



## CADENCE OFFSHORE FUND MAY 2011 INVESTOR REPORT

### FUND NTA & PERFORMANCE

Cadence Offshore Fund NTA estimate as at 31st May 2011:

NTA per share (Series AUD1) \$1,405.00

Net Performance May 2011 (Series AUD1) - 1.36%

### MONTHLY DETAILED PERFORMANCE

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	YTD
Cadence Offshore Fund	-2.70%	-0.28%	2.21%	6.06%	-9.07%	-2.61%	7.60%	4.02%	5.24%	4.70%	12.35%	2.01%	31.63%
All Ordinaries Acc Index	-5.85%	1.82%	5.83%	-1.18%	-7.57%	-2.60%	4.23%	-0.71%	5.02%	2.17%	-0.70%	3.80%	3.31%
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	YTD
Cadence Offshore Fund	1.70%	3.78%	-2.52%	5.16%	-1.36%								6.72%
All Ordinaries Acc Index	0.07%	2.19%	0.64%	-0.58%	-1.89%								0.40%
* Net of all fees												<b>Accumulated return</b>	<b>40.48%</b>

### PORTFOLIO COMMENTARY

During May 2011, its seventeenth month in operation, Cadence's Offshore Fund returned a negative net performance of -1.36% compared to a decrease in the All Ordinaries Accumulation Index of -1.89% and a decrease in the Small Ordinaries Accumulation Index of -1.89%. For the seventeen months to 31st May 2011, the Fund has returned a positive net performance of +40.48% compared to an increase in the All Ordinaries Accumulation Index of +3.72% and an increase in the Small Ordinaries Accumulation Index of +6.73% during the same period.

The fund finished the month 57.72% long and with no shorts, i.e. net long exposure of 57.72%. The net exposure for April 2011 was 71.92%.

### PORTFOLIO SECTOR EXPOSURE

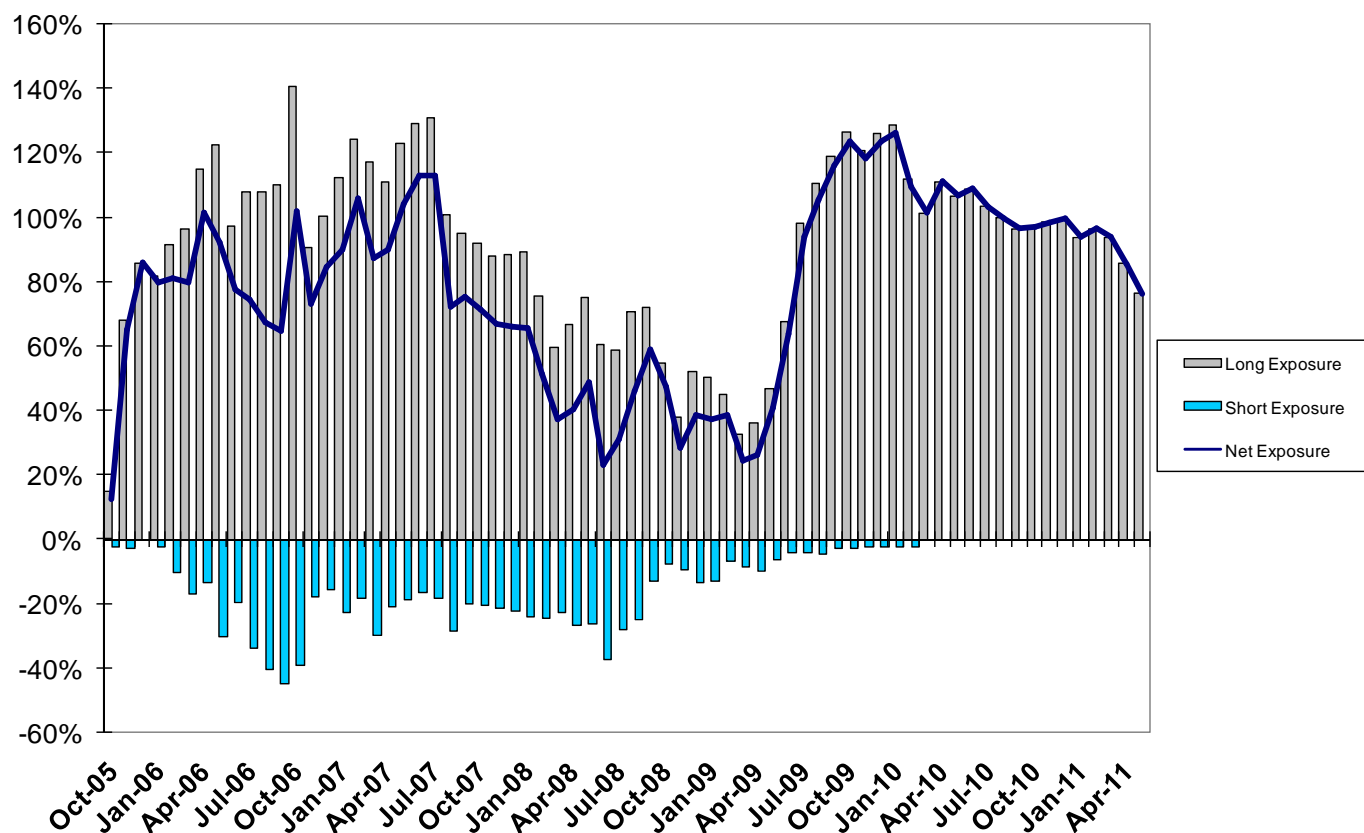
Sector	Long	Short	Net
Banks	36.34%		36.34%
Software & Services	5.54%		5.54%
Materials	5.22%		5.22%
Commercial Services & Supplies	3.51%		3.51%
Pharmaceuticals, Biotechnology & Life Sciences	2.95%		2.95%
Diversified Financials	1.59%		1.59%
Telecommunication Services	1.36%		1.36%
Technology Hardware & Equipment	1.21%		1.21%
<b>Exposure</b>	<b>57.72%</b>	<b>0.00%</b>	<b>57.72%</b>

## HISTORIC STRATEGY PERFORMANCE & EXPOSURE – 5 YEARS

Cadence Capital Limited is an ASX listed fund that has been operating the Cadence Long/ Short Australian equities strategy for over five years. Over time the Cadence Offshore Fund will replicate the positions and holdings of Cadence Capital Limited. Detailed below is the 5 year performance and exposure history of Cadence Capital Limited (ASX Code CDM).

Performance to 31st May 2011 *	CDM	All Ords	Outperformance
1 Month **	8.00%	-1.89%	
1 Year	78.13%	11.92%	+66.21%
2 Years	122.91%	35.88%	+87.03%
3 Years	79.53%	-5.65%	+85.18%
4 Years	55.27%	-10.60%	+65.87%
5 Years	123.82%	18.73%	+105.09%
Inception to date accumulated return (68 months)	203.09%	31.63%	+171.46%
Annualised return since inception (68 months)	21.61%	4.97%	+16.64%

\* Gross Performance: before Management and Performance Fees  
 \*\* Percentage increase in Post Tax NTA - incl. franking benefit of RHG dividend received by Australian domiciled funds



## OFFSHORE FUND FACTS

Minimum Investment:	AU\$ 500 000	Redemption Fees:	None
Subscription Frequency:	Monthly	High Water Mark:	Yes
Redemption Frequency:	Monthly	Strategy Size:	AU\$ 50 Million
Redemption Notice:	3 Months	Prime Broker:	Citigroup
Lock-up:	None	Administrator:	TMF Group
Management Fee:	1.5%	Fund Domicile:	Cayman Islands
Performance Fee:	20%	Legal Advisers (Cayman)	Walkers

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