



## INVESTMENT UPDATE

July 2012

### Summary Update

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During the month of July 2012, Cadence Capital Fund returned a gross performance of 3.95% compared to an increase in the All Ordinaries Accumulation Index of +3.74% and a decrease in the Small Ordinaries Accumulation Index of -0.19%. For the eight years and nine months to 31<sup>st</sup> July 2012, Cadence Capital Fund has generated a gross performance of 16.66% per annum, outperforming the All Ordinaries Accumulation Index by 9.20% per annum.

The fund finished the month 68.57% net long compared to 70.28% net long in June 2012.

### Fund NTA

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Cadence Capital unit price estimates as at 31<sup>st</sup> July 2012:

NTA (Post fees)\*                      \$1.562288

\* This unit price is post the 2012 year end distribution of \$0.20987

### Cadence Highlights

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Cadence Capital Limited was **ranked by E.L.&C. Baillieu as the No. 1 Listed Investment Company** over both 3 and 5 years in their Listed Investment Company Sector Report dated 18<sup>th</sup> July 2012.

Cadence Capital Limited was **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 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



## Fund Performance

Performance* to 31st July 2012	CCF**	All Ords	Outperformance
1 Month	3.95%	3.74%	+0.21%
1 Year	8.98%	-0.17%	+9.15%
2 Years	91.28%	3.78%	+87.50%
3 Years	130.61%	14.33%	+116.28%
4 Years	78.17%	1.11%	+77.06%
5 Years	29.62%	-14.12%	+43.74%
6 Years	79.75%	11.41%	+68.34%
Inception to date accumulated return (105 months)	285.04%	87.74%	+197.30%
Annualised return since inception (105 months)	16.66%	7.46%	+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

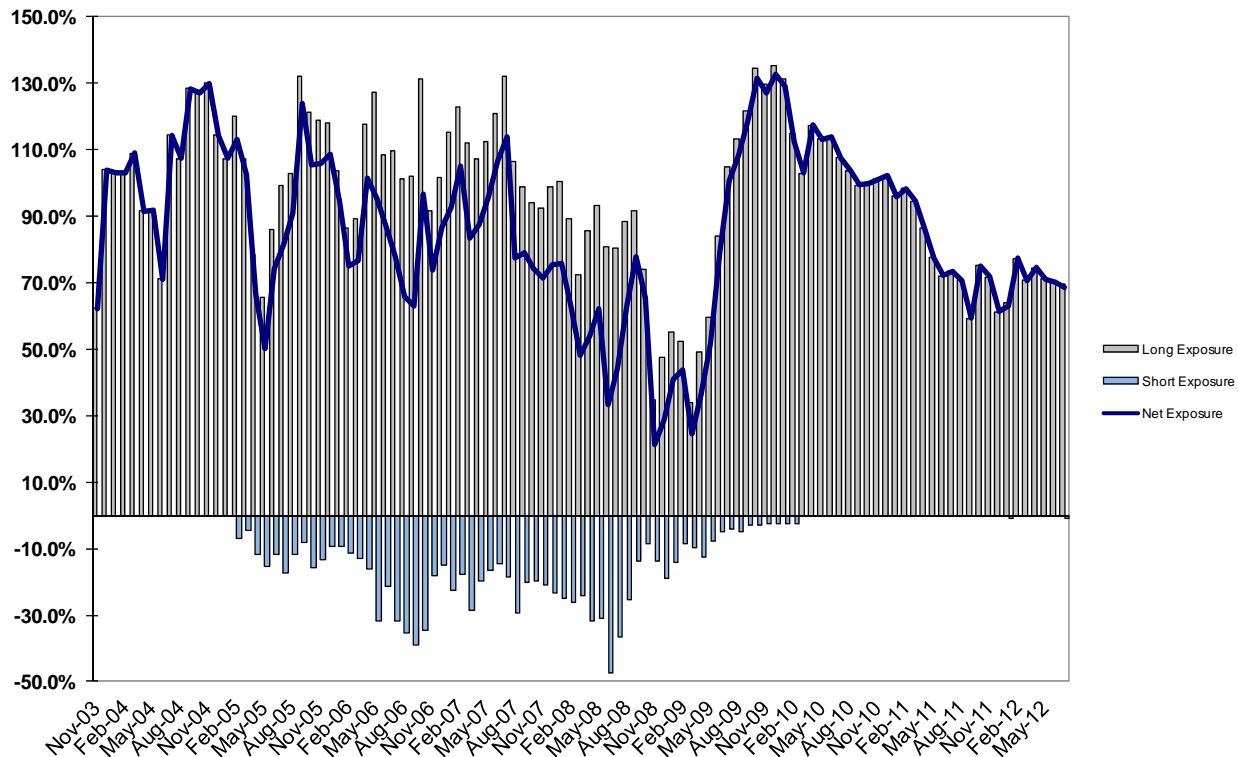
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	27.1%
MMS	McMillan Shakepeare Ltd	Long	7.1%
FXL	Flexigroup Ltd	Long	5.9%
BVA	Bravura Solutions Ltd	Long	5.0%
ANZ	Australia & New Zealand Banking Group	Long	3.9%
RKN	Reckon Ltd	Long	3.7%
NAB	National Australia Bank Ltd	Long	3.0%
MQG	Macquarie Group Limited	Long	2.5%
DCG	Decmil Group Limited	Long	1.8%
COF	Coffey International Limited	Long	1.5%
CTP	Central Petroleum Ltd	Long	1.4%
SPT	Spotless Group Ltd	Long	1.2%
RFG	Retail Food Group	Long	1.1%
BTU	Bathurst Resources Ltd	Long	1.1%
<b>Portfolio Holdings &gt; 1%</b>			<b>66.32%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	34.34%		34.34%
Commercial & Professional Services	9.84%		9.84%
Software & Services	8.91%		8.91%
Diversified Financials	8.38%		8.38%
Capital Goods	2.86%		2.86%
Materials	2.15%	0.93%	1.22%
Energy	1.53%		1.53%
Consumer Services	1.14%		1.14%
Telecommunication Services	0.35%		0.35%
<b>Exposure</b>	<b>69.50%</b>	<b>0.93%</b>	<b>68.57%</b>
<b>Cash on Hand</b>			<b>31.43%</b>

## Portfolio Exposure





## Cadence News

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### **Cadence Capital Fund Year End Distributions**

The 2012 end of year distributions have been finalised and both distribution and Investor statements will be sent out to investors over the coming days. We are once again pleased that the 2012 distributions had high levels of imputation credits attaching to them.

### **Cadence Capital Limited Record Full Year Dividend**

On 31<sup>st</sup> July 2012, Cadence Capital Limited announced a full year dividend of 8 cents per share made up of 4 cents per share final dividend and 4 cents per share special dividend. Combined with the interim dividend of 4 cents per share plus a 0.5 cent per share special this equates to 12.5 cents of dividends per share over the past year. This equates to a dividend yield of 10.5% based on the CDM share price of \$1.19 for the year ended 30th June 2012. Assuming an interim and final dividend of 4 cents per share for 2013 and no special dividends, the dividend yield over the next 13 months would be 16 cents per share or 12.8% based on a \$1.25 share price. This yield excludes any potential special dividends in the year ahead.

### **Cadence Capital Limited Bonus Options Expire 15th September 2012**

On the 30th August 2011 each Cadence Capital Limited shareholder was issued a bonus option with a strike price of \$1.25 expiring on the 15th September 2012. The option is exercisable on or before the 15th September 2012 by paying \$1.25 and entitles the option holder to a Cadence Capital Limited share. These shares will be entitled to the 8.0 cents full year dividend declared above, all future dividends and future returns. To date approximately one third of the options issued have been exercised and approximately 18M options remain outstanding.

These options, ASX code CDMO, have value and we would encourage owners to exercise options to receive the final dividend, future dividends and all future returns, or alternatively, to sell the options on market should they not wish to exercise them. As a Company we have had significant interest expressed in our options over the past 12 months, and would encourage option holders not to simply let these options lapse. An additional copy of the option exercise form will be sent to shareholders over the coming month. As Chairman of Cadence Capital Limited I intend to exercise my options.

### **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.

## Disclaimer

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