


**INVESTMENT UPDATE**
**MAY 2014**

Cadence Offshore Fund NTA as at 31 May 2014:

NTA per share (Series AUD1)	\$ 1,957.46
Net Performance May 2014 (Series AUD1)	+0.44%

**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 Cayman 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 Cayman Fund	1.70%	3.78%	-2.52%	5.16%	-1.36%	1.64%	0.66%	2.98%	-1.60%	2.15%	2.20%	-0.19%	15.28%
All Ordinaries Acc Index	0.07%	2.19%	0.64%	-0.58%	-1.89%	-2.39%	-3.40%	-2.00%	-6.27%	7.17%	-3.43%	-1.57%	-11.43%
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	YTD
Cadence Cayman Fund	0.92%	2.22%	1.56%	-0.90%	-2.51%	0.60%	1.99%	4.45%	0.09%	3.44%	-0.11%	0.78%	13.08%
All Ordinaries Acc Index	5.23%	2.41%	1.15%	1.10%	-6.90%	0.25%	3.74%	2.12%	2.13%	2.97%	0.27%	3.43%	18.84%
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	YTD
Cadence Cayman Fund	2.32%	4.69%	-0.54%	1.46%	0.79%	-1.01%	-1.51%	-0.15%	2.27%	4.23%	1.80%	0.75%	15.97%
All Ordinaries Acc Index	5.08%	5.18%	-2.24%	3.82%	-4.39%	-2.62%	5.46%	2.59%	2.39%	3.91%	-1.38%	0.92%	19.66%
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	YTD
Cadence Cayman Fund	-3.24%	2.80%	0.45%	-1.98%	0.44%								-1.63%
All Ordinaries Acc Index	-2.76%	4.84%	0.25%	1.29%	0.61%								4.16%
										<b>Accumulated return</b>		<b>95.75%</b>	
										<b>All Ordinaries Acc Index</b>		<b>35.52%</b>	

\* Net of all fees

**Portfolio Commentary**

During May 2014 Cadence Cayman Fund returned a positive net performance of 0.44 % compared to an increase in the All Ordinaries Accumulation Index of 0.61% and an increase in the Small Ordinaries Accumulation Index of 0.08%. For the past 53 months the fund has returned a positive annualized net performance of +16.42% per annum compared to an increase in the All Ordinaries Accumulation Index of +7.12% per annum.

The fund finished the month 64.70% net long. The net exposure for April 2014 was 78.26%.



## Portfolio Sector Exposure

Sector	Long	Short	Net
Diversified Financials	21.55%		21.55%
Banks	16.76%		16.76%
Materials	5.94%	1.03%	4.91%
Software & Services	5.71%		5.71%
Consumer Services	4.59%		4.59%
Telecommunication Services	4.43%		4.43%
Energy	3.48%		3.48%
Real Estate	2.28%		2.28%
Insurance	1.22%		1.22%
Transportation		0.70%	-0.70%
Pharmaceuticals, Biotechnology & Life Sciences	0.47%		0.47%
<b>Exposure</b>	<b>66.43%</b>	<b>1.73%</b>	<b>64.70%</b>
<b>Cash on Hand</b>			<b>35.30%</b>

## Top Portfolio Positions

ASX Code	Position	Direction	Holding
MQG	Macquarie Group Limited	Long	8.1%
HGG	Henderson Group Plc	Long	8.1%
ANZ	Australia & New Zealand Banking Group	Long	4.6%
NAB	National Australia Bank Ltd	Long	4.4%
MLB	Melbourne IT Ltd	Long	4.2%
LNG	Liquefied Natural Gas Limited	Long	3.5%
IIN	Ilnet Limited	Long	3.3%
RFG	Retail Food Group	Long	2.9%
CBA	Commonwealth Bank of Australia	Long	2.9%
BSL	Bluescope Steel Ltd	Long	2.6%
BOQ	Bank of Queensland Ltd	Long	2.9%
FXL	Flexigroup Ltd	Long	2.1%
PPT	Perpetual Limited	Long	2.1%
RIO	Rio Tinto Ltd	Long	1.5%
FLT	Flight Centre Travel Group Ltd	Long	1.5%
INA	Ingenia Communities Group Ltd	Long	1.4%
SUN	Suncorp Group Ltd	Long	1.2%
TLS	Telstra Corporation Limited	Long	1.1%
CRZ	Carsales.com Limited	Long	1.1%
<b>Top Portfolio Holdings Gross Exposure</b>			<b>59.50%</b>



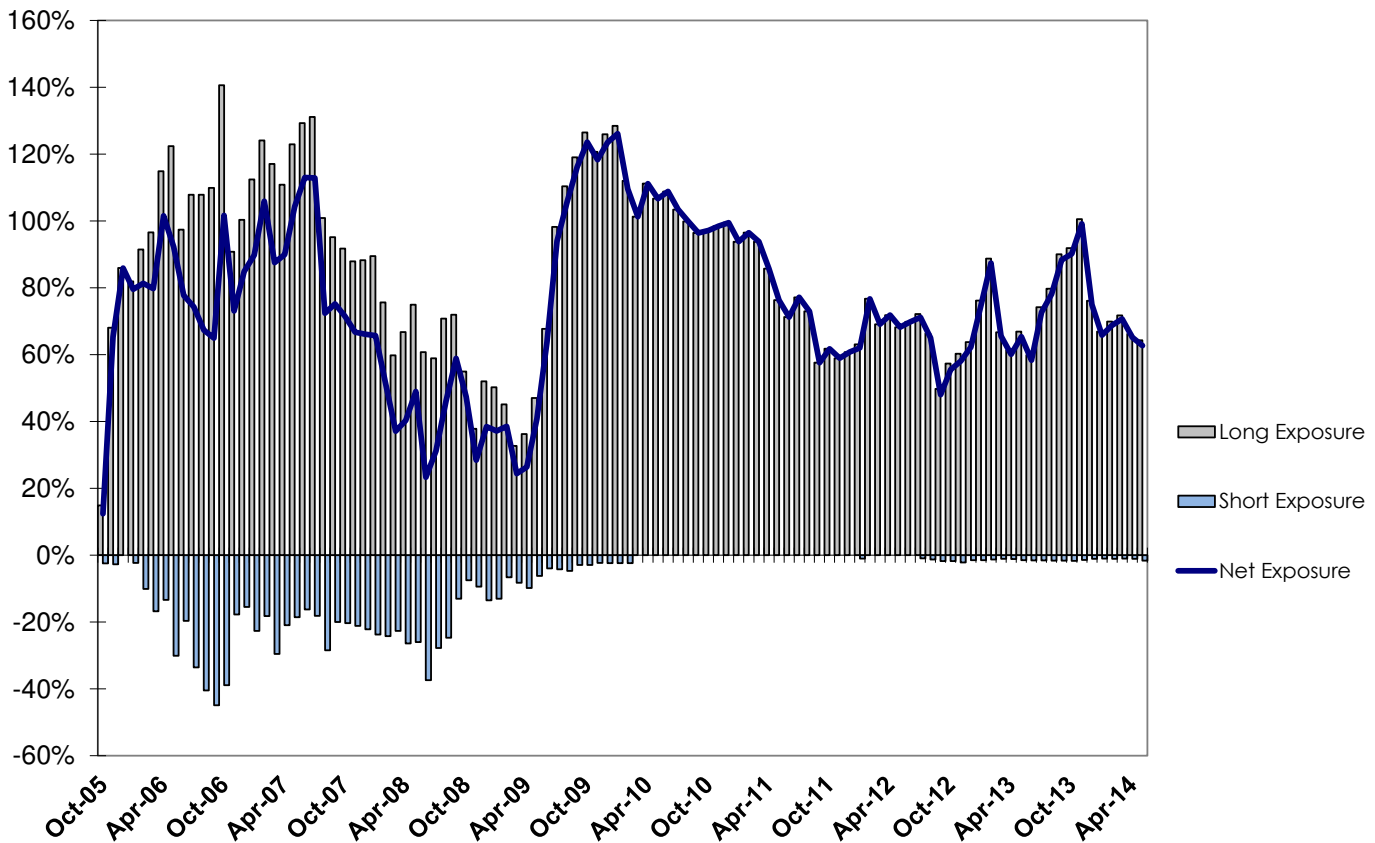
## Historic Strategy Performance & Exposure - 8 Years

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 Cayman Fund will replicate the positions and holdings of Cadence Capital Ltd. Detailed below is the 8 year performance and exposure history of Cadence Capital Limited (ASX Code CDM).

Performance* to 31 May 2014	CDM**	All Ords	Outperformance
1 Month	0.63%	0.61%	+0.02%
1 Year	12.54%	16.20%	-3.66%
2 Years	41.86%	44.36%	-2.50%
3 Years	49.84%	30.66%	+19.18%
4 Years	166.91%	46.24%	+120.67%
5 Years	234.00%	77.54%	+156.46%
8 Years	235.37%	55.13%	+180.24%
Since Inception (8.7 years)	354.15%	71.98%	+282.17%
Since Inception Annualised (8.7 years)	19.08%	6.46%	+12.62%

\*Before Management and Performance Fees

\*\*Used the percentage increase in Post Tax NTA for May 2011





## 'New look' Cadence Capital website

We would welcome you to visit the new look Cadence Capital website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

We have incorporated a number of new features for Shareholders, including a dedicated 'Shareholder Centre' where you will find Monthly Newsletters, Annual Reports and Dividend information. We have also enhanced our 'News & Media' area, where you will find the latest news on Cadence Capital; along with recent contributions to external publications such as ASX Investor Update, Eureka Report and Morningstar.

We hope you find the website useful for your investing needs and welcome your feedback to [info@cadencecapital.com.au](mailto:info@cadencecapital.com.au).

## Cadence News

Cadence Capital Limited was **ranked by ASX\* as the top performing Australian Equities Listed Investment Companies** over 5 years in the LMI Quarterly Update as at 31<sup>st</sup> March 2014.

Cadence Capital Limited was a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

*\* Source: ASX website – Market Update on Management Funds section, LMI Quarterly Update as at 31<sup>st</sup> March 2014*

## Fund Facts

Minimum Investment:	AU\$ 500 000	Redemption Fees:	None
Subscription Frequency:	Monthly	High Water Mark:	Yes
Redemption Frequency:	Monthly	Strategy Size:	AU\$ 250 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

## Disclaimer

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.