



INVESTMENT UPDATE

August 2011

Summary Update

We are pleased to report that the fund has had a good start to the 2012 financial year and for the first two months ended 31st August 2011 the fund had a gross performance of 2.56% outperforming the All Ordinaries Accumulation Index by 7.90%.

For the five years and eleven months to 31st August 2011, Cadence Capital Limited has generated a gross performance of 21.39% per annum, outperforming the All Ordinaries Accumulation Index by 18.03% per annum.

The fund finished the month 72.95% long compared to 77.16% long in July 2011.

Fund NTA

Net Tangible Assets as at August 31st	Amount (\$)
Pre Tax NTA*	\$1.424
Post Tax NTA*	\$1.477
Share price (ASX Code: CDM)	\$1.30
Option price 1 Sep 2011(ASX Code: CDMO)^	\$0.06

* The NTA's and share price are pre a 6.0c (3.0c final and 3.0c special) fully franked dividend that is to be paid on 6th Oct. 2011

^ The Option strike price is \$1.25 and expires on the 1st September 2012

Fund Highlights

Cadence Capital Limited has 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.

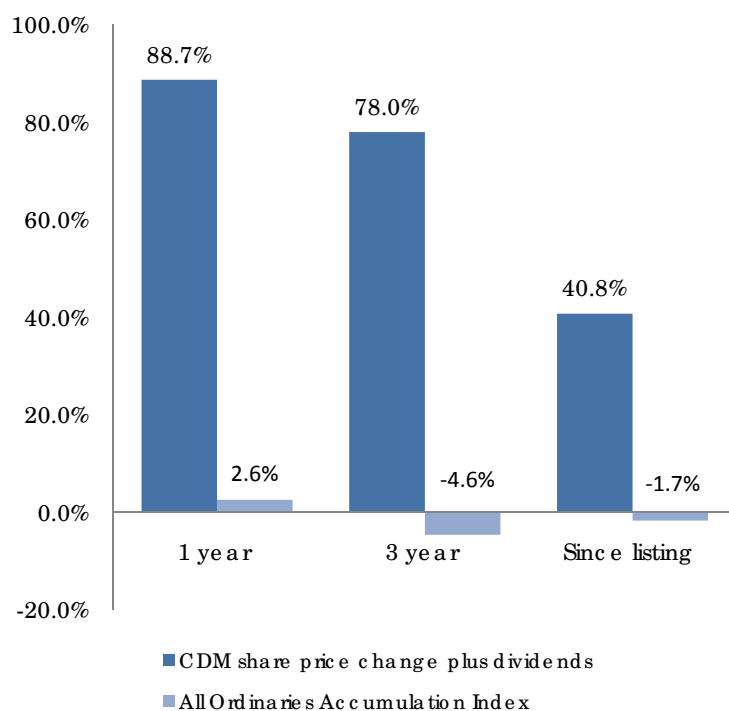
Cadence Capital Limited has also been **ranked by Morningstar/ASX as the Number 2 Listed Investment Company** over both 1 and 3 years in the LMI Quarterly Update as at 30 June 2011.

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

All of these reports are available in the 'News and views' section at www.cadencecapital.com.au



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	-	-	2.5c	3.6c
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
TOTAL	9.5c	9.0c	5.0c	23.5	33.7c



Fund Performance

Performance* to 31st August 2011	CDM**	All Ords	Outperformance
1 Month	1.39%	-2.00%	+3.39%
1 Year	75.36%	2.61%	+72.75%
2 Years	95.50%	5.41%	+90.09%
3 Years	93.66%	-4.59%	+98.25%
4 Years	77.39%	-17.11%	+94.50%
5 Years	134.53%	5.99%	+128.54%
Since Inception (71 months)	214.77%	21.63%	+193.14%
Since Inception Annualised (71 months)	21.39%	3.36%	+18.03%

* 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	34.55%
RKN	Reckon Ltd	Long	7.49%
BVA	Bravura Solutions Ltd	Long	6.08%
MMS	McMillan Shakespeare Ltd	Long	5.77%
FXL	Flexigroup Ltd	Long	3.20%
ANZ	Australia & New Zealand Banking Group	Long	3.08%
NAB	National Australia Bank Ltd	Long	3.08%
AQG	Alacer Gold Corp.	Long	1.99%
FFF	Firstfolio Ltd	Long	1.90%
RIO	Rio Tinto Ltd	Long	1.27%
Portfolio Top Ten Holdings			68.40%

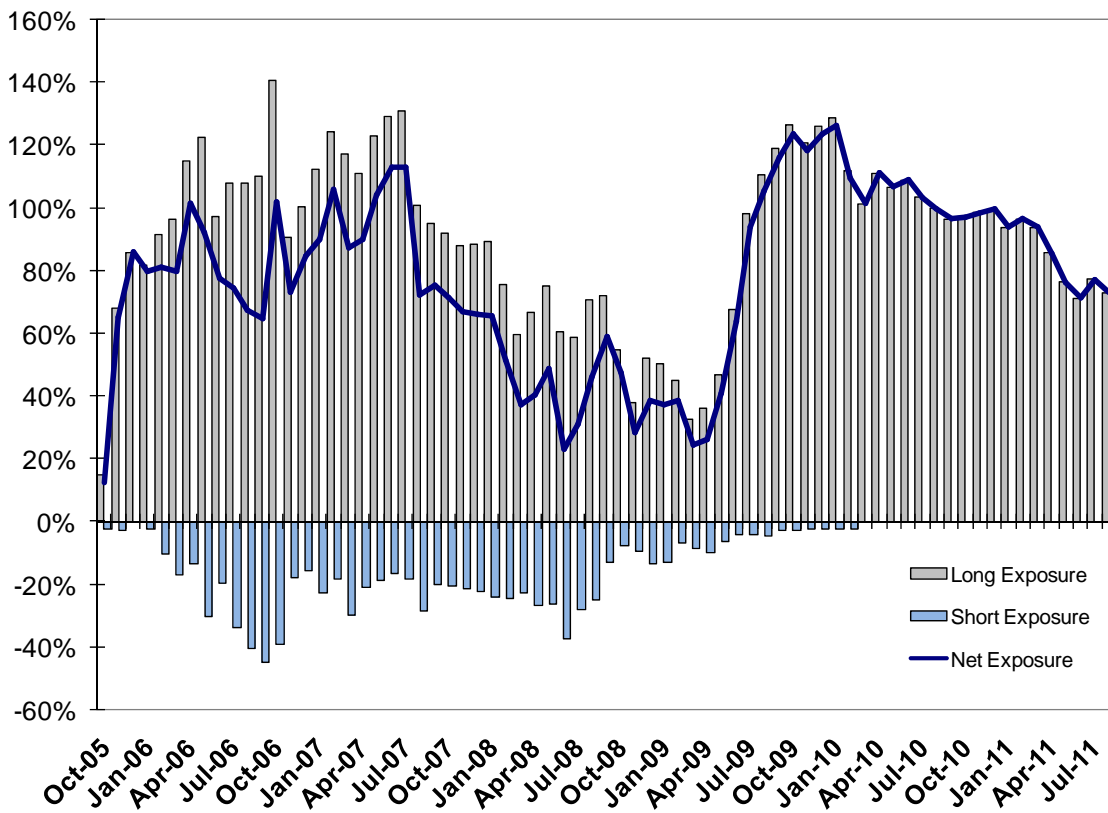


Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	42.60%		42.60%
Software & Services	13.76%		13.76%
Commercial Services & Supplies	5.77%		5.77%
Materials	5.57%		5.57%
Diversified Financials	3.20%		3.20%
Energy	0.95%		0.95%
Consumer Services	0.67%		0.67%
Telecommunication Services	0.43%		0.43%
Exposure	72.95%	0.00%	72.95%

Cash on Hand	27.05%
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Portfolio Exposure





Cadence Capital News

Patersons Listed Investment Companies Research Report

On 24th August Patersons stockbrokers completed their quarterly research report on Listed Investment Companies (LIC) in Australia. Cadence Capital Limited ranked highly in their research report being the best performing Listed Investment Company over both 1 and 2 years. Had the Fund been listed for 5 years Cadence Capital Limited would have been one of the best performing LIC's over 5 years as well.

1 for 1 Bonus Options

Cadence Capital Limited issued a 1 for 1 bonus option on the 30th August 2011. Each bonus option has a strike price of \$1.25 and expires on the 1st September 2012. Option Holding Statements and Application forms to exercise Options, have recently been posted to investors. We would like to remind those investors who are looking to exercise their options in time to participate in the 6.0 cent fully franked dividend being paid on the 6th October 2011 that they will need to ensure that their application form and payment is received by the Company's share registry **by no later than 5.00pm (Sydney Time) on 21 September 2011.**

The Options are trading on the Australian Securities Exchange under the code CDMO.

Year End Quarterly Webcast

Last month we released our year end webcast which gave a detailed update on the Company's yearend performance and discussed some of the detail of the Option issue. To watch this webcast or to read any recent press articles please visit the 'News and Views' section of the website at www.cadencecapital.com.au.

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