



INVESTMENT UPDATE

May 2012

Summary Update

For the eleven months, to the 31st May 2012, Cadence Capital Fund has generated a positive gross performance of +4.85% compared to a decrease in the All Ordinaries Accumulation Index of -7.28% and a decrease in the Small Ordinaries Accumulation Index of -10.32%.

During the month of May 2012, Cadence Capital Fund returned a gross performance of -5.15% compared to a decrease in the All Ordinaries Accumulation Index of -6.90% and a decrease in the Small Ordinaries Accumulation Index of -10.22%. For the eight years and seven months to 31st May 2012, Cadence Capital Fund has generated a gross performance of 16.32% per annum, outperforming the All Ordinaries Accumulation Index by 9.20% per annum.

The fund finished the month 71.04% net long compared to 74.55% net long in April 2012.

Fund NTA

Cadence Capital unit price estimates as at 31st May 2012:

NTA (Post Fees) \$1.71149

Cadence Highlights

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

Cadence Capital Limited has once again been **ranked by ASX* as the Number 1 Australian Equities Listed Investment Company** over 1, 3 and 5 years in the latest LMI Quarterly Update as at 31 March 2012.

Cadence Capital Limited has also been **ranked by Patersons as the No. 1 Listed Investment Company** over both 1 and 2 years in their LIC Quarterly Update dated 24 August 2011.

All of these reports are available on our home page at www.cadencecapital.com.au

* Source: ASX website – Market Update on Management Funds section, LMI Quarterly Update as at 31 March 2012



Fund Performance

Performance* to 31st May 2012	CCF**	All Ords	Outperformance
1 Month	-5.15%	-6.90%	+1.75%
1 Year	6.32%	-9.49%	+15.81%
2 Years	87.96%	1.30%	+86.66%
3 Years	138.53%	22.98%	+115.55%
4 Years	50.35%	-14.61%	+64.96%
5 Years	24.69%	-19.09%	+43.78%
6 Years	66.34%	7.46%	+58.88%
Inception to date accumulated return (103 months)	265.95%	80.52%	+185.43%
Annualised return since inception (103 months)	16.32%	7.12%	+9.20%

* Gross Performance before Management and Performance Fees

** Adjusted to include material franking credit of 26.7 cents received from RHG dividend during May 2011

Top Portfolio Positions

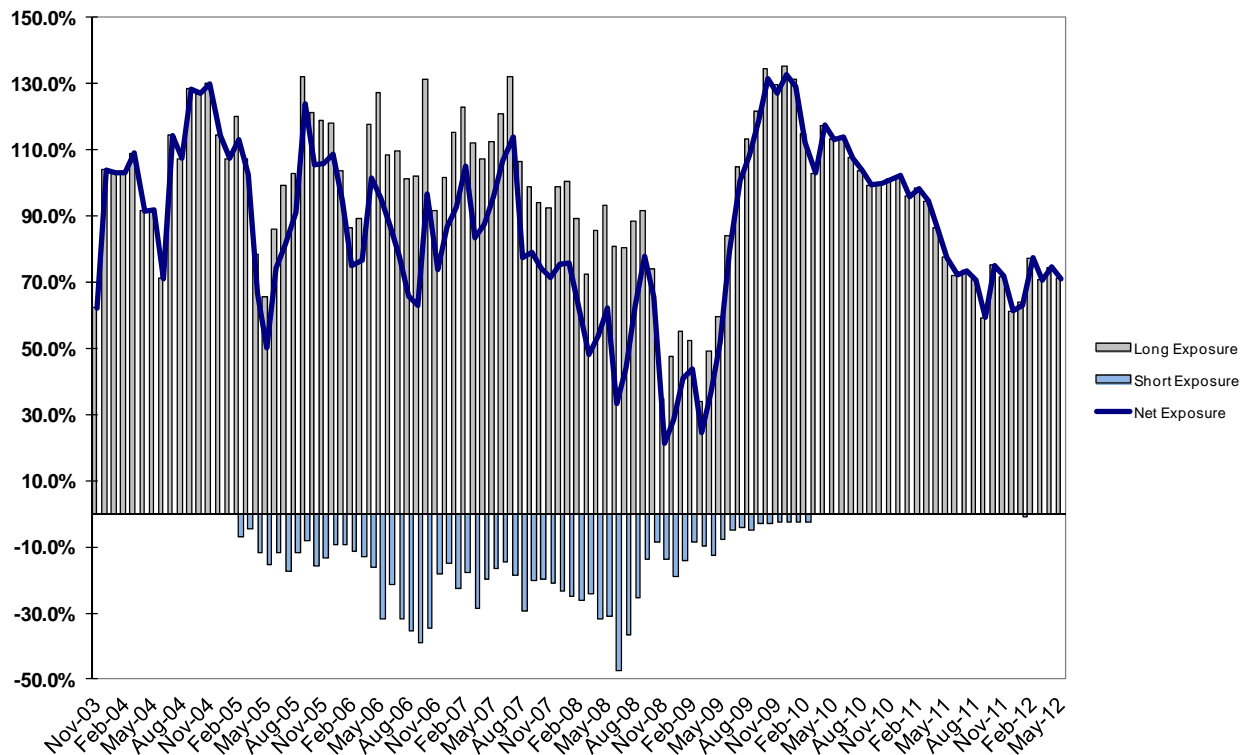
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	24.6%
MMS	Mc Millan Shakespeare Ltd	Long	7.4%
RKN	Rekon Ltd	Long	5.2%
BVA	Bra vura So lutions Ltd	Long	4.8%
FXL	Fle xig ro up Ltd	Long	3.9%
ANZ	Austra lia & Ne w Ze a land Ban king Gro up	Long	3.9%
DCG	De c mil Gro up Limite d	Long	3.2%
NAB	Na tio nal Austra lia Ban k Ltd	Long	3.0%
MQG	Ma c qua rie Gro up Limite d	Long	3.0%
COF	Co ffe y Inte ma tio nal Limite d	Long	1.7%
VMG	VDM Gro up Limite d	Long	1.7%
RFG	Re ta il Fo od Gro up	Long	1.3%
SPT	Sp o tle ss Gro up Ltd	Long	1.3%
CTP	C e ntra l Pe tro le um Ltd	Long	1.2%
Portfolio Holdings > 1%			66.39%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	32.22%		32.22%
Commercial & Professional Services	10.40%		10.40%
Software & Services	10.38%		10.38%
Diversified Financials	6.89%		6.89%
Capital Goods	5.31%		5.31%
Energy	2.14%		2.14%
Materials	1.69%		1.69%
Consumer Services	1.31%		1.31%
Telecommunications Services	0.69%		0.69%
Exposure	71.04%	0.00%	71.04%
Cash on Hand			28.96%

Portfolio Exposure





Cadence News

Cadence Capital Limited Year End Dividend

We would like to reiterate to both our shareholders and option holders of Cadence Capital Limited our desire to pay **at least a 7% fully franked yield** for the 2012 financial year. The Company has currently accumulated around 18 cents of franking per share (enabling 43 cents of fully franked dividends to be paid over time out of Company profits). These franking credits place the company in a strong position to pay an increasing stream of fully franked dividends to our shareholders. To many investors, such as Self Managed Super Funds, these franking credits have substantial value.

Please feel free to watch our latest quarterly webcast as the year end dividend is discussed in some detail. Both this webcast and past webcasts are available to be viewed in the News and Views section of our website at www.cadencecapital.com.au.

Disclaimer

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