CADENCE CAPITAL LIMITED

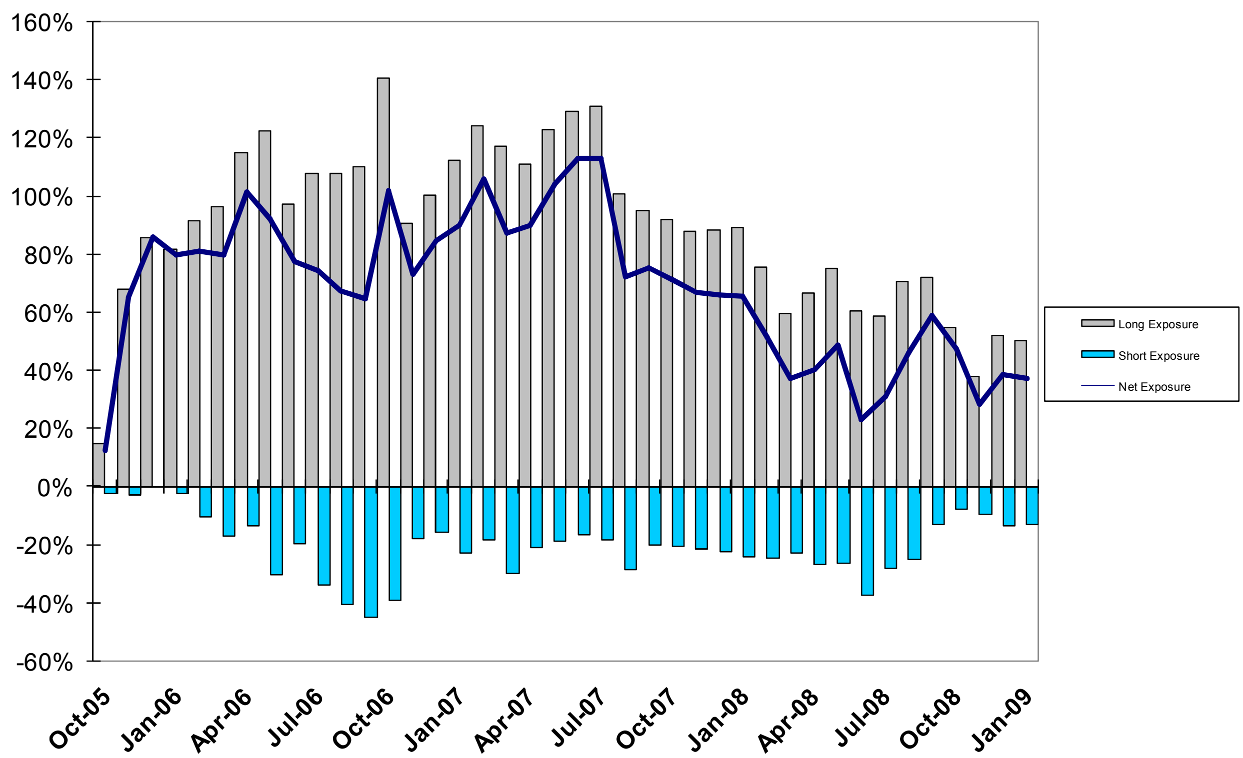
INVESTMENT UPDATE AND NTA – JANUARY 2009

FUND PERFORMANCE*

Performance to 31st January 2009	CDM	All Ords
1 Month	-1.02%	-4.95%
3 Months	-7.55%	-11.88%
6 Months	-22.46%	-29.47%
1 Year	-27.75%	-36.15%
2 Years (% per Annum)	-17.58%	-19.06%
3 Years (% per Annum)	2.20%	-6.94%
Annualised return since inception	6.16%	-4.28%
Inception to date accumulated return	22.05%	-13.57%

* Before Management and Performance Fees

PORTFOLIO EXPOSURE ANALYSIS



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PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Telecommunication Services	11.70%		11.70%
Software & Services	11.60%		11.60%
Banks	5.54%		5.54%
Diversified Financials	3.19%		3.19%
Insurance	2.43%		2.43%
Pharmaceuticals, Biotechnology & Life Sciences	2.20%		2.20%
Retailing	1.82%		1.82%
Real Estate	1.31%		1.31%
Capital Goods	0.92%		0.92%
Consumer Services	0.90%		0.90%
Automobile & Components	0.74%		0.74%
Health Care Equipment & Services	0.54%		0.54%
Media	0.50%		0.50%
Energy	1.71%	-1.23%	0.48%
Food Beverage & Tobacco	0.35%		0.35%
Materials	4.80%	-8.03%	-3.23%
Transportation		-3.83%	-3.83%
Exposure	**50.23%**	**-13.08%**	**37.16%**
Cash on Hand			**62.84%**

MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 31st January 2009:

Gross NTA	$0.92647
Pre Tax NTA	$0.74337
Post Tax NTA*	$0.85324

**Including net deferred taxed assets (deferred taxed assets less deferred tax liabilities)*

To get weekly estimates of the NTA for Cadence Capital Limited please visit www.cadencecapital.com.au

For the three years and four months to 31st January 2009, Cadence Capital Limited has returned a gross performance of 22.1% compared to a fall in the All Ordinaries Accumulation Index of -13.6%.

During the month of January, Cadence Capital Limited returned a negative gross performance of -1.02% compared to a decrease in the All Ordinaries Accumulation Index of -4.95% and a decrease in the Small Ordinaries Accumulation Index of -4.65%.

The fund finished the month 50.3% long, 13.1% short and with a net long exposure of 37.2%. The net exposure for December 2008 was 38.5%.

Chinalco's investment in Rio Tinto

On the 12th of February it was announced that Chinalco, a Chinese state owned company, is planning to invest US $19.5 billion in Rio Tinto.

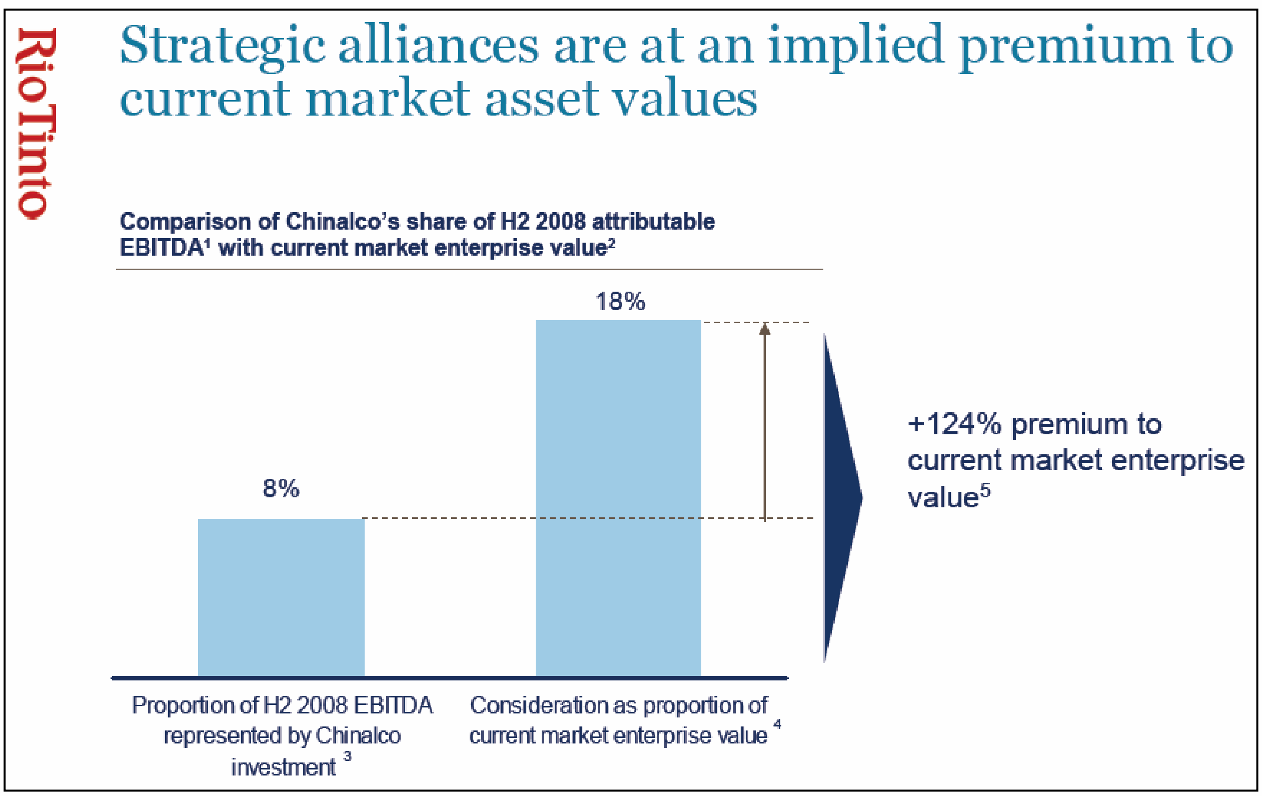
$12.3 billion of this is for investments in minority stakes in Rio Tinto assets, with the two largest investments being $5.15 billion for 15% of Hamersley Iron, and $3.39 billion for 15% of the Escondida copper mine.

Chinalco will use the remaining $7.2 billion to buy subordinated convertible notes to be issued by Rio Tinto.

There has been significant media coverage on the deal over the last few days, which has generally focused on two aspects of the deal.

Firstly the price that Rio Tinto will receive for the assets is generally agreed to be well above the value of the assets that is implied by Rio Tinto's current share price, but below what some analysts and shareholders believe that the assets are worth. It will be interesting to see if the deal gets approval from shareholders as there are a number of Rio Tinto shareholders that are publicly saying that they would prefer a rights issue.

The slide below is taken from the Rio Tinto presentation and shows that Rio Tinto believes that Chinalco is paying a significant premium to the current share price.



Source: Rio Tinto

The slide shows that Chinalco is paying the equivalent of 18% of Rio Tinto's enterprise value to receive 8% of Rio Tinto's EBITDA. If all investors valued Rio Tinto's assets as highly as Chinalco then the Rio Tinto share price would be more than double its current level.

The other aspect of the deal that is receiving a lot of attention is the fact that a significant portion of an Australian and UK company, and a portion of Australia's natural resources are being sold to a company which is essentially owned by the Chinese government.

The impact of Rio Tinto essentially being part owned by the Chinese government is difficult to quantify. Chinalco will not own large enough stakes in any of the assets to give it control of those assets, and therefore Rio Tinto should still be able to run the company for the benefit of all shareholders.

It is hard to see what influence Chinalco could have over the two main investments mentioned earlier. Hamersley Iron will be owned 85% by Rio Tinto and 15% by Chinalco, and therefore the 85% holding will be able to out vote the 15% holding. The Escondida copper mine will be owned 15% by Chinalco, 15% by Rio Tinto, 57.5% by BHP, and 12.5% by other shareholders. Therefore BHP's holding will be able to out vote all of the other shareholders on decisions regarding Escondida.

In summary Rio Tinto appears to have achieved excellent prices (relative to the Rio Tinto share price) for stakes in some of its assets without giving away control of those assets, during a time when other companies are having to fire sale assets to reduce debt.

If other Chinese companies value Australian resources as highly as Chinalco does then we could see similar deals happen in the future, which may lead to a re rating of Australian resource stocks. Both Oz Minerals and Felix Resources are looking to sell assets in the short term, so it will be interesting to see if they can get top dollar for their assets as well. If they can then we would expect to see a significant recovery in resource stocks from their current levels.

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