



## INVESTMENT UPDATE

August 2013

During the month of August 2013, Cadence Capital Limited returned a positive gross performance of +0.01% 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 seven years and ten months ended 31st August 2013, Cadence Capital Limited has generated a gross performance of +19.30% per annum, outperforming the All Ordinaries Accumulation Index by 13.53% per annum.

The fund finished the month 78.10% net long compared to 72.63% net long in July 2013.

### Fund NTA

Net Tangible Assets as at 31 August	Amount (\$)
Pre Tax NTA*	\$1.376
Post Tax NTA*	\$1.387
Share price (ASX Code: CDM)	\$1.450

\*These NTA's are **before the 5.0c fully franked 2013 final dividend payable on 30<sup>th</sup> September 2013**

### Fund Highlights

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.

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



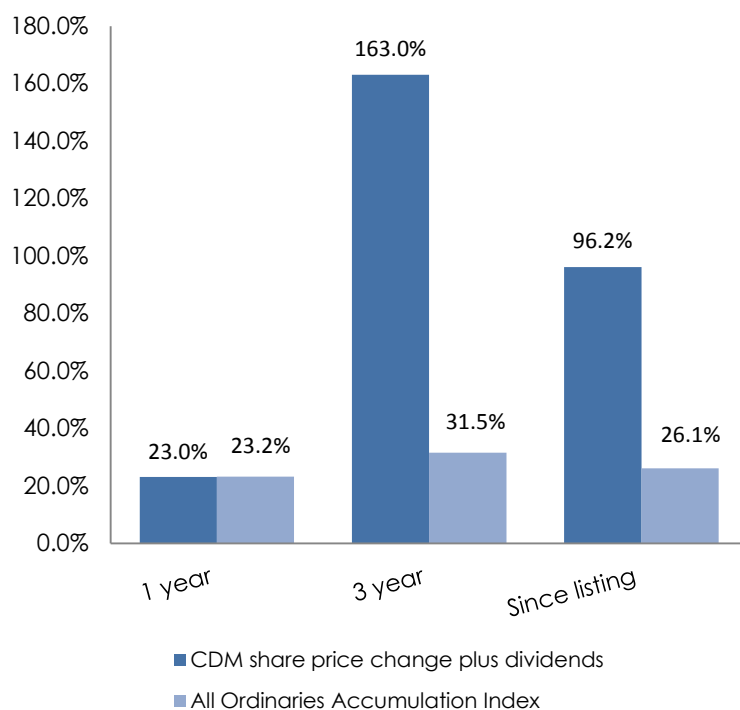
## Fully Franked Dividends Declared Since Listing

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2*c	-	4.7c	5.8c
2009	-	2.0c	-	2.0c	2.9c
2010	2.0c	2.0c	-	4.0c	5.7c
2011	3.0c	3.0c	3.0c	9.0c	12.9c
2012	4.0c	4.0c	4.5c	12.5c	17.8c
2013	5.0c	5.0c	1.0c	11.0c	15.7c
<b>TOTAL</b>	<b>18.5c</b>	<b>20.2c</b>	<b>10.5c</b>	<b>49.2c</b>	<b>69.4c</b>

\* Off market equal access buy back

\*\* The **5.0 cent fully franked 2013 final dividend** is to be paid on the 30<sup>th</sup> September 2013.

## Share Price Return Including Dividends





## Fund Performance

Performance* to 31st August 2013	CDM**	All Ords	Outperformance
1 Month	0.01%	2.59%	-2.58%
1 Year	12.94%	23.23%	-10.29%
2 Years	28.49%	28.21%	+0.28%
3 Years	125.33%	31.55%	+93.78%
4 Years	151.21%	35.14%	+116.07%
5 Years	148.84%	22.33%	+126.51%
Since Inception (95 months)	304.46%	55.94%	+248.52%
Since Inception Annualised (95 months)	19.30%	5.77%	+13.53%

\* Before Management and Performance Fees

\*\*These numbers include the franking value of the substantial dividend from its RHG holding received in May 2011. As a result of this dividend, the Post Tax NTA of the fund increased by +8% during that month. The May 2011 performance of the fund was adjusted to reflect this Post-tax increase in NTA as this figure more accurately included the material fully franked dividends received from RHG during this month.

## Top Portfolio Positions

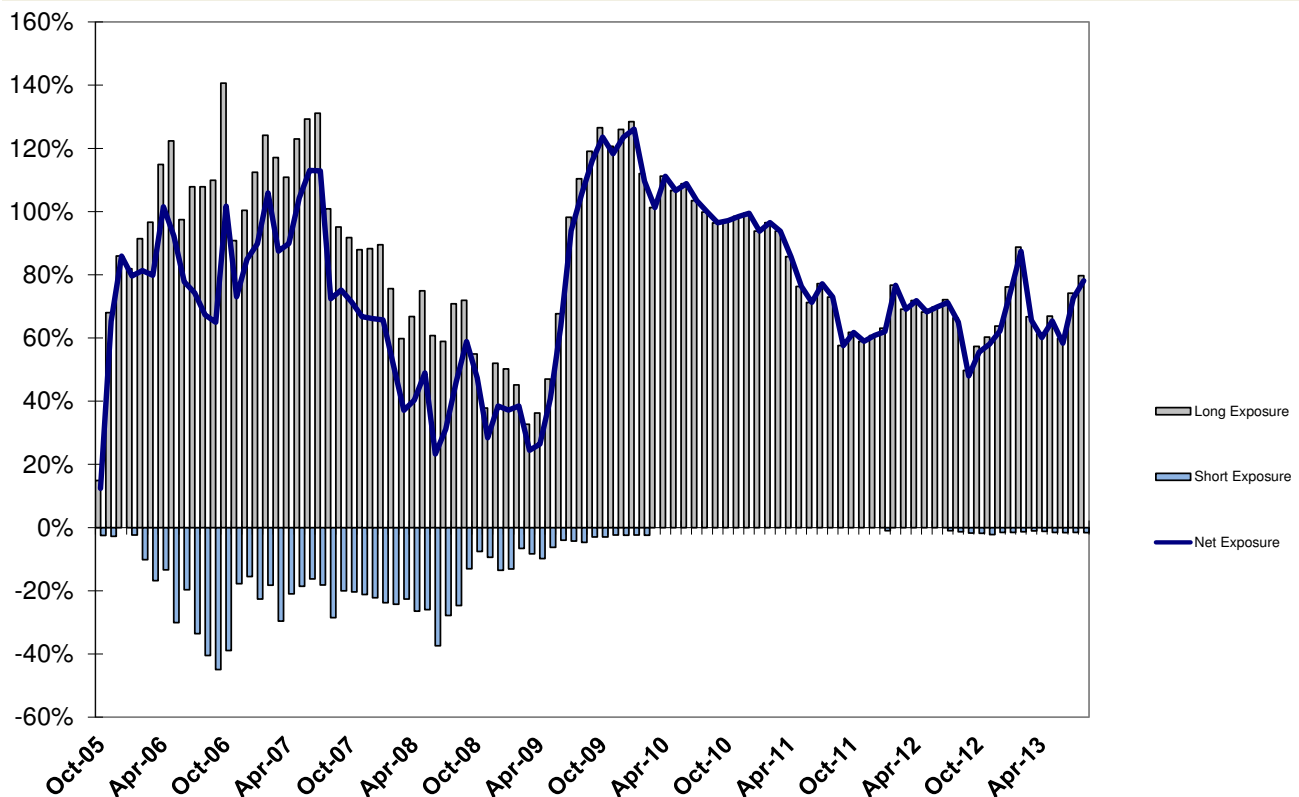
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	10.3%
MQG	Macquarie Group Limited	Long	7.9%
HGG	Henderson Group Plc	Long	5.8%
NAB	National Australia Bank Ltd	Long	5.4%
ANZ	Australia & New Zealand Banking Group	Long	4.6%
QBE	QBE Insurance Group Ltd	Long	4.2%
FXL	Flexigroup Ltd	Long	4.2%
ARI	Arrium Limited	Long	4.2%
RFG	Retail Food Group	Long	3.7%
IIN	IInet Limited	Long	3.6%
MMS	McMillan Shakespeare Ltd	Long	3.0%
AMC	Amcor Limited	Long	2.9%
BSL	Bluescope Steel Ltd	Long	2.8%
SDG	Sunland Group Ltd	Long	2.6%
BVA	Bravura Solutions Ltd	Long	1.9%
OZL	Oz Minerals Ltd	Short	1.6%
<b>Top Portfolio Holdings Gross Exposure</b>			<b>68.59%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	20.24%		20.24%
Diversified Financials	18.82%		18.82%
Materials	11.22%	1.62%	9.60%
Insurance	6.31%		6.31%
Commercial & Professional Services	4.70%		4.70%
Software & Services	4.34%		4.34%
Consumer Services	3.67%		3.67%
Telecommunication Services	3.57%		3.57%
Real Estate	3.05%		3.05%
Transportation	1.58%		1.58%
Health Care Equipment & Services	0.98%		0.98%
Utilities	0.85%		0.85%
Energy	0.38%		0.38%
Capital Goods	0.01%		0.01%
<b>Exposure</b>	<b>79.72%</b>	<b>1.62%</b>	<b>78.10%</b>
<b>Cash on Hand</b>			<b>21.90%</b>

## Portfolio Exposure





## Cadence Fortnightly Eureka Report

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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

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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 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

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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.



## Updated NTA as at 12<sup>th</sup> September 2013

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The estimated Net Tangible Asset Backing per CDM share as at the close of business on the 12<sup>th</sup> September 2013 was as follows:

Pre Tax NTA	\$1.4237
Post Tax NTA	\$1.4202

## Disclaimer

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