



## INVESTMENT UPDATE

August 2013

### Summary Update

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During the month of August 2013, Cadence Capital Fund returned a gross performance of -0.15% compared to an increase in the All Ordinaries Accumulation Index of 2.59% and an increase in the Small Ordinaries Accumulation Index of 2.88%. For the nine years and ten months to 31<sup>st</sup> August 2013, Cadence Capital Fund has generated a gross performance of 17.52% per annum, outperforming the All Ordinaries Accumulation Index by 8.38% per annum.

The fund finished the month 99.03% net long compared to 93.53% net long in July 2013.

### Fund NTA

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**Post-Distribution** unit price estimates as at 31<sup>st</sup> August 2013:

NTA (Post fees, Post distribution))	\$1.86952
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### Cadence Highlights

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Cadence Capital Limited was **ranked by ASX\*** as the **Number 1 Australian Equities Listed Investment Company** over 3 years in the LMI Quarterly Update as at 30<sup>th</sup> June 2013.

Cadence Capital Limited was **ranked by Baillieu Holst** as the **No. 1 Listed Investment Company** over 3 years in their Listed Investment Company Sector Report dated 23<sup>rd</sup> July 2013.

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

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 30<sup>th</sup> June 2013



## Fund Performance

Performance* to 31st August 2013	CCF**	All Ords	Outperformance
1 Month	-0.15%	2.59%	-2.74%
1 Year	19.50%	23.23%	-3.73%
2 Years	36.47%	28.21%	+8.26%
3 Years	138.90%	31.55%	+107.35%
4 Years	167.41%	35.14%	+132.27%
5 Years	115.66%	22.33%	+93.33%
7 Years	123.32%	35.89%	+87.43%
Inception to date accumulated return (118 months)	389.33%	136.28%	+253.05%
Annualised return since inception (118 months)	17.52%	9.14%	+8.38%

\* 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

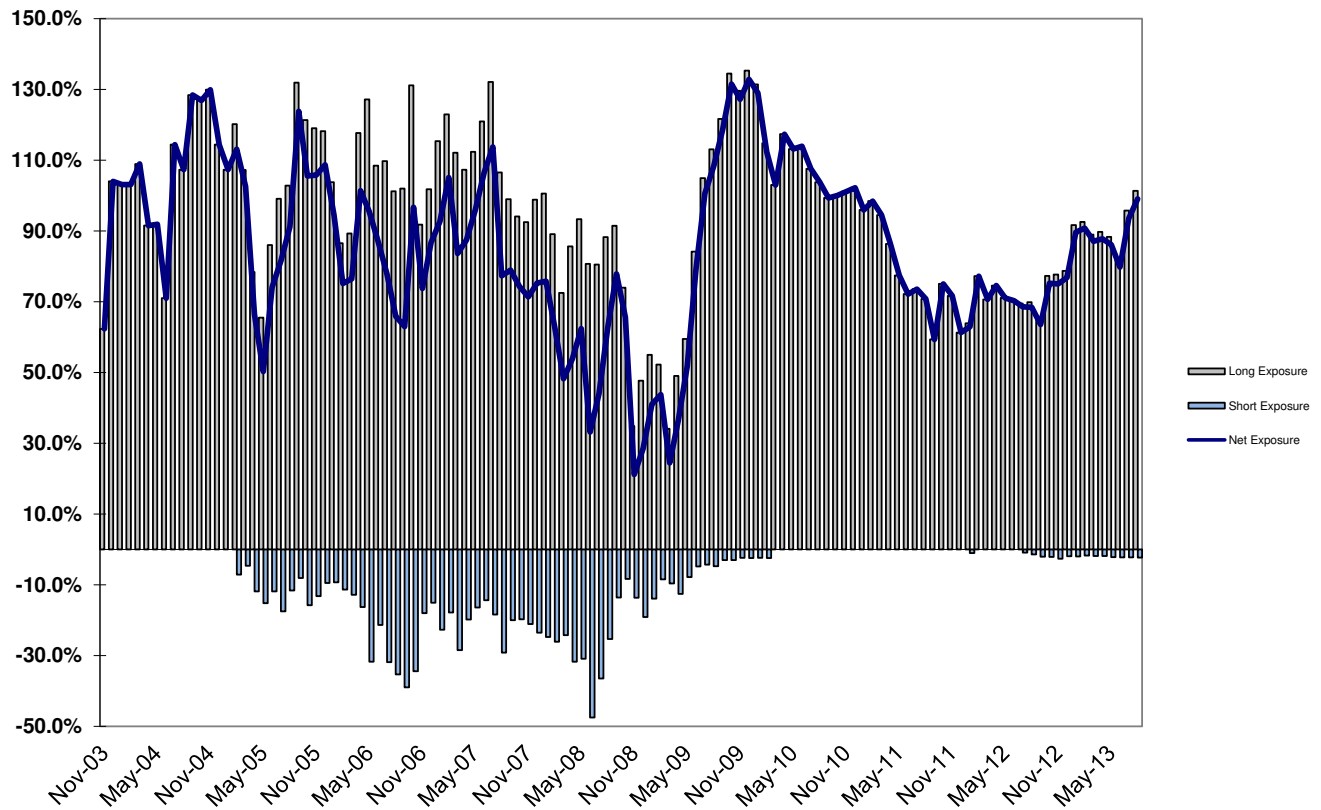
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	21.3%
MQG	Macquarie Group Limited	Long	10.0%
FXL	Flexigroup Ltd	Long	8.0%
ANZ	Australia & New Zealand Banking Group	Long	6.9%
NAB	National Australia Bank Ltd	Long	6.8%
RFG	Retail Food Group	Long	5.5%
HGG	Henderson Group Plc	Long	5.3%
ARI	Arrium Limited	Long	3.9%
RKN	Reckon Ltd	Long	3.6%
IIN	Ilnet Limited	Long	3.2%
MMS	McMillan Shakespeare Ltd	Long	3.2%
BSL	Bluescope Steel Ltd	Long	3.0%
BVA	Bravura Solutions Ltd	Long	2.9%
QBE	QBE Insurance Group Ltd	Long	2.9%
OZL	Oz Minerals Ltd	Short	2.3%
<b>Top Portfolio Holdings - Gross Exposure</b>			<b>88.94%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	35.04%		35.04%
Diversified Financials	24.55%		24.55%
Materials	10.33%	2.32%	8.02%
Software & Services	7.65%		7.65%
Consumer Services	5.53%		5.53%
Insurance	5.13%		5.13%
Commercial & Professional Services	3.54%		3.54%
Telecommunication Services	3.25%		3.25%
Real Estate	2.04%		2.04%
Transportation	1.52%		1.52%
Health Care Equipment & Services	1.04%		1.04%
Energy	0.87%		0.87%
Utilities	0.82%		0.82%
Capital Goods	0.02%		0.02%
<b>Exposure</b>	<b>101.34%</b>	<b>2.32%</b>	<b>99.03%</b>
<b>Cash on Hand</b>			<b>0.97%</b>

## Portfolio Exposure





## Cadence News

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### Cadence Fortnightly Eureka Report

Cadence Capital is pleased to announce that it is now a fortnightly contributor to the Eureka Report.

[Eureka Report: 'The McMillan Election Punt'](#) – Cadence Capital's Karl Siegling discusses the 'Monte Carlo' style probability outcome for the MMS share price after the previous Labor government's announcement of proposed changes to the Fringe Benefits Tax.

[Eureka Report: 'Henderson's healthy position'](#) – Cadence Capital's Karl Siegling discusses listed funds manager, Henderson Group, in the post-GFC environment.

Visit the news section on the [Cadence Capital](#) website to view recent articles featuring Cadence Capital Limited.

### Update on RHG

On the 9<sup>th</sup> September 2013 Pepper Australia Limited and Cadence Capital Limited announced a revised bid for RHG limited for a value of 50.8 cents per share. The offer comprises 36 cents of cash per RHG share plus 1 CDM share for every 10 RHG shares held by each RHG shareholder (based on the closing price of \$1.48 per CDM share on the 6<sup>th</sup> September 2013). As a consequence of this superior proposal, CDM, as the largest institutional shareholder of RHG, does not support the current proposal by the Resimac Syndicate. In addition Pepper and Cadence Capital have indicated that they intend to secure a final dividend (estimated to be 2 cents per share) before the company is taken over. It is envisaged that the final price paid for RHG will be adjusted for this dividend.

We are pleased that the competitive bidding process to date has resulted in a price 32% higher than the original Resimac proposal on the 22<sup>nd</sup> May 2013.

### Upcoming Dividend Payment

Cadence Capital Limited will go ex-dividend on the 16<sup>th</sup> September 2013. The Final dividend is 5 cents per share fully franked. This brings the dividends for the Financial Year ended 30<sup>th</sup> June 2013 to 11 cents per share fully franked.

Please note that RHG shareholders who ultimately accept shares in CDM as a consequence of the Pepper / CDM Scheme of arrangement will be entitled to a 5 cents per share fully franked dividend when they receive the new CDM shares.

### Other News

We would like to once again recommend that you visit the 'News and Views' section of our website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au) as all past company webcasts, interviews and press articles involving Cadence can be found here.



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