



## INVESTMENT UPDATE

September 2013

### Summary Update

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During the month of September 2013, Cadence Capital Fund returned a gross performance of +2.27% compared to an increase in the All Ordinaries Accumulation Index of 2.39% and an increase in the Small Ordinaries Accumulation Index of 1.69%. For the nine years and eleven months to 30<sup>th</sup> September 2013, Cadence Capital Fund has generated a gross performance of 17.63% per annum, outperforming the All Ordinaries Accumulation Index by 8.31% per annum.

The fund finished the month 105.49% net long compared to 99.03% net long in August 2013.

### Fund NTA

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**Post-Distribution** unit price estimates as at 30th September 2013:

NTA (Post fees, Post distribution)	\$1.8985
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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 30th September 2013	CCF**	All Ords	Outperformance
1 Month	2.27%	2.39%	-0.12%
1 Year	22.93%	23.55%	-0.62%
2 Years	45.56%	40.06%	+5.50%
3 Years	133.10%	28.25%	+104.85%
4 Years	138.48%	30.47%	+108.01%
5 Years	144.48%	40.13%	+104.35%
7 Years	126.66%	37.41%	+89.25%
Inception to date accumulated return (119 months)	400.43%	141.92%	+258.51%
Annualised return since inception (119 months)	17.63%	9.32%	+8.31%

\* 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

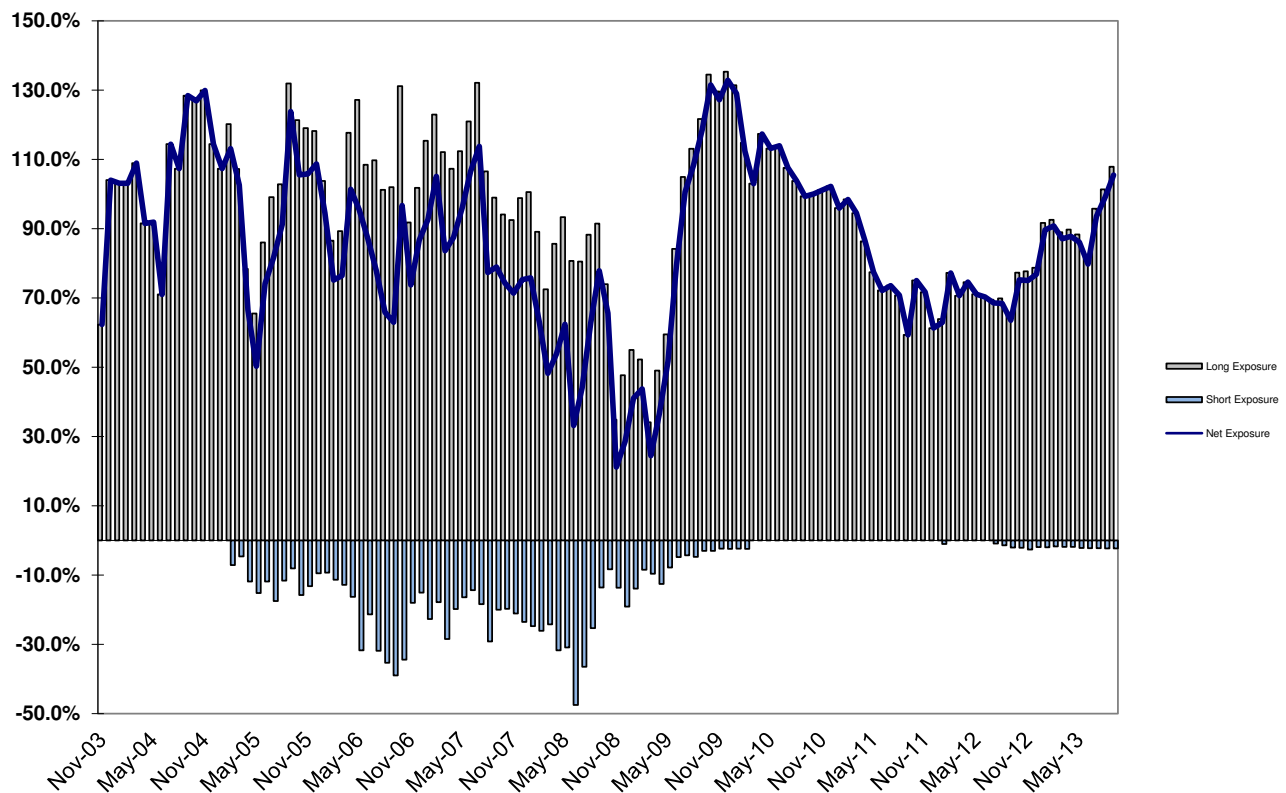
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	20.2%
MQG	Macquarie Group Limited	Long	10.6%
NAB	National Australia Bank Ltd	Long	7.4%
FXL	Flexigroup Ltd	Long	7.1%
ANZ	Australia & New Zealand Banking Group	Long	7.0%
HGG	Henderson Group Plc	Long	6.3%
RFG	Retail Food Group	Long	5.4%
ARI	Arrium Limited	Long	4.6%
MMS	McMillan Shakespeare Ltd	Long	3.8%
RKN	Reckon Ltd	Long	3.3%
IIN	Ilnet Limited	Long	3.3%
BSL	Bluescope Steel Ltd	Long	3.2%
BVA	Bravura Solutions Ltd	Long	2.9%
QBE	QBE Insurance Group Ltd	Long	2.7%
OZL	Oz Minerals Ltd	Short	2.4%
<b>Top Portfolio Holdings - Gross Exposure</b>			<b>90.06%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	34.64%		34.64%
Diversified Financials	25.21%		25.21%
Materials	11.52%	2.35%	9.17%
Consumer Services	7.40%		7.40%
Software & Services	7.31%		7.31%
Insurance	5.90%		5.90%
Commercial & Professional Services	4.17%		4.17%
Telecommunication Services	3.29%		3.29%
Real Estate	2.69%		2.69%
Transportation	2.08%		2.08%
Utilities	1.22%		1.22%
Health Care Equipment & Services	1.05%		1.05%
Energy	0.81%		0.81%
Pharmaceuticals, Biotechnology & Life Sciences	0.54%		0.54%
Capital Goods	0.02%		0.02%
<b>Exposure</b>	<b>107.84%</b>	<b>2.35%</b>	<b>105.49%</b>
<b>Net Borrowings</b>			<b>5.49%</b>

## Portfolio Exposure





## Update on RHG

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On the 9<sup>th</sup> September 2013 Pepper Australia Limited and Cadence Capital Limited announced a revised bid for RHG Limited. The offer comprises 36 cents of cash per RHG share plus 1 CDM share for every 10 RHG shares held by each RHG shareholder. **Each new CDM share will also receive a 5.0c fully franked dividend.** Based on the closing price of CDM on the 30<sup>th</sup> September 2013 this values our RHG bid at **50.4 cents** per share including franking credits.

As a consequence of our superior proposal, CDM, as the largest institutional shareholder of RHG, does not support the current proposal by the Resimac Syndicate. We are pleased that the competitive bidding process to date has resulted in a **price 31% higher** than the original Resimac proposal on the 22<sup>nd</sup> May 2013.

Pepper and CDM have also indicated that they intend to secure a final dividend (estimated to be 2 cents per share) before the company is taken over.

More recently the Resimac Syndicate have failed in their attempt at trying to bring the Pepper / CDM Scheme before the Takeovers Panel.

CDM will endeavor to secure the highest price for the RHG assets.

## CDM Dividend Payment

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Cadence Capital Limited paid its Final dividend of 5.0 cents per share fully franked on 30<sup>th</sup> September 2013. This brings the dividends for the Financial Year ended 30<sup>th</sup> June 2013 to 11.0 cents (15.7 cents Gross) per share fully franked.

Please note, RHG shareholders who receive CDM shares as a consequence of the Pepper / CDM Scheme of Arrangement will also receive a 5.0 cent fully franked dividend.

## Other News

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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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