



## INVESTMENT UPDATE

July 2013

### Summary Update

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During the month of July 2013, Cadence Capital Fund returned a positive gross performance of 3.44% compared to an increase in the All Ordinaries Accumulation Index of 5.46% and an increase in the Small Ordinaries Accumulation Index of 9.81%. The underperformance during the month was mainly caused by a decline in McMillan Shakespeare Limited's share price due to the Government's proposed changes to the FBT treatment of motor vehicles. We have reduced our exposure in McMillan Shakespeare given the current uncertainty. For the nine years and nine months to 31<sup>st</sup> July 2013, Cadence Capital Fund has generated a gross performance of 17.71% per annum, outperforming the All Ordinaries Accumulation Index by 8.78% per annum.

The fund finished the month 93.53% net long compared to 79.73% net long in June 2013.

### Fund NTA

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

NTA (Post fees, Post distribution))	\$1.87171
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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 July 2013	CCF**	All Ords	Outperformance
1 Month	3.44%	5.46%	-2.02%
1 Year	27.28%	22.67%	+4.61%
2 Years	38.71%	22.46%	+16.25%
3 Years	143.46%	27.31%	+116.15%
4 Years	193.51%	40.25%	+153.26%
5 Years	126.76%	24.04%	+102.72%
7 Years	128.78%	36.67%	+92.11%
Inception to date accumulated return (117 months)	390.07%	130.31%	+259.76%
Annualised return since inception (117 months)	17.71%	8.93%	+8.78%

\* 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

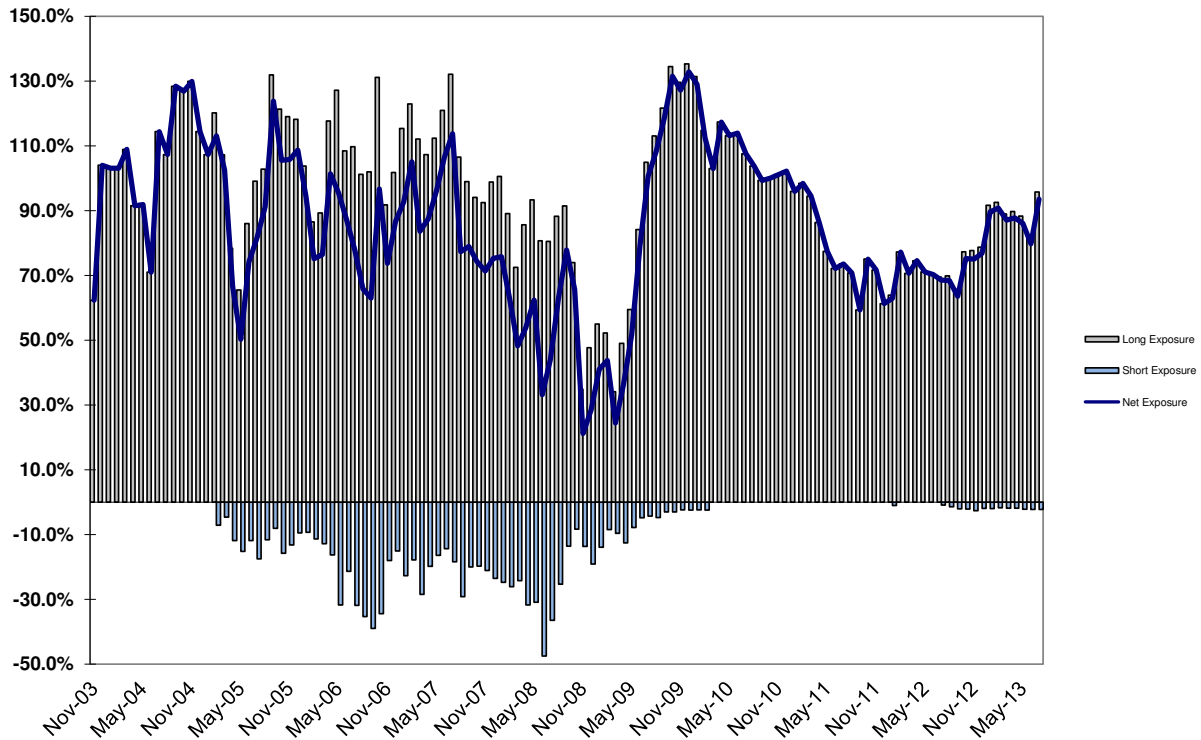
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	21.1%
MQG	McMillan Shakespeare Ltd	Long	10.0%
FXL	Flexigroup Ltd	Long	8.2%
ANZ	Australia & New Zealand Banking Group	Long	6.9%
NAB	National Australia Bank Ltd	Long	6.5%
RFG	Retail Food Group	Long	5.5%
HGG	Henderson Group Plc	Long	4.5%
BSL	Bluescope Steel Ltd	Long	4.3%
RKN	Reckon Ltd	Long	3.9%
IIN	Ilnet Limited	Long	3.3%
QBE	QBE Insurance Group Ltd	Long	3.1%
BVA	Bravura Solutions Ltd	Long	2.8%
ARI	Arrium Limited	Long	2.6%
OZL	Oz Minerals Ltd	Short	2.2%
<b>Top Portfolio Holdings - Gross Exposure</b>			<b>85.09%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	34.53%		34.53%
Diversified Financials	24.02%		24.02%
Materials	10.36%	2.23%	8.13%
Software & Services	7.62%		7.62%
Consumer Services	5.48%		5.48%
Insurance	4.22%		4.22%
Telecommunication Services	3.33%		3.33%
Real Estate	1.92%		1.92%
Transportation	1.48%		1.48%
Commercial & Professional Services	1.42%		1.42%
Utilities	0.98%		0.98%
Energy	0.38%		0.38%
Capital Goods	0.02%		0.02%
<b>Exposure</b>	<b>95.76%</b>	<b>2.23%</b>	<b>93.53%</b>
<b>Cash on Hand</b>			<b>6.47%</b>

## Portfolio Exposure





## Cadence News

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### Cadence in the press

Cadence Capital has recently been featured in the [Under the Radar](#) report: 'On the hunt for the next 10-bagger'. Under the Radar has offered to Cadence Capital subscribers a complimentary 3-month subscription to its fortnightly newsletter. If you would like to take up this offer, please email [radar@undertheradarreport.com.au](mailto:radar@undertheradarreport.com.au) with your name, email and telephone number.

Karl Siegling was also recently featured in the [Eureka Report](#): 'Working Macquarie's Human Capital Harder', where he discusses Cadence Capital Limited's holding in Macquarie Group Limited (MQG). Visit the news section on the [Cadence Capital](#) website, to view recent articles featuring Cadence Capital Limited in the Australian Financial Review and The Australian.

### Year-end Webcast

Cadence Capital Limited recently sent out its year end Webcast. This webcast firstly gave an update on the fund's performance and stock markets in general, for the past financial year. This was then followed by a discussion on the outlook for the coming financial year. To view this Webcast please visit the 'News and Views' section of our website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au).

### 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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