

INVESTMENT UPDATE

April 2012

Summary Update

For the first ten months of the financial year, to the 30th April 2012, Cadence Capital Limited has generated a gross performance of +9.32% 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 Limited returned a gross performance of -1.52% 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 six years and seven months to 30 April 2012, Cadence Capital Limited has generated a gross performance of 20.19% per annum, outperforming the All Ordinaries Accumulation Index by 16.37% per annum.

The fund finished the month 71.81% long compared to 69.10% long in March 2012.

Fund NTA

Net Tangible Assets as at 30 April	Amount (\$)
Pre Tax NTA	\$1.336
Post Tax NTA	\$1.407
Share price (ASX Code: CDM)	\$1.29
Option price (ASX Code: CDMO) [^]	\$0.055

[^] The Option strike price is \$1.25 and expires on the 15th September 2012

*These NTA's are **post the 4.5c March 2012 fully franked interim and special dividend**

Fund Highlights

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 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.

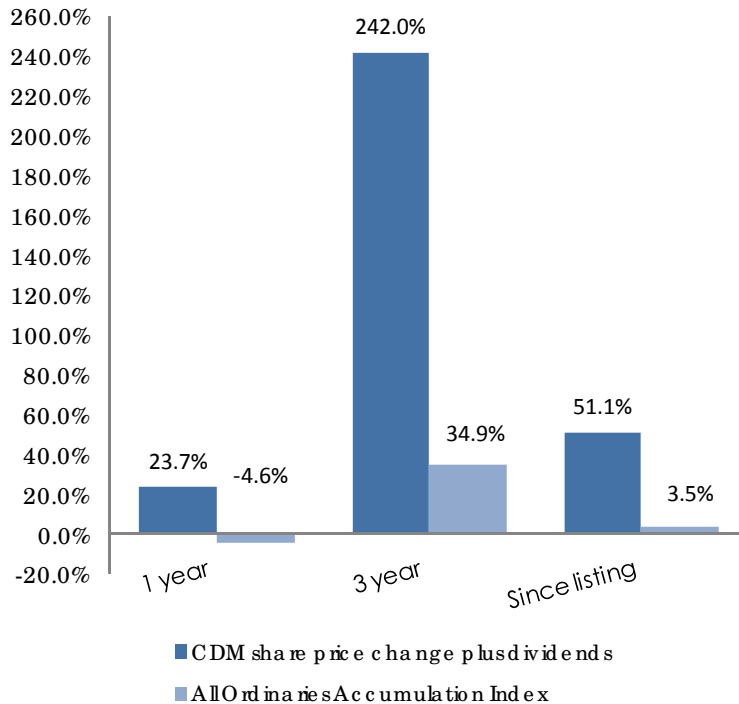
Cadence Capital Limited has a **RECOMMENDED Rating by ZENITH** Investment Partners

All of these reports are available on our home page at www.cadencecapital.com.au

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



Share Price Return Including Dividends



Fully Franked Dividends Declared Since Listing

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2*c	-	4.7c	5.8c
2009	-	2.0c	-	2.0c	2.9c
2010	2.0c	2.0c	-	4.0c	5.7c
2011	3.0c	3.0c	3.0c	9.0c	12.9c
2012	4.0c	-	0.5c	4.5c	6.4c
TOTAL	13.5c	11.2c	5.5c	30.2c	42.3c

* Off market equal access buy back



Fund Performance

Performance* to 30th April 2012	CDM**	All Ords	Outperformance
1 Month	-1.52%	1.10%	-2.62%
1 Year	19.55%	-4.62%	+24.17%
2 Years	74.17%	0.57%	+73.60
3 Years	157.76%	34.94%	+122.82
4 Years	108.31%	-6.03%	+114.34
5 Years	84.86%	-10.32%	+95.18
Since Inception (79 months)	235.50%	27.96%	+207.54
Since Inception Annualised (79 months)	20.19%	3.82%	+16.37

* Before Management and Performance Fees

**These numbers include the franking value of the substantial RHG dividend received in May 2011

In May 2011 the fund received a substantial fully franked dividend from its RHG holding. As a result of this dividend, the Post Tax NTA of the fund increased by +8% during that month. The May 2011 performance of the fund was adjusted to reflect this Post-tax increase in NTA as this figure more accurately included the material fully franked dividends received from RHG during this month.

Top Portfolio Positions

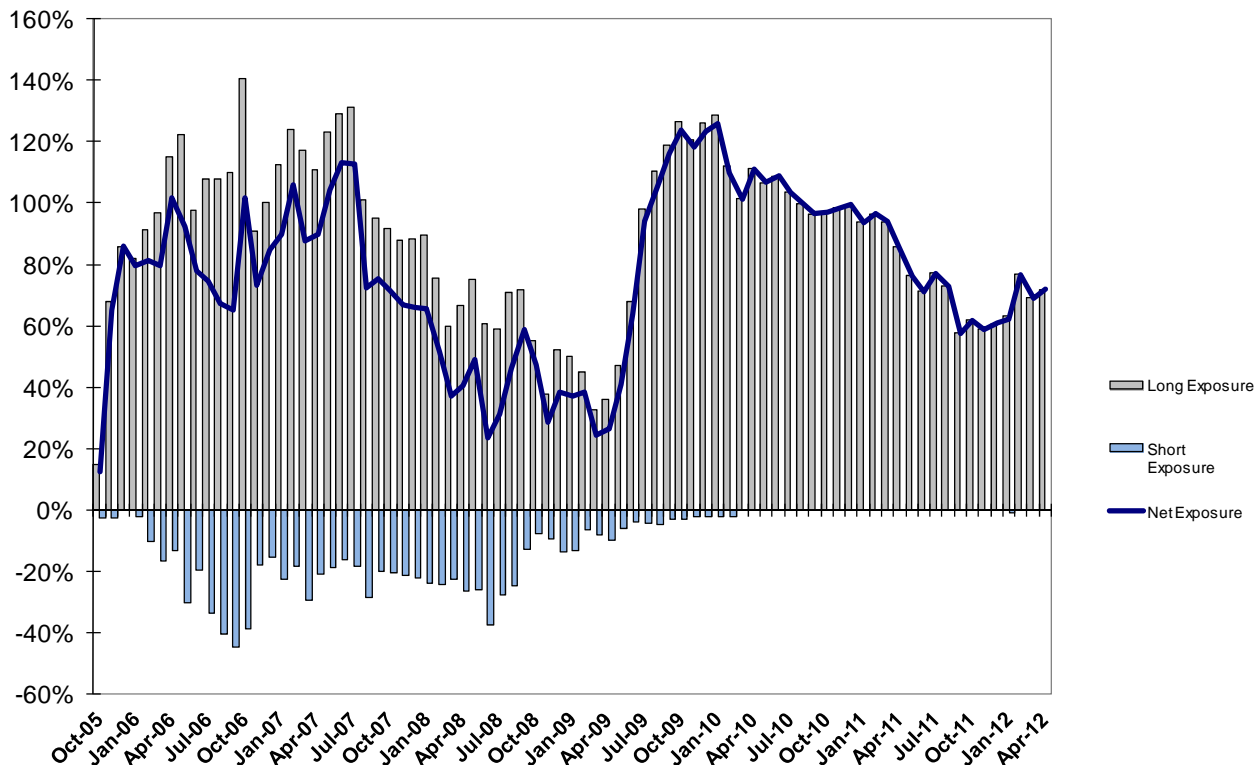
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	23.6%
MMS	McMillan Shakespear Ltd	Long	6.8%
RKN	Reckon Ltd	Long	5.3%
DCG	Decmil Group Limited	Long	4.5%
BVA	Bra vura Solutions Ltd	Long	4.3%
ANZ	Australia & New Zealand Banking Group	Long	4.1%
MQG	Macquarie Group Limited	Long	4.0%
FXL	Flexigroup Ltd	Long	3.6%
NAB	National Australia Bank Ltd	Long	3.1%
COF	Coffey International Limited	Long	3.0%
VMG	VDM Group Limited	Long	2.6%
CTP	Central Petroleum Ltd	Long	1.2%
RFG	Retail Food Group	Long	1.2%
JKA	Jacka Resources Ltd	Long	1.2%
Portfolio Holdings above 1%			68.53%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	31.33%		31.33%
Software & Services	9.97%		9.97%
Commercial & Professional Services	9.74%		9.74%
Diversified Financials	8.51%		8.51%
Capital Goods	7.69%		7.69%
Energy	2.57%		2.57%
Consumer Services	1.22%		1.22%
Materials	0.62%		0.62%
Telecommunication Services	0.17%		0.17%
Exposure	71.81%	0.00%	71.81%
Cash on Hand			28.19%

Portfolio Exposure

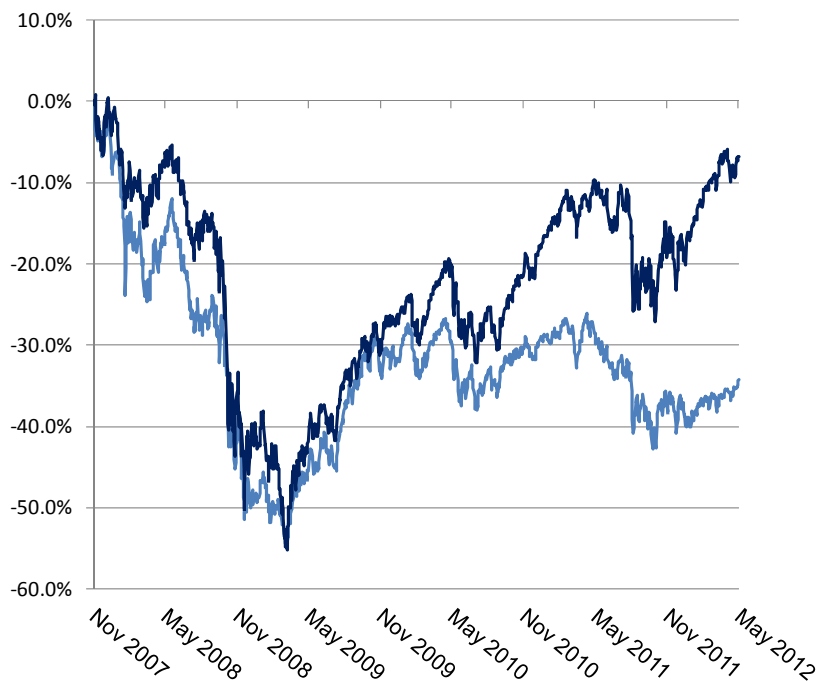




Cadence News

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.

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