



## INVESTMENT UPDATE

May 2012

### Summary Update

For the eleven months of this financial year, to the 31<sup>st</sup> May 2012, Cadence Capital Limited has generated a gross positive performance of +4.31% 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 Limited returned a gross performance of -4.58% 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 six years and eight months to 31 May 2012, Cadence Capital Limited has generated a gross performance of 19.07% per annum, outperforming the All Ordinaries Accumulation Index by 16.41% per annum.

The fund finished the month 68.22% long compared to 71.81% long in April 2012.

### Fund NTA

Net Tangible Assets as at 31 May	Amount (\$)
Pre Tax NTA*	\$1.282
Post Tax NTA*	\$1.369
Share price (ASX Code: CDM)	\$1.255
Option price (ASX Code: CDMO)^	\$0.040

^ The Option strike price is \$1.25 and expires on the 15th September 2012

\*These NTA's are **post the 4.5c March 2012 fully franked interim and special dividend**

### Fund Highlights

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 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.

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

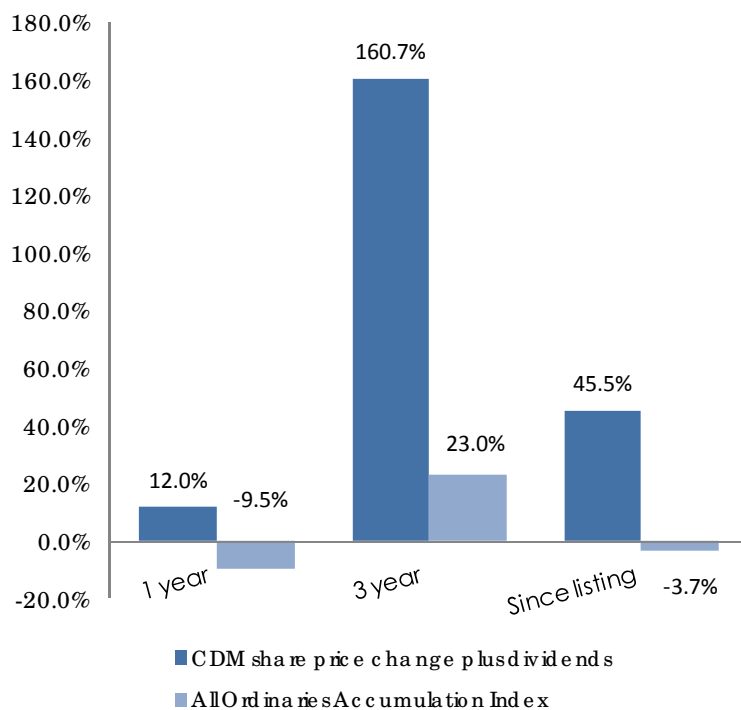
All of these reports are available on our home page at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

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

For more information contact Cadence Capital Limited on 02 8298 2444 or email [info@cadencecapital.com.au](mailto:info@cadencecapital.com.au)  
Register to receive our newsletter at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)



## Share Price Return Including Dividends



## Fully Franked Dividends Declared Since Listing

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2*c	-	4.7c	5.8c
2009	-	2.0c	-	2.0c	2.9c
2010	2.0c	2.0c	-	4.0c	5.7c
2011	3.0c	3.0c	3.0c	9.0c	12.9c
2012	4.0c	-	0.5c	4.5c	6.4c
<b>TOTAL</b>	<b>13.5c</b>	<b>11.2c</b>	<b>5.5c</b>	<b>30.2c</b>	<b>42.3c</b>

\* Off market equal access buy back



## Fund Performance

Performance* to 31st May 2012	CDM**	All Ords	Outperformance
1 Month	-4.58%	-6.90%	+2.32%
1 Year	5.63%	-9.49%	+15.12%
2 Years	88.15%	1.30%	+86.85
3 Years	135.45%	22.98%	+112.47
4 Years	89.64%	-14.61%	+104.25
5 Years	64.00%	-19.09%	+83.09
Since Inception (80 months)	220.14%	19.13%	+201.01
Since Inception Annualised (80 months)	19.07%	2.66%	+16.41

\* Before Management and Performance Fees

\*\*These numbers include the franking value of the substantial RHG dividend received in May 2011

In May 2011 the fund received a substantial fully franked dividend from its RHG holding. As a result of this dividend, the Post Tax NTA of the fund increased by +8% during that month. The May 2011 performance of the fund was adjusted to reflect this Post-tax increase in NTA as this figure more accurately included the material fully franked dividends received from RHG during this month.

## Top Portfolio Positions

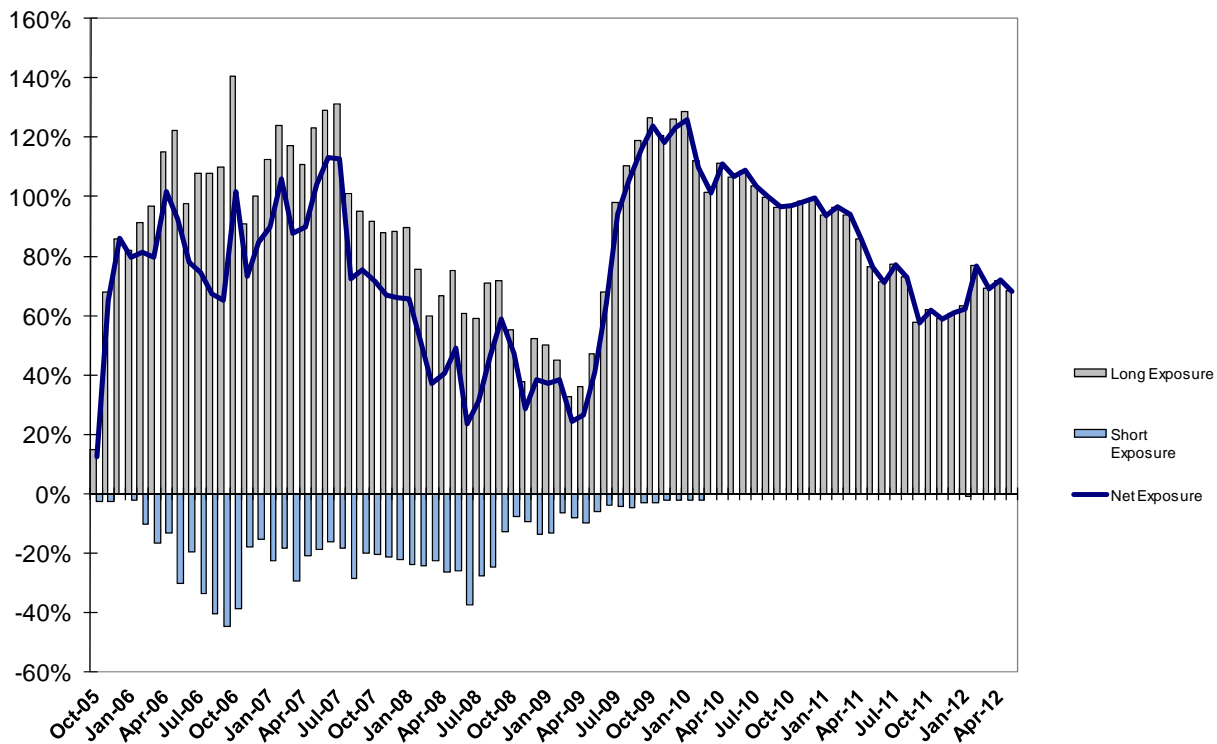
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	23.8%
MMS	Mc Millan Shake spe are Ltd	Long	7.2%
RKN	Re c ko n Ltd	Long	5.1%
BVA	Bra vura So lutio ns Ltd	Long	4.7%
FXL	Fle xig ro up Ltd	Long	3.8%
ANZ	Austra lia & Ne w Ze a la nd Ba nking Gro up	Long	3.8%
MQG	Ma c qua rie Gro up Limite d	Long	2.9%
NAB	Na tio nal Austra lia Ba nk Ltd	Long	2.9%
DCG	De c mil Gro up Limite d	Long	2.9%
COF	C o ffe y Inte ma tio nal Limite d	Long	1.7%
VMG	VDM Gro up Limite d	Long	1.7%
SPT	Sp o tle ss Gro up Ltd	Long	1.3%
RFG	Re ta il Fo o d Gro up	Long	1.3%
CTP	C e ntra l Pe tro le um Ltd	Long	1.3%
<b>Portfolio Holdings above 1%</b>			<b>64.26%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	31.25%		31.25%
Commercial & Professional Services	10.17%		10.17%
Software & Services	9.94%		9.94%
Diversified Financials	6.70%		6.70%
Capital Goods	4.94%		4.94%
Energy	2.19%		2.19%
Materials	1.61%		1.61%
Consumer Services	1.27%		1.27%
Telecommunication Services	0.16%		0.16%
<b>Exposure</b>	<b>68.22%</b>	<b>0.00%</b>	<b>68.22%</b>
<b>Cash on Hand</b>			<b>31.78%</b>

## Portfolio Exposure





## Cadence News

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### Cadence Capital Limited Year End Dividend

We would like to reiterate to both our shareholders and option holders 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](http://www.cadencecapital.com.au).

### Disclaimer

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