



INVESTMENT UPDATE

February 2012

Summary Update

For the first eight months of the financial year, to the 29th February 2012, Cadence Capital Limited has generated a gross performance of +8.46% compared to a decrease in the All Ordinaries Accumulation Index of -2.61% and an increase in the Small Ordinaries Accumulation Index of +0.63%.

During the month of February 2012, Cadence Capital Limited returned a gross performance of +2.75% 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 six years and five months to 29th February 2012, Cadence Capital Limited has generated a gross performance of 20.61% per annum, outperforming the All Ordinaries Accumulation Index by 17.05% per annum.

The fund finished the month 76.70% long compared to 62.04% long in January 2012.

Fund NTA

Net Tangible Assets as at 29 February	Amount (\$)
Pre Tax NTA	\$1.399
Post Tax NTA	\$1.474
Share price (ASX Code: CDM)	\$1.33
Option price (ASX Code: CDMO) [^]	\$0.06

[^] 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 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.

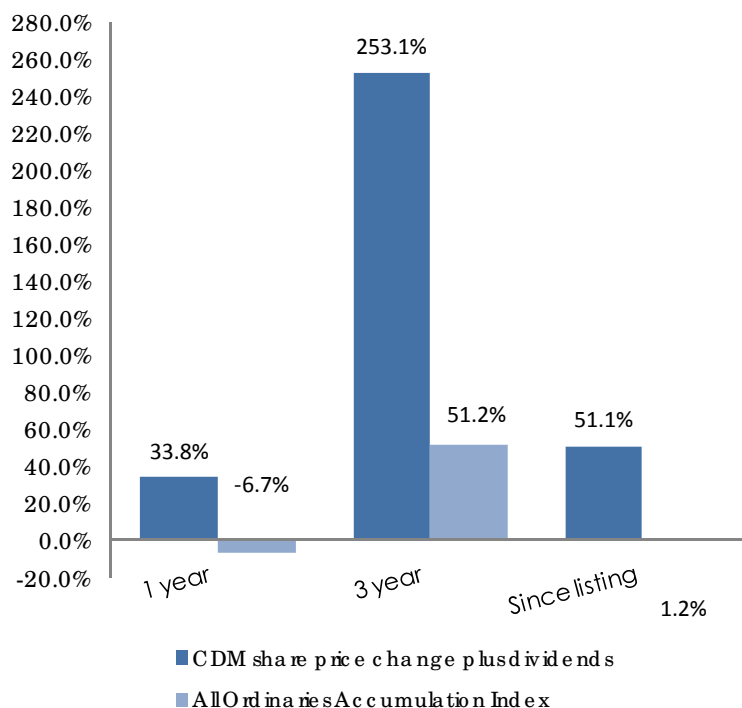
Cadence Capital Limited has a **RECOMMENDED Rating by ZENITH** Investment Partners

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 December 2011



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 29th February 2012	CDM**	All Ords	Outperformance
1 Month	2.75%	2.41%	0.34%
1 Year	21.32%	-6.67%	27.99%
2 Years	90.03%	2.86%	87.17%
3 Years	168.96%	51.23%	117.73%
4 Years	97.54%	-7.80%	105.34%
5 Years	85.91%	-6.62%	92.53%
Since Inception (77 months)	232.87%	25.13%	207.74%
Since Inception Annualised (77 months)	20.61%	3.56%	17.05%

* 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

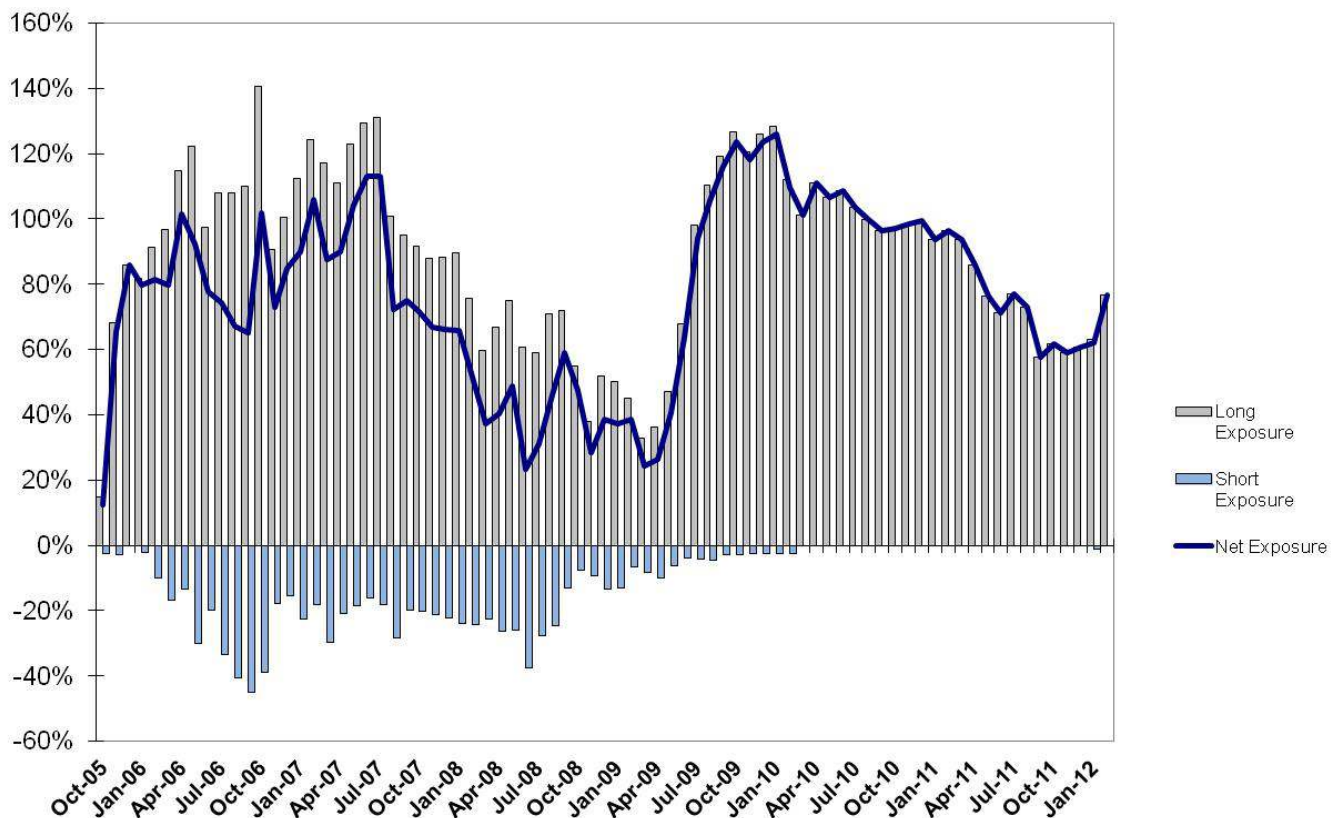
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	28.5%
MMS	McMillan Shakespear Ltd	Long	6.1%
RKN	Reckon Ltd	Long	5.9%
BVA	Bravura Solutions Ltd	Long	4.9%
COF	Coffey International Limited	Long	4.8%
FXL	Flexigroup Ltd	Long	3.8%
DCG	Decmil Group Limited	Long	3.7%
ANZ	Australia & New Zealand Banking Group	Long	3.5%
NAB	National Australia Bank Ltd	Long	3.2%
VMG	VDM Group Limited	Long	3.1%
MQG	Macquarie Group Limited	Long	2.9%
Portfolio Holdings above 1%			70.52%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	36.21%		36.21%
Software & Services	11.06%		11.06%
Commercial & Professional Services	10.92%		10.92%
Diversified Financials	8.59%		8.59%
Capital Goods	7.16%		7.16%
Materials	1.12%		1.12%
Consumer Services	0.72%		0.72%
Energy	0.71%		0.71%
Telecommunication Services	0.22%		0.22%
Exposure	76.70%	0.00%	76.70%
Cash on Hand			23.30%

Portfolio Exposure





Cadence News

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.

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. We would like to remind those investors who are looking to exercise their options in time to participate in the half year 4.5 cent fully franked dividend being paid on the 2 April 2012 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 Friday 16 March 2012.**

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