



## 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 1.16% (Gross) outperforming the All Ordinaries Accumulation Index by 4.56%.

For the five years and ten months to 31st July 2011, Cadence Capital Limited has generated a gross performance of 21.43% per annum, outperforming the All Ordinaries Accumulation Index by 17.66% per annum.

The fund finished the month 77.16% long and with no shorts. The net long exposure for June 2011 was 71.23%.

### Fund NTA

Net Tangible Assets as at July 31st	Amount (\$)
Pre Tax NTA*	\$1.409
Post Tax NTA*	\$1.467
Share price (ASX Code CDM)	\$1.35

\* The NTA's and share price are pre a 6.0c (3.0c final and 3.0c special) fully franked dividend that is to be paid on 6<sup>th</sup> Oct. 2011

### Fund Highlights

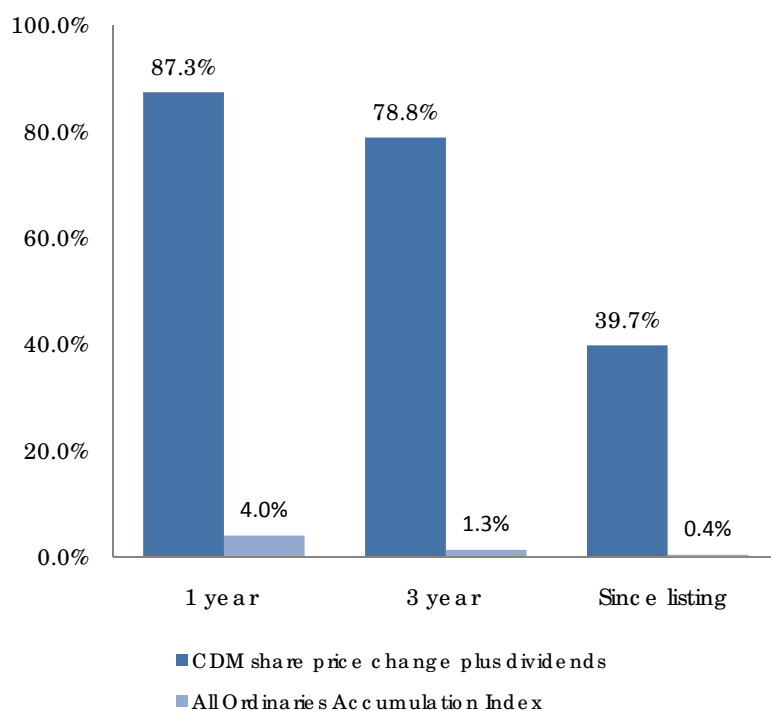
Cadence Capital Limited has been **ranked by Morningstar/ASX as the No. 2 Listed Investment Company** over both 1 and 3 years in the LMI Quarterly Update as at 30 June 2011.

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

Both of these reports are available at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)



## 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	-	-	2.5c	3.6c
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
<b>TOTAL</b>	<b>9.5c</b>	<b>9.0c</b>	<b>5.0c</b>	<b>23.5</b>	<b>33.7c</b>



## Fund Performance

Performance* to 31st July 2011	CDM**	All Ords	Outperformance
1 Month	1.16%	-3.40%	+4.56%
1 Year	75.92%	3.96%	+71.96%
2 Years	108.28%	14.52%	+93.76%
3 Years	97.24%	1.29%	+95.95%
4 Years	57.02%	-13.97%	+70.99
5 Years	137.58%	11.60%	+125.98%
Since Inception (70 months)	210.46%	24.12%	+186.34%
Since Inception Annualised (70 months)	21.43%	3.77%	+17.66%

\*Before Management and Performance Fees

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

## Top Portfolio Positions

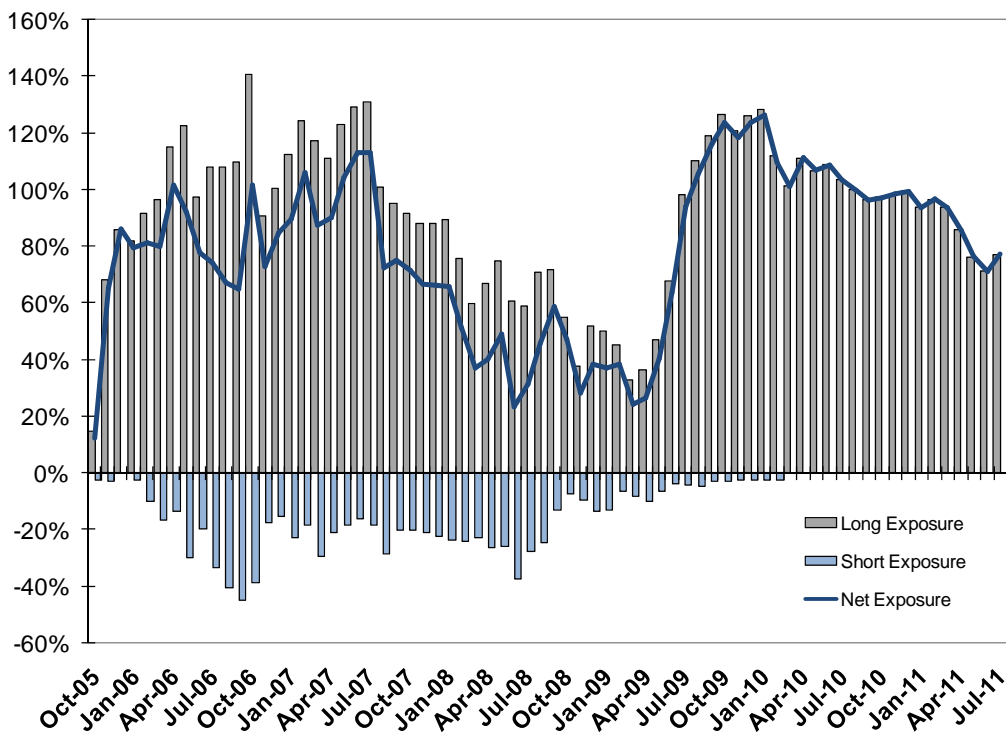
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	32.20%
RKN	Recon Ltd	Long	8.30%
MMS	McMillan Shakespeare Ltd	Long	7.30%
BVA	Bravura Solutions Ltd	Long	5.70%
ANZ	Australia & New Zealand Banking Group	Long	3.20%
NAB	National Australia Bank Ltd	Long	3.20%
FXL	Flexigroup Ltd	Long	3.00%
RIO	Rio Tinto Ltd	Long	2.90%
FFF	Firstfolio Ltd	Long	2.00%
BIU	Bathurst Resources Ltd	Long	1.80%
AQG	Alacer Gold Corp.	Long	1.70%
<b>Portfolio Holdings &gt; 1%</b>			<b>71.3%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	40.50%		40.50%
Software and Services	14.32%		14.32%
Materials	8.38%		8.38%
Commercial Services and Supplies	7.29%		7.29%
Diversified Financials	3.04%		3.04%
Transportation	0.94%		0.94%
Telecommunication Services	0.88%		0.88%
Energy	0.82%		0.82%
Consumer Services	0.72%		0.72%
Retailing	0.27%		0.27%
<b>Exposure</b>	<b>77.60%</b>	<b>0.00%</b>	<b>77.16%</b>
<b>Cash on Hand</b>			<b>22.84%</b>

## Portfolio Exposure





## Cadence Capital News

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On 5<sup>th</sup> August 2011, Cadence Capital Limited announced a record net profit after tax of \$13.148 Million for the financial year ended 30 June 2011.

Later this year Cadence Capital Limited 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;

- attract new long term investors, particularly those investors who value a fully franked yield and capital growth;
- expand the market capitalisation of CDM thereby improving liquidity, and
- 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 Limited 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](http://www.cadencecapital.com.au).

## Disclaimer

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