



FEBRUARY 2006 INVESTOR REPORT

FUND PERFORMANCE*

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	YTD
Cadence Capital Limited	0.10%	1.41%	6.39%	7.57%	4.23%								21.09%
All Ordinaries Acc Index	-3.83%	4.35%	3.09%	3.65%	0.70%								7.98%
Small Ordinaries Acc Index	-3.74%	2.98%	1.45%	3.76%	2.13%								6.57%

*Before Management Fees

PORTFOLIO EXPOSURE ANALYSIS %

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06
Equity Long	14.9%	68.0%	85.9%	81.9%	91.5%							
Equity Short	2.5%	2.7%	0.0%	2.3%	10.1%							
Gross Exposure	17.4%	70.8%	85.9%	84.3%	101.6%							
Net Exposure	12.4%	65.3%	85.9%	79.6%	81.3%							

PORTFOLIO SECTOR ANALYSIS

	LONG	SHORT	TOTAL
Commercial Services & Supplies	19.44%		19.44%
Materials	17.53%	-5.64%	11.88%
Energy	8.99%		8.99%
Capital Goods	8.98%		8.98%
Unspecified	6.76%		6.76%
Health Care Equipment & Services	6.17%		6.17%
Software & Services	5.15%		5.15%
Insurance	4.68%	-2.65%	2.03%
Consumer Services	4.35%	-1.85%	2.50%
Banks	3.09%		3.09%
Pharmaceuticals & Biotechnology	2.16%		2.16%
Consumer Durables & Apparel	2.04%		2.04%
Food & Staples Retailing	1.61%		1.61%
Transportation	0.51%		0.51%
Gross Exposure	91.45%	-10.15%	81.31%
Net Cash / (Debt)			18.69%

Cadence Asset Management Pty Ltd ACN 106 551 062
 Level 11, 139 Macquarie Street, Sydney NSW 2000 Australia
 Telephone +612 9258 4949, Facsimile +612 9247 6855
 Email: info@cadencecapital.com.au

MARKET AND COMMENTARY

Cadence Capital Limited closed on the 28th February 2006 with a Net Tangible Asset Backing (NTA) of \$1.1617 pre tax and fees and \$1.0938 post tax and fees.

During the month of February, Cadence Capital Limited returned a gross performance of 4.23% compared to a rise in the All Ordinaries Accumulation Index of 0.70% and a rise in the Small Ordinaries Accumulation Index of 2.13%. The fund finished the month 91.5% long, 10.1% short and with a Net Long Exposure of 81.3%. The net exposure of the fund for January was 79.6%.

Following our January newsletter comments on the Australian property market, there has been much speculation in February about the resumption of the property boom. Given our fundamental view on property prices, as outlined over the past three months, we agree with the Access Economics director Chris Richardson's comments that 'We are going from one boom, to the next boom, to no boom' reflecting his belief that house prices will not rise significantly for the rest of the decade.

Commodity prices came off their record highs towards the end of February and volatility in the underlying commodities remains high. Our view is that the accelerating commodity prices that we have experienced over the past six months will revert to longer term slower rates of acceleration. We could see commodity prices coming off in the short term but we remain of the view that longer term commodity prices will continue to rise but at a more measured pace.

We have been surprised during this reporting season by the strength of the Australian retail and consumer discretionary sectors. As we have been saying over the past few months, we are of the view that these sectors are operating above their long term average growth rates and we expect these sectors will revert to the long term mean. We are anticipating some weakness in these sectors in the second half particularly if our view on a softer property market transpires. Property prices and consumer discretionary spending have become correlated in the Australian economy.

In late January and early February interest rates in the US, Europe and Asia started to move higher from their historic lows in 2001 and 2002, whilst in Australia interest rates have remained unchanged. Should this trend continue there will be continued pressure on the Australian dollar. Given the current high deficit we are running as a country, the potential still remains that we will see an interest rate increase sometime this year. Australia has had the most stable interest rate period in thirty two years and the risk going forward is that this will no longer be the case.

DISCLAIMER

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd. It is provided for information purposes only and should not be construed as an offer or solicitation. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.

Cadence Asset Management Pty Ltd ACN 106 551 062
Level 11, 139 Macquarie Street, Sydney NSW 2000 Australia
Telephone +612 9258 4949, Facsimile +612 9247 6855
Email: info@cadencecapital.com.au