



APRIL 2011 INVESTOR REPORT

FUND NTA

Cadence Capital unit price estimates as at 30th April 2011:

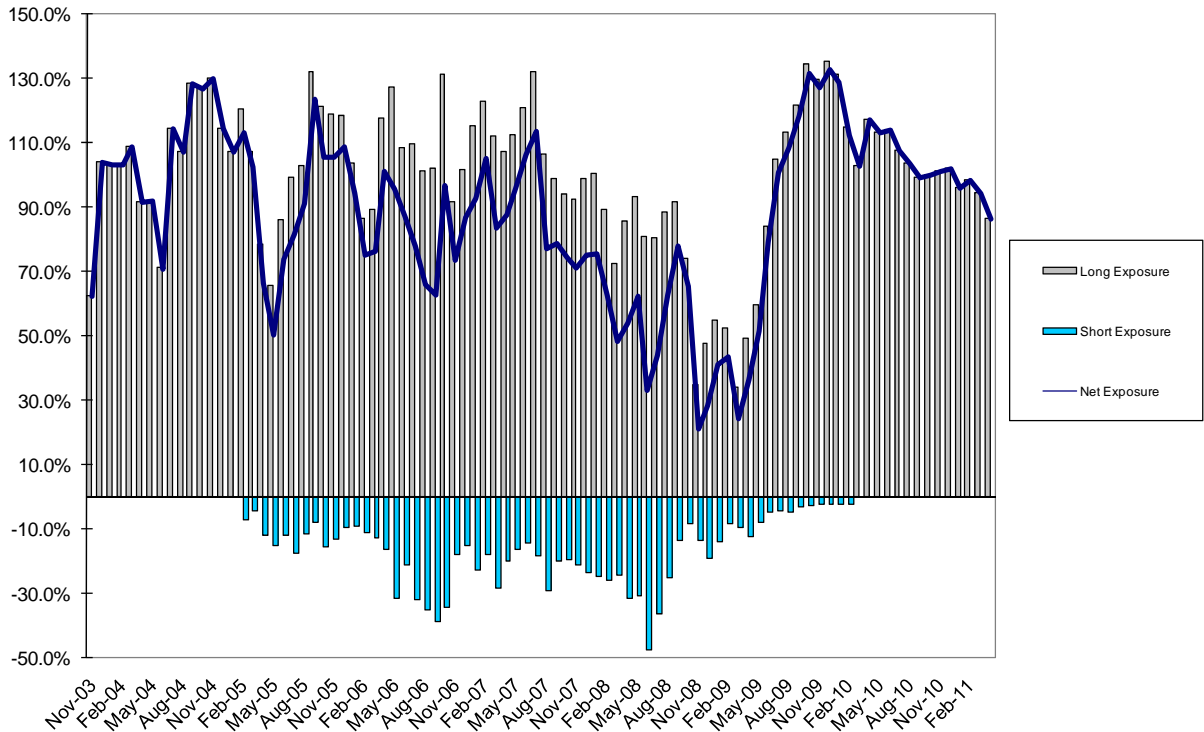
NTA (Post Fees and Distributions) \$ 1.86907

FUND PERFORMANCE*

| Performance to 30 April 2011 | CC | All Ords | Outperformance |
|--|---------|----------|----------------|
| 1 Month | 6.34% | -0.58% | |
| 1 Year | 41.13% | 5.44% | +35.69% |
| Annualised return since inception (90 months) | 16.46% | 9.92% | +6.54% |
| Inception to date accumulated return (90 months) | 213.50% | 103.28% | +110.22% |

* Before Management and Performance Fees

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

| Sector | Long | Short | Net |
|------------------------------------|---------------|--------------|---------------|
| Banks | 39.82% | | 39.82% |
| Materials | 18.92% | | 18.92% |
| Software & Services | 15.01% | | 15.01% |
| Commercial Services & Supplies | 6.47% | | 6.47% |
| Diversified Financials | 2.96% | | 2.96% |
| Telecommunication Services | 1.24% | | 1.24% |
| Technology Hardware & Equipment | 0.76% | | 0.76% |
| Consumer Services | 0.41% | | 0.41% |
| Commercial & Professional Services | 0.39% | | 0.39% |
| Energy | 0.34% | | 0.34% |
| Exposure | 86.33% | 0.00% | 86.33% |
| Cash on hand | | | 13.67% |

TOP 20 PORTFOLIO POSITIONS

| ASX Code | Position | Direction | % Holding |
|--------------------------------------|---------------------------------------|-----------|--------------|
| RHG | RHG Ltd | Long | 31.1% |
| RKN | Reckon Ltd | Long | 7.9% |
| BVA | Bravura Solutions Ltd | Long | 6.8% |
| MMS | McMillan Shakespeare Limited | Long | 6.5% |
| AQG | Alacer Gold Corp. | Long | 5.3% |
| RIO | Rio Tinto Ltd | Long | 4.1% |
| ANZ | Australia & New Zealand Banking Group | Long | 3.5% |
| NAB | National Australia Bank Ltd | Long | 3.3% |
| FXL | Flexigroup Limited | Long | 3.0% |
| BTU | Bathurst Resources Limited | Long | 2.7% |
| FFF | Firstfolio Limited | Long | 1.9% |
| AWC | Alumina Limited | Long | 1.3% |
| ZRL | Zambezi Resources Limited | Long | 1.0% |
| CFE | Cape Lambert Iron Ore Ltd | Long | 1.0% |
| MCC | MacArthur Coal Ltd | Long | 1.0% |
| ZYL | ZYL Limited | Long | 0.8% |
| GXY | Galaxy Resources Limited | Long | 0.7% |
| VOC | Vocus Communications Limited | Long | 0.7% |
| AGO | Atlas Iron Ltd | Long | 0.7% |
| MGV | Musgrave Minerals Limited | Long | 0.7% |
| Top Twenty Portfolio Holdings | | | 83.9% |

MARKET AND COMMENTARY

We are pleased to report that the fund has had a good year to date and for the ten months ended 30th April 2011 the fund is up 62.74% (Gross) outperforming the All Ordinaries Accumulation Index by 45.62%. During the month of April, Cadence Capital Fund returned a positive gross performance of +6.34% compared to a decrease in the All Ordinaries Accumulation Index of -0.58% and a decrease in the Small Ordinaries Accumulation Index of -2.61%.

For the seven years and six months to 30th April 2011, Cadence Capital Fund has returned a gross performance of 213.50% compared to an increase in the All Ordinaries Accumulation Index of 103.28%.

The fund finished the month 86.33% long and with no shorts, i.e. net long exposure of 86.33%. The net exposure for March 2011 was 94.48%.

CADENCE CAPITAL NEWS

RHG Update

RHG has been a significant investment for Cadence over the last two years. We started buying RHG shares in March 2009 at \$0.24 and have since added to the position. In November 2010 RHG announced an equal access buy back valuing the shares at \$0.88 cash plus \$0.30 franking credit (\$1.16 of value in total). In March 2011 RHG announced that after the buyback was complete it intended to delist from the Australian Securities Exchange and the independent director would leave the board. We believed that the delisting and board changes were not in shareholders' interests. Cadence Asset Management, along with Wilson Asset Management, requisitioned a shareholders' meeting to appoint three independent Directors to the Board of RHG. At the time of the requisition, we believed that RHG shares were worth more than 88 cents per share cash and 30 cents of franking and that the company should remain listed to realize additional value for shareholders.

We are pleased to note that in the last two months RHG has, agreed not to delist from the ASX, the buy back has been voted down, RHG has announced a fully franked dividend of 79 cents, it has appointed three new independent directors, and it will once again look for a buyer for its loan book. We would very much like to thank all those who supported us in achieving this very satisfactory outcome.

Since requisitioning the RHG shareholders meeting, the value of each RHG share has increased from 88 cents cash plus 30 cents franking (\$1.16 in total), to a 79 cents cash dividend plus 34 cents of franking credit plus an on market value of 50 cents per share (A total of \$1.63 at the close of business on the 13th May 2011). This represents an increase in value per RHG share of approximately 40%. We are pleased that this increased value has been realized by all RHG shareholders as well as Cadence Capital unitholders.

During the past month, Cadence has been quoted numerous times in the press regarding RHG. For more insight into the events surrounding the RHG buy back, we would encourage you to read these articles in the 'News' section of the Cadence Capital website at www.cadencecapital.com.au.

Franking

The effect of the RHG dividend on Cadence Capital is significant. Cadence Capital now has a significant amount of franking that it should be in a position to distribute to its Unitholders.

News

On the 11th May 2011, the Australian Financial Review ran a detailed article on Listed Investment Companies titled "Free money' in underpriced LIC's". The following is an extract from the article. "Cadence Capital Limited (CDM) director Karl Siegling, a large investor in the fund, says one of his biggest challenges is to narrow its discount to NTA, though the stock price has risen to its highest level in more than three years after a surge in shares in RHG – the fund's biggest position".

Karl Siegling also stated; "It is a frustration of mine that we have one of the best performing funds in the country and we're trading at such a big discount to NTA", Siegling says."But it's an opportunity for any incoming investor, as they're still getting the same returns off a lower base" Siegling believes that over time as smaller-cap LIC's grow in size and age, such opportunistic discounts will disappear'

Over the coming months, the team at Cadence Capital Limited has committed to a number of Australian Securities Exchange (ASX) presentations as well as a number of Stock Broker presentations to bring the investment community and potential investors up to date on the Cadence Capital Limited portfolio.

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