



INVESTMENT UPDATE

December 2013

During the month of December 2013, Cadence Capital Limited returned a positive gross performance of +1.30% compared to an increase in the All Ordinaries Accumulation Index of +0.92% and an increase in the Small Ordinaries Accumulation Index of +2.55%.

For the eight years and three months ended 31st December 2013, Cadence Capital Limited has generated a gross performance of +20.04% per annum, outperforming the All Ordinaries Accumulation Index by 13.77% per annum.

The fund finished the month 75.00% net long compared to 99.14% net long in November 2013.

Fund NTA

Net Tangible Assets as at 31 December 2013	Amount (\$)
Pre Tax NTA*	\$1.461
Post Tax NTA*	\$1.437
Share price (ASX Code: CDM)*	\$1.500

*These NTA's are after the 5.0c fully franked 2013 final dividend paid on 30th September 2013

1 for 1 Bonus Option Issue

As previously announced all CDM shareholders on the register on the 15th January 2014 will receive a free Bonus Option with a strike price of \$1.43 exercisable on or before 31st August 2015. Recent participants in the CDM placement, who are on the register at this date, will be entitled to the 1 for 1 free Bonus Option Issue. All investors who purchase CDM shares before the 9th January 2014 will be entitled to the free Bonus Option. The Option will trade on the ASX under the code CDMO.

The Option Prospectus will be lodged with ASIC on the 6th January 2014. Our Company Registry (Boardroom Pty Limited) will distribute Option Prospectuses and Option Holding statements on the 20th January 2014. Options will commence trading on the ASX on 21st January 2014.



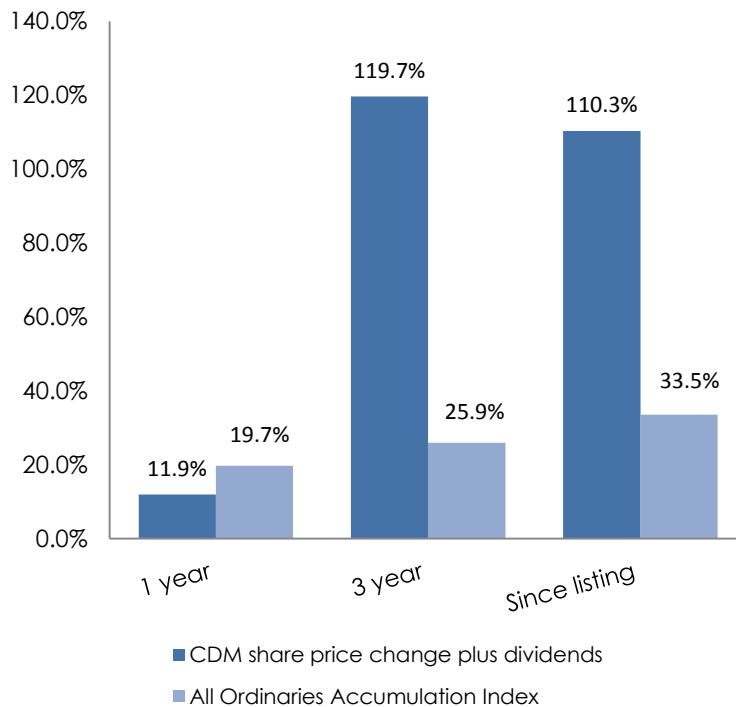
Fully Franked Dividends Declared Since Listing

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2c*	-	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
TOTAL	18.5c	20.2c	10.5c	49.2c	69.4c

* Off market equal access buy back

** The **5.0 cent fully franked 2013 final dividend** was paid on the 30th September 2013.

Share Price Return Including Dividends





Fund Performance

Performance* to 31st December 2013	CDM**	All Ords	Outperformance
1 Month	1.30%	0.92%	+0.38%
1 Year	20.55%	19.66%	+0.89%
2 Years	43.54%	42.20%	+1.34%
3 Years	88.08%	25.95%	+62.13%
4 Years	148.47%	30.11%	+118.36%
5 Years	265.84%	81.60%	+184.24%
8 Years	324.71%	59.61%	+265.10%
Since Inception (8.25 years)	351.14%	65.12%	+286.02%
Since Inception Annualised (8.25 years)	20.04%	6.27%	+13.77%

* 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

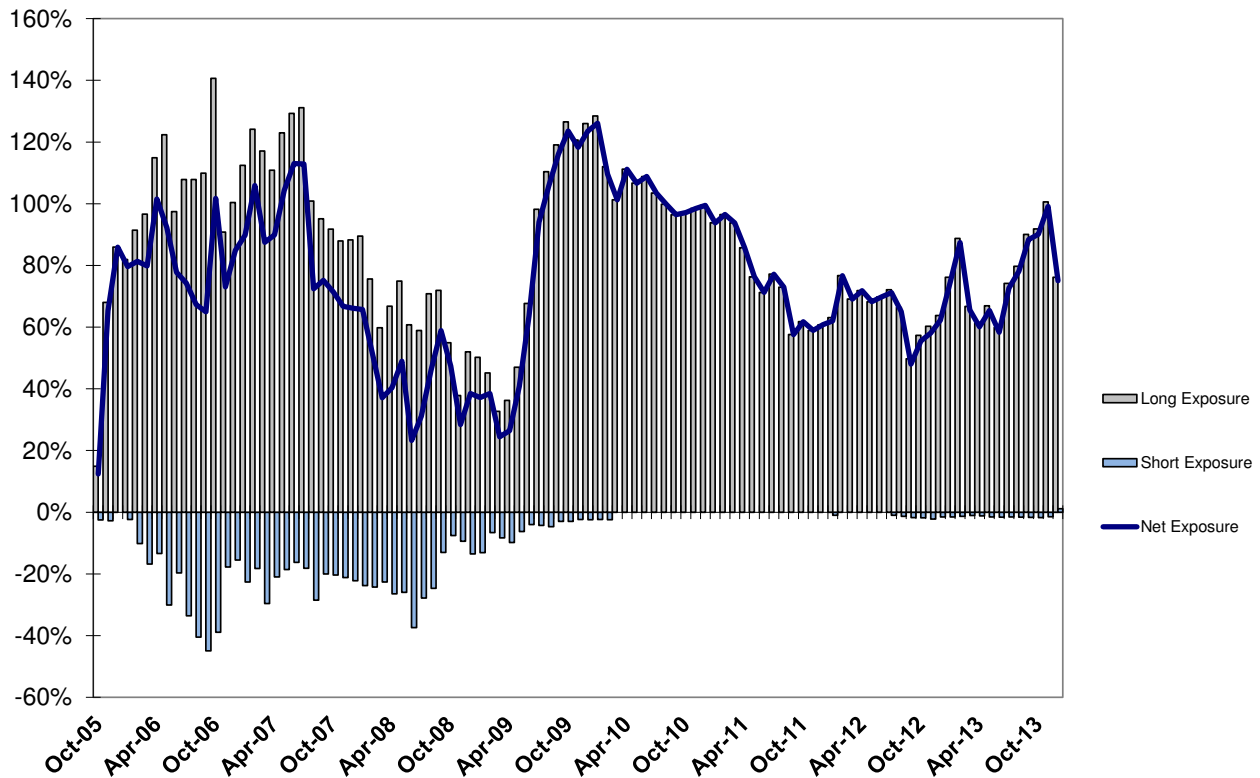
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	7.7%
MQG	Macquarie Group Limited	Long	7.2%
HGG	Henderson Group Plc	Long	7.1%
NAB	National Australia Bank Ltd	Long	4.5%
ARI	Arrium Limited	Long	3.7%
MLB	Melbourne IT Ltd	Long	3.6%
ANZ	Australia & New Zealand Banking Group	Long	3.6%
RFG	Retail Food Group	Long	3.1%
AMC	Ancor Limited	Long	3.0%
IIN	Ilnet Limited	Long	2.8%
BSL	Bluescope Steel Ltd	Long	2.7%
MMS	McMillan Shakespeare Ltd	Long	2.6%
FXL	Flexigroup Ltd	Long	2.6%
ABP	Abacus Property Group	Long	2.0%
RIO	Rio Tinto Ltd	Long	1.6%
TOL	Toll Holdings	Long	1.5%
BOQ	Bank of Queensland Ltd	Long	1.5%
SDG	Sunland Group Ltd	Long	1.4%
QBE	QBE Insurance Group Ltd	Long	1.1%
SUN	Suncorp Group Limited	Long	1.1%
OZL	Oz Minerals Ltd	Short	1.1%
Top Portfolio Holdings Gross Exposure			65.45%



Portfolio Sector Analysis

Sector	Long	Short	Net
Diversified Financials	18.54%		18.54%
Banks	17.92%		17.92%
Materials	11.57%	1.12%	10.45%
Software & Services	5.59%		5.59%
Real Estate	4.44%		4.44%
Consumer Services	4.18%		4.18%
Commercial & Professional Services	3.84%		3.84%
Telecommunication Services	2.80%		2.80%
Insurance	2.26%		2.26%
Transportation	2.06%		2.06%
Utilities	0.91%		0.91%
Retailing	0.83%		0.83%
Energy	0.61%		0.61%
Pharmaceuticals, Biotechnology & Life Sciences	0.39%		0.39%
Capital Goods	0.13%		0.13%
Health Care Equipment & Services	0.07%		0.07%
Exposure	76.12%	1.12%	75.00%
Cash on Hand			25.00%

Portfolio Exposure





Successful CDM Placement

Cadence Capital Limited (ASX: CDM) successfully raised \$54.1M through its placement at \$1.43 per share. Our shareholder base has increased significantly since announcing the placement (more than 30%), with a record level of Self-Managed Superannuation Fund trustees now on the CDM register. The Placement attracted significantly more demand than the entire Priority Offer to RHG and CDM shareholders.

Cadence Capital Limited wishes to thank its Lead Manager and Participating Brokers for their support of the Placement.

DRP

For all new Shareholders on our register we would like to highlight that the Company has a Dividend Reinvestment Plan (DRP) in place. Currently the DRP is operating at a 3% discount. We would like to encourage both new and existing CDM shareholders to participate in the plan. To download the DRP Registration Form please [click here](#). You will need to complete and return this form to Boardroom at the following address, GPO Box 3993, Sydney NSW 2001. Please note that Boardroom also have the facility to register for DRP online. Please do call Boardroom on 1300 737 760 if you have any further questions in this regard.

Webcasts and Newsletters

We would also like to strongly encourage all new Shareholders to register to receive copies of our monthly newsletters and quarterly company webcasts. To register to receive these please [click here](#).

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.

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