MARCH 2006 INVESTOR REPORT

FUND PERFORMANCE*

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	YTD
Cadence Capital Limited	0.10%	1.41%	6.39%	7.57%	4.23%	5.04%							27.20%
All Ordinaries Acc Index	-3.83%	4.35%	3.09%	3.65%	0.70%	6.51%							15.01%
Small Ordinaries Acc Index	-3.74%	2.98%	1.45%	3.76%	2.13%	6.32%							13.31%

*Before Performance Fees and Tax

PORTFOLIO EXPOSURE ANALYSIS %

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06
Equity Long	14.9%	68.0%	85.9%	81.9%	91.5%	96.6%						
Equity Short	2.5%	2.7%	0.0%	2.3%	10.1%	16.8%						
Gross Exposure	17.4%	70.8%	85.9%	84.3%	101.6%	113.4%						
Net Exposure	12.4%	65.3%	85.9%	79.6%	81.3%	79.8%						

PORTFOLIO SECTOR ANALYSIS

	LONG	SHORT	TOTAL
Materials	26.68%		26.68%
Commercial Services & Supplies	15.54%		15.54%
Software & Services	9.19%		9.19%
Capital Goods	7.37%		7.37%
Technology Hardware & Equipment		-7.17%	-7.17%
Pharmaceuticals & Biotechnology	6.04%		6.04%
Unspecified	5.87%		5.87%
Health Care Equipment & Services	5.32%		5.32%
Banks	3.59%		3.59%
Energy	4.92%	-1.36%	3.55%
Insurance	5.19%	-2.56%	2.63%
Media		-2.16%	-2.16%
Diversified Financials	1.75%		1.75%
Consumer Services	4.55%	-3.56%	0.98%
Consumer Durables & Apparel	0.30%		0.30%
Telecommunication Services	0.19%		0.19%
Transportation	0.11%		0.11%
Gross Exposure	**96.60%**	**-16.81%**	**79.79%**
Net Cash / (Debt)			**20.21%**

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MARKET AND COMMENTARY

Cadence Capital Limited closed on the 31st March 2006 with a Net Tangible Asset Backing (NTA) of $1.22063 pre tax and fees and $1.13314 post tax and fees.

During the month of March, Cadence Capital Limited returned a gross performance of 5.0415% compared to a rise in the All Ordinaries Accumulation Index of 6.51% and a rise in the Small Ordinaries Accumulation Index of 6.32%. The fund finished the month 96.6% long, 16.8% short and with a Net Long Exposure of 79.8%.The net exposure of the fund for February was 81.3%.

The month of March has been marked by a surprising amount of take-over activity, both successful and potential. Tabcorp and Unitab, Alinta and AGL, Barlow Group and Wattyl, Sydney Futures Exchange and Australian Stock Exchange to name a few. This take over activity is concentrated within medium to large cap companies. These takeovers by their very nature create significant short term gains for shareholders in the company being taken over. Acquirers that use scrip, trading at high multiples, are benefiting from earnings per share accretive deals. However, another way to view this is that acquirers are buying growth in order to sustain high multiples in a period where economic growth is slowing and organic opportunities are fading.

Despite our unease with the volatility in the resources sector, resources have risen dramatically this month, especially in Australian Dollar terms (more on this below). Gold, copper, silver, zinc and uranium all reached new record highs during this cycle in March 2006. These record prices fed directly into the valuation of many of Australia's largest listed resource companies resulting in significant upgrades in earnings expectations These earnings upgrades have in turn driven many local resource companies to record highs.

The upward momentum on locally listed resource companies has been compounded over the first quarter of 2006 and particularly in March by a falling Australian dollar. The fall in the Australian dollar has made the cost of our resources cheaper in world terms, at a time when many commodities are reaching new highs in US dollar terms. The falling Australian dollar is beneficial for exporters and hinders importers profitability and accordingly we are watching this situation closely. Whilst a lower Australian dollar supports our stronger resources view, it could start to negatively impact major importing sectors of the economy.

The Reserve Bank of Australia left the official cash rate unchanged at 5.5% at their April meeting. As we indicated last month US, European and Asian interest rates have started to move higher from historic lows in 2001 and 2002, whilst in Australia rates have remained unchanged. Should this trend continue there will be further downward pressure on the Australian dollar. However, the market has already factored in an interest rate rise by moving 90 day Bank Bill future rates to 5.78%. We believe the risk is now biased towards an interest rate rise.

DISCLAIMER

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