies under the Offer must be received by 5:00 pm (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

The Directors reserve the right to allocate any lesser number of Shares than those for which the Applicant has applied. Where the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

Glossary of Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in Section 11 of this Prospectus.

Highlights of the Offer

Important Dates

Lodgement of Prospectus with ASIC	2 November 2018
Offer expected to open	12 November 2018
Priority Allocation expected to close	30 November 2018
Broker Firm Offer expected to close	30 November 2018
General Offer expected to close	7 December 2018
Expected date of allotment / date of dispatch of holding statements	14 December 2018
Shares expected to commence trading ASX	20 December 2018

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications.

Key Offer Statistics

Company	Cadence Opportunities Fund Limited (ACN 627 359 166)
Proposed ASX code	CDO
Shares offered	Fully paid ordinary Shares
Minimum number of Shares available under the Offer	13,200,000 Shares
Minimum proceeds from the Offer	\$16,500,000
Maximum number of Shares available under the Offer (before Oversubscriptions)	80,000,000 Shares
Maximum proceeds from the Offer (before Oversubscriptions)	\$100,000,000
Maximum number of Shares available under the Offer assuming Oversubscriptions are fully subscribed	160,000,000 Shares
Maximum proceeds from the Offer assuming Oversubscriptions are fully subscribed	\$200,000,000
Application Price per Share	\$1.25
Pro forma Net Asset Value (NAV) backing per Share if the Minimum Subscription amount is raised (based on pro forma statement of financial position set out in Section 6.2).	\$1.25

Key Offer Statistics

Pro forma NAV backing per Share if the Maximum Subscription amount is raised (before Oversubscriptions) (based on pro forma statement of financial position set out in Section 6.2).	\$1.25
Pro forma NAV backing per Share if the Maximum Subscription amount and \$100,000,000 in Oversubscriptions is raised (based on pro forma statement of financial position set out in Section 6.2).	\$1.25

Enquiries

Investors with questions relating to the Offer or who require additional copies of the Prospectus should contact the Company, on +61 2 8298 2450 or via email to info@cadencecapital.com.au.

Table of Contents

Chairman's Letter.....	6
1. Offer Summary	7
2. Details of the Offer	22
3. About the Company	30
4. About the Manager	41
5. Risk Factors	48
6. Financial Position of the Company	55
7. Investigating Accountant's Report	61
8. Directors of Cadence Opportunities Fund Limited	66
9. Material Contracts	70
10. Additional Information	79
11. Definitions and Interpretation	85

Chairman's Letter



2 November 2018

Dear Investor,

On behalf of Cadence Asset Management, I am pleased to offer an investment opportunity to become a Shareholder in Cadence Opportunities Fund Limited (**Company**).

The Company is a new listed investment company and will be the second managed by Cadence Asset Management Pty Limited (**Manager**).

The Company is seeking to raise up to \$100,000,000 (before Oversubscriptions) under its initial public offer of ordinary shares in the Company (**Offer**) and to obtain a listing on the ASX. The Board may accept an additional \$100,000,000 in Oversubscriptions.

The Offer includes a Priority Allocation of up to 40% of the total number of Shares issued under the Offer, which has been reserved for existing shareholders of Cadence Capital Limited and recipients of the Manager's electronic newsletter.

The Offer is open to investors with a registered address in Australia.

Our existing listed investment company, Cadence Capital Limited, which was established 13 years ago, uses a combination of fundamental and technical research. Cadence Capital Limited has produced a gross return of 14.9% per annum since inception in October 2005 to 30 September 2018¹.

Since launching Cadence Capital Limited 13 years ago as a 'one-man band', the Manager has grown to a team of 7 (3 experienced investment professionals with diverse expertise in the financial markets and 4 operational professionals). The team at Cadence Asset Management Pty Limited works closely together to deliver investment performance as well as detailed, timely and transparent reporting on our Investment Process. I am proud of the Manager's performance.

¹ Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance of the Cadence Capital Limited in the past or in the future.



The new Company will have a greater focus on shorter term price trends than our existing listed investment company.

The Company has been set up to deliver risk-adjusted returns through investment cycles, and to complement the longer term strategy of our first listed investment company, Cadence Capital Limited.

You are encouraged to read the Prospectus carefully as it contains detailed information about the Company and the Offer. Like all investments, an investment in the Company carries risks. The performance of the Company will depend on our ability to deliver on our investment objectives. As the Company will predominantly invest in listed securities, the Company will always be subject to market risk as the market price of these listed securities can fluctuate.

It is particularly important for potential investors to review carefully the risks associated with an investment in the Company. These are detailed in Section 5. Investors are encouraged to contact their stockbroker, solicitor, accountant or other professional adviser before deciding whether to apply for Shares and before making any investment decisions in relation to the Company.

I will personally invest \$2,000,000 in the Offer. As is the case with our existing fund, Cadence Capital Limited, I intend to add to this position over time.

As investors in the Company, we recognise the importance of shareholder communication and aim to keep investors informed of their investments through newsletters, webcasts, editorial articles and insights into Securities within the Portfolio.

I hope you will join me as a Shareholder in the Company.

If you have any questions, please contact me, or a member of our team on (02) 8298 2450.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Karl Siegling'.

Karl Siegling, Chairman

1. Offer Summary

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

Question	Answer	More Information
A. Key investment highlights and Key Risks		
What are the benefits of the Offer?	<p>The Offer aims to provide investors with:</p> <ul style="list-style-type: none"> (a) an actively managed long biased Long/Short Portfolio predominately comprised of listed Australian and international Securities; (b) the investment expertise of a highly experienced investment Manager, Cadence Asset Management Pty Limited (ACN 106 551 062) (Manager); (c) the Manager's well established fundamental and technical research Investment Process, the same process that the Manager has successfully implemented for over 13 years as the manager of Cadence Capital Limited; and (d) a co-investment opportunity alongside members of the Manager's team. 	Section 3.1
What is the business model of the Company?	<p>The Company is a newly incorporated company which has not conducted any business to date.</p> <p>Upon completion of the Offer, the Company will be a listed company that will invest predominantly in Australian and international listed Securities.</p> <p>The Company will benefit from the Manager's well established proprietary fundamental and technical research process.</p> <p>The Manager will seek to identify and incrementally acquire a core group of Long and Short Positions that meet both fundamental and technical research criteria (Core Positions). Accordingly, a Core Long Position will be taken in Securities:</p> <ul style="list-style-type: none"> (a) issued by entities that the Manager considers to have good fundamentals; and (b) with prices that the Manager believes will trend upwards (i.e. increase) over a short (or long) term. <p>Core Short Positions will be taken in Securities that the Manager considers to demonstrate the opposite characteristics. That is, they are issued by entities with bad fundamentals and have market prices trending down (i.e. decreasing). See Section 3.5(b) for details about what the Manager considers to be good and bad fundamentals.</p> <p>In addition to Core Positions, the Portfolio will include Long and Short Positions that arise in respect of Securities that satisfy the Manager's technical research (price trend) criteria (Trading Positions). Trading Positions will be taken in Securities that have market prices that the Manager believes to be trending in a particular way (either increasing or decreasing).</p>	Section 3

Question	Answer	More Information
	<p>Positions within the Portfolio will be scaled into (entered or increased) and out of (exited or decreased) incrementally as outlined in Section 3.5(c) of this Prospectus. This entry and exit process is intended to be an important factor in managing Portfolio risks.</p> <p>The Company's Portfolio will be managed by the Manager in accordance with the terms of the Investment Management Agreement between the Manager and the Company (see Section 9.1 for a summary of this agreement).</p>	
<p>What are the investment objectives?</p>	<p>The Company's investment objectives are to provide (within acceptable risk parameters):</p> <ul style="list-style-type: none"> (a) capital growth through investment cycles; and (b) fully franked dividends (subject to the Company having sufficient profit reserves and franking credits available and it being within prudent business practices to do so). <p>These are merely investment objectives and are not intended to be a forecast. The Company may not be successful in meeting these objectives.</p>	<p>Section 3.2</p>
<p>Will the Company pay dividends?</p>	<p>The Board of the Company intends to pay fully franked dividends from available profits derived from dividends and interest income it receives from its investments as well as realised gains on the sale of investments within the Portfolio, 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. The Company may not be successful in meeting this objective.</p> <p>The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including the availability of profit reserves and franking credits, future earnings, capital requirements, financial conditions and other factors that the Board deems relevant.</p> <p>The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 10.4.</p>	<p>Sections 3.8 and 10.4</p>
<p>What are the key risks associated with the business model and the Offer?</p>	<p>The Company's investment activities will expose it to a variety of risks. The key risks identified by the Company include:</p> <ul style="list-style-type: none"> (a) Manager risk: The success and profitability of the Company depends almost entirely on the ability of the Manager to construct a Portfolio of investments that have the ability to increase in value over time. The past performance of the Manager is not a guide to future performance of the Company. Further, the success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for the Company or should there be significant changes to key 	<p>Investors should read these risks together with the other risks described in Section 5</p>

Question	Answer	More Information
	<p>personnel at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted. Even if the Company does not perform well, it may be difficult to remove the Manager.</p> <p>(b) Investment Strategy risk: The success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Portfolio and the Company.</p> <p>(c) Market risk: The Portfolio will be exposed to market risk. Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Manager will seek to minimise market and economic risks but cannot eliminate them entirely. In addition, as the Company will be listed on the ASX, Shares will be exposed to market risks. As a result, the Share price may trade at a discount or a premium to its NTA.</p> <p>(d) Equity risk: There is a risk that Securities will fall in value over short or extended periods of time. Historically, Securities have outperformed other traditional asset classes over the long-term. Security markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders in the Company are exposed to this risk both through their holdings of Shares in the Company as well as through the Company's Portfolio.</p> <p>(e) Leverage risk: The Manager is permitted to borrow on behalf of the Company and may use debt to increase the scale of the Portfolio of the Company. In addition, the use of Derivatives and Short Selling creates leverage. Leverage can magnify the gains and losses achieved in the Portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p> <p>(f) Derivative risk: The Company may use Derivative (both Exchange Traded and Over-the-Counter) for risk and portfolio management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also investments in Derivatives may cause losses associated with the value of the Derivative failing to move in line with the underlying Security or as expected. It is the intention of the Manager to only employ relatively simple</p>	

Question	Answer	More Information
	<p>Derivatives (i.e. equity swaps, CFDs and currency forward contracts).</p> <p>(g) Short Selling risk: There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. Short Selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a Security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing. Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p> <p>(h) Foreign issuer and market risk: The Company's Investment Strategy permits investments in Securities both in Australia and overseas. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.</p> <p>(i) Currency risk: The Company's Investment Strategy has a global focus and the Portfolio will be comprised of Australian and international Securities. Investing in assets (Long and Short Positions) denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars.</p> <p>(j) Compensation fee structure risk: The Manager may receive compensation based on the Portfolio's performance. The Performance Fee arrangements may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Portfolio.</p> <p>(k) Counterparty and Collateral risk: The Company uses the services of a Prime Broker for its financing, derivative products and to facilitate the lending of Securities to short sell. The Company will be required to maintain assets with the Prime Broker as Collateral for such services. As such, the Company may be exposed to certain risks in respect of that Collateral. Risks include risk of loss resulting from the insolvency or bankruptcy of a Prime Broker. The Company seeks to limit this risk by moving a portion of the Company's assets to an independent third party Custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit, any investment held in custody on behalf of the Company.</p> <p>(l) Default risk: The Company will use the services of the Prime Broker and outsource key operational functions including investment management, custody, execution, registry services, administration and accounting to a number</p>	

Question	Answer	More Information
	<p>of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company. The use of third party service providers carries risk of default which could adversely affect the value of the Company. This includes a risk that the Custodian fails to secure custody of the Company's assets resulting in a loss. There is a risk of loss resulting from the insolvency or bankruptcy of a Prime Broker or counterparty used by the Manager. The Manager aims to keep this risk to a minimum by monitoring the counterparties and by engaging an independent third party custodian.</p>	
B. Key information about the Portfolio and Investment Strategy		
<p>What is the Company's investment strategy?</p>	<p>The Company has been established to provide investors with access to an actively managed long biased Long/Short Portfolio predominately comprised of listed Australian and international Securities.</p> <p>The Investment Strategy is designed to capture not only necessary fundamental information but also underlying price trends (identified through technical research) for each Security that the Company invests in. This process reflects the Manager's belief that:</p> <ul style="list-style-type: none"> (a) Security prices are influenced by fundamental information; and (b) markets and Security prices behave in trends. These price trends are both short-term (approximately 6 to 18 months) and long-term (approximately 2 to 5 years) in nature. Furthermore, within a long-term price trend, there may be multiple shorter-term price trends. <p>The Investment Strategy involves identifying and incrementally accumulating and exiting Core Positions and Trading Positions as the prices of the underlying Securities trend with or against the investment.</p> <p>Positions within the Portfolio will be scaled into (entered or increased) and out of (exited or decreased) incrementally as outlined in Section 3.5(c) of this Prospectus. This entry and exit process is intended to be an important factor in managing Portfolio risks.</p> <p>In constructing the Portfolio, the Manager will focus on benefiting from investment opportunities created by shorter term price trends identified through technical research.</p> <p>To implement the Investment Strategy the Manager will employ the Manager's proven Investment Processes that consist of:</p> <ul style="list-style-type: none"> (a) idea generation; (b) fundamental and technical research; and (c) incremental entry and exit Investment Process. 	<p>Sections 3.1, 3.3, 3.4 and 3.5</p>

Question	Answer	More Information
How will the Portfolio be constructed?	<p>The Manager will use its well established proprietary fundamental and technical research as a basis to construct the Portfolio. In constructing the Portfolio, the Manager will focus on investment opportunities created by shorter term price trends identified through technical research.</p> <p>The Company may invest in listed and unlisted Securities (see Section 3.6 for full details). Notwithstanding this broad mandate, the Portfolio is expected to be a long biased Long/Short Portfolio predominantly comprised of listed Australian and international Securities.</p> <p>Once fully invested the Portfolio is expected to comprise up to approximately 80 Long and Short Positions (being a combination of Core Positions and Trading Positions). As part of the Investment Strategy, Derivatives and debt may also be used.</p> <p>The Manager may construct a Portfolio comprising a combination of cash, Securities and debt, ranging from 100% cash through to 150% invested (i.e. 100% invested with 50% debt employed).</p> <p>The Portfolio will be constructed in accordance with Investment Guidelines agreed between the Company and the Manager from time to time (initially being set out in Section 3.6) and the Investment Process (set out in Section 3.5).</p> <p>No geographic, industry or sector limitations apply to the Company's Investment Strategy.</p> <p>Position sizes within the Portfolio will be dictated by the Manager's process for entering and exiting Positions as outlined in Section 3.5 of this Prospectus. The process for entering and exiting Positions is intended to be an important factor in managing Portfolio risks.</p>	Sections 3.5 and 3.6
What is the Company's leverage policy?	<p>The Manager is permitted to borrow on behalf of the Company and may use borrowings to increase the size of the Portfolio.</p> <p>In addition, the use of Derivatives and Short Selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.</p> <p>The maximum debt leverage the Manager can employ in the Portfolio is \$0.5 of debt for every \$1 of equity.</p> <p>Net exposure of the Portfolio (i.e. Long Positions less Short Positions) would typically be between 0% and 100% of the Portfolio's NAV.</p> <p>There is no limit on gross exposure with the Portfolio (i.e. Long Positions plus Short Positions plus Derivatives), however, gross exposure is not expected to exceed 1.5 times the Portfolio's NAV (or 150%). That is, for every \$1.00 invested, the gross exposure, taking into account all Long Positions, Short Positions and Derivatives held, is not expected to exceed \$1.50.</p> <p>It should be noted that while the Portfolio may have gross exposure in excess of 100% of its NAV, investors in the Company would not</p>	Section 3.6(a)

Question	Answer	More Information
	have an exposure in excess of 100% of their investment in Shares.	
What is the Company's valuation policy?	<p>The Company's valuation policy is set out in Section 3.11.</p> <p>The assets of the Company will be valued using market accepted practices to accurately and independently price all Securities and other assets within the Portfolio.</p>	Section 3.11
What is the Company's Derivatives Policy?	<p>The Company may use Derivatives for risk and other Portfolio management purposes and to take opportunities to increase returns.</p> <p>Whilst Exchange Traded and Over-the-Counter Derivatives are permitted investments, they are not central to the Investment Strategy and are not expected to be a core part of the Portfolio. The Manager currently intends to limit Derivative exposures within the Portfolio to relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).</p> <p>To mitigate against the risks associated with Derivatives, the Manager will actively manage exposures within the Portfolio, as follows:</p> <ul style="list-style-type: none"> (a) the effective exposure via Derivatives is typically not expected to exceed 100% of the Portfolio's NAV. If exposure to Derivative positions is 100% or more of the Portfolio's NAV, it is theoretically possible that the Company could lose its entire Portfolio from losses on its Derivative positions; and (b) the Portfolio's gross exposure (i.e. the value of Long Positions, plus Short Positions, plus gross Derivative exposures within the Portfolio), whilst not limited, will typically be less than 150% of the Portfolio's NAV. See Section 3.6(a) for further details. 	Section 3.6(b)
Will the Company participate in Short Selling?	<p>The Company will engage in Short Selling as a component of the Investment Strategy to seek to benefit from falling Security prices and manage risk.</p> <p>The Manager will generally effect its Short Selling strategy by borrowing the desired Security and then selling it on market. To close the Short Position the Company would need to purchase the underlying Security in the market and repay it to the lender. The Manager may also affect a short sale through the use of equity and index derivative contracts, in which two parties agree to exchange payments of value (or cash flows) for typically non-deliverable contracts.</p> <p>While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. When the Manager takes a Short Position, it is expecting that the price of that Security will fall. There is always the risk that the price will increase instead. If this happens, it is possible that the price to repurchase the Security could exceed the amount initially invested, generating a loss.</p> <p>Short Selling can magnify gains in the Portfolio, but can also magnify losses. For key risks to the Company associated with Short</p>	Sections 3.6(c), 5.3 and 9.3

Question	Answer	More Information
	Selling, please see Sections 3.6(c), 5.3 and 9.3.	
What is the time frame for Portfolio construction?	<p>The Manager intends to deploy capital as quickly as practicable without impacting equity prices and existing portfolios of the Manager. However, the pace of the Company's capital deployment will be dependent on market conditions.</p> <p>Accordingly, the Manager estimates that it may take up to 6 months from the Company's listing on the ASX to construct the initial Portfolio.</p>	Section 3.5
Will the Company hold currency positions?	<p>Investing in Long and Short Positions denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an investment is denominated in a foreign currency and that currency changes in value against the Australian dollar, the value of that investment may change when translated into Australian dollars, and the Portfolio may suffer a profit or a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination. The Company's Investment Strategy seeks to assess the potential returns and risks created by currency exposures and to position the Portfolio with the aim of capturing those returns while minimising those risks.</p> <p>The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian long dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures. As part of its Investment Process, the Manager will typically assess the indirect impact of currency on the companies it invests in and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding.</p>	Section 3.6(d)
What is the investment term?	Investors are strongly advised to regard any investment in the Company as a long-term proposition (more than 5 years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.	Section 5.6
C. Key Information about the Company and Manager		
Who are the Company's Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> (a) David Griffith; (b) Karl Siegling; (c) Susan Oakes; and (d) Wayne Davies. <p>See Section 8 for further details regarding the background of the Directors.</p>	Section 8

Question	Answer	More Information
What is the financial position of the Company?	<p>The Company has no performance history as it is yet to commence trading.</p> <p>Pro-forma statements of financial position are set out in Section 6.2.</p>	Section 6.2
Who will manage the Portfolio?	<p>Cadence Asset Management Pty Limited (ACN 106 551 062) is the Manager.</p> <p>The Manager will provide management services in accordance with the Investment Management Agreement (summarised in Section 9.1).</p> <p>Karl Siegling will have primary responsibility for the investment decisions of the Manager. The Cadence Team comprises 3 experienced investment professionals with diverse expertise in the financial markets and 4 operational professionals. See Section 4.4 for detailed information regarding the experience and expertise of each of the members of the Cadence Team.</p> <p>The Manager will ensure that each member of the Cadence Team will be available to devote the amount of time required for the Manager to properly perform its functions as investment manager of the Company.</p> <p>The Board believes that its Directors and the Manager together bring the required experience and expertise in funds management, listed securities and corporate governance to successfully achieve the investment obligations of the Company.</p>	Section 4
Does the Board approve investments?	<p>Board approval is not required for investments undertaken by the Manager that are in accordance with the Company's investment objectives, strategies, guidelines and permitted investments agreed from time to time (initially being those summarised in this Prospectus). Any investments that the Manager proposes outside of these parameters must be approved by the Board.</p>	See Sections 3.7 and 9.1
What experience does the Manager have?	<p>The Manager is Cadence Asset Management Pty Limited.</p> <p>The Manager is a privately-owned boutique management company with funds under management of approximately \$418 million as at 30 June 2018. The Manager is the investment manager of Cadence Capital Limited (ASX Code CDM) and a wholesale unit trust called Cadence Capital (ABN 19 234 018 420) (Cadence Entities).</p> <p>The Manager was established approximately 15 years ago on 3 October 2003 and is based in Sydney, Australia.</p> <p>The Manager has managed the Cadence Entities since their inception using the same proven investment processes it will employ as Manager of the Company. In addition, the investment strategy of the Cadence Entities is similar to the Investment Strategy that the Manager will employ as the Company's manager. See Section 4.5 for details of the key differences between the strategies. See Section 3.5 for more information regarding the Manager's Investment Processes and Section 4 for information regarding the Manager's experience.</p>	Section 4

Question	Answer	More Information
<p>Will any related party have a significant interest in the Company or in connection with the Offer?</p>	<p>Each director is a related party of the Company. The Directors, other than Karl Siegling, will be remunerated for their services.</p> <p>In addition to their annual salary (if applicable), each of the Directors will be entitled to be reimbursed for certain costs and expenses. Full details of Director remuneration are set out in Section 8.8.</p> <p>The Directors, and entities associated with them, are permitted to participate in the Offer. The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus. At completion of the Offer, the Directors are expected to have a Relevant Interest in the following numbers of Shares:</p> <ul style="list-style-type: none"> (a) David Griffith: 100,000 Shares (b) Karl Siegling: 1,600,001 Shares (c) Susan Oakes: 24,000 Shares (d) Wayne Davies: 100,000 Shares <p>Karl Siegling is the sole director and an indirect owner of the Manager. Wayne Davies is also an indirect owner of the Manager.</p> <p>As indirect owners of the Manager, Karl Siegling and Wayne Davies will indirectly benefit from the Management Fees and Performance Fees paid to the Manager in accordance with the Investment Management Agreement.</p> <p>Prospective investors are advised that the Manager has agreed to be responsible for the payment of the Offer Costs that the Company would normally be liable for. These costs will be paid using the Manager Loan. The terms of the Manager Loan are summarised in Section 9.2.</p> <p>Other than as set out above and in this Prospectus there are no other existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company had or will have a direct or indirect interest in the Company or the Offer.</p>	<p>Section 8</p>
<p>What are the key terms of the Investment Management Agreement?</p>	<p>The Investment Management Agreement has an initial term of 5 years (and unless terminated, automatically extends for periods of 5 years at the end of the initial term and each subsequent term thereafter).</p> <p>The Company will apply to the ASX for a waiver to allow an initial term period of 10 years. If the ASX refuses the waiver application, the initial term of the Investment Management Agreement will be 5 years.</p> <p>The Manager will be responsible for managing the Portfolio in accordance with the strategy set out in Section 3.4 and the guidelines in Section 3.6 (as amended from time to time by the Company).</p> <p>The Manager is entitled to be paid certain fees under the Investment Management Agreement. These fees include Management Fees, Performance Fees and in certain circumstances, termination fees. For details of these fees, how they</p>	<p>Section 9.1</p>

Question	Answer	More Information
	are calculated and when they are payable, see Section 9.1.	
What fees will the Manager receive?	<p>Management Fee</p> <p>In return for the performance of its duties under the Investment Management Agreement, the Manager is entitled to be paid monthly a Management Fee equivalent to 1.25% (plus GST) per annum of the Value of the Portfolio (calculated on the last Business Day of each month and paid at the end of each month in arrears).</p> <p>As a worked example, assuming an initial Value of the Portfolio of \$98,645,937 and nil Portfolio performance each month, the Management Fee payable on the Portfolio for the 12 month period from 1 July 2019 to 30 June 2020 would be approximately \$1,225,898 (plus GST).</p> <p>The Management Fee is to be paid to the Manager regardless of the performance of the Company. Management Fees will increase if the value of the Company's investments increase, and decrease if the value of the Company's investments decrease, over the period.</p> <p>Performance Fee</p> <p>In addition to the Management Fee, the Manager is entitled to a fee (Performance Fee) equal to 15% (plus GST) of the Portfolio's performance over each 12 month period subject to a high-water mark mechanism.</p> <p>The high-water mark mechanism means that if the Value of the Portfolio (after payment of Management Fees) calculated on the last Business Day of a Performance Calculation Period is less than:</p> <ul style="list-style-type: none"> (a) for the first Performance Calculation Period, the Value of the Portfolio on the date the Shares are issued under this Prospectus; (b) thereafter, the highest Value of the Portfolio, calculated on the last Business Day of any preceding Performance Calculation Period, <p>no Performance Fee is payable in respect of that Performance Calculation Period. The calculation of both the Management Fees and Performance Fees are explained in full in Section 9.1.</p> <p>Set out below are worked examples that demonstrate the Performance Fee calculation. Each of the below examples assumes that there have been no issues of securities, capital reductions or share buy-backs or dividend distribution undertaken by the Company.</p> <p><i>Example 1: Performance above the high water mark</i></p> <p>Assuming a Performance Calculation Period ending 30 June 2020, an initial Value of the Portfolio of \$98,645,937 (which also represent the high-water mark for the first period), and a Value of the Portfolio at the end of the Performance Calculation Period of \$108,510,531 (representing a 10% higher value than at the beginning):</p> <ul style="list-style-type: none"> (a) As the high-water mark is \$98,645,937 and the closing Value of the Portfolio value is \$108,510,531 (after Management Fees), there would be an aggregate positive 	Section 9.1

Question	Answer	More Information
	<p>performance of \$9,864,594;</p> <p>(b) In this instance:</p> <p>(i) there would be a Performance Fee payable at 15% of this amount equating to \$1,479,689 (plus GST) for the Performance Calculation Period as the Value of the Portfolio is above the high-water mark; and</p> <p>(ii) the high-water mark would become \$106,993,849 (being the Value of the Portfolio net of the Performance Fee paid, adjusted for RITC at the last Performance Calculation Date).</p> <p><i>Example 2: Performance below the high-water mark</i></p> <p>Assuming a Performance Calculation Period ending 30 June 2021, an initial Value of the Portfolio of \$108,510,531 and a Value of the Portfolio at the end of the Performance Calculation Period of \$103,085,004 (representing a 5% lower value than at the beginning) and a high water mark of \$106,993,849:</p> <p>(a) As the high-water mark is \$106,993,849 and the closing Value of the Portfolio of \$103,085,004, there would be an aggregate negative performance of \$3,908,845.</p> <p>(b) In this instance:</p> <p>(i) there would be no Performance Fee payable for the Performance Calculation Period as the Value of the Portfolio is less than the high-water mark; and</p> <p>(ii) the high-water mark remains \$106,993,849.</p> <p><i>Example 3: Recouping past underperformance against high-water mark</i></p> <p>Assuming a Performance Calculation Period ending 30 June 2022, a high-water mark of \$106,993,849, an initial Value of the Portfolio of \$103,085,004, and a Value of the Portfolio at the end of the Performance Calculation Period of \$113,393,505 (representing a 10% higher value than at the beginning):</p> <p>(a) As the high-water mark is \$106,993,849 and the closing Value of the Portfolio is \$113,393,505, there would be an aggregate positive performance of \$6,399,655.</p> <p>(b) In this instance:</p> <p>(i) there would be a Performance Fee payable at 15% of \$6,399,655 equating to \$959,948 (plus GST) for the Performance Calculation Period, as the Value of the Portfolio is above the high-water mark; and</p> <p>(ii) the high-water mark would become \$112,409,558 (being \$113,393,505 minus \$983,947).</p>	
<p>What is the Manager Loan?</p>	<p>The Company has provided a working capital loan to the Manager, which permits the Manager to draw a maximum amount of 4.5% of the proceeds of the Offer. The amount available to draw down depends on the proceeds and the costs of the Offer. See Section</p>	<p>Section 9.2</p>

Question	Answer	More Information
	<p>6.6 and 6.7 further details.</p> <p>The Manager Loan is an unsecured loan that the Manager may use for working capital purposes. The Manager will use the Manager Loan to pay the costs of the Offer.</p> <p>The term of the Manager Loan is 60 months from the date of allotment and must be repaid in full regardless of whether the Manager is the investment manager of the Company. The Manager is required to repay the Manager Loan in monthly instalments over the 60 month term of the Manager Loan.</p> <p>The Manager Loan is interest free for the first 36 months and subject to interest from the 37th month to the end of the 60 month term. The interest rate during this period is equal to the RBA official cash rate plus 4% per annum.</p> <p>The Manager may repay the Manager Loan early at its absolute discretion. The Company has a right of recourse against the Manager for the amounts owed under the Manager Loan. See Section 9.2 for a summary of the Manager Loan key terms.</p>	
C. About the Offer		
Who is the issuer of the Shares, and this Prospectus?	The issuer is Cadence Opportunities Fund Limited (ACN 627 359 166).	
What is the Offer?	<p>The Company is offering for subscription up to 80,000,000 fully paid Shares at an Application Price of \$1.25 per Share, to raise up to \$100,000,000 (with the ability to accept Applications for a further 80,000,000 Shares in Oversubscriptions).</p> <p>The Offer includes a Priority Allocation to Eligible Participants of up to 40% of the total number of Shares issued under the Offer.</p> <p>The Offer also includes the Broker Firm Offer.</p>	Section 2.1
How do I apply for Shares?	<p>The procedures for making an investment in the Company are described in Section 2.</p> <p>The Company may be required to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2
How to participate in the Priority Allocation?	Eligible Participants should refer to Section 2.2 and Section 2.7 for details of how to participate in the Priority Allocation.	Sections 2.2 and 2.7
How to participate in the Broker Firm Offer?	<p>Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Prospectus.</p> <p>To participate in the Broker Firm Offer, the Broker Firm Application Forms must be received by 30 November 2018.</p>	Section 2.8

Question	Answer	More Information
What is the purpose of the Offer?	The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 3 for details) and invested in the Manager Loan (see Section 9.2 for a summary of the Manager Loan).	Sections 3 and 9.2
What are the fees and costs of the Offer?	<p>The Manager will pay selling fees to AFSL Holders (other than the Manager) on a sliding scale referable to the number of Shares allotted under the Broker Firm Offer pursuant to valid Application Forms bearing an AFSL Holder's stamp (Broker Firm Proceeds). See Section 2.15 for details of how these selling fees will be calculated. Brokers and AFSL Holders should contact the Manager for further details.</p> <p>The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares.</p> <p>These costs are estimated to be:</p> <ul style="list-style-type: none"> (a) \$355,261, assuming the Minimum Subscription; (b) \$1,354,063, assuming the Maximum Subscription; and (c) \$3,633,106, assuming Oversubscriptions are fully subscribed. <p>Investors are reminded that the Manager has agreed to be responsible for the payment of the Offer Costs that the Company would normally be liable for (set out in Section 6.7). The Manager will pay the Offer Costs with the proceeds of the Manager Loan, a working capital loan made by the Company to the Manager. The terms of the Manager Loan are summarised in Section 9.2.</p>	Section 6.7
Is the Offer underwritten?	No.	Section 2.6
Who is the Authorised Intermediary?	The Manager, Cadence Asset Management Pty Limited (ACN 106 551 062), is also the Authorised Intermediary to the Offer.	Section 2.15
Who can participate in the Offer?	Members of the general public who have a registered address in Australia.	Section 2.1
Who can participate in the Priority Allocation?	<p>If you are an existing Shareholder of Cadence Capital Limited (ACN 112 870 096) with a registered address in Australia or you are a recipient of the Manager's monthly electronic newsletter (with a registered address in Australia), you are an Eligible Participant and can participate in the Priority Allocation.</p> <p>You can sign up to the Manager's electronic newsletter on the Manager's website (https://www.cadencecapital.com.au/) or by emailing info@cadencecapital.com.au. If you are registered as a recipient of the newsletter prior to the Priority Allocation Closing Date (and have a registered address in Australia), you will be an Eligible Participant and can participate in the Priority Allocation.</p>	Section 2.2

Question	Answer	More Information
Can superannuation funds invest?	Yes, subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
Is there a Minimum Subscription amount for the Offer to proceed?	Yes, the Company must receive valid Applications for 13,200,000 Shares in order for the Offer to proceed.	Section 2.5
Is there a Minimum Subscription amount for each Application?	Yes, each Applicant must subscribe for a minimum of 1,600 Shares at the Application Price \$1.25 per Share i.e. \$2,000.	Section 2.5.
Is there a cooling off period?	No.	
How can I obtain further information?	<p>Contact Cadence Opportunities Fund Limited, on +61 2 8298 2450 or email enquiries to info@cadencecapital.com.au if you have questions relating to the Offer.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, solicitor, accountant or other professional adviser.</p>	

The above table is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

2. Details of the Offer

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

2.1. The Offer

Shares

The Company is offering for subscription a minimum of 13,200,000 up to 80,000,000 fully paid ordinary Shares. Shares will be issued at an Application Price of \$1.25 per Share.

The Offer will raise between \$16,500,000 and \$100,000,000 (with the ability to accept Applications for up to a further 80,000,000 Shares in Oversubscriptions).

The rights attaching to the Shares are set out in Section 10.3.

The Offer

The Offer is made up of the Priority Allocation (detailed in Section 2.2), the Broker Firm Offer (detailed in Section 2.3) and the General Offer (detailed in Section 2.4).

The Offer will only be made to investors who have a registered address in Australia.

Early lodgement of your Application is recommended as the Directors may close the Offer at any time after the expiry of the Exposure Period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act. The Directors reserve the right to terminate the Offer at any time.

2.2. Priority Allocation

The Offer includes a Priority Allocation to Eligible Participants of up to 40% of the total number of Shares issued under the Offer, Eligible Participants are:

- (a) existing shareholders in Cadence Capital Limited with registered addresses in Australia; and
- (b) persons who prior to the Priority Allocation Closing Date have registered to receive the Manager's monthly electronic newsletter and that have a registered address in Australia².

The Priority Allocation will be restricted to the Eligible Participants and allocated at the Directors' discretion. Eligible Participants should use the Priority Allocation Application Form.

The Priority Allocation is open for a limited time only. The Priority Allocation is expected to close on 30 November 2018. Early lodgement of your Application is recommended, as the Priority Allocation and the Offer may be closed early at the Directors' discretion.

If the Company receives Applications from Eligible Participants for more than 40% of the total Offer, it intends to treat such additional Applications as being made under the General Offer on a General Offer Application Form.

Shares offered under the Priority Allocations that are not taken up will be allocated by the Company under the General Offer or Broker Firm Offer.

² You can sign up to the Manager's electronic newsletter on the Manager's website (<https://www.cadencecapital.com.au/>) or by emailing info@cadencecapital.com.au. If you are registered as a recipient of the newsletter prior to the Priority Allocation Closing Date (and have a registered address in Australia), you will be an Eligible Participant and can participate in the Priority Allocation.

2.3. Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

To participate in the Broker Firm Offer, your Application Form must be received by your Broker by 5:00pm Sydney time on the Broker Firm Offer Closing Date.

Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

2.4. General Offer

The General Offer is open to all Applicants with a registered address in Australia.

Staff of the Manager and Directors of the Company are able to participate in the General Offer. See Section 8.6 for details of the Directors' participation.

To participate in the Offer, your Application Form and Application Monies must be submitted to the Registry by 5:00pm (Sydney time) on the Closing Date.

2.5. Minimum Subscription

The Minimum Subscription amount payable by an individual Applicant under the Offer is \$2,000 (i.e. 1,600 Shares). A larger number of Shares may be applied for in multiples of 100 Shares.

In addition, there is an aggregate Minimum Subscription required of \$16,500,000 for the Offer to proceed.

2.6. Offer Not Underwritten

The Offer is not underwritten.

2.7. Applications under the Priority Allocation and the General Offer

Priority Allocation Application Forms

The Application Form marked "Priority Allocation" must be completed by Eligible Participants.

Priority Allocation Application Forms will be accepted at any time after the Opening Date and prior to 5:00pm (Sydney Time) on the Priority Allocation Closing Date (expected to be 30 November 2018).

The Company reserves the right to treat (but is not required to) Applications and Application Monies for Shares under the Priority Allocation received after 5:00pm (Sydney time) on the Priority Allocation Closing Date as being made under the General Offer on a General Offer Application Form.

General Offer Application Forms

The Application Form marked "General Offer" must be completed by Applicants who are not Eligible Participants and who are not participating in the Broker Firm Offer.

"General Offer Application Forms" will be accepted at any time after the Opening Date and prior to 5:00pm (Sydney Time) on the Closing Date (expected to be 7 December 2018).

Applications generally

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus. Applications must be accompanied by payment in Australian currency.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form. If using an electronic Application Form, follow the prompts).

All Applications under the Offer must be for a minimum of 1,600 Shares (i.e. \$2,000).

Applications and Application Monies for Shares under the Offer received after 5:00pm (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Priority Allocation Closing Date or the Closing Date.

Payment by BPAY

You may apply for Shares online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at <http://www.cadencecapital.com.au/cadence-opportunities-fund/> and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

Payment by cheque or bank draft

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "Cadence Opportunities Fund Limited" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be lodged with:

BY MAIL

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
GPO Box 3993 Sydney, NSW, 2001

HAND DELIVERED

Cadence Opportunities Fund Limited
c/- Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street
Sydney NSW 2000

2.8. Applications under the Broker Firm Offer

If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 30 November 2018. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares to Brokers will be determined by the Company. Shares that are allocated to Brokers for allocation to their Australian resident clients will be issued to the successful Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Shares.

The Company and the Share Registry take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (**DvP**) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker for further details.

Please contact your Broker if you have any questions.

2.9. Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

2.10. Allocation policy

The basis of allocation of Shares within the Priority Allocation and the General Offer and the Broker Firm Offer will be determined by the Company.

Certain Applicants nominated by the Company may be given preference in the allocation of Shares. The Directors currently expect that certain shareholders, directors and employees of the Manager and the Company will participate in the Offer.

The Company reserves the right in its absolute discretion not to issue any Shares to Applicants under the Offer and may reject any Application or allocate a lesser number of Shares than those applied for at its absolute discretion.

2.11. Application Monies

All Application Monies received by the Company will be held by the Company on trust in a separate account until the Shares are issued to successful Applicants. The Company will retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

2.12. Allotment

The Company will not allot Shares until the Minimum Subscription has been received and ASX has granted permission for quotation of the Shares unconditionally or on terms acceptable to the Company. The Company is not currently seeking quotation of its Shares on any financial market other than ASX. The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for issue under the Offer.

ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Shares to be quoted within three months after the date of this Prospectus, the Shares will not be issued and all Application Monies will be refunded (without interest) in accordance with the Corporations Act.

It is expected that the issue of Shares under the Offer will take place by 14 December 2018.

An Application constitutes an Offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus. A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

Where the number of Shares allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) in accordance with the Corporations Act.

2.13. ASX and CHES

The Company will apply within 7 days of the date of this Prospectus for admission to the Official List of the ASX and for the Shares to be quoted.

The Company will apply to participate in the ASX's CHES and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in Shares quoted on the ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in 1 of 2 sub-registers, an electronic CHES sub-register or an issuer sponsored sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHES holders or, where applicable, the

Security Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.14. Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

2.15. Broker and AFSL selling Fees

Offers under this Prospectus will be made under an arrangement between the Company and AFSL Holders (including Brokers) pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise AFSL Holders to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with Applications made under such offers if they are accepted.

The Manager holds an appropriate AFSL and is the Authorised Intermediary to the Offer. The Manager will not receive a fee for provision of its services as the Authorised Intermediary.

Any Application Form in respect of the Priority Allocation or General Offer that the Company receives and any Application Form received which does not bear an AFSL Holder's stamp, will be forwarded to the Manager for processing. No fee will be payable in respect of Applications under the Priority Allocation or General Offer. No fee will be payable in respect of Application Forms bearing the Manager's stamp.

The Manager will pay selling fees to AFSL Holders (other than the Manager) on a sliding scale referable to the number of Shares allotted under the Broker Firm Offer pursuant to valid Application Forms bearing an AFSL Holder's stamp (**Broker Firm Proceeds**). As follows:

- (a) Each AFSL Holder responsible for Broker Firm Proceeds equal to or less than \$5,000,000 will receive a selling fee equivalent to 1.5% (inclusive of GST) of that AFSL Holder's Broker Firm Proceeds.
- (b) Each AFSL Holder responsible for Broker Firm Proceeds greater than \$5,000,000 but less than \$15,000,000, will receive a selling fee equivalent to 2.00% (inclusive of GST) of that AFSL Holder's Broker Firm Proceeds.
- (c) Each AFSL Holder responsible for Broker Firm Proceeds greater than \$15,000,000, will receive a selling fee equivalent to 2.50% (inclusive of GST) of that AFSL Holder's Broker Firm Proceeds.

Brokers and AFSL Holders should contact the Manager for further details.

2.16. Overseas Investors

The Offer is an offer to Australian Investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Shares being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.17. Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - (iii) carry out appropriate administration;
- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis;
 - (ii) third parties if that disclosure is required by law; and
 - (iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Manager.

2.18. Tax implications of investing in the Company

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 10.8 and are based on current tax law and Australian Taxation Office (**ATO**) tax rulings as at the date of this Prospectus. The information in Section 10.8 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.19. Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company, the Manager or your Broker may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

3. About the Company

3.1. Overview of Cadence Opportunities Fund Limited

The Company has been recently incorporated and has not undertaken any business to date. It has been established specifically for the purposes of the Offer and it is proposed that the Company be listed on the ASX as a listed investment company.

The Company has been established to provide investors with access to:

- (a) an actively managed long biased Long/Short Portfolio, predominately comprised of listed Australian and international Securities;
- (b) the investment expertise of a highly experienced investment manager;
- (c) the Manager's well established fundamental and technical research Investment Process, the same process that the Manager has successfully implemented for over 13 years as the manager of Cadence Capital Limited; and
- (d) a co-investment opportunity alongside members of the Manager's team.

The Company will benefit from the Manager's well established Investment Process based on the Manager's proprietary fundamental and technical research (each of which is discussed in detail below). The Manager believes that a combination of fundamental and technical research has a greater probability of producing higher returns than either fundamental or technical research alone.

3.2. Investment objectives

The Company's investment objectives are to provide (within acceptable risk parameters):

- (a) capital growth through investment cycles; and
- (b) fully franked dividends (subject to the Company having sufficient profit reserves and franking credits available and it being within prudent business practices to do so).

These are merely investment objectives and are not intended to be a forecast. The Company may not be successful in meeting these objectives.

3.3. Investment Philosophy

The Investment Strategy and the Investment Process is designed to capture not only what the Manager considers to be an entity's necessary fundamental information, but also the underlying price trends for that entity's Securities (identified by the Manager's technical research).

The Investment Strategy and the Manager's Investment Process reflects the Manager's belief that:

- (a) Security prices are influenced by fundamental factors (such as earnings, cash flow yields levels of debt and cash). See Section 3.5(b) for further details; and
- (b) share markets, and individual Security prices, behave in trends, which can be short-term (approximately 6 to 18 months) or long-term (approximately 2 to 5 years) in nature. In addition, within any long-term price trend, there may be multiple short-term price trends.

It is the Manager's belief that markets and Securities trend for 3 reasons:

- (a) information is dispersed slowly through markets;
- (b) contrary to general economic theory, a rise in prices can lead to an increase in demand for a Security rather than a decrease; and

- (c) economies are inherently cyclical and Security prices are similarly influenced.

The Manager uses fundamental research to identify mispriced Securities and technical research to identify trends (both short and long) in the prices of those Securities.

The Manager believes Securities with prices that trend consistently with their fundamentals have a greater probability of producing higher rates of return.

3.4. Investment Strategy

The Investment Strategy uses the Manager's Investment Process to identify and incrementally accumulate a core group of Long and Short Positions that meet both the Manager's fundamental and technical (price trend) research criteria (**Core Positions**). In this way, Core Long Positions will be taken in Securities:

- (a) issued by entities that the Manager considers to have good fundamentals; and
- (b) with prices that the Manager believes will trend upwards (i.e. increase) over both the short and long term.

Core Short Position will be taken in Securities that the Manager considers to demonstrate the opposite characteristics. That is, they are issued by entities with bad fundamentals and have market prices trending down (decreasing).

In addition to Core Positions, the Portfolio will include Long and Short Positions in Securities that satisfy the Manager's technical research criteria (but do not satisfy the Manager's fundamental research criteria) (**Trading Positions**). Trading Positions will be taken in Securities that have market prices that the Manager believes to be trending in a particular way (either increasing or decreasing).

In implementing the Investment Strategy, the Manager intends to focus on investment opportunities created by shorter term pricing trends.

Positions within the Portfolio will be scaled into (entered or increased) and out of (exited or decreased) incrementally as outlined in Section 3.5(c) of this Prospectus. This entry and exit process is intended to be an important factor in managing Portfolio risks.

3.5. Investment Process

To implement the Investment Strategy the Manager will employ the Manager's proven Investment Processes that consist of:

- (a) idea generation;
- (b) fundamental and technical research; and
- (c) incremental entry and exit Investment Process.

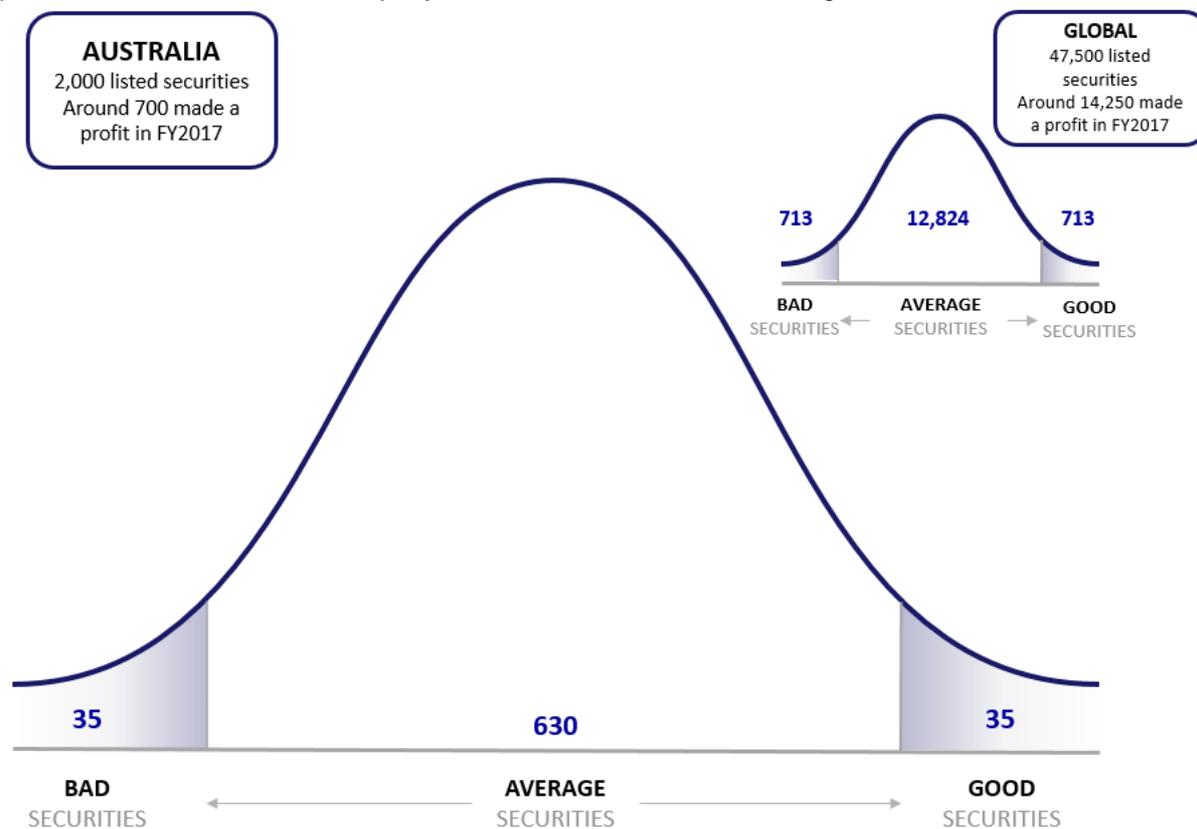
(a) Idea generation

The Manager's idea generation process is driven by the Manager's investment values. Investment ideas come from a variety of sources, including news, announcements released on security exchanges, entity visits and contact with entity management, screening tools, brokers and industry sources.

The Manager's global investment universe is filtered a number of times to assess those Securities that have the potential to meet the Manager's fundamental and/or technical research criteria. The first step in this filtering process is to identify profitable entities (the Manager will typically disregard from further consideration any entities that are not profitable). The second step is to filter out entities that exhibit average fundamentals, which allows the Manager to focus its fundamental research on the small number of remaining Securities, i.e. entities determined to be either best performers (or "Good

Securities”) or the worst performers (i.e. “Bad Securities”).

Set out below is a worked example of the Manager’s filtering process. It uses the Manager’s estimate of listed Securities both in Australia and globally across developed countries in the financial year ending 30 June 2017 (FY2017). The example shows how the filtering process substantially reduces the investment universe: the Manager’s estimates that less than half of all listed entities were profitable in FY2017 and the majority of these entities exhibited average fundamentals.



Source: Cadence Asset Management Pty Ltd internal estimates.

(b) Fundamental and technical research

Fundamental research

Once a potential investment has been identified, the Manager will then conduct fundamental research using its formalised research and financial modelling process. In conducting the fundamental research the Manager accumulates historical information and prepares two years forecasts on each of the following:

- (a) earnings per share growth, price/earnings multiples and price/earnings to growth multiples;
- (b) operating cash-flow yield and free cash-flow yield; and
- (c) statement of financial position strength, particularly levels of debt and cash.

The Manager uses this information to identify entities it considers to have “good fundamentals” (potential Core Long Positions) and “bad fundamentals” (potential Core Short Positions).

Once a potential Core Position has been identified, the Manager will undertake further, more extensive due diligence. This includes discussions with the entity’s management and conducting detailed research into the industry in which the entity operates (industry research may include meetings with other industry participants).

The Manager will also conduct technical research on each potential Core Position.

Technical research

In conducting the technical research, the Manager accumulates and assesses Security price and trading volume indicators to identify trends in Security prices. The Manager uses this technical research to identify long-term pricing trends (trends that occur over a period of approximately 2 to 5 years) and within any long term trends identified, short-term pricing trends (trends that occur within a period of approximately 6 to 18 months).

For a Trading Position to satisfy the Manager's technical research criteria, the price of that Security must be trending (up or down).

For a Core Position to satisfy the Manager's technical research criteria Core Position, the price of that Security must be trending in line with its fundamental characteristics. A Core Long Position, will be taken if the entity has "good fundamentals" and a Security price that is trending up (increasing). A Core Short Position, will be taken if the entity has "bad fundamentals" and a Security price that is trending down (increasing).

The technical research will be carried out both before an investment takes place and on an ongoing basis and will act as a continuous filtering process.

Selecting Core Positions and Trading Positions

The Manager will use its fundamental and technical research as the basis to construct a long biased Portfolio of up to approximately 80 Long and Short Positions (being a combination of Core Positions and Trading Positions).

Core Positions are Long or Short Positions that satisfy both the Manager's fundamental and technical research criteria.

Trading Positions are Long or Short Positions that satisfy the Manager's technical research criteria only. Trading Positions are typically short-term trading opportunities that arise as a result of (without limitation):

- (a) Security issues (including placements, share purchase plans and rights issues);
- (b) arbitrage (takeover, dividend arbitrage, dual listed arbitrage, convertible note arbitrage etc.);
- (c) underwriting and sub-underwriting; and
- (d) price action sell downs and block trades.

Once the Manager has identified a Core Position or Trading Position to invest in, investments will be made in accordance with the entry and exit process outlined below.

(c) *Portfolio construction and entry and exit Investment Process*

The Portfolio will be constructed in accordance with the Investment Guidelines agreed between the Company and the Manager from time to time (initially being set out in Section 3.6) and the Investment Process set out in this Section 3.5.

The Portfolio can be comprised of a combination of cash, Long Positions, Short Positions and debt, ranging from 100% cash through to 150% invested (i.e. 100% invested with 50% debt employed). To the extent suitable Positions cannot be found, the Company will hold cash.

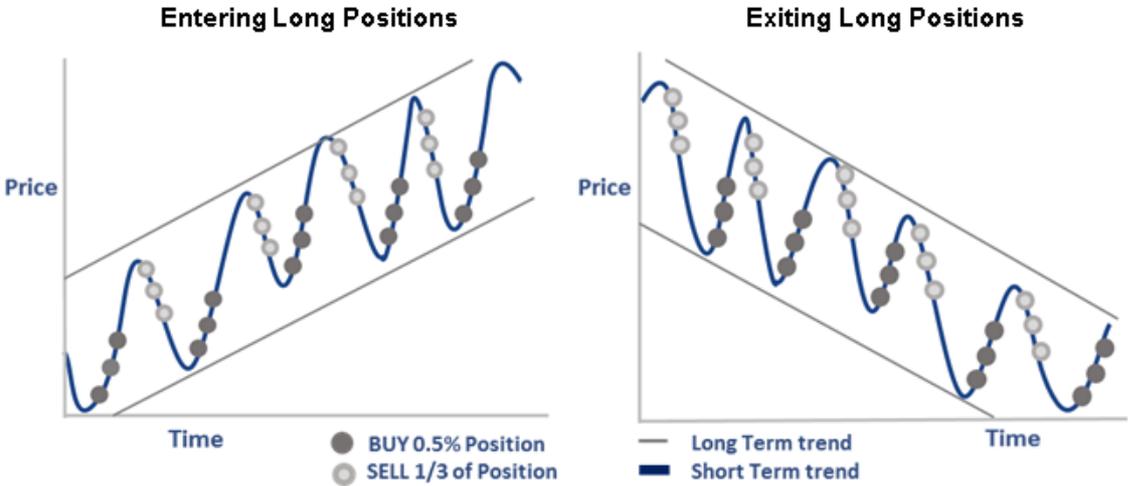
Once a Core Position or Trading Position has been identified, generally an initial Position size of $\pm 0.5\%$ of the Portfolio's NAV will be taken. Due to the nature of trading opportunities, the initial size of Trading Positions may be smaller.

The size of each Position will be incrementally increased as the price of the underlying Security moves in accordance with the trend identified by the Manager (i.e. the price of a Long Position increases or the price of a Short Position decreases). The size of each incremental increase to a Position will typically be around $\pm 0.5\%$ of the Portfolio's NAV (at the time of purchase). This process of incremental increases is referred to as "scaling into a Position".

Typically, a single Long or Short Position within the Portfolio will not be bigger than $\pm 5\%$ of the Portfolio's NAV (at purchase). In other words, the Manager will scale into a Position with 10 incremental purchases of approximately $\pm 0.5\%$ of the Portfolio's NAV (at purchase). However, a Position may end up being larger than $\pm 5\%$ of the Portfolio's NAV (from time to time) depending on the relative value of all investments within the Portfolio at any given time.

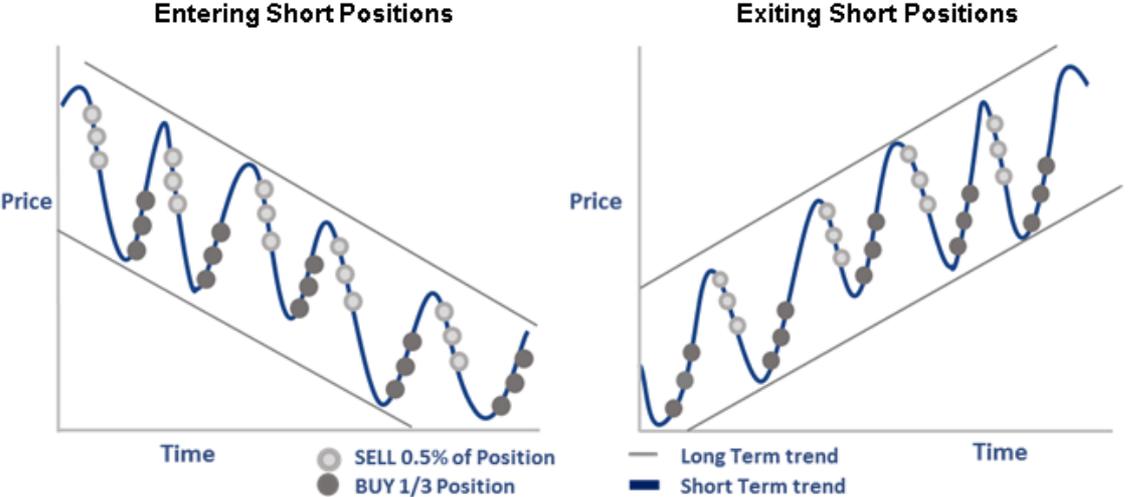
Once a material change to the price trend of a Position is identified, the Manager will start to incrementally decrease the size of that Position, initially selling one third of total Position. If the material change in price trend continues, the Manager will further decrease the size of that Position (typically selling another third of the Position). This process continues until 100% of the Position has been sold. This process of incrementally decreasing is referred to as "scaling out of a Position".

In this way, Long Positions will be scaled into while the Position's price trends upward and scaled out of when the Position's price trends down. This process is depicted in the below diagrams.



Note: This is a worked example only. Actual price trends may differ for each Security.

The reverse is true for Short Positions. A Short Position will be established and incrementally increased while the price of the underlying Security price trends downwards and scaled out of when the Position's price trends upwards. This process is depicted in the below diagrams.



Note: This is a worked example only. Actual price trends may differ for each Security.

3.6. Investment Guidelines

The Investment Guidelines for the construction of the Portfolio are as follows:

Exposure	Guidelines
Number of Securities	<p>Typically, when fully invested, the Portfolio is expected to comprise an average of 40 to 80 Long and Short Positions (being a combination of Core Positions and Trading Positions).</p> <p>The Company's Investment Strategy does not require there to be a minimum or a maximum number of Core Positions and/or Trading Positions within the Portfolio as the opportunities at any given time will depend on market conditions. To the extent suitable Positions cannot be found, the Company will hold cash.</p>
Listed requirements	<p>The Company may invest in both listed and unlisted Securities. Notwithstanding this broad mandate, the Portfolio is expected to be predominantly comprised of listed Securities.</p>
Typical Position size (when scaling in and out of investments)	<p>Typically, $\pm 0.5\%$ of the Portfolio's NAV (at purchase) will be taken in all Long and Short Positions. Due to the nature of trading opportunities, the initial size of Trading Positions may be smaller.</p> <p>Positions will be scaled into (increasing exposure) in additional lots of 0.5% of the Portfolio's NAV (at purchase) as the underlying Security price moves in favour of the investment.</p> <p>Positions will be scaled out of (decreasing exposure) in one third lots once a material change to the price trend of the underlying Security is identified and as that material change continues.</p>
Position limits	<p>Typically, the average size of Long and Short Positions (at the time of purchase) will not be bigger than $\pm 5\%$ of the Portfolio's NAV.</p> <p>A single Position size could end up being larger or smaller than $\pm 5\%$ of the Portfolio's NAV depending on relative value of all investments within the Portfolio at any given time.</p>
Industry/Sectors limits	<p>There are no industry or sector limits on the Investment Strategy.</p> <p>Due to the fundamental and technical research Investment Process employed by the Manager, sector exposures within the Portfolio will vary significantly over time. As the Manager scales into and out of Positions in different sectors, so sector exposure alters. The fundamental and technical process dictates overall exposure within the Portfolio.</p>
Geographic exposure limits	<p>There are no geographic limitations on the Company's Investment Strategy. Similarly, the Investment Strategy does not require the Portfolio be diversified across multiple geographies.</p> <p>The Manager will generally invest in first world, developed markets, but is also permitted to invest in listed and unlisted Securities within emerging markets.</p> <p>Due to the fundamental and technical research Investment Process employed by the Manager, geographic exposures will vary significantly over time.</p>
Debt leverage	<p>Permitted (refer to Section 3.6(a)).</p> <p>The maximum debt leverage the Manager can employ in the Portfolio is \$0.50 of debt for every \$1 of equity.</p>

Exposure	Guidelines
Net exposure	The Portfolio will be a long biased Portfolio of Long and Short Positions. Net exposure (i.e. Long Positions less Short Positions) will typically be between 0% and 100% of the Portfolio's NAV.
Gross exposure	Gross exposure (i.e. Long Positions plus Short Positions) would typically be less than 150% of the Portfolio's NAV.
Derivatives	Permitted (refer to Section 3.6(b)). The effective exposure via Derivatives will typically be less than 100% of the Portfolio's NAV. The Manager currently intends to limit Derivative exposures within the Portfolio to relatively simple Derivatives.
Short sales	Permitted (refer to Section 3.6(c)). Whilst there are no limits on Short Positions, the Investment Strategy provides for the Portfolio to be long biased. The exposure to Short Positions within the Portfolio at any given time is expected to typically be between 0% and 50% of the Portfolio's NAV.
Foreign currency hedging	Permitted (refer to Section 3.6(d)).
Limits of cash and cash equivalents	Limitation of cash and cash equivalent instruments will not be applied to the Company's Investment Strategy. The application of the Manager's Investment Process, particularly the incremental entering and exiting individual Securities, will result in the Portfolio being actively moved into and out of cash and cash equivalents. Cash and cash equivalents within the Portfolio at any given time is expected to be between 0% to 50% of the Portfolio's NAV.

(a) Leverage policy

The Manager is permitted to borrow on behalf of the Company. The Manager may use borrowings to increase the size of the Portfolio.

In addition, the use of Derivatives and Short Selling creates leverage. Leverage can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

The maximum debt leverage the Manager can employ in the Portfolio is \$0.5 of debt for every \$1 of equity.

Net exposure of the Portfolio (i.e. Long Positions less Short Positions) would typically be between 0% and 100% of the Portfolio's NAV.

Although there is no limit on gross exposure with the Portfolio (i.e. Long Positions plus Short Positions plus Derivatives), however, gross exposure is not expected to exceed 1.5 times the Portfolio's NAV (or 150%). That is, for every \$1.00 invested, the gross exposure, taking into account all Long Positions, Short Positions and Derivatives held, is not expected to exceed \$1.50.

It should be noted that while the Portfolio may have gross exposure in excess of 100% of its NAV, investors in the Company would not have an exposure in excess of 100% of their investment in Shares.

(b) Derivative Policy

The Company may use Derivatives for risk and other Portfolio management purposes and to take opportunities to increase returns, including, for example:

- (a) for the purposes of risk management in order to either increase or decrease the Company's exposure to markets, hedge physical positions and establish currency positions; and
- (b) with a view to reducing transaction and administrative costs (for example, the use of an equity swap or contract for difference to establish a position in a Security).

Whilst Exchange Traded and Over-the-Counter Derivatives (including options, participatory notes, futures and swaps, fixed income, currency commodities and credit default exposures, currency forwards/contracts and related instruments) are permitted investments, they are not central to the Investment Strategy and are not expected to be a core part of the Portfolio. The Manager currently intends to limit Derivative exposures within the Portfolio to relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).

To mitigate against the risks associated with Derivatives, the Manager will actively manage exposures within the Portfolio, as follows:

- (a) the effective exposure via Derivatives is typically not expected to exceed 100% of the Portfolio's NAV. If exposure to Derivative positions is 100% or more of the Portfolio's NAV, it is theoretically possible that the Company could lose its entire Portfolio from losses on its Derivative positions; and
- (b) the Portfolio's gross exposure (i.e. the value of Long Positions, plus Short Positions, plus gross Derivative exposures within the Portfolio), whilst not limited, will typically be less than 150% of the Portfolio's NAV. See Section 3.5(a) for further details.

It should be noted that irrespective of the Portfolio's gross exposure or effective exposure via the Derivatives, investors in the Company would not have an exposure in excess of 100% of their investment in the Company Shares.

(c) Short Selling Policy

The Company may hold Short Positions where it sees attractive risk-return opportunities and to manage specific risks it has identified.

The Manager will generally affect a Short Selling strategy by borrowing the desired security and then selling it on market. To close the Short Position the Company would need to purchase the underlying security in the market and repay it to the lender. The Manager may also affect a short sale through the use of equity and index derivative contracts, in which two parties agree to exchange payments of value (or cash flows) for typically non-deliverable contracts.

While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. When the Manager takes a Short Position, it is expecting that the price of that security will fall. There is always the risk that the price will increase instead. If this happens, it is possible that the price to repurchase the security could exceed the amount initially invested, generating a loss. Refer to the examples below and Section 5 for risk considerations relating to Short Selling.

The following examples illustrate how a Short Position may result in a loss or a profit. Both examples assume the Manager short sells 10,000 shares of XYZ Limited (**XYZ Shares**) at \$100 per XYZ Share and later closes the Short Position by entering into an equal and opposite trade. We have assumed that all costs and interest associated with the Short Position in each example are the same (i.e. borrowing costs and commissions totalling \$200 and \$250 in interest receivable).

Example 1: Potential gain

The Company short sells 10,000 XYZ Shares at \$100 and closes the Short Position when the XYZ Share price falls to \$80.

Trade	No. of XYZ Shares	XYZ Share Price (\$)	Total Income / Cost
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$200)
Interest receivable			\$250
Closing buy	10,000	\$80	(\$800,000)
Profit			\$200,050

Example 2: Potential loss

The Company short sells 10,000 XYZ Shares at \$100 and closes the Short Position when the XYZ Share price rises to \$120 by entering into an equal and opposite trade.

Trade	No. of XYZ Shares	XYZ Share Price (\$)	Total Income / Cost
Opening sell	10,000	\$100	\$1,000,000
Borrowing cost and commission			(\$200)
Interest receivable			\$250
Closing buy	10,000	\$120	(\$1,200,000)
Loss			(\$199,950)

(d) **Currency**

Investing in Long and Short positions denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an investment is denominated in a foreign currency and that currency changes in value against the Australian dollar, the value of that investment may change when translated into Australian dollars, and the Portfolio may suffer a profit or a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination. The Company's Investment Strategy seeks to assess the potential returns and risks created by currency exposures and to position the Portfolio with the aim of capturing those returns while minimising those risks.

The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian long dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures. As part of its Investment Process, the Manager will typically assess the indirect impact of currency on the companies it invests in and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding.

3.7. Permitted investments

Under the Investment Management Agreement, the Manager is permitted to undertake investments on behalf of the Company. The types of securities and other financial products and instruments included in the Company's investable universe include, but are not limited to:

- (a) all Securities, whether listed or unlisted, Australian or international (including options, convertible notes, rights and debentures);
- (b) cash and cash equivalent investments; and
- (c) Derivatives (including equity swaps, contract for differences, futures, forwards, warrants and contracts and currency forward contracts).

This is not an exhaustive list of all the types of investments authorised under the Investment Management Agreement between the Company and the Manager, and investments will be made in accordance with the guidelines agreed between the Company and the Manager (initially being the guidelines in Section 3.6).

Under the Investment Management Agreement, the Manager may undertake investments in the Portfolio without the prior approval of the Board, provided they are in accordance with the investment objectives, strategies, policies and guidelines set by the Company from time to time. In the event that a proposed investment is not in accordance with the Company's investment objective, strategies, policies and guidelines or permitted investments, the Manager must obtain Board approval to make the investment.

3.8. Dividend objective

The Board of the Company intends to pay fully franked dividends from available profits derived from dividends and interest income it receives from its investments as well as realised gains on the sale of investments within the Portfolio, 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. The Company may not be successful in meeting this objective.

The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including the availability of profit reserves and franking credits, future earnings, capital requirements, financial conditions and other factors that the Board deems relevant.

The Company has established a Dividend Reinvestment Plan, the terms of which are summarised in Section 10.4.

3.9. Capital management policy

The Board will regularly review the capital structure of the Company and, where the Board considers appropriate, undertake capital management initiatives which may involve:

- (a) the issue of other Shares (through bonus options issues, placements, share purchase plans, pro rata issues, etc.); and / or
- (b) the buy-back of its Shares.

3.10. Allocation policy

The Manager is also the investment manager of the Cadence Entities.

The Cadence Team will apply the same Investment Processes and a similar investment strategy in managing the Cadence Entities that it intends to apply to the Portfolio. The key differences to the Company's Investment Strategy and those of the Cadence Entities are described in Section 4.5.

If the Company and other Cadence Entities wish to purchase a particular Security, then the allocation will depend on the targeted weighting or level indicated by the Company and the relevant Cadence Entities, and may take into account a number of factors including the relevant entities gross asset values.

3.11. Valuation, location and custody of assets

The assets of the Company will be valued daily (released to the ASX monthly) using market accepted practices to accurately and independently price all securities and other assets within the Portfolio. The Value of the Portfolio shall be determined by aggregating the value of each investment forming part of or comprised in the Portfolio and each investment shall be valued in accordance with the following methodology:

- (a) cash (including income) – the amount of such cash (in Australian dollars);

- (b) securities – the market value of such Securities determined in accordance with Australian Accounting Standards (unless otherwise agreed by the Company and the Manager); and
- (c) other investments – if any investment is not included in (a) or (b) above, the value of that investment determined in accordance with Australian Accounting Standards.

The Company may request that the value of an investment be determined by a duly qualified valuer independent of both the Company and the Manager (**Approved Valuer**), which is recommended by the Manager having regard to the particular type or types of investment which are the subject of the valuation.

The Company will delegate custody of its Portfolio to the Custodian and its Prime Broker. The Company may also retain custody of some of its assets such as cash.

3.12. Risk management philosophy and approach

The Company has appointed the Manager to manage the Portfolio. The Manager will be primarily responsible for managing the risk of the Portfolio. The Manager has implemented risk policies and controls which are designed to be relevant to the Company's Investment Strategy. In addition, the Manager's process for entering and exiting Position outlined in Section 3.5 of this Prospectus is intended to be an important factor in managing Portfolio risks.

The Manager will continuously monitor the Portfolio to ensure compliance with the Investment Strategy and Investment Guidelines. They ensure, amongst other things, ongoing exposures within the Portfolio.

The Company will manage risk by monitoring the Manager. Under the Investment Management Agreement the Manager must report to the Board on a regular basis. These reports will allow the Board to monitor the Manager and the Portfolio to ensure ongoing compliance with the Investment Strategy and Investment Guidelines.

3.13. Changes to Investment Strategy

The Investment Strategy and Guidelines outlined in this Section are expected to be implemented by the Manager upon listing of the Company on ASX.

While no material changes to the Investment Strategy are presently contemplated, if there are changes, these changes would be made with the approval of the Board, after consultation with the Manager. The Company will notify Shareholders via its website and ASX of any material changes to the Company's Investment Strategy.

3.14. Reports to Shareholders

Within 14 days after the end of each month, the Company will release to the ASX a statement of the net tangible asset backing of its Shares as at the end of that month. The calculation of the net tangible asset backing of Shares will be made in accordance with the ASX Listing Rules.

The Company will provide to Security holders on request, free of charge, a copy of statements released to ASX of the net tangible asset backing of Shares from time to time.

The Company may also release to the ASX (and place on its website) reports, prepared by the Manager from time to time, to keep Shareholders informed about the current activities of the Company, the performance of the Company's Portfolio and the investment outlook.

4. About the Manager

4.1. Overview of the Manager

The Investment Strategy will be implemented by the Manager, Cadence Asset Management Pty Limited, which holds Australian Financial Services Licence 252745.

The Manager is a privately-owned boutique management company with funds under management of approximately \$418 million as at 30 June 2018.

The Manager is the investment manager of Cadence Capital Limited (ASX Code CDM) and a wholesale unit trust called Cadence Capital (ABN 19 234 018 420).

The Manager was established approximately 15 years ago on 3 October 2003, and currently has an experienced investment team comprised of 3 investment professionals and 4 operational professionals. The Cadence Team is led by Karl Siegling (the Chairman of the Company). The Manager's team is based in its offices in Sydney, Australia.

Alignment of interests is a critical aspect of the Manager's business model and culture. The Manager's team is currently the largest investor in Cadence Capital Limited. The Manager's team intends to participate in the Offer. Karl Siegling will personally invest \$2,000,000 into the Company.

4.2. Role of the Manager

The Manager will be responsible for making investment decisions for the Company and to implement the Investment Strategy in accordance with the Investment Management Agreement (a summary of the agreement is set out in Section 9.1).

The Manager will:

- (a) implement the Investment Strategy, including active management and supervision of the Portfolio's investments;
- (b) manage the Portfolio's exposure to markets, Derivatives and cash;
- (c) regularly update the Company and Shareholders regarding the Portfolio and provide all information necessary for the maintenance of the Company's financial accounts to be completed; and
- (d) provide administrative support to assist and ensure the maintenance of the Company's corporate and statutory records, compliance with the ASX Listing Rules and the Corporations Act.

4.3. Cadence Team Overview

Karl Siegling will hold ultimate responsibility for the implementation of the Company's Investment Strategy.

The 3 investment professionals within the Cadence Team have diverse expertise in the financial markets. Together, they have over 50 years' equity investment experience.

The Manager uses the same fundamental and technical research investment process it will use as Manager of the Company across each of the portfolios it manages.

With experience across a broad range of industry sectors and regions, as well as in the transactional requirements for undertaking global investments, the Manager believes that it is well placed to manage the Company's Portfolio.

The Manager considers that each member of the Cadence Team will be available to devote the amount of time required for the Manager to properly perform its functions in managing the Company's Portfolio, in accordance with the Investment Management Agreement.

There have been no adverse regulatory findings against the Manager or any member of the Cadence Team.

4.4. Cadence Team Members

Karl Siegling (Managing Director and Portfolio Manager)



Karl Siegling has 25 years investment experience in the financial sector both in Australia and overseas. He holds a Bachelor of Commerce and a Law degree from the University of Melbourne and an MBA from INSEAD in France. Karl holds a Post Graduate Diploma in Finance with the Securities Institute of Australia.

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 an 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 15 and a half years.

Karl has been the Chairman and Managing Director of Cadence Capital Limited for 13 years.

Wayne Davies (Chief Operating Officer)



Wayne Davies has over 15 years of 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 founding member of the Manager and has been the Chief Operating Officer of the Manager for the past 10 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 currently a director of Cadence Capital Limited. Wayne has been an Executive Director of Cadence Capital Limited for over 5 years.

Alan Crozier (Portfolio Manager)



Alan joined the Manager in 2017 as a Portfolio Manager.

Alan has over 20 years experience in financial markets having worked at NRMA Funds Management, a founding member of Paradise Investment Management and James Capel Stockbroking.

Alan holds a Bachelor of Commerce.

Charlie Gray (Equity Analyst)



Charlie joined the Manager in 2017 as an Equity Analyst. Charlie has over 5 years experience in financial markets, having worked at Hunter Green Institutional Broking and Morgan Stanley Smith Barney.

Charlie holds a Bachelor of Commerce (Finance) and is a Chartered Financial Analyst (CFA) Charterholder.

Michelle Morgan (Investor Relations)



Michelle joined the Manager in 2013 to assist with Investor Relations, Sales & Marketing. Michelle has 18 years financial services experience, with over 11 years working at the Australian Securities Exchange (ASX) in roles interfacing with brokers, fund managers, financial planners and retail investors.

Michelle holds a Bachelor of Commerce (Accounting & Marketing) and a Graduate Diploma in Applied Finance and Investment from FINSIA.

Kirsty Riley (Marketing Communications)



Kirsty joined the Manager in 2017 to assist with Communications, Marketing & Investor Relations. Kirsty has 11 years experience across equities and private wealth in various Desk Assistant, Corporate Access, Account Management and Business Development roles at Goldman Sachs, Macquarie Group, Deutsche Bank and Shaw and Partners.

Kirsty is currently completing a Bachelor of Business Finance and Economics at Charles Sturt University.

Tracy Xu (Equity Operations)



Tracy joined the Manager in early 2018 to assist with operations. Tracy graduated from Australian National University and holds two Master degrees, in Financial Management and Accounting.

Tracy previously worked at BNP Paribas, in the investment administration team.

4.5. Relevant experience of the Manager

The Manager is also the investment manager of Cadence Capital Limited (ASX Code CDM) and a wholesale unit trust called Cadence Capital (ABN 19 234 018 420).

Cadence Capital Limited is a listed investment company. The Manager has managed Cadence Capital Limited since its inception in October 2005 using the same investment processes and an investment strategy that is similar to the strategy it will employ as the Company's Manager. The key differences between the respective investment strategies are:

- (a) the Company's Investment Strategy is focused on benefiting from shorter-term trends to a greater extent than Cadence Capital Limited's strategy;
- (b) the Company will be taking smaller initial Position sizes and adding to Positions in smaller subsequent lots than Cadence Capital Limited; and
- (c) the Company will have a greater ability to participate in trading opportunities (see Section 3.5(b) for details).

Notwithstanding the above differences, the Manager will employ the same proven investment processes in implementing the respective strategies of Cadence Capital Limited and the Company. Given the Company's investment processes are the same as those currently employed for Cadence Capital Limited and the Company has the same legal structure as Cadence Capital Limited (i.e. both are LICs), the Company considers the performance of Cadence Capital Limited is important in assessing the record and capabilities of the Manager. Details of such performance are set out in Section 4.6 below.

4.6. Historical performance of Cadence Capital Limited

This Section contains details in relation to the historic performance of Cadence Capital Limited since inception in October 2005. The Company considers the performance of the Cadence Capital Limited to be representative of the historical performance of the Manager's investment processes and therefore relevant for investors assessing an investment in the Company.

The graphs and charts detailed in this Section are not forecasts and do not represent the future behaviour of the Company or its Investment Strategy and processes. Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance of the Cadence Capital Limited portfolio in the past. Investors should note that, whilst similar, there are differences between the Company's Investment Strategy and the strategy employed by Cadence Capital Limited. See Section 4.5 for further details. As a result, the composition of the Company's Portfolio and the weighting of individual positions within it will not be identical to the portfolio of Cadence Capital Limited.

There can be no certainty that the performance of the Company will be similar to the historic performance of Cadence Capital Limited.

(a) Comparative historical performance

The following table illustrates the historical performance of Cadence Capital Limited, compared against the S&P/ASX All Ordinaries Accumulation Index. The S&P/ASX All Ordinaries Accumulation Index has been used as a comparison because it is the benchmark that Cadence Capital Limited has historically used.

The table below shows that Cadence Capital Limited delivered a gross return of 14.9% per annum since its inception in October 2005 compared against S&P/ASX All Ordinaries Accumulation Index which delivered a 6.9% return per annum over the same period. During the Offer period, Cadence Capital Limited's NTA will be released via the ASX on a weekly basis.

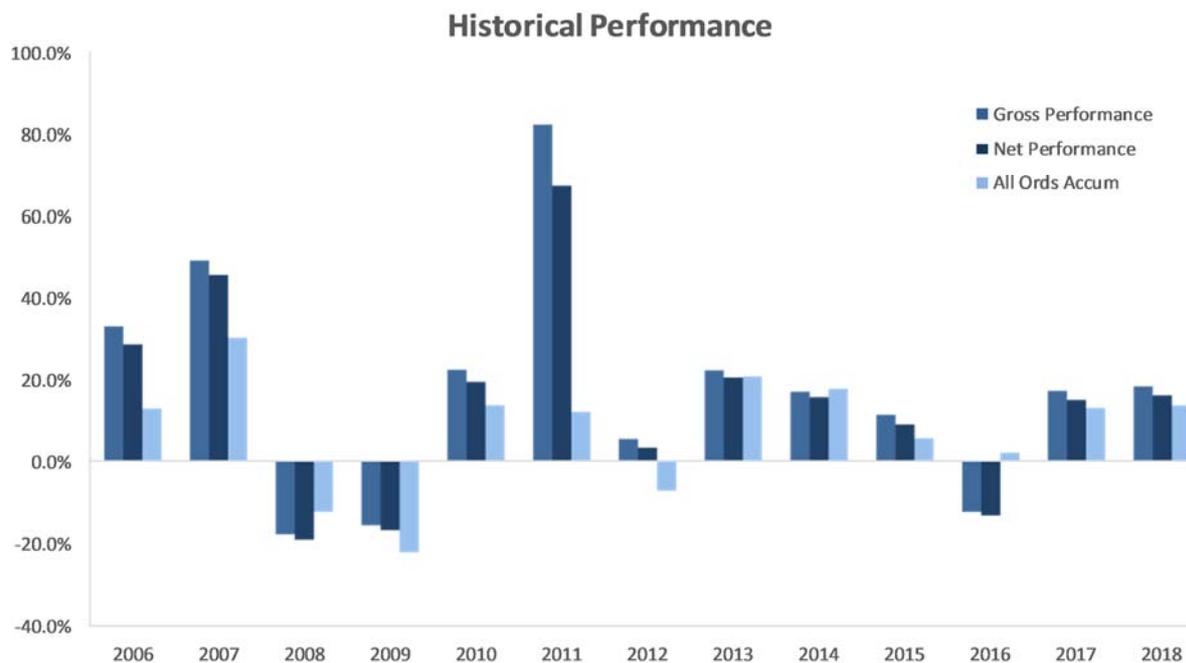
Gross Performance to 30th September 2018	CDM	All Ords Accum	Outperformance
1 Month	-0.2%	-1.1%	+0.9%
YTD	-2.8%	1.9%	-4.7%
1 Year	10.8%	14.7%	-3.9%
3 Years (per annum)	6.4%	12.4%	-6.0%
5 Years (per annum)	8.0%	8.4%	-0.4%
8 Years (per annum)	15.8%	8.5%	+7.3%
10 Years (per annum)	14.9%	7.7%	+7.2%
Since Inception (13.0 years) (per annum)	14.9%	6.9%	+8.0%
Since Inception (13.0 years) (total return)	509.2%	139.5%	+369.7%

Note:

1. The gross performance of Cadence Capital Limited is calculated in Australian dollars prior to payment of management fees and performance fees, based on audited accounts for each financial year listed in the above chart and unaudited accounts for the period between 1 July 2018 to 30 September 2018.
2. "All Ords Accum" means "S&P/ASX All Ordinaries Accumulation Index". The performance of the S&P/ASX All Ordinaries Accumulation Index is based on trading data prepared by Bloomberg L.P.. Bloomberg has not consented to the use of this data in this Prospectus.
3. The above table reflects the various periods, each of which ends on 30 September 2018.
4. Past performance is not a reliable indicator of future performance. The performance of the Company's Portfolio could be significantly different to the performance of Cadence Capital Limited historically or in the future.
5. The relative returns identified above are not intended to be an indication of the future performance of the Company, the Portfolio or the market.
6. The performance of S&P/ASX All Ordinaries Accumulation Index is used for comparison purposes as it is the benchmark employed by Cadence Capital Limited. The Manager will not seek to replicate, but will have regard to, the S&P/ASX All Ordinaries Accumulation Index or any other Benchmark, in the construction of the Portfolio. The Portfolio and the S&P/ASX All Ordinaries Accumulation Index will have different risk profiles.

The graph below illustrates the annual historical performance of Cadence Capital Limited, compared against the S&P/ASX All Ordinaries Accumulation Index. The graph shows Cadence Capital Limited's annual net performance (calculated after management and performance fees, but before taxes) since inception in October 2005.

For the purposes of comparing performance against the S&P/ASX All Ordinaries Accumulation Index, the graph also illustrates Cadence Capital Limited's annual gross performance (i.e. before performance and management fees) since inception.



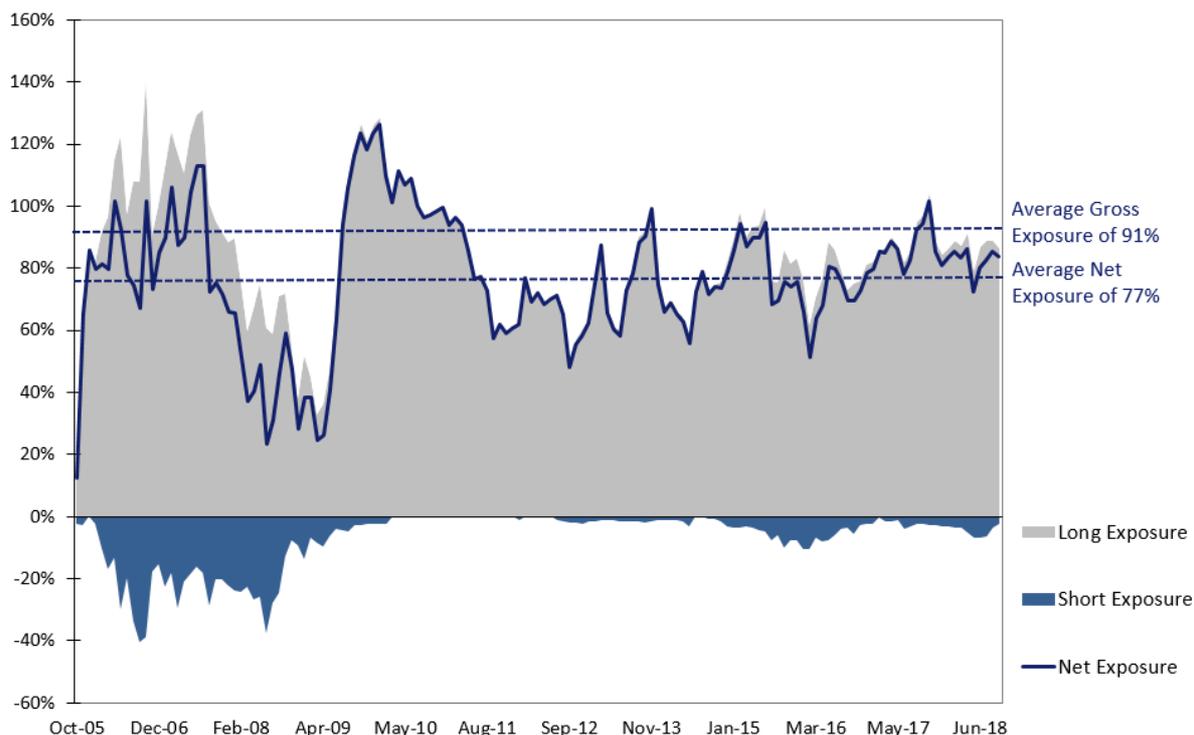
Notes:

1. The gross and net performance of Cadence Capital Limited is calculated in Australian dollars, based on audited accounts for each financial year listed in the above chart.
2. "All Ords Accum" means "S&P/ASX All Ordinaries Accumulation Index". The performance of the S&P/ASX All Ordinaries Accumulation Index is based on trading data prepared by Bloomberg L.P.
3. The above table reflects the various periods, each of which ends on 30 June 2018. In respect of 2006, the period commences from October 2005.
4. Past performance is not a reliable indicator of future performance. The performance of the Company's Portfolio could be significantly different to the performance of Cadence Capital Limited historically or in the future. Following the date of this Prospectus, Cadence Capital Limited's NTA will be released via the ASX on a weekly basis.
5. The relative returns identified above are not intended to be an indication of the future performance of the Company, the Portfolio or the market.
6. The performance of S&P/ASX All Ordinaries Accumulation Index is used for comparison purposes as it is the benchmark employed by Cadence Capital Limited. The Manager will not seek to replicate, but will have regard to, the S&P/ASX All Ordinaries Accumulation Index or any other Benchmark, in the construction of the Portfolio. The Portfolio and the S&P/ASX All Ordinaries Accumulation Index will have different risk profiles.

(b) Historical short exposure and net exposure

The following table illustrates the historical exposure of Cadence Capital Limited, detailing its long exposure, its short exposure and its net exposure. The historical exposures have been included to provide some context to the investment environment that the historical investment performance returns have been generated in. The information is not intended to provide an indication of the exposure that the Company will hold from time-to-time in the future.

Since inception, the average net exposure for Cadence Capital Limited has been 77% and the average gross exposure for Cadence Capital Limited has been 91% (both less than 100% market exposure on average).



Notes:

1. "Long Exposure" means the value of Long Positions within Cadence Capital Limited's portfolio and "Short Exposure" means the value of Short Positions within Cadence Capital Limited's portfolio, in each case expressed as a percentage of the total portfolio at various points from October 2005 to 30 September 2018.
2. "Net Exposure" is the value of the Long Positions less the value of Short Positions within Cadence Capital Limited's portfolio and "Gross Exposure" is the value of the Long Positions plus the value of Short Positions, each expressed as a percentage of Cadence Capital Limited's portfolio at various points from October 2005 to 30 September 2018.
3. "Average Gross Exposure" and "Average Net Exposure" have been calculated over the period from October 2005 to 30 September 2018.
4. This chart does not reflect the likely net or gross exposure within the Portfolio. It is provided as an example only – it is not to be taken as an example of the optimal portfolio exposures or targeted allocation of Long and Short Positions, now or in the future.

4.7. Other experience of the Manager

The Manager is also the manager of Cadence Capital (ABN 19 234 018 420). The Company considers that the performance of this trust is not directly relevant to the Company because:

- (a) there are differences between the investment strategies employed by Cadence Capital and the Company (these differences are listed above at Section 4.5); and
- (b) there are structural differences between Cadence Capital, a wholesale unit trust, and the Company which impact, among other things, cash flows within the different portfolios.

5. Risk Factors

5.1. Introduction

Intending investors should be aware that subscribing for Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of the Company. These factors include Australian and worldwide economic and political stability, natural disasters, performance of the global stock markets, interest rates, foreign exchange, taxation and labour relations environments internationally.

Some of the events and circumstances described below may negatively impact the Company's investment performance and NTA backing per Share, which may in turn cause the market price of the Company's Shares to fall and may result in the loss of income and the principal you invested. The market price of the Shares may also be directly affected by some of the events and circumstances described below.

While the Company and the Manager have put in place various corporate governance, compliance and risk management systems to mitigate risks, neither the Company nor the Manager can guarantee that these safeguards and systems will be effective. Some risks are outside the control of the Company, the Directors, the Manager and its directors and employees, and cannot be mitigated.

Before making a decision on whether to apply for any Securities under the Offer, you are urged to carefully consider the risks described in this Section 5, which is not an exhaustive list of all the possible risks associated with investing in the Company, as well as any other risk factors that you may consider relevant to such investments. Your stockbroker, solicitor, accountant or other professional adviser can assist you in determining the risks of investing in the Company and whether it is suited to your needs and circumstances.

The following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

5.2. Key investment strategy risk

The Company's investment activities will expose it to a variety of risks. The Company has identified some of them as being particularly relevant to its Investment Strategy, namely:

Investment Strategy risk

The success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its Securities.

Manager risk

The success and profitability of the Company depends almost entirely on the ability of the Manager to construct a Portfolio of investments that have the ability to increase in value over time. The past performance of the Manager is not necessarily a guide to future performance of the Company.

Further, the success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for the Company or should there be significant key personnel changes at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted. Even if the Company does not perform well, it may be difficult to remove the Manager.

5.3. Significant risks of investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company.

Market risk

Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Manager will seek to minimise market and economic risks but cannot eliminate them entirely.

Equity risk

There is a risk that Securities will fall in value over short or extended periods of time. Historically, Securities have outperformed other traditional asset classes over the long-term. Security markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders in the Company are exposed to this risk both through their holdings in Shares in the Company as well as through the Company's Portfolio.

Leverage risk

The Manager is permitted to borrow on behalf of the Company and may use debt to increase the scale of the Portfolio of the Company. In addition, the use of Derivatives and Short Selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the Portfolio. Leverage gives rise to the possibility that Positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Derivative risk

The Company may use Derivative (both Exchange Traded and Over-the-Counter) for risk and portfolio management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also, investments in Derivatives may cause losses associated with the value of the Derivative failing to move in line with the underlying Security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

Generally, Over-the-Counter Derivatives transactions carry greater counterparty risk than Exchange Traded Derivatives (i.e. where the counterparty to the transaction is the exchange's clearing house). Trading in Over-the-Counter Derivatives will generally require the lodgement of collateral or credit support, such as a margin or guarantee with the counterparty, which in turn gives rise to counterparty risk. In selecting counterparties to enter into transactions with, consideration is given to the financial position and credit rating of the counterparty. It is the intention of the Manager to only employ relatively simple Derivatives (i.e. equity swaps, CFDs and currency forward contracts).

Short Selling risk

There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. Short Selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a Security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Short Selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns.

The use of Short Selling may cause losses associated with changes in market conditions (such as fluctuations in interest rates, equity prices or exchange rates). Also, changes in the value of a Short Position may not correlate perfectly with the underlying asset.

Short Positions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction. Short Positions may also be subject to liquidity risk or counterparty risk. Depending on market conditions, Short Positions can be costly or difficult to reverse.

Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Foreign issuer and market risk

The Company's Investment Strategy is focused on investing in Securities both in Australia and overseas. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.

Investments in foreign companies may decline in value because of sovereign, political, economic or market instability; the absence of accurate information about the companies; risks of unfavourable government actions such as expropriation and nationalisation. Other countries may have different legal systems, taxation regimes, auditing and accounting standards with less governmental regulation and transparency. These risks may be higher when investing in emerging markets.

The Company aims to minimise this risk through the Manager's careful analysis of each Security the Company invests in.

Currency risk

Investing in assets (Long and Short Positions) denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the Value of the Portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars and the Portfolio may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination.

The Manager will actively manage currency exposures to protect and enhance Australian dollar returns. Natural hedging (e.g. borrowing in a foreign currency to hedge non-Australian long dollar exposures) may be employed. The Manager may also use Derivatives to hedge currency exposures.

Counterparty and Collateral Risk

The Company uses the services of a Prime Broker for its financing, derivative products and to facilitate the lending of Securities to short sell. The Company will be required to maintain assets with the Prime Broker as Collateral for such services. As such, the Company may be exposed to certain risks in respect of that Collateral. Risks include risk of loss resulting from the insolvency or bankruptcy of a Prime Broker.

When the Company enters into an arrangement that requires it to deliver Collateral or other credit support to a counterparty, the Company will be exposed to the following additional risks in respect of that Collateral. The Company:

- (a) may be required to post upfront margin/Collateral with the counterparty (whether cash or other securities). The Company will need to have sufficient liquid assets to satisfy this obligation;

- (b) may, from time-to-time if the value of the arrangements moves against it, be required to post additional Collateral with the counterparty. The Company will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the counterparty may have the right to terminate such arrangements; and
- (c) will be subject to credit risk on the counterparty. In the event the counterparty becomes insolvent at a time it holds margin/Collateral posted with it by the Company, the Company will be an unsecured creditor of the counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law.

The Company seeks to limit this risk by moving a portion of the Company's assets to an independent third party Custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit any investment held in custody on behalf of the Company.

Default risk

Investment in Securities and financial instruments generally involves third parties as custodial, Prime Broker and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company.

There is a risk of loss resulting from the insolvency or bankruptcy of a prime broker or counterparty used by the Manager. The Manager aims to keep this risk to a minimum by monitoring the counterparties and by engaging independent third party custodian. The Custodian will not be permitted to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its benefit any investment held in custody on behalf of the Company.

The Company will use the services of the Prime Broker and outsource key operational functions including investment management, custody, execution, registry services, administration and accounting to a number of third party service providers.

There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company. The use of third party service providers carries risk of default which could adversely affect the value of the Company. This includes a risk that the Custodian fails to secure custody of the Company's assets resulting in a loss.

Liquidity risk

The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a Security cannot be bought or sold quickly enough to minimise potential loss, the Company may have difficulty satisfying its commitments, including those associated with financial instruments.

The Company's Securities are also exposed to liquidity risk. The ability of an investor in the Company to sell their Securities on the ASX will depend on the turnover or liquidity of the Securities at the time of sale. Therefore, investors may not be able to sell their Securities at the time, in the volumes, or at the price they desire.

The Manager will seek to minimise liquidity risks by:

- (a) monitoring significant exposure to illiquid or thinly traded financial instruments; and
- (b) being aware of liquidity when constructing and managing the Portfolio.

Small cap investment risk

Securities of smaller companies involve greater risk than those of larger, more established companies. This is because smaller companies may be in earlier stages of development, may be dependent on a small number of products or services, may lack substantial capital reserves and/or do not have proven track records. Small cap companies may be more adversely affected by poor economic or market conditions, and may be traded in low volumes, which may increase volatility and liquidity risks.

Portfolio turnover risk

The Manager may adjust the Portfolio as considered advisable in view of prevailing or anticipated market conditions and the Company's investment objective, and there is no limitation on the length of time Securities must be held, directly or indirectly, by the Company prior to being sold. Portfolio turnover rate will not be a limiting factor and will vary from year to year. Higher portfolio turnover rates involve correspondingly higher transaction costs, which are borne directly or indirectly by the Company. In addition, the Company may realise significant short-term and long-term capital gains.

Compensation fee structure risk

The Manager may receive compensation based on the Portfolio's performance. Performance Fee arrangements may create an incentive for the Manager to make more speculative or higher risk investments than would be the case in the absence of a fee based on the performance of the Portfolio.

Regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

Concentration risk

The Company's typical portfolio is expected to hold 20 to 80 Positions, which represents moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.

Interest rate risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a Security and the cost of borrowing. The Company is exposed to movements in Australian interest rates as well as movements to interest rates in each jurisdiction it holds investments.

Company risk

The Company is a new entity with no operating history and no proven track record.

5.4. Risks associated with investment in Shares

The prices at which Shares will trade on the ASX are subject to a number of risks, including:

Market risk

Share markets tend to move in cycles, and individual Share prices may fluctuate and under perform other asset classes over extended periods of time. The value of Shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares as well as through the Company's Portfolio.

Economic risk

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

Financial market volatility

A fall in global equity markets, global bond markets or the rate of change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which the Securities trade.

Liquidity risk

The Company will be a listed entity; therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time.

Discount to NTA

The Company will be listed on the ASX and may not trade in line with the underlying Value of the Portfolio. The Company may trade at a discount or a premium to its NTA.

5.5. Other risk factors

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment.

There may be tax implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend reinvestment plan of the Company, participation in any on-market share buy-back and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

5.6. Time frame for investment

Investors are strongly advised to regard any investment in the Company as a medium-to-long-term proposition of over 5 years and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period.

In addition, the above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of

the Securities. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

You should consider that an investment in the Company is speculative and consult your professional adviser before deciding whether to apply for the Shares.

6. Financial Position of the Company

6.1. Proceeds of the Issue

The Board intends to use the funds raised from the Offer for investment consistent with the investment objectives and Investment Process set out in Section 3.

6.2. Unaudited pro forma statement of financial position

The unaudited pro forma statements of financial position set out below represent the pro forma statements of financial position of the Company adjusted for completion of the Offer. It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Offer.

The pro forma statements of financial position have been prepared in accordance with the accounting policies set out in Section 6.8 below.

Cadence Opportunity Fund Limited Unaudited Pro Forma Statement of Financial Position Assumes completion of the Offer

The unaudited pro forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The information in this Section should also be read in conjunction with the Risk Factors set out in Section 5 and other information contained in this Prospectus.

	Minimum Subscription \$16.5 million (\$'000)	Maximum Subscription \$100 million (\$'000)	Over Subscription \$200 million (\$'000)
Assets			
Cash	16,145	98,646	196,367
Manager Loan Receivable	355	1,354	3,633
Total Assets	16,500	100,000	200,000
Total Liabilities	-	-	-
Net Assets	16,500	100,000	200,000
Equity			
Contributed Equity	16,500	100,000	200,000
Total Equity	16,500	100,000	200,000
NAV Backing Per Share ³ (\$)	1.25	1.25	1.25

³ NAV is calculated as the Company's net assets position in the Pro Forma Financial divided by the Shares on issue in Section 6.3 for the corresponding indicated subscription amounts.

6.3. Capital structure

The anticipated capital structure of the Company on completion of the issue is set out below:

	Minimum Subscription \$16.5 million	Maximum Subscription \$100 million	Over Subscription \$200 million
Shares on Issue	13,200,001	80,000,001	160,000,001

6.4. Cash

A reconciliation of the pro forma statements of financial position for cash is as below:

	Minimum Subscription \$16.5 million (\$)	Maximum Subscription \$100 million (\$)	Over Subscription \$200 million (\$)
Initial Subscriber Share	1	1	1
Proceeds of Offer	16,500,000	100,000,000	200,000,000
Manager Loan Receivable	(355,261)	(1,354,063)	(3,633,106)
Estimated net cash position	16,144,740	98,645,938	196,366,895

6.5. Assumptions

These unaudited pro forma statements of financial position and the information in Sections 6.2 to 6.4 have been prepared on the basis of the following assumptions:

- (a) Application of the proposed accounting policies and notes to the accounts set out in Section 6.8;
- (b) In the unaudited pro forma statement of financial position entitled "Minimum Subscription \$16,500,000", the reference is to issuing 13,200,000 Shares to Applicants under this Prospectus;
- (c) In the unaudited pro forma statement of financial position entitled "Maximum Subscription \$100,000,000", the reference is to issuing 80,000,000 Shares to Applicants under this Prospectus;
- (d) In the unaudited pro forma statement of financial position entitled "Over Subscription \$200,000,000", the reference is to issuing 160,000,000 Shares to Applicants under this Prospectus;
- (e) Expenses of the Offer are to be paid by the Manager; and
- (f) The estimated drawdown for the Manager Loan Receivable to the Company in the Pro Forma Financial Position.

6.6. Manager Loan Receivable

The Manager will pay the Offer Costs (see Section 6.7 for details) from a loan advanced by the Company to the Manager. The amount of funds available for the Manager to draw down from will

depend on the proceeds and costs of the Offer. The estimated loan amount based on the different indicated subscription amounts are summarised below.

	Minimum Subscription \$16.5 million (\$)	Maximum Subscription \$100 million (4)	Over Subscription \$200 million (\$)
Manager Loan Receivable	355,261	1,354,063	3,633,106

6.7. Offer Costs

The Manager will pay the Offer Costs from the Manager Loan Receivable (see Section 6.6 for details). Offer Costs include broker, legal, accounting and taxation, printing and initial ASX listing fees.

These expenses have been estimated at \$355,261 assuming the Minimum Subscription is achieved, \$1,354,063 assuming the Maximum Subscription is achieved and \$3,633,106 assuming Oversubscriptions are fully subscribed.

A breakdown of these expenses (including GST), is provided below:

	Minimum Subscription \$16.5 million (\$)	Maximum Subscription \$100 million (\$)	Over Subscription \$200 million (\$)
Broker Fees	-	900,000	3,125,000
Legal fees	148,500	148,500	148,500
Investigating accountant fees	35,200	35,200	35,200
ASX fees	88,358	167,475	216,568
ASIC lodgement fees	3,206	3,206	3,206
Other expenses	79,997	99,682	104,632
Total estimated gross expenses of the Offer	355,261	1,354,063	3,633,106

6.8. Proposed significant accounting policies and notes to accounts

A summary of significant accounting policies that have been adopted in the preparation of unaudited pro forma statements of financial position set out in Section 6.2, or that will be adopted and applied in preparation of the financial statements of the Company for the financial year ending 30 June each year, is set out as follows.

(a) Basis of preparation

The pro forma statements of financial position have been prepared in accordance with the Australian Accounting Standards and Interpretations, issued by the AASB and the Corporations Act, as appropriate for for-profit oriented entities (as modified for inclusion in the Prospectus). Australian Accounting Standards set out accounting policies that the AASB 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 International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro forma statements of financial

position have been prepared on the basis of assumptions outlined in Section 6.5. The pro forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

(b) Investments

(i) Classification

The category of financial assets and financial liabilities comprises:

Financial instruments held for trading:

These include futures, forward contracts, options and interest rate swaps. Derivative financial instruments entered into by the Company do not meet the hedge accounting requirements as defined by the accounting standards. Consequently, hedge accounting is not applied by the Company.

Financial instruments designated at fair value through profit or loss upon initial recognition:

These include financial assets and liabilities that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of the financial assets and liabilities held by the Company and the financial liabilities arising from the units must be fair valued.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade and other receivables within the statement of financial position.

(ii) Recognition/Derecognition

Financial assets and liabilities at fair value through profit or loss and available for sale financial assets are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement

Financial instruments designated at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the Statement of Profit or Loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss.

Assets measured at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade and other receivables within the Statement of Financial Position.

Loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

(c) Revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

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.

(d) Expenses

All expenses, including performance fees and investment management fees, are recognised in the statement of profit or loss on an accrual basis.

(e) 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, 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.

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 amounts 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 deferred tax liabilities can be presented as a net balance in the statement of financial position when:

- (i) the Company has a legally enforceable right to offset its current tax assets and current tax liabilities; and
- (ii) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(f) Goods and Services Tax (**GST**)

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.

(g) 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.

(h) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net foreign exchange gains/(losses) in the statement of comprehensive income. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss.

(i) Share capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

7. Investigating Accountant's Report



PITCHER PARTNERS
SYDNEY CORPORATE FINANCE PTY LTD

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
sydneypartners@pitcher.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

2 November 2018

The Directors
Cadence Opportunities Fund Limited
Level 11, 131 Macquarie Street
SYDNEY NSW 2000

Dear Directors

PART 1: INDEPENDENT LIMITED ASSURANCE REPORT ON CADENCE OPPORTUNITIES FUND LIMITED PRO FORMA HISTORICAL FINANCIAL INFORMATION

7.1 INTRODUCTION

The Directors of Cadence Opportunities Fund Limited (the "*Company*") have engaged Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") to report on the pro forma historical financial information of the Company as at 6 July 2018.

We have prepared this Independent Limited Assurance Report ("Report") to be included in a Prospectus dated on or about 2 November 2018 and relating to the Offer of up to 80,000,000 fully paid ordinary Shares at an offer price of \$1.25 per Share to raise up to \$100,000,000 should the Maximum Subscription be raised.

The Minimum Subscription is 13,200,000 fully paid ordinary Shares to raise a minimum of \$16,500,000. The Offer is not underwritten.

Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("*AFSL*") under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

7.2 BACKGROUND

The Company was incorporated on 6 July 2018 and has not traded. As at the date of this Report, the Company has 1 Share on issue and has net assets of \$1.



7.3 SCOPE

This Report deals with the pro forma financial information included in Section 6 of the Prospectus ("*Financial Information*"). The Financial Information consists of the pro forma statements of financial positions as at 6 July 2018 and related notes as set out in Sections 6.2 to 6.8 of the Prospectus.

The unaudited pro forma statements of financial position in Section 6.2 have been prepared to illustrate the financial position of the Company on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro forma assumptions relate, as described in Section 6.5 of the Prospectus, as if those events had occurred as at 6 July 2018. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

The pro forma statements of financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

7.4 DIRECTOR'S RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the pro forma statements of financial position including the selection and determination of pro forma assumptions, accounting policies and the notes included in the pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

7.5 OUR RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the pro forma historical financial information included in Section 6 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for 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 reasonable 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 on the pro forma historical financial information of the Company.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any financial information used as a source of the financial information.

7.6 CONCLUSION

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information (being the pro forma statements of financial position of the Company) are not presented fairly, in all material respects, in

accordance with the assumptions described in Section 6.5 of the Prospectus and the stated basis of preparation as described in Section 6.8 of the Prospectus.

7.7 RESTRICTION ON USE

Without modifying our conclusions, we draw attention to Section 6 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in Section 5 of the Prospectus.

7.8 LEGAL PROCEEDINGS

The Company is a newly incorporated company which has not conducted any business to date. The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

7.9 SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

7.10 SOURCES OF INFORMATION

Pitcher Partners has made enquiries of the Directors, the Manager and other parties as considered necessary during the course of our analysis of the pro forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

7.11 INDEPENDENCE OR DISCLOSURE OF INTEREST

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

Our associated partnership, Pitcher Partners Sydney, has been nominated to be auditor of the Company. If appointed, Pitcher Partners Sydney will receive fees for performing audit services.

7.12 LIABILITY

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

7.13 FINANCIAL SERVICES GUIDE

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett

Partner

PART 2 - FINANCIAL SERVICES GUIDE

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("**Pitcher Partners**") is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd ("**Licence Holder**") in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Pitcher Partners to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Investigating Accountant's Report ("**Report**") which is included in the Prospectus provided by Cadence Opportunities Fund Limited (the "**Entity**").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("**AFSL**") to assist you in this assessment.

4. Remuneration

Pitcher Partners' client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher Partners or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to

the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$27,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

Pitcher Partners Sydney, a chartered accounting partnership associated with Pitcher Partners has been nominated to be the appointed auditor of the Company, for which it will receive fees.

6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

- By phone: (02) 9221 2099
- By fax: (02) 9223 1762
- By mail: GPO Box 1615
SYDNEY NSW 2001

If you have a complaint about Pitcher Partners' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

8. Directors of Cadence Opportunities Fund Limited

8.1. Introduction

The Company believes that the Manager has the skill, depth of knowledge and history of achieving results through the Investment Strategy to manage this Portfolio.

The Manager will be overseen by the Board of Directors who have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their positions:

Director	Position	Independence
David Griffith	Director	Independent
Karl Siegling	Chairman	Non Independent
Susan Oakes	Director	Independent
Wayne Davies	Director	Non Independent

8.2. Background of the Directors

David Griffith (Independent Director)

David Griffith, B.E. (Hons) UNSW, is a chemical engineer and recently retired patent attorney.

David joined Spruson & Ferguson, Patent and Trade Mark attorneys in 1974 and became a Principal of Spruson & Ferguson 1981. He was the Managing Principal from 1999 to 2014. In 2014 he led the creation of IPH Limited which acquired Spruson & Ferguson and brought IPH to a successful IPO on the ASX in November 2014. Under his leadership, as the CEO and Managing Director, IPH Limited acquired a number of other intellectual property practices and was admitted to the S&P/ASX 200 in 2016. He was a Founding Director of Spruson & Ferguson Asia and was its Chairman from 2011 to 2017 when he retired from IPH.

David was an Australian delegate to the FICPI Executive Committee from 1983 to 1990 and he is a Member of Honour of FICPI. He was a representative partner to Computer Patent Annuities Limited Partnership (CPA) in Jersey, Channel Islands prior to his appointment to the Board from 2005 until it was sold to private equity in 2010. He is a past President and Fellow of IPTA (Institute of Patent and Trade Mark Attorneys of Australia), past President (Contact Commission) and Councillor of the Federation Internationale des Conseils en Propriete Industrielle (FICPI) from 1997 to 2012. He was an ex-officio member of the FICPI Advisory Council from 1997 to 2012.

David and his family entities have been a large shareholder of Cadence Capital (ASX:CDM) since its listing. His family entities also hold shares and units in a wide range of Australian and foreign unlisted and listed companies, LICs as well as unlisted funds, early stage seed investments and private equity investments.

Karl Siegling (Non-Independent Chairman)

See Section 4.4

Susan Oakes (Independent Director)

Ms. Oakes has over 30 years financial services industry experience. Ms Oakes has worked in trading room roles in Sydney, London and New York. Ms. Oakes is a former director and business head at Merrill Lynch and has also worked as a risk consultant at the Commonwealth Bank of Australia.

Ms. Oakes has worked in trading roles at Genesis Proprietary Trading, Phoenix Trading Group, Aliom Holdings Limited & TransMarket Group. Ms. Oakes possesses extensive experience and knowledge in trading and portfolio management.

Ms. Oakes holds a MBA from the Australian Graduate School of Management, UNSW, specialising in business risk.

Wayne Davies (Non-Executive Director and Company Secretary)

See Section 4.4

8.3. Independent Directors

David Griffith and Susan Oakes, being independent Directors, are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the persons' judgement.

8.4. Director disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

8.5. The role of the Directors

The Directors will ensure the Company has corporate governance procedures and that those procedures are followed. In addition, the Board will be responsible for reviewing the Manager's performance and ensuring compliance with the Investment Management Agreement terms.

The Board may also implement capital management strategies (in line with the policy set out in Section 3.9) from time to time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors commitment of time to these activities will depend on a number of factors including, without limitation, the size of the Portfolio.

The Company has outsourced its investment management to the Manager, its corporate Registry function to Boardroom. Custody services will be provided by both the Company's Prime Broker and Bank of New York Mellon.

The Company will outsource accounting functions. The Manager will procure a third party to provide these services to the Company on commercial terms. For the financial year ending 30 June 2019, the accounting services will amount to \$20,750 per annum (excl. GST). The Board will supervise compliance with this agreement.

Each Director has confirmed that, notwithstanding his/her other commitments, he/she will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

8.6. Participation by Directors

Karl Siegling currently holds one Share in the Company, which was issued on incorporation.

The Directors, and entities associated with them, are permitted to participate in the Offer. At completion of the Offer the Directors are expected to have a Relevant Interest in the following Shares:

Director	Relevant Interest
David Griffith	100,000 Shares
Karl Siegling	1,600,001 Shares
Susan Oakes	24,000 Shares
Wayne Davies	100,000 Shares

8.7. No other interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company, or in any property proposed to be acquired by the Company in connection with its formation or promotion, or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or securities or otherwise by any persons either to induce him/her to become or to qualify him/her as a Director or otherwise, for services rendered by him/her in connection with the promotion or formation of the Company.

8.8. Directors' remuneration

Directors are entitled to receive Directors' fees of up to \$100,000 per annum to be shared among the non-executive Directors.

Additional remuneration may be paid in accordance with the Company's Constitution. The following are the Directors' remuneration paid and payable for the year ending 30 June 2019:

Director	Director's Fees
David Griffith	\$30,000
Karl Siegling	\$NIL
Susan Oakes	\$30,000
Wayne Davies	\$15,000

For the year ending 30 June 2019, Directors will be paid a pro rata amount calculated by reference to the date the Company is admitted to the Official List.

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the ASX Listing Rules, may be increased.

8.9. Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 9.4 for details.

8.10. Corporate governance policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board endorses the Corporate Governance Principles and Recommendations (**ASX Recommendations**) published by the ASX Corporate Governance Council, and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These will be available on the Company's website, <http://www.cadencecapital.com.au/cadence-opportunities-fund/>.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

8.11. Related party disclosures

Each Director has entered into a director protection deed with the Company pursuant to which the Company has agreed to, amongst other things, indemnify (to the extent permitted by law) each Director in respect of certain liabilities incurred in their capacity as Directors. These deeds contain standard commercial terms and are consistent with market practice (see Section 9.4).

As indirect owners of the Manager, the non-independent Directors, Karl Siegling and Wayne Davies will benefit from the entry by the Manager into the Investment Management Agreement through the payment of fees under the Investment Management Agreement. Details of the financial benefit payable under the Investment Management Agreement are included in Section 9.1.

Other than as set out above or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

9. Material contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. This Section contains a summary of the material contracts and their substantive terms.

9.1. Investment Management Agreement

The Company has entered into the Investment Management Agreement with the Manager on 25 October 2018 with respect to the investment management of the Company's Portfolio. Set out below is a summary of the material terms of the Investment Management Agreement.

Services

The Company has exclusively appointed the Manager to manage the Company's portfolio on the terms set out in the Investment Management Agreement.

The Manager must manage and supervise the Portfolio and all investments within the Portfolio.

The Manager will also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business.

Permitted investments

The Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with the approved investment strategies, Board approval for the investment is required. The Board may approve changes to the approved investment strategies from time-to-time.

To the extent the Manager's AFSL does not include the authorisations required for the Manager to provide advice or deal in certain investments, the Manager will engage external advisors with the appropriate AFSL authorisations.

Powers of the Manager

Subject to the Corporations Act, the ASX Listing Rules and any written guidelines issued by the Company from time-to-time, the Manager has the powers necessary to, on behalf of the Company, invest money constituted in or available to the Portfolio, make, hold, realise and dispose of investments within the Portfolio. Any investment outside the written guidelines of the Board requires Board approval.

Subject to an obligation to liquidate the Portfolio to meet the Company's operating costs, dividend payments, capital returns, buybacks or other distributions, the Manager has absolute and unfettered discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) investigation, negotiation, acquisition, or disposal of every investment;
- (b) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
- (c) if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued:
 - (i) to convert that investment into some other investment;

- (ii) to accept repayment of the capital paid or advance on the investment and any other monies payable in connection with that redemption or repayment;
- (iii) to re-invest any of those monies;
- (d) retain or sell any shares, debentures or other property received by the Company by way of bonus, or in satisfaction of a dividend in respect of any investments or from amalgamation or reconstruction of any entity; and
- (e) to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights.

Valuations

The Manager must arrange for calculation of the Value of the Portfolio at least monthly or at such more frequent times as may be agreed between the Manager and the Company. All costs incurred by the Manager in arranging this calculation are to be paid by the Company.

Delegation

The Manager may, with the prior approval of the Company (not to be unreasonably withheld), appoint or employ any person, including any Related Body Corporate of the Manager, to be a sub-contractor for the Manager to perform any or all of the duties and obligations imposed on the Manager by the Investment Management Agreement.

Non-exclusivity and conflict management

The Manager may from time-to-time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the Investment Management Agreement, provided the Manager does not prejudice or otherwise derogate its responsibilities specified in the Investment Management Agreement.

To manage potential conflicts of interest, the Manager must comply with the allocation policy set out in Section 3.10 (as amended by the Company from time-to-time) and will ensure appropriate procedures are in place to protect the Company's confidential information.

Confidentiality

To protect the confidentiality of information related to the Company and its assets under management, the Manager has provided various confidentiality undertakings in the Investment Management Agreement. These undertakings are consistent with market practice. Importantly, these undertakings:

- (a) effectively prohibit the Manager from using the Company's information for any purpose other than in its role as the Company's Manager; and
- (b) require the Manager to take all reasonable, proper and effective precautions to maintain the confidential nature of the Company's information.

Related party protocols

The Manager is not prohibited under the Investment Management Agreement from acquiring assets from, or disposing assets to, a related party. However, if the Manager does ever propose that the Company acquire assets from or dispose of assets to a related party of the Manager, the Company must approve that acquisition or disposal to the extent required by the Corporations Act or the ASX Listing Rules.

The Manager has no right to be issued securities in the Company under the Investment Management Agreement (whether in satisfaction of the amounts due under the agreement or otherwise).

Amendment

The Investment Management Agreement may only be altered by the agreement of the Company and the Manager. The Company and the Manager have agreed that they will only make material changes to the Investment Management Agreement if the Company has obtained Shareholder approval for these material changes.

Change of control provisions

The Manager has no right to terminate the Investment Management Agreement in the event of a change of control of the Company.

Similarly, the Company has no right to terminate the Investment Management Agreement in the event of a change of control of the Manager.

The Investment Management Agreement does not contain any pre-emptive rights over the Portfolio which are exercisable by either the Company, the Manager or a related entity of the Manager in the event of a change of control of either the Company or the Manager.

Company indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses) incurred in connection with the Manager or any of its officers, employees or agents acting under the Investment Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of the Investment Management Agreement.

Investment Manager's liability

Subject to the Corporations Act, the ASX Listing Rules and the Investment Management Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
- (b) the manner or mode of, and time for, their exercise.

In the absence of gross negligence, other default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

Investment Manager indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers. This obligation continues after the termination of the Investment Management Agreement.

Management Fee

In return for the performance of its duties the Manager would be entitled to be paid a monthly Management Fee equal to 1.25% per annum (plus GST) of the Value of the Portfolio (calculated on the last Business Day of each month and paid at the end of each month in arrears).

Worked Example

Assuming an initial Value of the Portfolio of \$98,645,937 and nil Portfolio performance each month, the Management Fee payable for the 12 month period from 1 July 2019 to 30 June 2020 would be approximately \$1,225,898 (plus GST).

Management Fees would increase if the Value of the Portfolio increases, and decrease if the Value of the Portfolio decreases, over the period.

The Investment Management Agreement does not provide for the Management Fee to be reviewed or varied over the term of the Investment Management Agreement.

Performance Fee

The Manager is entitled to be paid by the Company a fee (**Performance Fee**) equal to 15% (plus GST) of the base amount (**BA**). Except as set out below, BA for a Performance Calculation Period is calculated in accordance with the following formula:

$$BA = FV - IV$$

Where:

BA is the base amount to be used in calculating the Performance Fee outlined above.

FV is the Value of the Portfolio less the value of any borrowings undertaken for gearing purposes, calculated on the last Business Day of the relevant Performance Calculation Period.

IV is the Value of the Portfolio less the value of any borrowings undertaken for gearing purposes, calculated on the last Business Day of the last Performance Calculation Period in which a Performance Fee was paid, or if no prior Performance Fee has been paid to the Manager, the Value of the Portfolio on the Commencement Date.

If the amount calculated for BA above is a negative number, no Performance Fee is payable in respect of that Performance Calculation Period.

If the Value of the Portfolio (less the value of any borrowings undertaken for gearing purposes) calculated on the last Business Day of a Performance Calculation Period is less than the high water mark, no Performance Fee is payable in respect of that Performance Calculation Period.

The high water mark is:

- (a) the Value of the Portfolio on the first Performance Calculation Period;
- (b) thereafter, the highest Value of the Portfolio (less the value of any borrowings undertaken for gearing purposes), calculated on the last Business Day of any preceding Performance Calculation Period.

In calculating the Performance Fee for a Performance Calculation Period, changes in the Value of the Portfolio as a result of the issue of securities, capital reductions undertaken by the Company, share buy-backs undertaken by the Company, dividend distributions by the Company, prior year Performance Fee payments and income tax payments or receipts will be disregarded or adjusted for in a manner determined by the Company's auditor at the conclusion of that Performance Calculation Period.

The auditor of the Company must review the correct calculation of the Performance Fee prior to payment.

Worked Example 1: Performance above the high water mark

Assuming a Performance Calculation Period ending 30 June 2020, an initial Value of the Portfolio of \$98,645,937 (which also represent the high-water mark for the first period), and a Value of the Portfolio at the end of the Performance Calculation Period of \$108,510,531 (representing a 10% higher value than at the beginning):

- (a) As the high-water mark is \$98,645,937 and the closing Value of the Portfolio is \$108,510,531 (after Management Fees), there would be an aggregate positive performance of \$9,864,594.
- (b) In this instance:
 - (i) there would be a Performance Fee payable at 15% of this amount equating to \$1,479,689 (plus GST) for the Performance Calculation Period, as the Value of the Portfolio is above the high-water mark; and
 - (ii) the high-water mark would become \$106,993,849 (being the Value of the Portfolio net of the Performance Fee paid, adjusted for RITC at the last Performance Calculation Date).

Worked Example 2: Performance below the high-water mark

Assuming a Performance Calculation Period ending 30 June 2021, an initial Value of the Portfolio of \$108,510,531, a Value of the Portfolio at the end of the Performance Calculation Period of \$103,085,004 (representing a 5% lower value than at the beginning) and a high water mark of \$106,993,849:

- (a) As the high-water mark is \$106,993,849 and the closing Value of the Portfolio is \$103,085,004, there would be an aggregate negative performance of \$3,908,845.
- (b) In this instance:
 - (i) there would be no Performance Fee payable for the Performance Calculation Period as the Value of the Portfolio is less than the high-water mark; and
 - (ii) the high-water mark remains \$106,993,849.

Worked Example 3: Recouping past underperformance against high-water mark

Assuming a Performance Calculation Period ending 30 June 2022, a high-water mark of \$106,993,849, an initial Value of the Portfolio of \$103,085,004, and a Value of the Portfolio at the end of the Performance Calculation Period of \$113,393,505 (representing a 10% higher value than at the beginning):

- (a) As the high-water mark is \$106,993,849 and the closing Value of the Portfolio is \$113,393,505, there would be an aggregate positive performance of \$6,399,655.
- (b) In this instance:
 - (i) there would be a Performance Fee payable at 15% of \$6,399,655 equating to \$959,948 (plus GST) for the Performance Calculation Period, as the Value of the Portfolio is above the high-water mark; and
 - (ii) the high-water mark would become \$112,409,558 (being \$113,393,505 minus \$983,947).

The Investment Management Agreement does not provide for the Performance Fee to be reviewed or varied over the term of the Investment Management Agreement.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Manager for the fees, costs and expenses provided they were properly incurred in connection with the investment and management of the Portfolio of the Company or the research, acquisition, disposal or maintenance of any investment, including:

- (a) fees payable to any securities exchange, ASIC or other regulatory body; and
- (b) all valid company costs or expenses including custody fees, stamp duties, financial institutions duties, bank account debits tax, legal fees and other duties, taxes, fees, disbursements and expenses, research costs, travel costs, commissions and brokerage.

Notwithstanding the above, the Manager is solely responsible for payment of the fees of any investment manager engaged by the Manager to assist it in undertaking its duties under the Investment Management Agreement.

Assignment

The Manager may assign the Investment Management Agreement to a third party with the prior consent in writing of the Company, which must not be unreasonably withheld or delayed. The replacement investment manager may utilise the Investment Strategy or engage Karl Siegling as a responsible investment manager or an Authorised Representative in a management capacity.

Term of Agreement

The term of the Investment Management Agreement is currently five years, with automatic five year extensions, unless terminated earlier in accordance with the Investment Management Agreement. However, the Company will apply to the ASX for a waiver to extend this initial term to 10 years with automatic extensions of five year periods unless terminated earlier in accordance with the Investment Management Agreement. If the waiver application is refused, the initial term of the Investment Management Agreement will remain five years.

The Investment Management Agreement gives the Company certain termination rights including the right to immediately terminate if the Manager becomes insolvent or breaches its obligations under the Investment Management Agreement in a material respect and such a breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach.

The Company may also terminate the Investment Management Agreement following the initial term on three months' notice if Shareholders pass an ordinary resolution directing the Company to terminate the Manager's appointment.

If the Company terminates the Investment Management Agreement in accordance with any of these rights, it must pay to the Manager a termination fee calculated in accordance with the following formula:

$$TF = (60 - M) \times 0.10417\% \times VP$$

Where:

TF is the termination fee.

VP is the Value of the Portfolio at the date the Investment Management Agreement is terminated.

M is the number of calendar months (or part there of) that have passed from the start of the relevant 5 year term to the date the Investment Management Agreement is terminated.

The Manager may terminate the Investment Management Agreement at any time after 5 years by giving the Company at least six months' written notice.

After termination

If the Investment Management Agreement is terminated by the Company, it will be required to call a general meeting to change the Company's name by removing "Cadence". If the Company's name has not been changed within 3 months of the date of termination, the Manager will grant the Company a personal, non-transferable licence to use the "Cadence" name for so long as the Company's name includes the word "Cadence". In consideration for this licence, the Company must pay the Manager an annual licence fee (in advance) equal to 1.5% of the Value of the Portfolio (plus GST) calculated on the date of termination and each subsequent anniversary of that date.

The Company does not have an AFSL and so requires an investment manager to manage the Portfolio and implement its Investment Strategy and objectives. If the Investment Management Agreement is terminated while the Company remains a licensed investment company, the Portfolio would need to be assigned to a replacement manager and a new management agreement would need to be put in place. Under the Investment Management Agreement the Manager must assign all its rights, title and interest in the Portfolio to the replacement manager within 30 Business Days of termination. The Company would seek all necessary Shareholder approvals if this were to occur.

Removal of Manager

The Company may remove the Manager by not less than 3 months' notice on the occurrence of any one of the following events:

- (a) the Manager persistently fails to ensure that investments made on behalf of the Company are consistent with the Investment Strategy applicable at the time the investment is made;
- (b) the Manager is in default or breach of its obligations under the Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after the Company has notified the Manager in writing to rectify the default or breach; or
- (c) the Manager's AFSL is suspended for a period of no less than three months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act.

The Manager can appoint a replacement if removed (process and rational)

If the Manager is so removed, the Manager may appoint a replacement investment manager provided such appointment takes place within the 3 month notice period referred to above.

The Company believes it is appropriate for the Manager to appoint a replacement manager as the Manager is in the best position to assess the ability of an incoming manager to properly implement and execute the Investment Strategy and to achieve the objectives of the Company. As such, the Company believes this provision is in the best interest of all Shareholders.

The Manager must assign all its rights, title and interest in and to the Investment Management Agreement to the replacement investment manager provided the replacement investment manager:

- (a) holds a valid and current AFSL;
- (b) undertakes to the Company to comply with all the obligations imposed on the Manager under the Investment Management Agreement; and
- (c) if appointed as a result of a breach by the Manager, rectifies the breach or default within the 30 day notice period.

The effect of the assignment of this Agreement is the novation of the Investment Management Agreement for the benefit of the replacement investment manager and the Company is deemed to have consented to that assignment.

The Company may terminate the Investment Management Agreement if a replacement manager has not been appointed within the three month notice period referred to above.

If the replacement investment manager, having been so appointed, is itself removed in the circumstances outlined above:

- (a) it has no right to in turn appoint a replacement investment manager; and
- (b) the Company may terminate the Investment Management Agreement at the expiry of the 3 months' notice period referred to above.

9.2. Manager Loan

The Manager has agreed to be responsible for the payment of the Offer Costs that the Company would normally be liable for (set out in Section 6.7).

This Manager Loan permits the Manager to draw a maximum amount of 4.5% of the proceeds of the Offer. The Manager intends to only borrow an amount equal to the Offer costs (estimated to be between \$355,261 and \$3,633,106 depending on the proceeds of the Offer).

The Manager Loan is an unsecured loan that the Manager may use for working capital purposes. The Manager will use the Manager Loan to reimburse the Company for the costs of the Offer.

The term of the Manager Loan is 60 months from the date of allotment and must be repaid in full regardless of whether the Manager is the investment manager of the Company. The Manager is required to repay the Manager Loan in monthly instalments over the 60 month term of the Manager Loan.

The Manager Loan is interest free for the first 36 months and subject to interest from the 37th month to the end of the 60 month term. The interest rate during this period is equal to the RBA official cash rate plus 4% per annum.

The Manager may repay the Manager Loan early at its absolute discretion. The Company has a right of recourse against the Manager for the amounts owed under the Manager Loan.

9.3. Prime Broker Agreements

Deutsche Bank AG, acting through its London Branch (**Deutsche Bank**), has been appointed as a Prime Broker to the Company under the terms of an international prime brokerage agreement entered into between the Company and Deutsche Bank. The services to be provided by Deutsche Bank under this international prime brokerage agreement may include the provision to the Company of custody, margin financing and settlement services regarding the purchase and sale of securities entered into by the Company with third parties or Deutsche Bank or affiliates of Deutsche Bank.

Deutsche Bank may at its discretion provide financing to the Company by way of cash financing or securities financing, which will be treated as a cash loan or advance of securities. Deutsche Bank is authorised under German Banking Law (competent authority: **BaFIN**) and authorised and regulated by the Financial Conduct Authority and Prudential Regulatory Authority. Deutsche Bank will be responsible for the safekeeping of all securities delivered to it in accordance with the terms of the agreement and the applicable rules of BaFIN.

As security for the payment and performance of the Company's obligations to Deutsche Bank, Deutsche Bank will be granted as continuing security a security interest by way of:

- (a) a fixed charge over the Company's interests in and rights in relation to the securities, on the books of Deutsche Bank as being held for the benefit of the Company in accordance with the terms of the international prime brokerage agreement with the Company (**Securities Account**), and cash accounts in the name of the Company; and
- (b) a floating charge over any and all other assets of the Company held by Deutsche Bank, including amounts payable by Deutsche Bank to the Company whether under the international prime brokerage agreement or otherwise.

The beneficial ownership of securities held in the Securities Account will remain vested in the Company and will be held on trust for the Company. The Company's securities may be pooled with segregated securities belonging to other customers of Deutsche Bank, but they will be held in such a manner that they can be identified at any time as belonging to the Company and so as to be readily identifiable as such and as separate from Deutsche Bank's own securities. The Company will not have the right to any specific securities but will instead be entitled, subject to any applicable laws and regulations and to its international prime brokerage agreement with the Company, to the transfer or delivery of an amount of securities of the same description and of the same amount. Deutsche Bank may, at all times, appropriate for its own account and deal with securities recorded in the Securities Account as being held for the benefit of the Company, up to 100% of the aggregate value of any financial accommodation provided by Deutsche Bank to the Company. Deutsche Bank will obtain full legal and beneficial title to the securities so appropriated, but they will continue to be recorded in the Securities Account. Deutsche Bank will be contractually obliged to deliver securities or cash equivalent of such securities identical in type, nominal value, description and amount (**Equivalent Securities**) to the Company pursuant to the international prime brokerage agreement with the Company. The Company will rank as an unsecured creditor in relation to the Equivalent Securities and in the event of insolvency of Deutsche Bank, the Company may not be able to recover such Equivalent Securities in full.

Deutsche Bank may appoint a sub-custodian and will maintain an appropriate level of supervision over the sub-custodian.

Deutsche Bank will not be responsible for any act or omission, or for the insolvency of any sub-custodian which is not affiliated with Deutsche Bank or for any loss arising therefrom. Deutsche Bank will, however, assign its right to claim against the sub-custodian for any act or omission which involves negligence, fraud or wilful default on the part of the sub-custodian.

The Company has agreed to indemnify Deutsche Bank and its affiliates and their respective officers and employees against any loss suffered by, and any claims made against, them arising out of the international prime brokerage agreement.

Deutsche Bank is a service provider to the Company and Deutsche Bank will act strictly in accordance with instructions received from the Company. Deutsche Bank is not responsible for the preparation of this document or the activities of the Company and therefore accepts no responsibility for any information contained in this document.

9.4. Director protection deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for 7 years after they cease to act as officers.

10. Additional Information

10.1. Incorporation

The Company was incorporated on 6 July 2018.

10.2. Balance date and company tax status

The accounts for the Company will be made up to 30 June annually.

The Company will be taxed as a public company.

10.3. Rights attaching to the Shares

The following information is a summary of the Company Constitution. Shareholders have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- (a) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable), subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share;
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (d) Subject to the Corporations Act and the ASX Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

10.4. Dividend reinvestment plan

Eligible Members

Shareholders who may participate in the dividend reinvestment plan (**Plan**) comprise Shareholders:

- (a) whose address, as it appears in the register of members of the Company, is situated in Australia; or
- (b) whose address, as it appears in the register of members of the Company, is situated outside Australia, and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible members may elect to participate in the Plan in respect of all or part of their Shares, which will comprise that member's Plan Shares. The Directors may in their absolute discretion accept or refuse any application to participate.

Subscription price

Shares allotted to participants will be allotted at a price per Share determined in accordance with the Corporations Act and the ASX Listing Rules equal to the volume weighted average market price of Shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend, or any other period at the directors sole discretion, less any discount determined by the Directors (at their discretion).

Investment of dividends

In respect of each cash dividend from time-to-time due and payable to a Shareholder in respect of the member's Plan Shares, the Directors will, on behalf of and in the name of the Shareholder, subscribe for Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for Shares at the subscription price.

Ranking of Shares

All Shares allotted and issued under the Plan will rank equally in all respects with existing Shares.

ASX listing

The Company will make an application promptly after each allotment of Shares for quotation of such Shares on the Official List of the ASX.

Variation or termination of participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

10.5. ASX waiver

ASX Listing Rule 15.16 sets a maximum term of 5 years for an Investment Management Agreement. The Company will apply for an 'in-principle' waiver of ASX Listing Rule 15.16 to allow for a maximum term of 10 years under the Investment Management Agreement, which may be renewed with the approval of Shareholders for a further period of up to 10 years. The waiver is expected to be granted prior to the inclusion of the Company in ASX's Official List.

10.6. Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in an entity listed on the ASX. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.7. Status as a listed investment company

It is intended that the Company will qualify as a listed investment company under Australian taxation laws. The major requirements the Company must meet to be a listed investment company are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in subsection 115-290(4) of the *Income Tax Assessment Act 1997* (Cth).

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of another company or trust that is not another listed investment company), financial instruments, Derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore Shareholders may not be able to obtain a deduction in relation to dividends attributable to listed investment company capital gains under the listed investment company regime.

10.8. Australian taxation implications of investing under the Offer

Introduction

The tax implications provided below only relate to Australian resident Shareholders who hold their Shares on capital account. Different tax implications apply to non-resident Shareholders or Shareholders whose Shares are held on revenue account.

The comments in this Section 10.8 are general in nature on the basis that the tax implications for each Shareholder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Shareholder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 10.8 are based on the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth), *A New Tax System (Goods and Services Tax) Act 1999* (Cth), and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 10.8 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate for the 2018/19 income year, which is currently 30.0% for companies with an aggregated turnover of more than \$50,000,000, or 27.5% for certain companies with an aggregated turnover of less than \$50,000,000.

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders. The Directors intend to frank dividends at 100.0%, or to the maximum extent possible.

Income tax position of Australian resident Shareholders

A general outline of the tax implications associated with the Offer for Australian resident Shareholders who hold their Shares on capital account are set out below.

Treatment of Shares

The Offer comprises the issue of Shares in the Company. Broadly, the Capital Gains Tax (**CGT**) cost base of Shares subscribed under the Offer will be equal to the Application Price plus certain non-deductible incidental and holding costs. The reduced cost base of the Shares is essentially the same as the CGT cost base of the Shares, subject to certain modifications.

On disposal of Shares in the Company, an investor will realise a capital gain if the capital proceeds it receives or is deemed to have received for the disposal of the Shares exceeds their respective cost base. On the other hand, an investor will incur a capital loss if the reduced cost base exceeds the capital proceeds from the Shares.

A CGT discount may be available where the Shares have been held for twelve months or more. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50.0% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate for the 2018/19 income year, which is currently 30.0% for companies with an aggregated turnover of \$50,000,000 or more and 27.5% for certain companies with an aggregated turnover of less than \$50,000,000.

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15.0%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100.0% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and are therefore exempt from income tax.

Goods and Services Tax (GST)

Shareholders should not be liable to GST in Australia in respect of the acquisition of Shares under the Offer. Shareholders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Shares under the Offer.

Stamp duty

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

10.9. Legal proceedings

The Company is a newly incorporated company which has not conducted any business to date. The Company is not and has not been, since its incorporation to the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company.

As far as the Directors are aware, no such proceedings are threatened against the Company.

10.10. Consents and Responsibility Statements

Each of the following parties has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named.

Name	Role / Responsible
Cadence Asset Management Pty Limited	Manager and Authorised Intermediary to the Offer. All information about it, including its Investment Process and performance history in Section 4 and elsewhere in this Prospectus.
KardosScanlan Pty Limited (Kardos Scanlan)	Australian Solicitor to the Offer.
Pitcher Partners Sydney Corporate Finance Pty Ltd	Investigating accountant for the Company. The Investigating Accountant's Report on Pro Forma Financial Information in Section 7.
Pitcher Partners Sydney	Auditor for Cadence Capital Limited. All information about it, including the audited figures in Section 4 and elsewhere in this Prospectus.
Boardroom Pty Limited	Share Registrar for the Company.
Cadence Capital Limited	All information about it, including its performance history, is in Section 4 and elsewhere in this Prospectus.
Deutsche Bank AG	Prime Broker to the Offer.
Each of Bell Potter Securities Limited, Baillieu Holst Limited, Shaw and Partners Limited, Morgans Financial Limited and Patersons Securities Limited	Brokers to the Offer

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named. Except to the extent indicated above, none of the above parties have authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

10.11. Offer expenses

The Company will initially pay all of the costs associated with the Offer. These costs are fully described in Section 6.7.

The Manager will pay the Offer Costs with the proceeds of the Manager Loan, a working capital loan made by the Company to the Manager. The terms of the Manager Loan are summarised in Section 9.2. Please refer to Section 6.7 for more details.

10.12. Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Kardos Scanlan has acted as Australian solicitors to the Offer and have performed work in relation to preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totaling approximately \$120,000 (plus GST and disbursements) to *Kardos Scanlan*.

Pitcher Partners has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Company estimates that it will pay amounts totaling approximately \$27,000 (plus GST and disbursements) to \$30,000.

Certain partners and employees of the above firms may subscribe for Shares in the context of the Offer.

11 Definitions and Interpretation

11.1 Defined Terms

In this Prospectus:

AASB means the Australian Accounting Standards Board.

AFSL means Australian Financial Services License.

AFSL Holder means an entity that holds an AFSL.

Applicant means an applicant for Shares under this Prospectus.

Application means an application for Shares under this Prospectus.

Application Form means the application form attached to this Prospectus.

Application Monies means the Application Price of \$1.25 multiplied by the number of Shares applied for.

Application Price means \$1.25 per Share.

Approved Valuer means a duly qualified valuer independent of both the Company and the Manager.

ASIC means the Australian Securities & Investments Commission.

ASX or **Australian Shares Exchange** means the ASX Limited or the Shares exchange operated by ASX Limited.

ASX Listing Rules means the listing rules of the ASX.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition, March 2014).

Authorised Intermediary means Cadence Asset Management Pty Limited, in its capacity as the authorised intermediary of the Offer.

Board means the board of Directors of the Company.

Broker means any ASX participating organisation selected by the Company to act as a broker to the Offer.

Broker Fees means the fees paid to a Broker.

Broker Firm Application Form means the Application Form to be used by Applicants who are participating in the Broker Firm Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.3.

Broker Firm Offer Closing Date means the closing date of the Broker Firm Offer, expected to be 5.00pm, 30 November 2018 or such other date as the Company may determine in its discretion.

Broker Firm Proceeds means selling fees paid by the Manager to AFSL Holders (other than the Manager) on a sliding scale referable to the number of Shares allotted under the Broker Firm Offer pursuant to valid Application Forms bearing an AFSL Holder's stamp.

Business Day means a day other than a Saturday or Sunday on which banks located in the Sydney metropolitan area are open for general banking business.

Cadence Entities means Cadence Capital Limited (ACN 112 870 096) (ASX Code CDM) and Cadence Capital (ABN 19 234 018 420).

Cadence Team means the 3 investment personnel responsible for implementation of the Investment Strategy who are supported by and 4 operational professionals, being the personnel identified in Section 4.4.

CHES means Clearing House Electronic Subregister System, being the computer system used by the ASX to record shareholdings and manage the settlement of share transactions.

Closing Date means the date by which valid Application Forms must be received, being 7 December 2018 or such other dates as the Company may determine in its discretion.

Collateral means such Securities or financial instruments or cash which the Company delivers or is required to deliver to a Prime Broker for the purpose of meeting any margin requirement in accordance with the international Prime Brokerage Agreement, and includes any certificate or other documents of title and transfer in respect of such Securities, financial instruments or cash.

Company means Cadence Opportunities Fund Limited (ACN 627 359 166).

Constitution means the constitution of the Company.

CFD means contract for difference.

Core Long Position means the core group of Long Positions that meet both fundamental and technical research criteria.

Core Position means the core group of Long and Short Positions that meet both fundamental and technical research criteria.

Core Short Position means the core group of Short Positions that meet both fundamental and technical research criteria.

Corporations Act means *Corporations Act 2001* (Cth).

Custodian means the custodian appointed by the Company from time to time, initially being The Bank of New York Mellon, a banking company organized under the laws of the State of New York.

Derivatives means a security, such as an equity swap, currency forward, contract for difference, option, or futures contract whose value depends on the performance of an underlying asset and includes Exchange Traded Derivatives and Over-the-counter Derivatives.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of the Prospectus, a copy of which can be downloaded at <http://www.cadencecapital.com.au/cadence-opportunities-fund/>.

Eligible Participant means a person eligible to participate in the Priority Allocation, being:

- (a) an existing Shareholder of Cadence Capital Limited (ACN 112 870 096) with a registered address in Australia; or
- (b) a current recipient of the Manager's monthly electronic newsletter that has a registered address in Australia.

Exchange Traded Derivative means a Derivative that is quoted and may be traded on a regulated exchange.

Exposure Period means the period of 7 days after the date of lodgement of the Prospectus with ASIC, which may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

General Offer means the offer referred to in Section 2.4.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the Broker Firm Offer.

GST means Goods and Services Tax and has the same meaning as contact in *A New Tax Systems (Goods and Services Tax) Act 1999* (Commonwealth).

HIN or Holding Identification Number means the unique identifier of holders of shares on the CHESS subregister issued by ASX Settlement.

Investment Guidelines means the guidelines for the construction of the Portfolio agreed between the Company and the Manager from time to time, initially being the guidelines in Section 3.6.

Investment Management Agreement means the investment management agreement between the Manager and the Company, the terms of which are summarised in Section 9.1.

Investment Process means the investment process to be used by the Manager in relation to the Portfolio, set out in Section 3.5.

Investment Strategy means the strategy to be used by the Manager in relation to the Portfolio, summarised in Section 3.4.

Long Position means holding either physically or via a derivative, a positive amount of an asset in the expectation that the value of that asset will appreciate.

Management Fee means the monthly management fees payable to the Manager in accordance with the Investment Management Agreement.

Manager means the manager of the Portfolio appointed under the terms of the Investment Management Agreement, being Cadence Asset Management Pty Limited ACN 106 551 062 (AFSL number 252745).

Manager Loan means the loan provided to the Manager by the Company in accordance with a loan agreement entered into on or around the date of this Prospectus, the terms of which are summarised in Section 9.2.

Manager Loan Receivable means the outstanding loan recorded as a receivable from the Manager as a consequence of the Manager Loan.

Maximum Subscription means the Maximum Subscription being sought by the Company under the Offer, being 80,000,000 Shares.

Minimum Subscription means the Minimum Subscription being sought by the Company under the Offer, being 13,200,000 Shares.

NAV or Net Asset Value means the value of the Company's total assets less the value of any liabilities.

NTA or Net Tangible Assets means the value of the Company's total assets less the value of its intangible assets and the value of its liabilities.

Offer means the offer of up to 80,000,000 fully paid ordinary Shares (at an Application Price of \$1.25 per Share) to raise up to \$100,000,000 (with the ability to accept Oversubscriptions to raise up to a further \$100,000,000).

Offer Cost means the cost of the Offer.

Official List means the official list of the ASX.

Opening Date means the date the Offer opens, expected to be 12 November 2018.

Over-the-counter Derivative means a derivative that is not quoted on a regulated exchange and so may only be traded in an unregulated or over-the-counter fashion.

Oversubscriptions means Applications for up to 80,000,000 Shares over and above the Maximum Subscription.

Performance Calculation Period is defined in the Investment Management Agreement as:

- (a) for the first Performance Calculation Period, the period from the Commencement Date (as that term is defined in the Investment Management Agreement) to the earlier of the date of termination and 30 June 2019;
- (b) thereafter and subject to paragraph (c), each full 12 month period commencing on 1 July and ending on 30 June;
- (c) if the Term (as that term is defined in the Investment Management Agreement) expires on a day other than 30 June, the last Performance Calculation Period is the period from the first day after the preceding Performance Calculation Period to the date the Investment Management Agreement is terminated or expires.

Performance Fee means the performance fees payable to the Manager in accordance with the Investment Management Agreement.

Portfolio means the portfolio of investments constructed by the Manager.

Portfolio's NAV means the net asset value of the Company's Portfolio less the value of its liabilities from time to time.

Position means Short Position and/or Long Position.

Prime Broker means Deutsche Bank AG or any other prime broker contracted by the Company.

Priority Allocation means the allocation of up to 40% of the total number of Shares issued under the Offer to Eligible Participants on the terms set out in Section 2.2.

Priority Allocation Application Form means the Application Form to be used by an Eligible Participant who is not participating in the Broker Firm Offer.

Prospectus means this prospectus as modified or varied by any supplementary document issued by the Company and lodged with ASIC.

RBA means the Reserve Bank of Australia.

Related Body Corporate has the meaning given to that term under Section 50 of the Corporations Act.

Relevant Interest has the meaning set out in the Corporations Act.

Securities have the meaning given in Section 92 of the Corporations Act.

Security Reference Number or **SRN** is the unique identifier of holders of shares on the issuer sponsored sub-register.

Share means a fully paid ordinary share in the Company.

Share Registrar or **Registry** means Boardroom Pty Limited (ABN 14 003 209 836).

Shareholder means a registered holder of a Share.

Short Position means holding, either physically or via a derivative, a negative amount of an asset in the expectation that the value of that asset will decrease.

Short Selling or **Shorting** means selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date. Short selling also includes achieving this outcome through the use of derivatives.

Trading Position means the included Long and Short Positions that arise in respect of Securities that satisfy the Manager's technical research (price trend) criteria.

U.S. Person means a person with a registered address in the United States.

US Securities Act means the United States *Securities Act of 1933*.

Value of the Portfolio is defined in the Investment Management Agreement as the aggregate sum of the gross value of all investments, monies, assets (excluding a Manager Loan Receivable amount) and liabilities (excluding borrowings undertaken for gearing purposes) forming part of the Portfolio less any liabilities attributable to an investment or the Portfolio incurred or accrued on or before the date of the calculation (including but not limited to any unpaid purchase consideration, accrued legal or other expenses, brokerage and stamp duty). Liabilities incurred by the Company due to the use of Borrowings undertaken for gearing purposes are not deducted from the Value of the Portfolio. Accordingly, investments acquired through the use of borrowings will increase the Value of the Portfolio by the value of those investments.

11.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) The singular includes the plural and vice versa;
- (c) A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) A reference to any gender includes both genders;
- (e) A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) A reference to "dollars", "AUD" or "\$" is to Australian currency;
- (g) In this document, headings are for ease of reference only and do not affect its interpretation; and

- (h) Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

Governing Law

This Prospectus is governed by the laws of New South Wales.

Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.



2 November 2018
Chairman

Corporate Directory

DIRECTORS

Karl Siegling
David Griffith
Wayne Davies
Susan Oakes

COMPANY SECRETARY

Wayne Davies

REGISTERED OFFICE

Level 11
131 Macquarie Street
Sydney NSW 2000

SHARE REGISTRY

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600

INVESTIGATING ACCOUNTANT

Pitcher Partners Sydney
Corporate Finance Pty Ltd
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

SOLICITORS TO THE OFFER

KardosScanlan Pty Limited
Level 5, 151 Castlereagh St
Sydney NSW 2000
Telephone: (02) 9146 5290
Facsimile: (02) 9146 5299

MANAGER

Cadence Asset Management Pty Limited
Level 11, 131 Macquarie Street
Sydney NSW 2000
AFSL Number: 252745
Telephone: (02) 8298 2450
Facsimile: (02) 8298 2499

BROKERS:

Bell Potter Securities Limited
Aurora Place
Level 38, 88 Phillip Street
Sydney NSW 2000
Telephone: (02) 9255 7200

Baillieu Holst Limited
Level 40, 259 George St
Sydney NSW 2000
Telephone: (02) 9250 8900

Shaw and Partners Limited
Level 15, 60 Castlereagh Street
Sydney NSW 2000
Telephone: (02) 9238 1238

Patersons Securities Limited
Australia Square
Level 48, 264 George Street
Sydney NSW 2000
Telephone: (02) 8238 6200

Morgans Financial Limited
Level 29, 123 Eagle Street
Brisbane QLD 4000
Telephone: (07) 3334 4888

Cadence Opportunities Fund Limited

ACN 627 359 166

Priority Application Form

A

Please enter the Entitlement Number from your Invitation to participate in the Priority Offer.

This is a Priority Application Form for Shares in Cadence Opportunities Fund Limited (**Company**) on the terms set out in the Prospectus dated 2 November 2018. This form is to be used by applicants who have received an invitation from Cadence Opportunities Fund Limited to participate in the Priority Offer. Applicants must quote the Entitlement Number from their invitation in the space above. If a valid Entitlement Number is not quoted this application will be deemed to be made under the General Offer. Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 1,600 Shares and multiples of 100 Shares thereafter. This Application Form and your cheque, bank draft or BPAY must be received by **5.00pm (Sydney Time) on the closing date**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 2 November 2018 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <https://www.boardroomlimited.com.au/corp/privacy-policy>

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in or accompanied by the Prospectus dated 2 November 2018. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period, the Company will send you a free copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

B Number of Shares you are applying for

x \$1.25 per Share =

C Total amount payable

\$

Minimum of 1,600 Shares to be applied for and thereafter in multiples of 100 shares

D Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant #1

Name of Applicant #2 or <Account Designation>

Name of Applicant #3 or <Account Designation>

E Write your postal address here – offer available to holders with a registered address in Australia

Number/Street

Suburb/Town

State

Postcode

F CHES participant – Holder Identification Number (HIN)

Important please note if the name and address details above in sections D and E do not match exactly with your registration details held at CHES, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

G Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

H Cheque payment details – PIN CHEQUE(S) HERE. Cheque to be made payable to "Cadence Opportunities Fund Limited" and crossed Not Negotiable. Enter cheque details below.

Alternatively you can apply online at www.cadencecapital.com.au and pay by BPAY.

Name of drawer of cheque

Cheque no.

BSB no.

Account no.

Cheque Amount A\$

I Contact telephone number (daytime/work/mobile)

Contact Name

Email address

By providing an e-mail address you are electing to receive all available shareholder communications from the Company electronically to the provided e-mail address.

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus.
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** Enter the Entitlement Number from your Invitation to participate in the Priority Offer. If a valid Entitlement Number is not provided this application will be deemed to be made under the General Offer.
- B** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 1,600 Shares representing a minimum investment of \$2,000.00). Multiply by A\$1.25 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **C**.
- D** Write your **full name**. Initials are not acceptable for first names.
- E** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- G** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.
- H** Complete **cheque details** as requested. Make your cheque payable to "Cadence Opportunities Fund Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.cadencecapital.com.au and pay by BPAY. See below.**
- I** Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies. By providing an e-mail address you are electing to receive all available shareholder communications from the Company electronically to the provided e-mail address.

Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the prospectus available at www.cadencecapital.com.au and follow the instructions on the online Application Form. You will be prompted at Q3E to enter the Entitlement Number from your invitation to participate in the Priority Offer. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm Sydney Time on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor Cadence Opportunities Fund Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

- Mailing address:**
Cadence Opportunities Fund Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001
- Delivery address:**
Cadence Opportunities Fund Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The Priority Allocation closes at 5:00 p.m. (Sydney Time) on 30 November 2018, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Cadence Opportunities Fund Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus.
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 1,600 Shares representing a minimum investment of \$2,000.00). Multiply by A\$1.25 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws.
- Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.
- G** Complete **cheque details** as requested. Make your cheque payable to "Cadence Opportunities Fund Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.cadencecapital.com.au and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See below.**
- H** Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.
By providing an e-mail address you are electing to receive all available shareholder communications from the Company electronically to the provided e-mail address.

Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the prospectus available at www.cadencecapital.com.au and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney Time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor Cadence Opportunities Fund Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

Cadence Opportunities Fund Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Cadence Opportunities Fund Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The General Offer closes at 5:00 p.m. (Sydney Time) on 7 December 2018, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Cadence Opportunities Fund Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

Cadence Opportunities Fund Limited

ACN 627 359 166

Broker Firm Application Form

Broker Reference – Stamp Only

This is an Application Form for Shares in Cadence Opportunities Fund Limited (**Company**) on the terms set out in the Prospectus dated 2 November 2018. Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 1,600 Shares and multiples of 100 Shares thereafter. This Application Form and your payment must be received by **5.00pm (Sydney Time) on the closing date**.

Broker Code <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	Advisor Code <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>
--	---

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 2 November 2018 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <https://www.boardroomlimited.com.au/corp/privacy-policy>

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in or accompanied by the Prospectus dated 2 November 2018. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period, the Company will send you a free copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of Shares you are applying for <input style="width: 100%; height: 20px;" type="text"/> Minimum of 1,600 Shares to be applied for and thereafter in multiples of 100 shares	B Total amount payable x \$1.25 per Share = \$ <input style="width: 100%; height: 20px;" type="text"/>
--	--

C Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant #1

Name of Applicant #2 or <Account Designation>

Name of Applicant #3 or <Account Designation>

D Write your postal address here

Number/Street

Suburb/Town State Postcode

E CHESS participant – Holder Identification Number (HIN)

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1 Applicant #2

Applicant #3

G Cheque payment details – ✎ PIN CHEQUE(S) HERE. Cheque to be made in accordance with the instruction from your broker. If payment is made by cheque, enter cheque details below.

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$
<input style="width: 100%; height: 20px;" type="text"/>				

H Contact telephone number (daytime/work/mobile) Contact Name

E-mail Address

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus.
- ✓ Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 1,600 Shares representing a minimum investment of \$2,000.00). Multiply by A\$1.25 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.
- G** Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.
- H** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

Broker Contact Number	Broker Name
<input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>

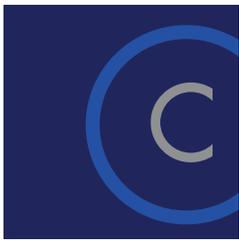
The Broker Firm Offer closes at 5:00 p.m. (Sydney Time) on 30 November 2018, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Cadence Opportunities Fund Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.



CADENCE

OPPORTUNITIES FUND



www.cadencecapital.com.au