



CADENCE CAPITAL

MAY 2011 INVESTOR REPORT

FUND NTA

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

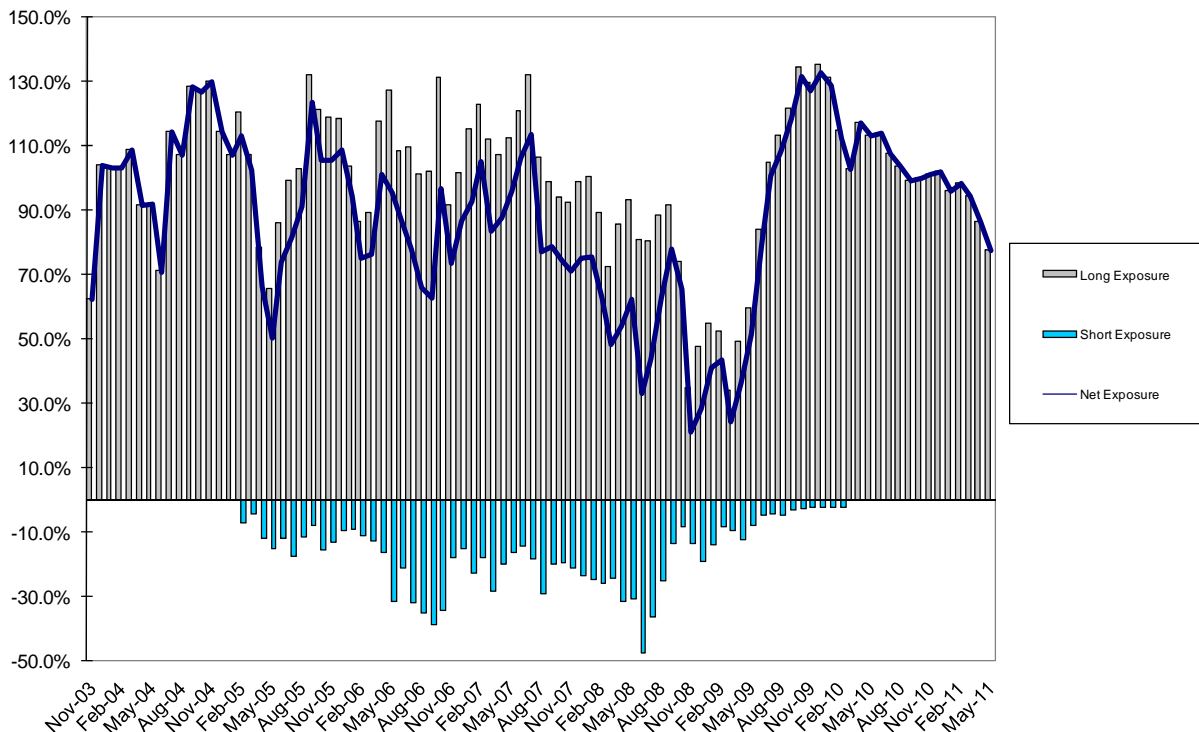
NTA (Post Fees and Distributions) \$ 1.77619

FUND PERFORMANCE*

Performance to 31 May 2011	CC	All Ords	Outperformance
1 Month **	9.45%	-1.89%	
1 Year	75.81%	11.92%	+63.89%
Annualised return since inception (91 months)	17.66%	9.53%	+8.13%
Inception to date accumulated return (91 months)	243.14%	99.44%	+143.70%

** Gross Performance before Management and Performance Fees*
*** Adjusted to include material franking credit of 26.7 cents per unit received from RHG dividend*

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Banks	34.01%		34.01%
Software & Services	14.40%		14.40%
Materials	14.11%		14.11%
Commercial Services & Supplies	7.98%		7.98%
Diversified Financials	3.09%		3.09%
Telecommunication Services	1.23%		1.23%
Energy	0.81%		0.81%
Technology Hardware & Equipment	0.80%		0.80%
Pharmaceuticals, Biotechnology & Life Sciences	0.65%		0.65%
Consumer Services	0.35%		0.35%
Exposure	77.43%	0.00%	77.43%
Cash on hand			22.57%

TOP 20 PORTFOLIO POSITIONS

ASX Code	Position	Direction	% Holding
RHG	RHG Ltd	Long	25.6%
MMS	McMillan Shakespeare Limited	Long	7.6%
RKN	Reckon Ltd	Long	7.4%
BVA	Bravura Solutions Ltd	Long	6.7%
RIO	Rio Tinto Ltd	Long	4.3%
AQG	Alacer Gold Corp.	Long	3.4%
NAB	National Australia Bank Ltd	Long	3.4%
ANZ	Australia & New Zealand Banking Group	Long	3.3%
BTU	Bathurst Resources Limited	Long	3.3%
FXL	Flexigroup Limited	Long	3.1%
FFF	Firstfolio Limited	Long	1.7%
AWC	Alumina Limited	Long	1.4%
CVR	Central Asia Resources Limited	Long	1.3%
HOG	Hawkey Oil and Gas Limited	Long	0.8%
ZYL	ZYL limited	Long	0.8%
VOC	Vocus Communications Limited	Long	0.7%
BNO	Bionomics Limited	Long	0.7%
TPC	Tel.Pacific Limited	Long	0.6%
ZRL	Zambezi Resources Limited	Long	0.5%
TSN	Transaction Solutions International Limited	Long	0.4%
Top Twenty Portfolio Holdings			76.8%

2011 DISTRIBUTION AND FRANKING CREDIT

We are pleased to report that we estimate that the fund will be in a position to make a distribution for June 2011. Due to the fund's substantial participation in the RHG fully franked dividend of 79 cents (the fund's largest holding) the fund is looking to be in a position to make a distribution that will have a **substantial franking credit attached of around 28 cents per unit**.

In light of the materiality of the franking credit of 26.7 cents per unit attached to the RHG dividend that was received during May 2011, the performance table has been adjusted to more accurately include this franking credit.

MARKET AND COMMENTARY

We are pleased to report that the fund has had a good year to date and for the eleven months ended 31st May 2011 the fund is up 78.12% (Gross) outperforming the All Ordinaries Accumulation Index by 63.20%. During the month of May, Cadence Capital Fund returned a positive gross performance of +9.45% 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 seven years and seven months to 31st May 2011, Cadence Capital Fund has returned a gross performance of 243.14% compared to an increase in the All Ordinaries Accumulation Index of 99.44%.

The fund finished the month 77.43% long and with no shorts, i.e. net long exposure of 77.43%. The net exposure for April 2011 was 86.33%.

CADENCE CAPITAL NEWS

Cadence Capital will be releasing its quarterly webcast later this month which will give more detail on the above newsletter. During the past few months, Cadence has been quoted numerous times in the press. For more insight into Cadence Capital we would encourage you to read these articles and also watch past webcasts in the 'News' section of the website at www.cadencecapital.com.au.

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