



INVESTMENT UPDATE July 2011

Summary Update

We are pleased to report that the fund has had a good start to the 2012 financial year and for the first month ended 31st July 2011 the fund was up 1.21% (Gross) outperforming the All Ordinaries Accumulation Index by 4.61%. Please note that these performance figures are pre the June 2011 distributions and will slightly change once they have been finalised.

For the seven years and nine months to 31st July 2011, Cadence Capital Fund has generated a gross performance of 17.64% per annum, outperforming the All Ordinaries Accumulation Index by 9.15% per annum.

The fund finished the month 73.55% long and with no shorts. The net long exposure for June 2011 was 72.13%.

Fund NTA

Cadence Capital unit price estimates as at 31st July 2011:

NTA (Post Fees and Pre June 2011 Distribution)	\$1.81792
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Cadence Highlights

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

Cadence Capital Limited (our ASX listed fund) has been **ranked by Morningstar/ASX as the No. 2 Listed Investment Company** over both 1 and 3 years in the LMI Quarterly Update as at 30 June 2011.

Both of these reports are available at www.cadencecapital.com.au



Fund Performance

Performance* to 31st July 2011	CCF**	All Ords	Outperformance
1 Month	1.21%	-3.40%	+4.61%
1 Year	75.49%	3.96%	+71.53%
2 Years	110.40%	14.52%	+95.88%
3 Years	62.55%	1.29%	+61.26%
4 Years	18.56%	-13.97%	+32.53%
5 Years	64.41%	11.60%	+52.81%
6 Years	118.58%	32.85%	+85.73%
Inception to date accumulated return (92 months)	252.18%	88.06%	+164.12%
Annualised return since inception (92 months)	17.64%	8.49%	+9.15%

* 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

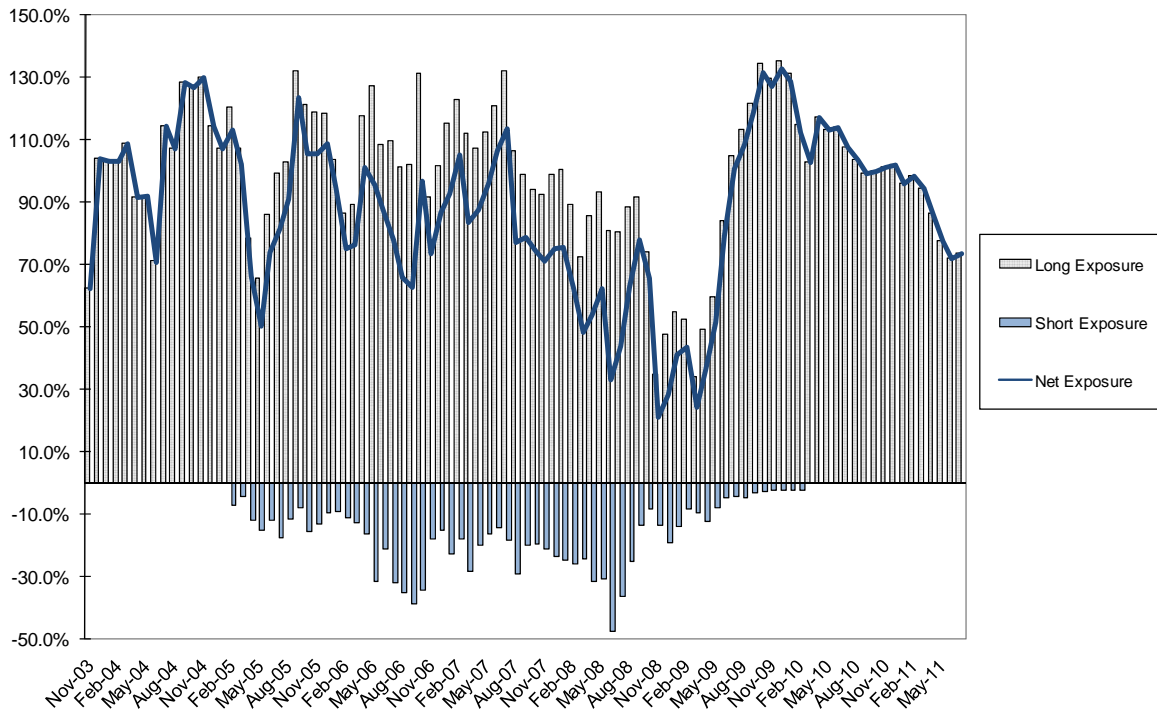
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	31.00%
RKN	Rekon Ltd	Long	8.21%
MMS	McMillan Shakespear Limited	Long	6.64%
BVA	Bravura Solutions Ltd	Long	5.59%
ANZ	Australia & New Zealand Banking Group	Long	3.13%
NAB	National Australia Bank Ltd	Long	3.07%
FXL	Flexigroup Limited	Long	2.94%
RIO	Rio Tinto Ltd	Long	2.77%
FFF	Firstflio Limited	Long	1.92%
BIU	Baithurst Resources Limited	Long	1.81%
AQG	Alacer Gold Corp.	Long	1.69%
Portfolio Holdings > 1%			68.77%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	39.13%		39.13%
Software & Services	14.07%		14.07%
Materials	7.27%		7.27%
Commercial Services & Supplies	6.64%		6.64%
Diversified Financials	2.94%		2.94%
Telecommunication Services	1.20%		1.20%
Transportation	0.90%		0.90%
Energy	0.80%		0.80%
Consumer Services	0.35%		0.35%
Retailing	0.27%		0.27%
Exposure	73.55%	0.00%	73.55%
Cash on Hand			26.45%

Portfolio Exposure





Cadence News

Later this year our listed fund, Cadence Capital Limited (ASX Code: CDM), will celebrate 5 years of being listed on the Australian Stock Exchange (ASX). Cadence Capital Limited listed on the ASX in December 2006 at \$1.16 and at month end was trading at \$1.35 and has declared 23.5 cents of fully franked dividends since listing. Over the same period the All Ordinaries Accumulation index is up 0.4%. This period includes one of the worst stock market crashes over the last 75 years. CDM has accumulated a record franking credit balance of \$5.214 Million being the equivalent of 18.9 cents of franking per share. These franking credits have substantial value.

CDM has also recently announced a 1 for 1 bonus issue of Options to CDM Shareholders at a strike price of \$1.25 exercisable on or before 15 September 2012. Commenting on the Bonus issue of Options the Chairman Karl Siegling noted in the media release:

“The issue of a Bonus Option combined with the payment of a 6.0 cent fully franked dividend should meet a number of objectives:

- to attract new long term investors, particularly those investors who value a fully franked yield and capital growth;
- to expand the market capitalisation of CDM thereby improving liquidity, and
- to improve CDM’s ratings by equity investment research houses.

Hopefully these measures enable CDM Shares to trade closer to their Net Tangible Asset (NTA) backing.”

We will be releasing our year end webcast over the next week. We would also like to draw your attention to the fact that over the past few months, Cadence Capital has been quoted numerous times in the press. To read any of these articles or to watch any past webcasts please visit the ‘News’ section of the website at www.cadencecapital.com.au.

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