CADENCE CAPITAL LIMITED

JUNE 2006 INVESTOR REPORT

FUND PERFORMANCE*

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	YTD
Cadence Capital Limited	0.10%	1.41%	6.39%	7.57%	4.23%	5.04%	5.60%	2.25%	-1.69%	35.02%
All Ordinaries Acc Index	-3.83%	4.35%	3.09%	3.65%	0.70%	4.81%	2.40%	-4.34%	1.86%	12.92%
Small Ordinaries Acc Index	-3.74%	2.98%	1.45%	3.76%	2.13%	6.32%	1.02%	-4.02%	1.13%	11.10%

*Before Performance Fees and Tax

PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Software & Services	18.59%	-6.81%	11.78%
Energy	14.13%	-0.86%	13.27%
Commercial Services & Supplies	13.79%		13.79%
Materials	12.76%	-2.03%	10.73%
Insurance	7.95%	-1.55%	6.40%
Capital Goods	6.63%		6.63%
Banks	6.12%		6.12%
Media	5.22%	-1.48%	3.74%
Diversified Financials	3.30%		3.30%
Telecommunication Services	2.57%	-0.17%	2.40%
Real Estate	2.27%	-1.77%	0.50%
Health Care Equipment & Services	2.12%		2.12%
Consumer Services	0.99%	-3.12%	-2.14%
Unspecified	0.99%		0.99%
Food Beverage & Tobacco		-1.90%	-1.90%
Gross Exposure	**97.43%**	**-19.69%**	**77.74%**
Net Cash / (Debt)			**22.26%**

Cadence Asset Management Pty Ltd ACN 106 551 062
Level 11, 131 Macquarie Street, Sydney NSW 2000 Australia
Telephone +612 8298 2444, Facsimile +612 8298 2499
Email: info@cadencecapital.com.au

PORTFOLIO EXPOSURE ANALYSIS %

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06
Equity Long	14.9%	68.0%	85.9%	81.9%	91.5%	96.6%	114.9%	122.4%	97.4%
Equity Short	2.5%	2.7%	0.0%	2.3%	10.1%	16.8%	13.4%	30.1%	19.7%
Gross Exposure	17.4%	70.8%	85.9%	84.3%	101.6%	113.4%	128.3%	152.5%	117.1%
Net Exposure	12.4%	65.3%	85.9%	79.6%	81.3%	79.8%	101.5%	92.3%	77.7%

MARKET AND COMMENTARY

Cadence Capital Limited closed on the 30th June 2006 with a Net Tangible Asset Backing (NTA) of $1.29727 pre tax and fees and $1.18198 post tax and fees. To get weekly estimates of the NTA for Cadence Capital Limited please visit www.cadencecapital.com.au

During the month of June, Cadence Capital Limited returned a gross performance of (1.69%) compared to a rise in the All Ordinaries Accumulation Index of 1.86% and a rise in the Small Ordinaries Accumulation Index of 1.13%. The fund finished the month 97.4% long, 19.7% short and with a Net Long Exposure of 77.7%.The net exposure of the fund for May was 92.3%.

Over the past few months, and again in the month of June, we have substantially reduced our 'long exposure' and increased our 'short exposure' to protect our assets. Our Net Exposure has gone from 101.5% in April to 92.3% in May and 77.7% in June. Our emphasis continues to be on protecting our assets from falling prices by further reducing our long exposure and increasing our short position.

Whilst the Reserve Bank of Australia did not raise interest rates again this month, we reiterate the fact that we are now living in a rising interest rate environment. This environment is very different to that experienced over the last 18 years, a period of extended falling interest rates. Generally speaking the nominal price of all assets rises when interest rates are falling, and falls when interest rates are rising. We have had the 'wind behind us' for the last 18 years and this is no longer the case.

Resource companies are major beneficiaries of an emerging inflationary environment. With commodity prices having risen significantly over the past two years these companies are experiencing an extremely profitable period. Last month we noted that after such strong commodity price increases the resource market experienced significant volatility. This trend continued in June with even greater volatility in commodity prices and as a consequence greater volatility in the resource sector.

The resource sector can be viewed as a leveraged version of commodity prices. A resource company can be valued as the price of the underlying commodity multiplied by the volume of the resource, less the costs of mining the resource. Assuming a resource company's output is fixed, the costs to mine this output are mostly fixed then the price of the commodity is the variable.

In an environment of rising commodity prices the company's profitability, and hence share price, will increase at a greater percentage than the commodity price. Conversely, falling commodity prices will decrease profits at a greater rate than the change in commodity price. This "leverage" effect explains the increased volatility that resource companies experience relative to the change in the underlying commodity price.

After eight volatile weeks the market has slumped 13% from the mid May highs to it's recent low in mid June. Over the same period the resource sector dropped by approximately 26%. Our view is that the threat of higher interest rates will lead to a more volatile market. Whilst our market outlook remains cautious we believe that opportunities always exist. In the new financial year we will continue to look for these opportunities

DISCLAIMER

Cadence Asset Management Pty Ltd ACN 106 551 062
Level 11, 131 Macquarie Street, Sydney NSW 2000 Australia
Telephone +612 8298 2444, Facsimile +612 8298 2499
Email: info@cadencecapital.com.au