



INVESTMENT UPDATE

December 2011

Summary Update

For the first half of the financial year, to the 31st December 2011, Cadence Capital Limited has generated a gross performance of +2.41%, compared to a decrease in the All Ordinaries Accumulation Index of -9.63% and a decrease in the Small Ordinaries Accumulation Index of -12.32%.

During the month of December 2011, Cadence Capital Limited returned a gross performance of -0.95% compared to a decrease in the All Ordinaries Accumulation Index of -1.57% and a decrease in the Small Ordinaries Accumulation Index of -4.30%. For the six years and three months to 31st December 2011, Cadence Capital Limited has generated a gross performance of 20.11% per annum, outperforming the All Ordinaries Accumulation Index by 17.69% per annum.

The fund finished the month 60.76% long compared to 58.93% long in November 2011.

Fund NTA

Net Tangible Assets as at 31 December	Amount (\$)
Pre Tax NTA	\$1.334
Post Tax NTA	\$1.426
Share price (ASX Code: CDM)	\$1.20
Option price (ASX Code: CDMO)^	\$0.040

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

Fund Highlights

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

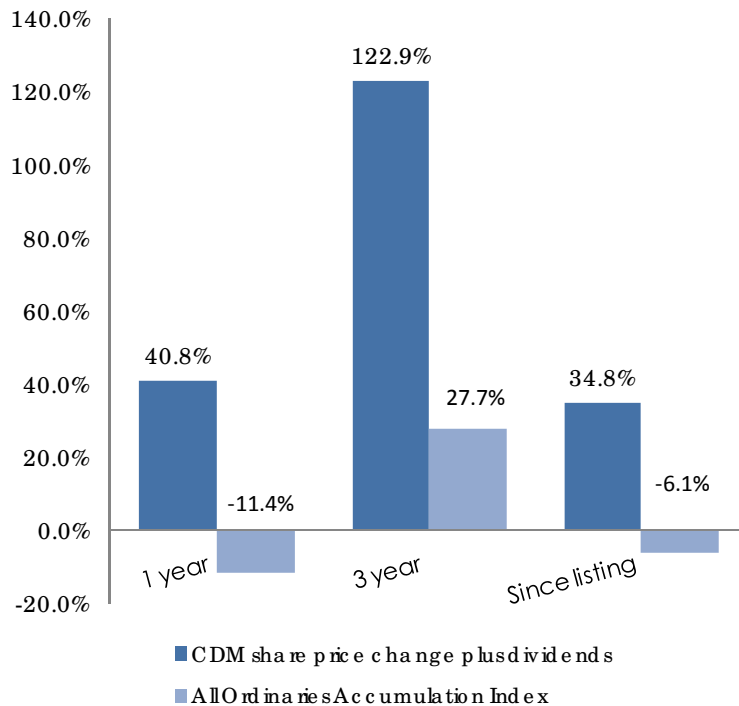
Cadence Capital Limited has also been **ranked by Patersons as the No. 1 Listed Investment Company** over both 1 and 2 years in their LIC Quarterly Update dated 24 August 2011.

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



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 December 2011	CDM**	All Ords	Outperformance
1 Month	-0.95%	-1.57%	+0.62%
1 Year	31.03%	-11.43%	+42.46%
2 Years	73.10%	-8.50%	+81.60%
3 Years	154.87%	27.71%	+127.16%
4 Years	71.27%	-23.87%	+95.14%
5 Years	78.60%	-10.20%	+88.80%
Since Inception (75 months)	214.29%	16.12%	+198.17%
Since Inception Annualised (75 months)	20.11%	2.42%	+17.69%

* 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

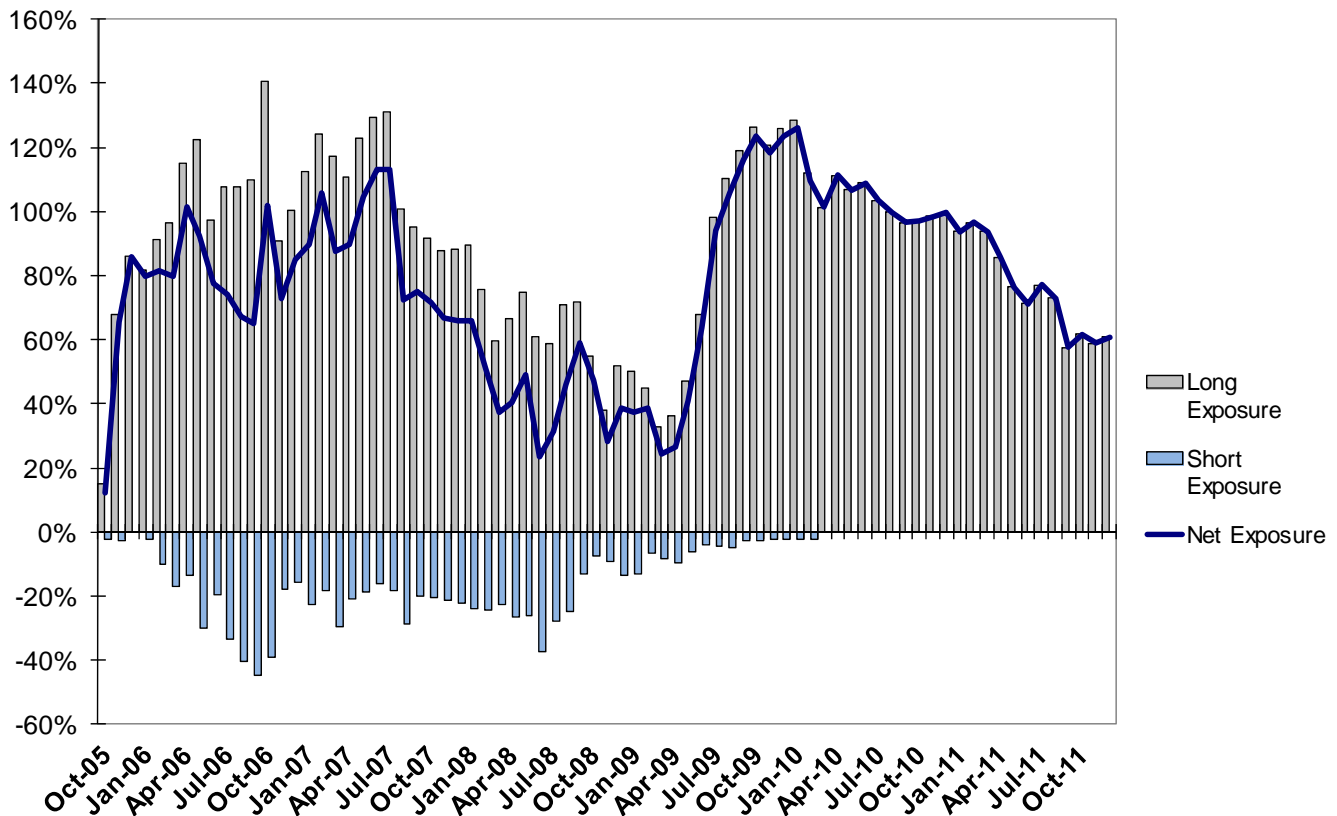
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	26.01%
RKN	Reckon Ltd	Long	7.70%
MMS	McMillan Shakespeare Ltd	Long	6.78%
BVA	Bravura Solutions Ltd	Long	5.08%
ANZ	Australia & New Zealand Banking Group	Long	3.50%
NAB	National Australia Bank Ltd	Long	3.39%
FXL	Flexigroup Ltd	Long	2.57%
FFF	Firstfolio Ltd	Long	1.14%
AQG	Aacer Gold Corp.	Long	1.07%
VMG	VDM Group Limited	Long	0.98%
Portfolio Top Ten Holdings			58.23%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	34.04%		34.04%
Software & Services	12.96%		12.96%
Commercial Services & Supplies	6.78%		6.78%
Diversified Financials	2.57%		2.57%
Materials	1.78%		1.78%
Capital Goods	1.18%		1.18%
Consumer Services	0.69%		0.69%
Energy	0.51%		0.51%
Telecommunication Services	0.25%		0.25%
Exposure	60.76%	0.00%	60.76%
Cash on Hand			39.24%

Portfolio Exposure





Cadence News

December Quarterly Webcast

We will be releasing the December quarterly webcast later this month. The webcast will firstly update investors on the half yearly performance of the fund and will also give an update on its portfolio. We also intend updating investors on the franking credit balance per share. We would like to once again recommend that you visit the 'News and Views' section of our website at www.cadencecapital.com.au as all past company webcasts, interviews and press articles involving Cadence can be found here.

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