



INVESTMENT UPDATE

September 2012

Summary Update

We are pleased to report that the fund has had a good start to the 2013 financial year and for the first three months ended 30th September 2012 the fund has had a gross performance of 9.90% outperforming the All Ordinaries Accumulation Index by 1.70% and the Small Ordinaries Accumulation Index by 2.65%.

During the month of September 2012, Cadence Capital Fund returned a gross performance of -0.58% compared to an increase in the All Ordinaries Accumulation Index of 2.13% and an increase in the Small Ordinaries Accumulation Index of 4.37%. For the eight years and eleven months to 30th September 2012, Cadence Capital Fund has generated a gross performance of 17.05% per annum, outperforming the All Ordinaries Accumulation Index by 9.22% per annum.

The fund finished the month 63.51% net long compared to 68.44% net long in August 2012.

Fund NTA

Cadence Capital unit price estimates as at 30th September 2012:

NTA (Post fees)* \$1.628593

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

Cadence Highlights

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 18th 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 was recently 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

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



Fund Performance

Performance* to 30th September 2012	CCF**	All Ords	Outperformance
1 Month	-0.58%	2.13%	-2.71%
1 Year	18.41%	13.36%	+5.05%
2 Years	89.62%	3.81%	+85.81%
3 Years	94.00%	5.61%	+88.39%
4 Years	98.88%	13.42%	+85.46%
5 Years	48.18%	-16.74%	+64.92%
6 Years	84.38%	11.22%	+73.16%
Inception to date accumulated return (107 months)	307.08%	95.81%	+211.27%
Annualised return since inception (107 months)	17.05%	7.83%	+9.22%

* 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

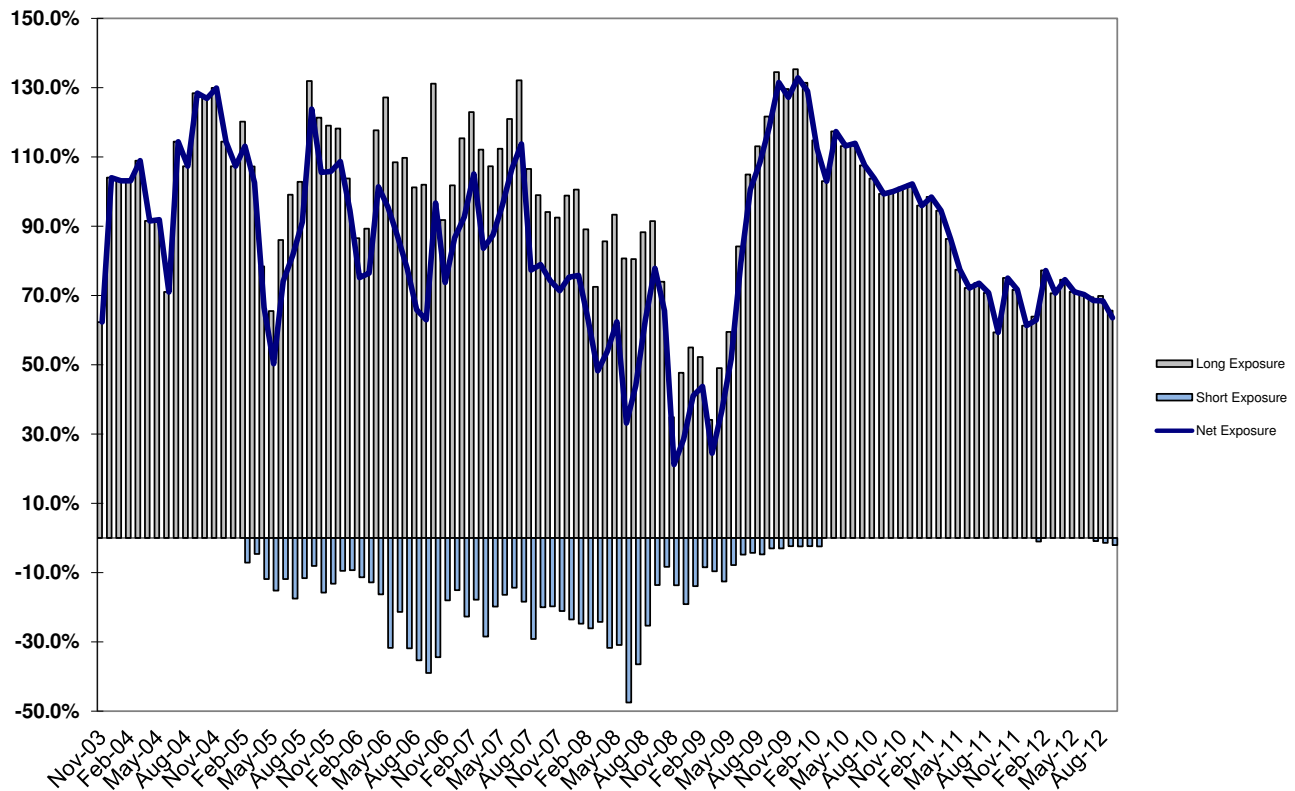
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	19.6%
MMS	McMillan Shakespeare Ltd	Long	7.7%
FXL	Flexigroup Ltd	Long	6.7%
BVA	Bravura Solutions Ltd	Long	5.2%
MQG	Macquarie Group Limited	Long	4.7%
NAB	National Australia Bank Ltd	Long	3.9%
ANZ	Australia & New Zealand Banking Group	Long	3.8%
RKN	Reckon Ltd	Long	3.6%
BTU	Bathurst Resources Ltd	Long	2.5%
OZL	Oz Minerals Ltd	Short	2.1%
CTP	Central Petroleum Ltd	Long	1.9%
DCG	Decmil Group Limited	Long	1.7%
RFG	Retail Food Group	Long	1.2%
COF	Coffey International Limited	Long	1.2%
Portfolio Holdings > 1%			65.56%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	27.26%		27.26%
Diversified Financials	11.38%		11.38%
Software & Services	8.92%		8.92%
Commercial & Professional Services	8.85%		8.85%
Materials	2.98%	2.08%	0.89%
Energy	2.55%		2.55%
Capital Goods	2.47%		2.47%
Consumer Services	1.20%		1.20%
Exposure	65.60%	2.08%	63.51%
Cash on Hand			36.49%

Portfolio Exposure





Cadence News

Cadence Capital Limited Option Exercise and Placement

On 15th September 2012 the CDM Options expired with 98% being exercised.

On the 24th September due to demand from interested parties Cadence Capital Limited placed \$11.4M at \$1.37 per share. This placement closed oversubscribed. We believe that both the placement and the option exercise should achieve the following objectives:

- attract new long term investors, particularly investors who value fully franked dividends and capital growth,
- expand the market capitalization and improve liquidity,
- improve the research coverage available to the company and,
- spread the fixed administration costs of the Company across a larger asset base

We would like to take this opportunity of welcoming all new shareholders and thanking all existing shareholders for their continued support. We would also encourage all new shareholders to register on our website at www.cadencecapital.com.au to receive our monthly newsletter.

Cadence Capital Limited AGM

- Museum of Sydney, AGL Theatre, Corner Bridge and Phillip Street
- 2.00pm on 2nd November 2012
- Good opportunity to meet the Cadence team and we would encourage you to join us
- Teleconference facility: Call 1800 354 715 (Toll Free) and when prompted provide the ID 36478466.

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 as all past company webcasts, interviews and press articles involving Cadence can be found here. Please note that the recently released June 2012 year end Webcast can be found here.

Disclaimer

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