



INVESTMENT UPDATE

January 2012

Summary Update

For the eight years and three months to 31st January 2012, Cadence Capital Fund has generated a gross performance of 17.22% per annum, outperforming the All Ordinaries Accumulation Index by 9.46% per annum.

During the month of January 2012, Cadence Capital Fund returned a gross performance of +3.27% compared to an increase in the All Ordinaries Accumulation Index of +5.23% and an increase in the Small Ordinaries Accumulation Index of +7.75%. For the first seven months of the financial year, to the 31st January 2012, the fund outperformed the All Ordinaries Accumulation Index by 11.46% and the Small Ordinaries Accumulation Index by 12.09%.

The fund finished the month 62.91% net long compared to 61.27% net long in December 2011.

Fund NTA

Cadence Capital unit price estimates as at 31st January 2012:

NTA (Post Fees) \$1.73631

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



Fund Performance

Performance* to 31st January 2012	CCF**	All Ords	Outperformance
1 Month	3.27%	5.23%	-1.96%
1 Year	32.35%	-6.86%	39.21%
2 Years	81.10%	2.26%	78.84%
3 Years	169.69%	41.38%	128.31%
4 Years	51.03%	-9.73%	60.76%
5 Years	34.36%	-7.37%	41.73%
6 Years	90.86%	13.95%	76.91%
Inception to date accumulated return (99 months)	270.79%	85.14%	185.65%
Annualised return since inception (99 months)	17.22%	7.75%	9.47%

* 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

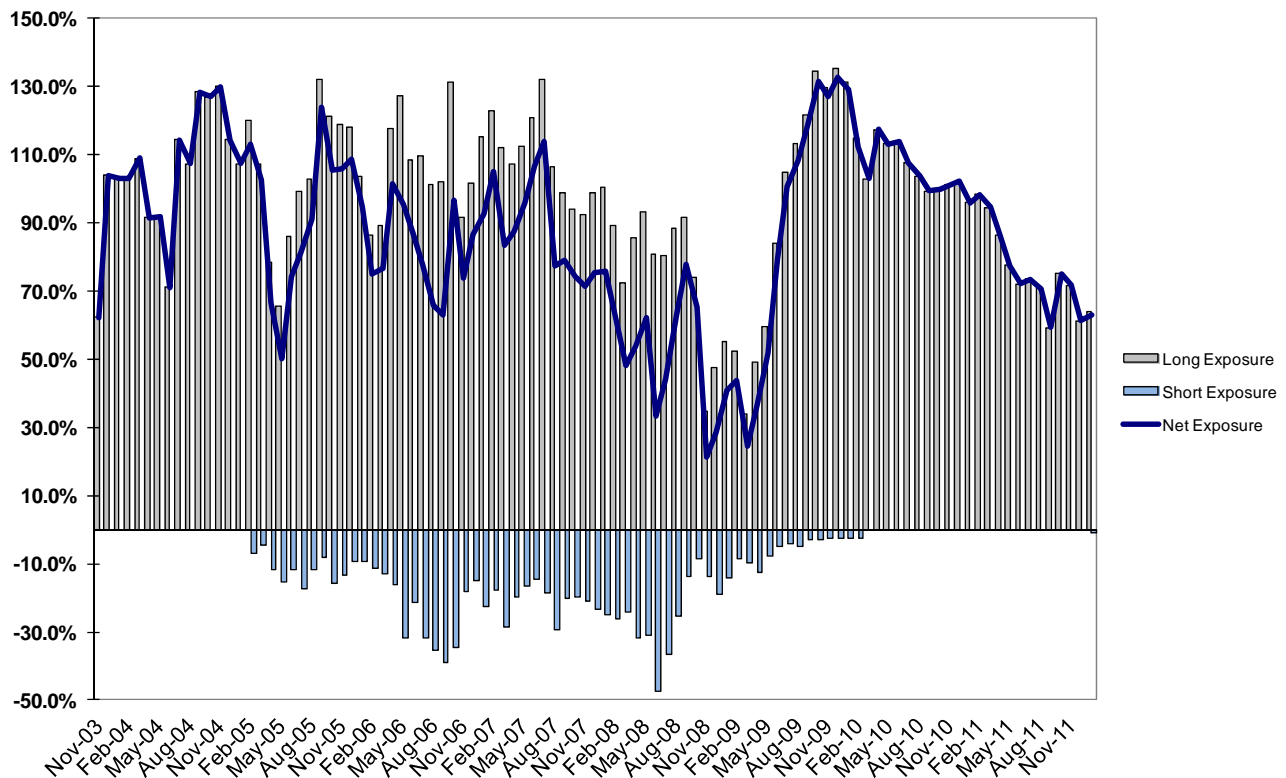
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	27.3%
RKN	Rekon Ltd	Long	7.3%
MMS	McMillan Shakespear Limited	Long	7.1%
BVA	Bravura Solutions Ltd	Long	5.1%
ANZ	Australia & New Zealand Banking Group	Long	3.5%
NAB	National Australia Bank Ltd	Long	3.4%
FXL	Flexigroup Limited	Long	2.7%
MQG	Macquarie Group Limited	Long	1.4%
FFF	Firstfolio Limited	Long	1.4%
RIO	Rio Tinto Ltd	Short	1.0%
Portfolio Holdings > 1%			60.1%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	35.58%		35.58%
Software & Services	12.56%		12.56%
Commercial & Professional Services	7.49%		7.49%
Diversified Financials	4.07%		4.07%
Capital Goods	1.70%		1.70%
Telecommunications Services	0.75%		0.75%
Energy	0.68%		0.68%
Materials	0.66%	-1.01%	-0.35%
Consumer Services	0.42%		0.42%
Capital Goods	63.92%	-1.01%	62.91%
Cash on Hand			37.09%

Portfolio Exposure





Cadence News

Morningstar/ ASX LMI Quarterly Update

In December 2011 Cadence Capital Limited celebrated reaching a milestone of being listed for 5 years. We are pleased to note that the Morningstar/ASX LMI Quarterly Update as at 31 December 2011 ranked Cadence Capital Limited as the best performing Australian Equities Listed Investment Company over 5 years. We are therefore very pleased to note that Cadence Capital Limited is now ranked by Morningstar/ASX as the Number 1 Australian Equities Listed Investment Company over 1, 3 and 5 years.

December Half Year Webcast

As the Cadence Capital Limited plans to announce its half year results to the ASX next week, the December half year webcast will be released following the ASX announcement. The webcast will firstly update investors on the half yearly performance of the fund and will also give an update on its portfolio. We also intend updating investors on the franking credit balance per share. 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.

Disclaimer

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