



INVESTMENT UPDATE

February 2012

Summary Update

For the eight years and four months to 29th February 2012, Cadence Capital Fund has generated a gross performance of 17.48% per annum, outperforming the All Ordinaries Accumulation Index by 9.50% per annum.

During the month of February 2012, Cadence Capital Fund returned a gross performance of +3.07% compared to an increase in the All Ordinaries Accumulation Index of +2.41% and an increase in the Small Ordinaries Accumulation Index of 6.51%. For the first eight months of the financial year, to the 29th February 2012, the fund outperformed the All Ordinaries Accumulation Index by 12.32% and the Small Ordinaries Accumulation Index by 9.09%.

The fund finished the month 77.21% net long compared to 62.91% net long in January 2012.

Fund NTA

Cadence Capital unit price estimates as at 29th February 2012:

NTA (Post Fees) \$1.77793

Cadence Highlights

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

Cadence Capital Limited has been **ranked by Morningstar/ASX* as the Number 1 Australian Equities Listed Investment Company** over 1, 3 and 5 years in the LMI Quarterly Update as at 31 December 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.

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 December 2011



Fund Performance

Performance* to 29th February 2012	CCF**	All Ords	Outperformance
1 Month	3.07%	2.41%	+0.66%
1 Year	24.23%	-6.67%	+30.90
2 Years	90.21%	2.86%	+87.35
3 Years	180.26%	51.23%	+129.03
4 Years	57.09%	-7.80%	+64.89
5 Years	38.96%	-6.62%	+45.58
6 Years	87.28%	15.88%	+71.40
Inception to date accumulated return (100 months)	282.92%	89.60%	+193.32
Annualised return since inception (100 months)	17.48%	7.98%	+9.50

* 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

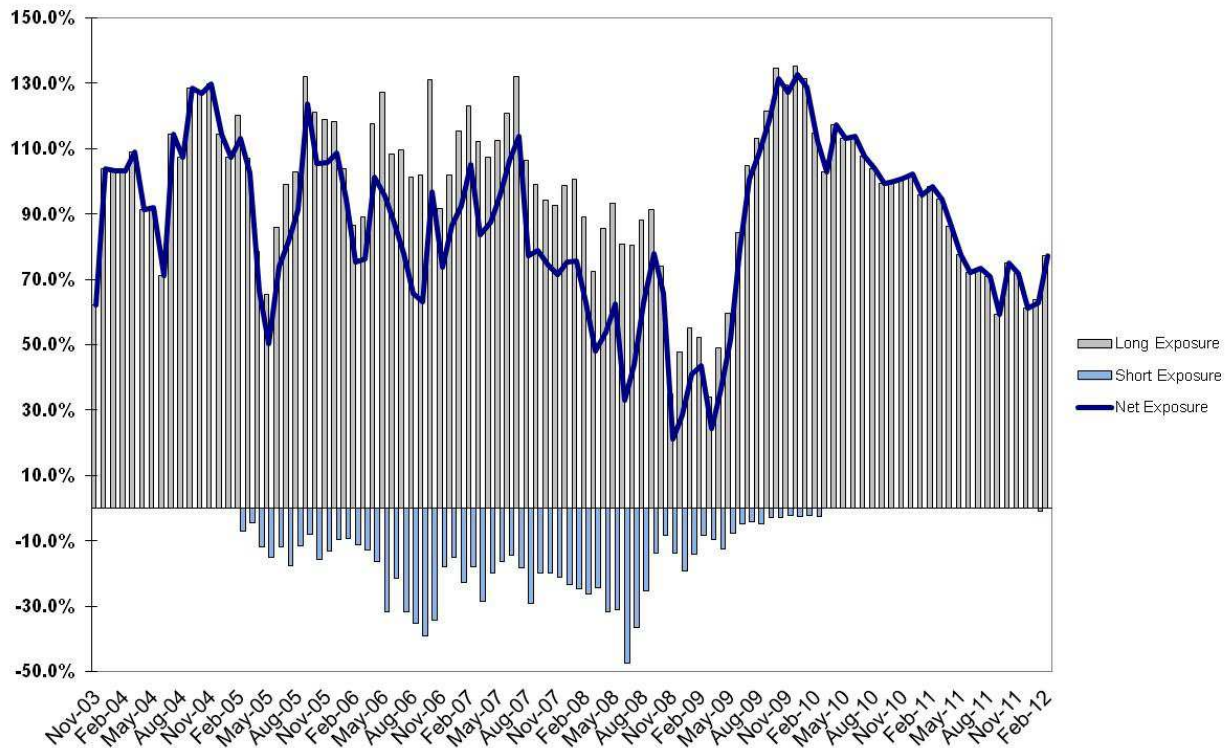
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	27.6%
MMS	Mc Millan Shakespeare Ltd	Long	5.9%
RKN	Reckon Ltd	Long	5.8%
COF	Coffey International Limited	Long	5.5%
BVA	Bravura Solutions Ltd	Long	4.8%
DCG	Decmil Group Limited	Long	4.5%
FXL	Flexigroup Limited	Long	3.6%
MQG	Macquarie Group Limited	Long	3.5%
ANZ	Australia & New Zealand Banking Group	Long	3.4%
NAB	National Australia Bank Ltd	Long	3.1%
VMG	VDM Group Limited	Long	3.0%
Portfolio Holdings > 1%			70.8%

Portfolio Sector Analysis



Sector	Long	Short	Net
Banks	35.15%		35.15%
Commercial & Professional Services	11.43%		11.43%
Software & Services	10.77%		10.77%
Diversified Financials	9.00%		9.00%
Capital Goods	7.87%		7.87%
Materials	1.18%		1.18%
Energy	0.71%		0.71%
Telecommunications Services	0.67%		0.67%
Consumer Services	0.43%		0.43%
Exposure	77.21%	0.00%	77.21%
Cash on Hand			22.79%

Portfolio Exposure



Cadence News

For more information contact Cadence Capital Fund on 02 8298 2444 or email info@cadencecapital.com.au
Register to receive our newsletter at www.cadencecapital.com.au



Half Year Dividend

On the 20th January 2012, Cadence Capital Limited was pleased to announce a record half year fully franked dividend of 4.5 cents (4.0 cent interim and 0.5 cent special), which was 50% up on the previous half year dividend. This 4.5 cent fully franked dividend represents an annualized fully franked yield of 7.2% based on the 31st December 2011 closing share price. The company was also pleased to report a record franking credit balance equivalent to 23 cents of franking per Cadence Capital Limited share. This places the company in a strong position to pay an increasing stream of fully franked dividends over time.

December Half Year Webcast

Cadence Capital Limited recently released its December half year webcast. The webcast updated investors on the half yearly performance of the fund and gave an update on its portfolio. 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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