

## INVESTMENT UPDATE January 2012

### Fund NTA & Performance

Cadence Offshore Fund NTA as at 31st January 2012:

NTA per share (Series AUD1) \$1,531.60  
 Net Performance Jan 2012 (Series AUD1) +0.92%

### Monthly Detailed Performance

|                          | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10             | YTD     |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------------|---------|
| Cadence Offshore Fund    | -2.70% | -0.28% | 2.21%  | 6.06%  | -9.07% | -2.61% | 7.60%  | 4.02%  | 5.24%  | 4.70%  | 12.35% | 2.01%              | 31.63%  |
| All Ordinaries Acc Index | -5.85% | 1.82%  | 5.83%  | -1.18% | -7.57% | -2.60% | 4.23%  | -0.71% | 5.02%  | 2.17%  | -0.70% | 3.80%              | 3.31%   |
|                          | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11             | YTD     |
| Cadence Offshore Fund    | 1.70%  | 3.78%  | -2.52% | 5.16%  | -1.36% | 1.64%  | 0.66%  | 2.98%  | -1.60% | 2.15%  | 2.20%  | -0.19%             | 15.28%  |
| All Ordinaries Acc Index | 0.07%  | 2.19%  | 0.64%  | -0.58% | -1.89% | -2.39% | -3.40% | -2.00% | -6.27% | 7.17%  | -3.43% | -1.57%             | -11.43% |
|                          | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12             | YTD     |
| Cadence Offshore Fund    | 0.92%  |        |        |        |        |        |        |        |        |        |        |                    | 0.92%   |
| All Ordinaries Acc Index | 5.23%  |        |        |        |        |        |        |        |        |        |        |                    | 5.23%   |
| * Net of all fees        |        |        |        |        |        |        |        |        |        |        |        | Accumulated return | 53.15%  |

### Portfolio Commentary

During January 2012 Cadence Cayman Fund returned a positive net performance of +0.92% compared to an increase in the All Ordinaries Accumulation Index of +5.23% and a increase in the Small Ordinaries Accumulation Index of +7.75%. For the two years and one month to 31st January 2012, the Fund has returned a positive net performance of +53.15% compared to a decrease in the All Ordinaries Accumulation Index of -3.72% and a decrease in the Small Ordinaries Accumulation Index of -4.29% during the same period.

The fund finished the month 48.39% net long. The net exposure for December 2011 was 22.13%.

### Portfolio Sector Exposure

| Sector                         | Long          | Short         | Net           |
|--------------------------------|---------------|---------------|---------------|
| Banks                          | 28.27%        |               | 28.27%        |
| Software & Services            | 8.78%         |               | 8.78%         |
| Commercial Services & Supplies | 5.17%         |               | 5.17%         |
| Diversified Financials         | 3.95%         |               | 3.95%         |
| Capital Goods                  | 1.24%         |               | 1.24%         |
| Materials                      | 0.72%         | -1.09%        | -0.37%        |
| Consumer Services              | 0.70%         |               | 0.70%         |
| Energy                         | 0.65%         |               | 0.65%         |
| <b>Exposure</b>                | <b>49.48%</b> | <b>-1.09%</b> | <b>48.39%</b> |
| <b>Cash on Hand</b>            |               |               | <b>51.61%</b> |



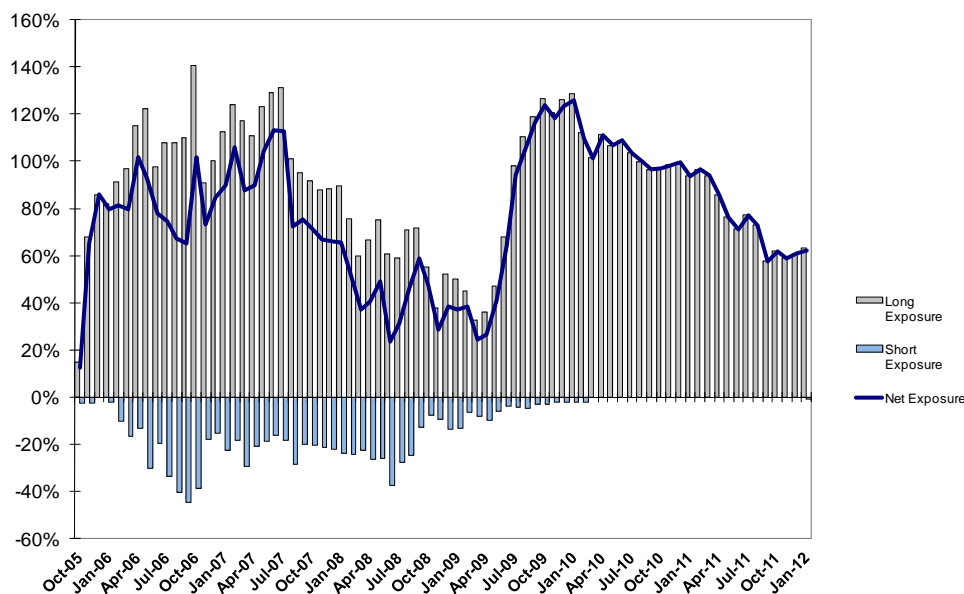
## Historic Strategy Performance & Exposure – 6 Years

Cadence Capital Limited is an ASX listed fund that has been operating the Cadence Long/ Short Australian equities strategy for over five years. Over time the Cadence Cayman Fund will replicate the positions and holdings of Cadence Capital Ltd. Detailed below is the 6 year performance and exposure history of Cadence Capital Limited (ASX Code CDM).

| Performance* to 31st January 2012      | CDM**   | All Ords | Outperformance |
|--|---------|----------|----------------|
| 1 Month                                | 3.08%   | 5.23%    | -2.15%         |
| 1 Year                                 | 30.57%  | -6.86%   | +37.43%        |
| 2 Years                                | 81.82%  | 2.26%    | +79.56%        |
| 3 Years                                | 165.43% | 41.38%   | +124.05%       |
| 4 Years                                | 91.78%  | -9.73%   | +101.51%       |
| 5 Years                                | 80.31%  | -7.37%   | +87.68%        |
| Since Inception (76 months)            | 223.96% | 22.19%   | +201.77%       |
| Since Inception Annualised (76 months) | 20.39%  | 3.21%    | +17.18%        |

\*Before Management and Performance Fees

\*\*Used the percentage increase in Post Tax NTA for May 2011



### Fund Facts

|                         |              |                         |                 |
|-------------------------|--------------|-------------------------|-----------------|
| Minimum Investment:     | AU\$ 500 000 | Redemption Fees:        | None            |
| Subscription Frequency: | Monthly      | High Water Mark:        | Yes             |
| Redemption Frequency:   | Monthly      | Strategy Size:          | AU\$ 65 Million |
| Redemption Notice:      | 3 Months     | Prime Broker:           | Citigroup       |
| Lock-up:                | None         | Administrator:          | TMF Group       |
| Management Fee:         | 1.5%         | Fund Domicile:          | Cayman Islands  |
| Performance Fee:        | 20%          | Legal Advisers (Cayman) | Walkers         |

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