



**RESULTS ANNOUNCEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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- Summary of Results
- Concentrated Leaders Fund Limited financial report for the half year ended 31 December 2020

The Appendix 4D Accounts have been subject to review by the Company's external auditor.

**Barry Sechos  
Company Secretary**

24 February 2021

# Concentrated Leaders Fund Limited

## Appendix 4D

### Preliminary Half-year Report

### Half-year ended 31 December 2020

This half-year ended report is for the reporting period from 1 July 2020 to 31 December 2020. The previous corresponding half-year ended period was 1 July 2019 to 31 December 2019.

#### Results for announcement to the market

		\$'000
Revenue from ordinary activities		1,399
Profit after tax attributable to ordinary equity holders	Down (47.60%)	297
Profit before tax attributable to ordinary equity holders	Down (91.63%)	39

#### Dividends

	Dividend Rate	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
Ordinary	1.50cps	\$891	18/12/2020	08/01/2021	100%
Ordinary	17.00cps	\$10,098	19/08/2020	03/09/2020	100%

#### Net tangible assets

	31 December 2020	31 December 2019
NTA (per share) after tax on realised and unrealised income & gains/losses	1.13	1.31
NTA (per share) before tax on realised and unrealised income & gains/losses	1.19	1.37

#### Explanation of results

(1) The Company's net profit after tax for the half-year is \$297,000 (2019: net profit \$566,000), a decrease of 47.50% compared to the equivalent prior period.

For the 6 months to 31 December 2020, \$5,353,000 in net gains were realised compared to \$48,000 in net losses in the same period last year.

(2) Concentrated Leaders Fund Limited is a listed investment company. "Revenue" and "Profit" are incidental results of dividends and other income received, and ignore gains (or losses) both from top-slicing the portfolio, and in the (unrealised) value of the underlying investments. The Company's financial health is measured by its net tangible assets, not accounting profits.

#### For any queries please contact:

Barry Sechos  
Company Secretary

Telephone: +61 2 9357 0777  
Facsimile: +61 2 9357 0711

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# **Concentrated Leaders Fund Limited**

ABN 25 003 236 173

## **Interim Report for the half-year ended 31 December 2020**

**Concentrated Leaders Fund Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2020**

## **Directors' Report**

Your Directors present their report together with the financial report of Concentrated Leaders Fund Limited (the "Company") for the half-year ended 31 December 2020.

### **Directors**

The following persons held office as Directors of Concentrated Leaders Fund Limited during the financial period and up to the date of this report:

Brian Sherman AM  
Barry Sechos  
John Martin  
David Sokulsky

### **Review of operations**

In light of changing trends and the overall economic outlook brought about by the Coronavirus ("COVID-19") pandemic, the Company's future operating results and near-and-long-term financial results could potentially be impacted.

The COVID-19 pandemic has caused significant volatility in the Australian equity markets and in some instances, future earnings from Company's underlying portfolio of investments is substantially impacted. However, the Directors do not expect this will affect the ability of the Company to continue as a going concern. Moreover, the fair value of all the Company's investments has been based on the closing quoted prices at the end of the financial year.

The Company's future financial position will depend primarily on the performance of its portfolio of investments, their resulting share price movements and earnings received from them. Clearly, this will be significantly impacted by the health and economic effects of the COVID-19 pandemic, but to what extent and for how long, remains uncertain.

The Company's net profit after tax for the half-year is \$297,000 (2019: net profit \$566,000), a decrease of 47.60% compared to the equivalent prior period.

For the 6 months to 31 December 2020, \$5,353,000 in net gains were realised compared to \$48,000 in net losses in the same period last year. These gains and losses are reflected in Other Comprehensive Income.

Earnings per share amounted to 0.50 cents per share for the half-year (2019: 0.95 cents per share).

Net tangible assets before tax on realised and unrealised income & gains/losses and before all deferred taxes have decreased to \$1.19 per share at 31 December 2020 (as compared to \$1.37 for the half-year 31 December 2019), while net tangible assets after tax on realised and unrealised income & gains/losses decreased to \$1.13 per share (as compared to \$1.31 for the half-year 31 December 2019).

For the six months ended 31 December 2020, the Company declared dividends totalling 18.50 cents per share fully franked (2019: 3 cents).

During the half-year, the Company transferred \$8,407,351 made up of amounts from current and retained earnings to the profits reserve. These amounts are reflected in the Statement of Changes in Equities.

### **Events occurring after the reporting period**

The COVID-19 pandemic has caused significant volatility in the Australian equity markets and in some instances, future earnings from Company's underlying portfolio of investments is substantially impacted. However, the Directors do not expect this will affect the ability of the Company to continue as a going concern. Moreover, the fair value of all the Company's investments has been based on the closing quoted prices at the end of the financial year.

**Concentrated Leaders Fund Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2020**  
(continued)

**Events occurring after the reporting period (continued)**

The Company's future financial position will depend primarily on the performance of its portfolio of investments, their resulting share price movements and earnings received from them. Clearly, this will be significantly impacted by the health and economic effects of the COVID-19 pandemic, but to what extent and for how long, remains uncertain.

On 3 September 2020, WAM Capital Limited announced an unsolicited conditional off-market takeover offer for all CLF shares. WAM Capital Limited initially proposed the offer consideration of 2 new WAM Capital shares in exchange for every 3.7 CLF shares.

On 13 October 2020, WAM Capital Ltd announced its takeover offer for CLF is unconditional.

On 31 December 2020, WAM Capital Limited announced an increase in the offer consideration to 2 new WAM Capital Limited shares in exchange for every 3.5 CLF shares and extended the offer period to 26 February 2021.

On 4 January 2021, Escotwo Pty Ltd, an entity related to Brian Sherman, accepted WAM Capital's takeover offer and was issued 7,038,070 WAM Capital shares in exchange for the 12,316,623 shares in CLF previously held.

On 19 February 2021, WAM Capital Limited announced its offer has been extended to 26 March 2021.

As at the date of this report, WAM Capital announced it had a relevant interest of 84.98% in CLF.

Other than the matters disclosed above, there is no other matter or circumstance has occurred subsequent to the period-end that has significantly affected, or may significantly affect, the operations of the Company.

**Rounding of amounts**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with this ASIC Corporations Instrument, unless otherwise indicated.

This report is made in accordance with a resolution of Directors made pursuant to Section 298(2) of the Corporations Act 2001.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of Directors under section 306(3) of the *Corporations Act 2001*.



Barry Sechos  
Director

Sydney  
24 February 2021

The Board of Directors  
Concentrated Leaders Fund Limited  
2 Paddington Street  
Paddington NSW 2021  
Australia

24 February 2021

Dear Board Members,

**Concentrated Leaders Fund Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Concentrated Leaders Fund Limited.

As lead audit partner for the review of the financial statements of Concentrated Leaders Fund Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

Alfie Nehama  
Partner  
Chartered Accountants

**Concentrated Leaders Fund Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2020**

	Notes	<b>Half-year ended</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Investment income from ordinary activities</b>	4	<b>1,399</b>	1,666
<b>Expenses</b>			
Management fees	11(b)	(453)	-
Legal expense & investor relations		(272)	-
Interest expense		(152)	(254)
Portfolio administration and accounting fees		(108)	(108)
Directors' fees		(103)	(103)
Brokerage expense		(63)	(70)
Share registry fees		(55)	(34)
Directors' liability insurance fees		(43)	(39)
Audit fees		(31)	(44)
ASX fees		(26)	(28)
Custody fees		(13)	(15)
Employee benefit expense		(1)	(357)
Occupancy expense		-	(43)
Subscription fees		-	(50)
Other expenses		(40)	(51)
		<b>(1,360)</b>	<b>(1,196)</b>
<b>Profit before income tax</b>		<b>39</b>	470
Income tax benefit		<b>258</b>	96
<b>Net profit for the period</b>		<b>297</b>	566
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains on financial assets taken to equity		<b>4,675</b>	3,499
Income tax expense relating to unrealised gains on financial assets taken to equity		(1,402)	(1,050)
Net realised gains/(losses) on financial assets taken to equity		<b>5,353</b>	(48)
Income tax (expense)/benefit relating to realised gains/(losses) on financial assets taken to equity		(1,606)	14
<b>Other comprehensive income for the period, net of tax</b>		<b>7,020</b>	2,415
<b>Total comprehensive income for the period</b>		<b>7,317</b>	2,981
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	8	<b>0.50</b>	0.95
Diluted earnings per share	8	<b>0.50</b>	0.95

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Concentrated Leaders Fund Limited**  
**Statement of Financial Position**  
**As at 31 December 2020**

	At	
	31 December	30 June
	2020	2020
	\$'000	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	18,009	14,929
Trade and other receivables	337	497
Other current assets	38	95
<b>Total current assets</b>	<b>18,384</b>	<b>15,521</b>
<b>Non-current assets</b>		
Financial assets at fair value through other comprehensive income	2	87,482
Deferred tax assets	404	1,772
<b>Total non-current assets</b>	<b>83,615</b>	<b>89,254</b>
<b>Total assets</b>	<b>101,999</b>	<b>104,775</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	165	616
Dividends payable	891	891
Borrowings	30,000	30,000
<b>Total current liabilities</b>	<b>31,056</b>	<b>31,507</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	3,856	2,474
<b>Total non-current liabilities</b>	<b>3,856</b>	<b>2,474</b>
<b>Total liabilities</b>	<b>34,912</b>	<b>33,981</b>
<b>Net assets</b>	<b>67,087</b>	<b>70,794</b>
<b>EQUITY</b>		
Issued capital	6	56,629
Reserves		8,995
Profits reserve		1,463
Retained earnings		-
<b>Total equity</b>	<b>67,087</b>	<b>70,794</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Concentrated Leaders Fund Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2020**

	Notes	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Profits reserve \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		56,664	5,723	8,407	-	70,794
Net profit for the period		-	-	-	297	297
<b>Other comprehensive income for the period</b>						
Net unrealised gains on financial assets taken to equity		-	4,675	-	-	4,675
Net realised losses on financial assets taken to equity		-	5,353	-	-	5,353
Net income tax relating to the above items		-	(3,008)	-	-	(3,008)
<b>Total other comprehensive income for the period, net of tax</b>		-	7,020	-	-	7,020
<b>Total comprehensive income for the period attributable to the ordinary equity holders of the Company</b>		-	<b>7,020</b>	-	<b>297</b>	<b>7,317</b>
<b>Transactions with owners in their capacity as owners:</b>						
Net realised losses transferred to profits reserve (net of income tax)		-	(3,748)	-	3,748	-
Retained earnings transferred to profits reserve		-	-	(8,407)	8,407	-
Dividends provided for or paid		-	-	-	(10,989)	(10,989)
Cancellation of ordinary shares	6	(35)	-	-	-	(35)
		(35)	(3,748)	(8,407)	1,166	(11,024)
<b>Balance at 31 December 2020</b>		<b>56,629</b>	<b>8,995</b>	-	<b>1,463</b>	<b>67,087</b>
<b>Balance at 1 July 2019</b>		56,664	5,583	14,539	-	76,786
Net profit for the period		-	-	566	-	566
<b>Other comprehensive income for the period</b>						
Net unrealised gains on financial assets taken to equity		-	3,499	-	-	3,499
Net realised gains on financial assets taken to equity		-	(48)	-	-	(48)
Net income tax relating to the above items		-	(1,036)	-	-	(1,036)
<b>Total other comprehensive income for the period, net of tax</b>		-	2,415	-	-	2,415
<b>Total comprehensive income for the period attributable to the ordinary equity holders of the Company</b>		-	<b>2,415</b>	<b>566</b>	-	<b>2,981</b>
<b>Transactions with owners in their capacity as owners:</b>						
Net realised gains transferred to retained earnings (net of income tax)		-	34	(34)	-	-
Dividends provided for or paid	7	-	-	(1,782)	-	(1,782)
Cancellation of ordinary shares	6	-	-	-	-	-
		-	34	(1,816)	-	(1,782)
<b>Balance at 31 December 2019</b>		<b>56,664</b>	<b>8,032</b>	<b>13,289</b>	-	<b>77,985</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Concentrated Leaders Fund Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2020**

	Notes	<b>Half-year ended</b>	
		<b>31 December 2020</b>	<b>31 December 2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Dividends and trust distributions received		1,498	1,958
Interest received		14	145
Other income received		53	-
Management fees paid		(374)	-
Finance costs paid		(152)	(254)
Income tax expense paid		-	(741)
Payments for other expenses		(1,234)	(898)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(195)</b>	<b>210</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets at fair value through other comprehensive income		(10,150)	(24,151)
Proceeds from sale of financial assets at fair value through other comprehensive income		24,449	21,966
<b>Net cash inflow/(outflow) from investing activities</b>		<b>14,299</b>	<b>(2,185)</b>
<b>Cash flows from financing activities</b>			
Payments for shares bought back	6	(35)	-
Dividends paid		(10,989)	(891)
<b>Net cash outflow from financing activities</b>		<b>(11,024)</b>	<b>(891)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,080</b>	<b>(2,866)</b>
Cash and cash equivalents at the beginning of the period		<b>14,929</b>	<b>29,284</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>18,009</b>	<b>26,418</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**

## **1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity Concentrated Leaders Fund Limited.

### **(a) Basis of preparation of half-year report**

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Concentrated Leaders Fund Limited is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Concentrated Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Except as described below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### *(i) New and amended standards adopted by the Company*

There are no Standards and Interpretations that are not yet effective and that are expected to have a material impact on the Company during the current or future reporting periods.

#### *(ii) Impact of standards issued but not yet applied by the Company*

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### **(b) Investments and other financial assets**

#### **Classification**

##### *(i) Financial assets at fair value through other comprehensive income*

The Company has designated long-term investments as "fair value through other comprehensive income". All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income.

#### **Recognition and derecognition**

Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
(continued)

## **1 Summary of significant accounting policies (continued)**

### **(b) Investments and other financial assets (continued)**

#### ***Measurement***

At initial recognition, the Company measures financial assets and liabilities at fair value.

Transactions costs of financial assets and liabilities carried at fair value through other comprehensive income that are directly attributable to the acquisition of financial assets/liabilities are added to or deducted from the fair value of such assets/liabilities, as appropriate, on initial recognition.

Subsequent changes in fair values are recognised through the investment portfolio revaluation reserve after adjusting a provision for the potential deferred tax liability/asset as these investments are long-term holding of equity investments.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to retained earnings.

#### ***Determination of Fair Value***

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Under AASB 13, if an investment has a bid price and an ask price, the price within the bid-ask spread that is more representative of fair value in the circumstances shall be used to measure fair value. Accordingly, the Company uses the last price which falls within the bid-ask spread as a basis of measuring fair value.

### **(c) Income tax**

Income tax expense/benefit comprises current and deferred tax. Income tax expense/benefit is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is based upon temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
 (continued)

## 2 Fair value measurements

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through other comprehensive income (FVTOCI)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period (30 June 2020: nil).

### (a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### (i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2020</b>				
<b>Financial assets</b>				
Financial assets at FVTOCI				
Equity securities	<b>83,211</b>	-	-	<b>83,211</b>
<b>Total financial assets</b>	<b>83,211</b>	-	-	<b>83,211</b>
 <b>At 30 June 2020</b>	 Level 1 \$'000	 Level 2 \$'000	 Level 3 \$'000	 Total \$'000
<b>Financial assets</b>				
Financial assets at FVTOCI				
Equity securities	<b>87,482</b>	-	-	<b>87,482</b>
<b>Total financial assets</b>	<b>87,482</b>	-	-	<b>87,482</b>

There were no transfers between levels for recurring fair value measurements during the period (30 June 2020: nil).

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Disclosed fair values

For all financial instruments other than those measured at the fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of borrowings approximates the carrying amount.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
 (continued)

### 3 Segment information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend and distribution income, interest income and from the sale of its investment portfolio.

### 4 Investment income from ordinary activities

	Half-year ended	
	31 December 2020 \$'000	31 December 2019 \$'000
Dividends on long term investments held at the end of the period	1,236	1,534
Dividends on long term investments sold during the period	99	-
Interest	12	132
Other income	53	-
	<b>1,399</b>	<b>1,666</b>

### 5 Borrowings

	At					
	31 December 2020			30 June 2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
<b>Secured</b>						
Bank loans	30,000	-	<b>30,000</b>	30,000	-	30,000
Total secured borrowings	<b>30,000</b>	-	<b>30,000</b>	30,000	-	30,000

The Company entered into a \$30 million Equity Finance Loan with NAB ('NAB Facility') in early April 2018.

The NAB Facility is secured by the transfer to NAB, by way of security, of a portion of the assets of the Company comprising shares whose market value is not less than 110% of the value of the outstanding balance under the NAB Facility. The carrying amount of assets pledged as security at 31 December 2020 is \$36,991,000 (30 June 2020: \$35,364,000). The facility is drawn to the extent of \$30 million on 31 December 2020 (30 June 2020: \$30 million). As at 31 December 2020, the facility incurs an interest rate of 0.90%, inclusive of the margin of 0.80% (30 June 2020: 1.05%, inclusive of the margin of 0.80%).

As at 31 December 2020, the Company was in a net working capital deficit position of \$12,672,000 (30 June 2020: \$15,986,000). This is on account of the classification of the debt facility within current liabilities, as the debt facility is terminable on 90 days' notice, which notice may be given by any party at any time.

At the date of signing this financial report, the directors have no reason to believe that the NAB facility will not continue to be renewed and therefore consider it appropriate to prepare the financial report on the going concern basis.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
 (continued)

## 6 Issued capital

### (a) Share capital

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$'000	30 June 2020 \$'000
Ordinary shares	<b>59,366,814</b>	59,401,514	<b>56,629</b>	56,664

### (b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	\$'000
1 July 2019	Opening balance	6(c)	59,401,514	56,664
	Cancellation of shares		-	-
31 December 2019	Closing balance		<u>59,401,514</u>	<u>56,664</u>
1 July 2020	Opening balance	6(c)	59,401,514	56,664
	Cancellation of shares		(34,700)	(35)
31 December 2020	Closing balance		<u>59,366,814</u>	<u>56,629</u>

### (c) Share buy-back

The Company renewed the share buy-back for 12 months from 22 February 2020 and bought back 34,700 shares during the half-year ended 31 December 2020 (for the half-year ended 31 December 2019: nil shares). All of these shares were cancelled as at reporting date.

### (d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. During the half-year ended 31 December 2020, the Company did not issue any shares under the DRP (for the half-year ended 31 December 2019: nil).

### (e) Profits reserve

During the half-year ended 31 December 2020, the Company transferred \$8,407,351 made up of amounts from current and retained earnings to the profits reserve.

To the extent possible under the Corporations Act 2001 and applicable tax laws, the profits reserve is preserved for future dividend payments.

## 7 Dividends

### (a) Ordinary shares

	Half-year ended	
	31 December 2020 \$'000	31 December 2019 \$'000
Dividends provided for in respect of the half-year ended	<b>10,989</b>	1,782

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
 (continued)

## 7 Dividends (continued)

### (b) Dividend rate

Dividends declared are fully franked at 30%.

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
<b>2021</b>				
Ordinary shares - interim	1.50cps	\$891	08/01/2021	100%
Ordinary shares - interim	17.00cps	\$10,098	03/09/2020	100%
<b>2020</b>				
Ordinary shares - interim	1.50cps	\$891	30/01/2020	100%
Ordinary shares - interim	1.50cps	\$891	18/10/2019	100%

## 8 Earnings per share

### (a) Basic earnings per share

	Half-year ended	
	31 December 2020 Cents	31 December 2019 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<b>0.50</b>	0.95
Total basic earnings per share attributable to the ordinary equity holders of the Company	<b>0.50</b>	0.95

### (b) Diluted earnings per share

	Half-year ended	
	31 December 2020 Cents	31 December 2019 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<b>0.50</b>	0.95
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<b>0.50</b>	0.95

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
 (continued)

## 8 Earnings per share (continued)

### (c) Weighted average number of shares used as denominator

	Half-year ended	
	31 December 2020	31 December 2019
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>59,378,158</u>	<u>59,401,514</u>
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>59,378,158</u>	<u>59,401,514</u>

## 9 Key management personnel disclosures

### (a) Key management personnel compensation

	Half-year ended	
	31 December 2020	31 December 2019
	\$	\$
Short-term employee benefits	102,658	267,157
Post-employment benefits	-	10,501
	<u>102,658</u>	<u>277,658</u>

## 10 Contingencies

The Company had no contingent liabilities at 31 December 2020 (30 June 2020: nil).

## 11 Related party transactions

### (a) Key management personnel

Disclosures relating to key management personnel are set out in Note 9.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
(continued)

**11 Related party transactions (continued)**

**(b) Transactions with other related parties**

(i) Internal investment management team

As at 30 June 2020, the Company announced that the management of its investment portfolio will be externalized from 1 July 2020. The portfolio management and advisory function will be assumed by Carrara Investment Management (Australia) Pty Ltd ACN 641 618 331 ("Carrara"), a new investment management company controlled by Dr David Sokulsky, the current Chief Executive Officer and Chief Investment Officer of the Company. As of 30 June 2020, all members of the Company's investment team have resigned from their positions with the Company and have joined Carrara.

(ii) Carrara Investment Management (Australia) Pty Ltd

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	\$	\$
Management fees	<b>453,296</b>	-

The Company has entered into an Investment Management Agreement with Carrara Investment Management (Australia) Pty Ltd under which Carrara will manage the investments of the Company for an investment management fee. The investment management fee is paid monthly in arrears and is 0.90% per annum of the valuation of investments calculated on the last business day of the month if the portfolio is less than \$250 million, 0.80% per annum if the portfolio is between \$250 million and \$500 million, and 0.70% per annum of the portfolio is over \$500 million.

A performance fee of 20% was also payable on the increase in the value of investments over the return of the S&P/ASX 200 Total Return Index ('Index'). Where the Index decreased over the year, the performance fee was based on the increase in the value of investments. No performance fees were payable if the value of investments have decreased year on year.

**Concentrated Leaders Fund Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**  
(continued)

## **11 Related party transactions (continued)**

### **(b) Transactions with other related parties (continued)**

#### **(iii) Administrative and company secretary services**

Bodeg Pty Ltd is paid an annual fee of \$82,000 for the provision of middle office and administrative services. For the period 1 July 2020 to 31 December 2020, \$41,000 of administration expense was incurred (2019: \$41,000), and no amount payable as at 31 December 2020 (2019: nil).

Sherman Group Pty Limited is paid an annual fee of \$77,000 for Company Secretarial and Compliance Officer services provided by Barry Sechos to the Company. For the period 1 July 2020 to 31 December 2020, \$38,438 of secretary fee was incurred (2019: \$38,438), and no amount was payable as at 31 December 2020 (2019: nil). Barry Sechos is a director of Sherman Group Pty Ltd, an entity related to Brian Sherman. Barry Sechos is also a director of Escotwo Pty Ltd, another entity related to Brian Sherman, which as at 31 December 2020 held 12,263,623 ordinary shares in the Company (30 June 2020: 12,263,623 ordinary shares).

## **12 Events occurring after the reporting period**

The COVID-19 pandemic has caused significant volatility in the Australian equity markets and in some instances, future earnings from Company's underlying portfolio of investments is substantially impacted. However, the Directors do not expect this will affect the ability of the Company to continue as a going concern. Moreover, the fair value of all the Company's investments has been based on the closing quoted prices at the end of the financial year.

The Company's future financial position will depend primarily on the performance of its portfolio of investments, their resulting share price movements and earnings received from them. Clearly, this will be significantly impacted by the health and economic effects of the COVID-19 pandemic, but to what extent and for how long, remains uncertain.

On 3 September 2020, WAM Capital Limited announced an unsolicited conditional off-market takeover offer for all CLF shares. WAM Capital Limited initially proposed the offer consideration of 2 new WAM Capital shares in exchange for every 3.7 CLF shares.

On 13 October 2020, WAM Capital Ltd announced its takeover offer for CLF is unconditional.

On 31 December 2020, WAM Capital Limited announced an increase in the offer consideration to 2 new WAM Capital Limited shares in exchange for every 3.5 CLF shares and extended the offer period to 26 February 2021.

On 4 January 2021, Escotwo Pty Ltd, an entity related to Brian Sherman, accepted WAM Capital's takeover offer and was issued 7,038,070 WAM Capital shares in exchange for the 12,316,623 shares in CLF previously held.

On 19 February 2021, WAM Capital Limited announced its offer has been extended to 26 March 2021.

As at the date of this report, WAM Capital announced it had a relevant interest of 84.98% in CLF.

Other than the matters disclosed above, there is no other matter or circumstance has occurred subsequent to the period-end that has significantly affected, or may significantly affect, the operations of the Company.

**Concentrated Leaders Fund Limited  
Directors' Declaration  
For the half-year ended 31 December 2020**

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 16 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors under section 303(5) of the *Corporations Act 2001*.



Barry Sechos  
Director

Sydney  
24 February 2021

## Independent Auditor's Review Report to the Members of Concentrated Leaders Fund Limited

### Conclusion

We have reviewed the half-year financial report of Concentrated Leaders Fund Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2020, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 17.

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Directors' Responsibilities for the Half-year Financial Report

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

### Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report 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 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.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Anne -*

Alfie Nehama  
Partner  
Chartered Accountants  
Sydney, 24 February 2021