



## INVESTMENT UPDATE

April 2012

### Summary Update

For the first ten months of the financial year, to the 30th April 2012, Cadence Capital Fund has generated a gross performance of +10.55% compared to a decrease in the All Ordinaries Accumulation Index of -0.41% and a decrease in the Small Ordinaries Accumulation Index of -0.11%.

During the month of April 2012, Cadence Capital Fund returned a gross performance of -1.77% compared to an increase in the All Ordinaries Accumulation Index of +1.10% and a decrease in the Small Ordinaries Accumulation Index of -0.92%. For the eight years and six months to 30<sup>th</sup> April 2012, Cadence Capital Fund has generated a gross performance of 17.22% per annum, outperforming the All Ordinaries Accumulation Index by 9.12% per annum.

The fund finished the month 74.55% net long compared to 70.66% net long in March 2012.

### Fund NTA

Cadence Capital unit price estimates as at 30th April 2012:

NTA (Post Fees)            \$1.78926

### Cadence Highlights

Cadence has a **RECOMMENDED Rating by ZENITH** Investment Partners

Cadence Capital Limited has once again been **ranked by ASX\* as the Number 1 Australian Equities Listed Investment Company** over 1, 3 and 5 years in the latest LMI Quarterly Update as at 31 March 2012.

Cadence Capital Limited has also been **ranked by Patersons as the No. 1 Listed Investment Company** over both 1 and 2 years in their LIC Quarterly Update dated 24 August 2011.

All of these reports are available on our home page at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

\* Source: ASX website – Market Update on Management Funds section, LMI Quarterly Update as at 31 March 2012



## Fund Performance

| Performance* to 30th April 2012                   | CCF**   | All Ords | Outperformance |
|---|---------|----------|----------------|
| 1 Month   | -1.77%  | 1.10%    | -2.87%         |
| 1 Year  | 22.70%  | -4.62%   | +27.32         |
| 2 Years   | 74.14%  | 0.57%    | +73.57         |
| 3 Years   | 167.31% | 34.94%   | +132.37        |
| 4 Years   | 68.64%  | -6.03%   | +74.67         |
| 5 Years   | 38.36%  | -10.32%  | +48.68         |
| 6 Years   | 78.11%  | 10.42%   | +67.69         |
| Inception to date accumulated return (102 months) | 285.86% | 93.89%   | +191.97        |
| Annualised return since inception (102 months)    | 17.22%  | 8.10%    | +9.12          |

\* Gross Performance before Management and Performance Fees

\*\* Adjusted to include material franking credit of 26.7 cents received from RHG dividend during May 2011

## Top Portfolio Positions

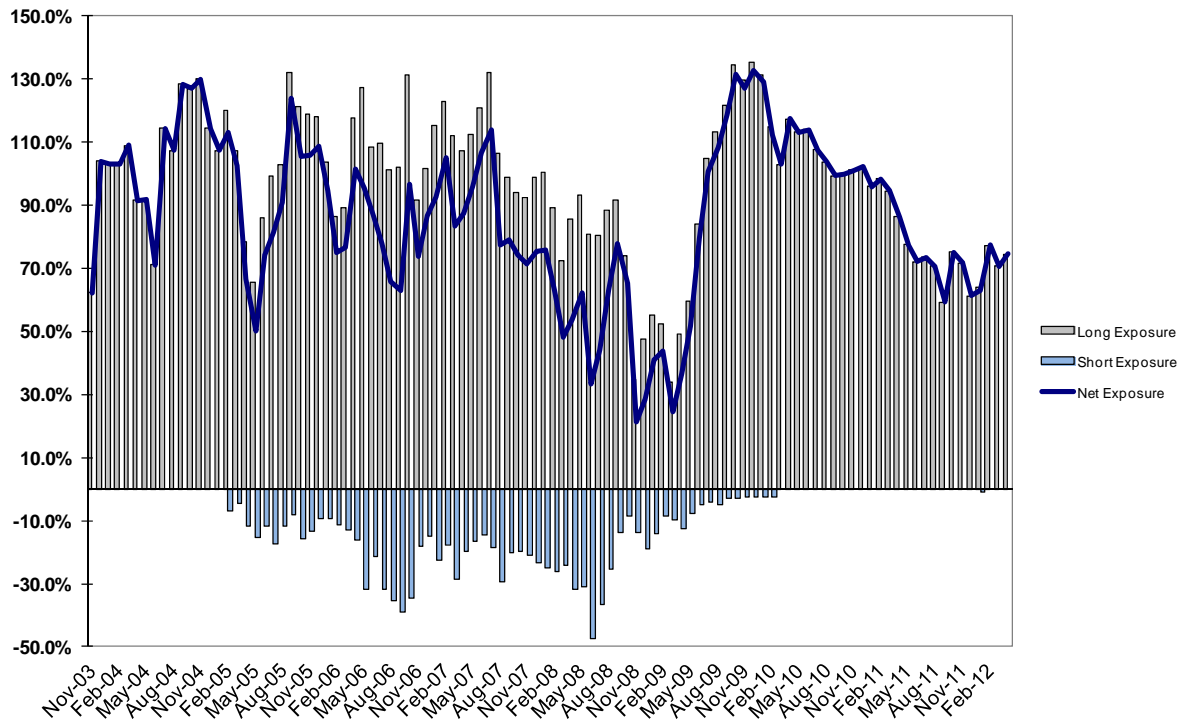
| ASX Code                          | Position                              | Direction | Holding       |
|-----------------------------------|---------------------------------------|-----------|---------------|
| RHG                               | RHG Ltd                               | Long      | 24.2%         |
| MMS                               | Mc Millan Shakespeare Ltd             | Long      | 6.9%          |
| RKN                               | Rekon Ltd                             | Long      | 5.5%          |
| DCG                               | Decmil Group Limited                  | Long      | 4.9%          |
| BVA                               | Bra vura So lutions Ltd               | Long      | 4.4%          |
| ANZ                               | Australia & New Zealand Banking Group | Long      | 4.2%          |
| MQG                               | Macquarie Group Limited               | Long      | 4.1%          |
| FXL                               | Flexigroup Ltd                        | Long      | 3.7%          |
| NAB                               | National Australia Bank Ltd           | Long      | 3.2%          |
| COF                               | Coffey International Limited          | Long      | 3.1%          |
| VMG                               | VDM Group Limited                     | Long      | 2.6%          |
| RFG                               | Retail Food Group                     | Long      | 1.3%          |
| CTP                               | Central Petroleum Ltd                 | Long      | 1.2%          |
| JKA                               | Jacka Resources Ltd                   | Long      | 1.2%          |
| <b>Portfolio Holdings &gt; 1%</b> |                                       |           | <b>70.42%</b> |



## Portfolio Sector Analysis

| Sector                             | Long          | Short        | Net           |
|------------------------------------|---------------|--------------|---------------|
| Banks                              | 32.01%        |              | 32.01%        |
| Software & Services                | 10.45%        |              | 10.45%        |
| Commercial & Professional Services | 9.96%         |              | 9.96%         |
| Diversified Financials             | 8.68%         |              | 8.68%         |
| Capital Goods                      | 8.18%         |              | 8.18%         |
| Energy                             | 2.53%         |              | 2.53%         |
| Consumer Services                  | 1.25%         |              | 1.25%         |
| Materials                          | 0.77%         |              | 0.77%         |
| Telecommunication Services         | 0.72%         |              | 0.72%         |
| <b>Exposure</b>                    | <b>74.55%</b> | <b>0.00%</b> | <b>74.55%</b> |
| <b>Cash on Hand</b>                |               |              | <b>25.45%</b> |

## Portfolio Exposure

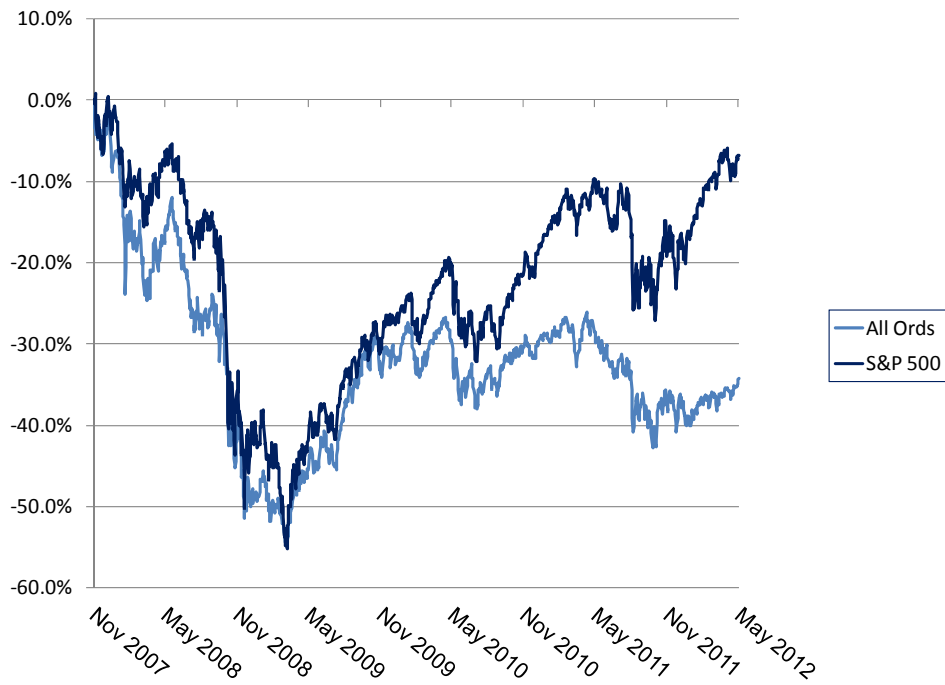




## Cadence News

### Australian Equity Market performance and other markets around the world

Australia has had one of the worst performing stock markets in the world since the start of the Global Financial Crisis (GFC) whilst the US markets look like they will make new highs in the near future. The poor performance of the Australian market can in large part be explained by the change in currency valuations between AUD, USD and EURO. The fact that the Australian market has performed reasonably well in USD does not help local investors or local retirees or anyone attempting to live or earn a return on their investment **IN** Australia.



We believe currency and interest rate differentials could play a big role in the year ahead and that we need to be on the lookout for stock opportunities that present themselves due to these changing differentials. We will also be trying to identify good value stocks that have significant overseas earnings and hopefully get the change in the AUD valuation as a free call option. The AUD and interest rates may not necessarily go down but we will be consciously looking out for these changes.

Our latest quarterly webcast looks into this in more detail, and will soon be available from the News and Views section of our website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au).

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