



INVESTMENT UPDATE

January 2013

During the month of January 2013, Cadence Capital Limited returned a gross performance of +2.41% compared to an increase in the All Ordinaries Accumulation Index of 5.08% and an increase in the Small Ordinaries Accumulation Index of 4.20%. For the seven years and four months ended 31 January 2013, Cadence Capital Limited has generated a gross performance of 20.11% per annum, outperforming the All Ordinaries Accumulation Index by 14.91% per annum.

The fund finished the month 74.66% net long compared to 62.23% net long in December 2012.

Fund NTA

Net Tangible Assets as at 31 January	Amount (\$)
Pre Tax NTA*	\$1.384
Post Tax NTA*	\$1.395
Share price (ASX Code: CDM)**	\$1.455

*These NTA's are **post the 8.0c October 2012 fully franked final (4.0c) and special (4.0c) dividend**

The share price is **ex the 8.0c October 2012 fully franked final (4.0c) and special (4.0c) dividend

Fund Highlights

Cadence Capital Limited was **ranked by ASX*** as the Number 1 Australian Equities Listed Investment Company** over 3 and 5 years in the LMI Quarterly Update as at 31st December 2012.

Cadence Capital Limited was **ranked by Baillieu Holst as the No. 1 Listed Investment Company** over both 3 and 5 years in their Listed Investment Company Sector Report dated 31st January 2013.

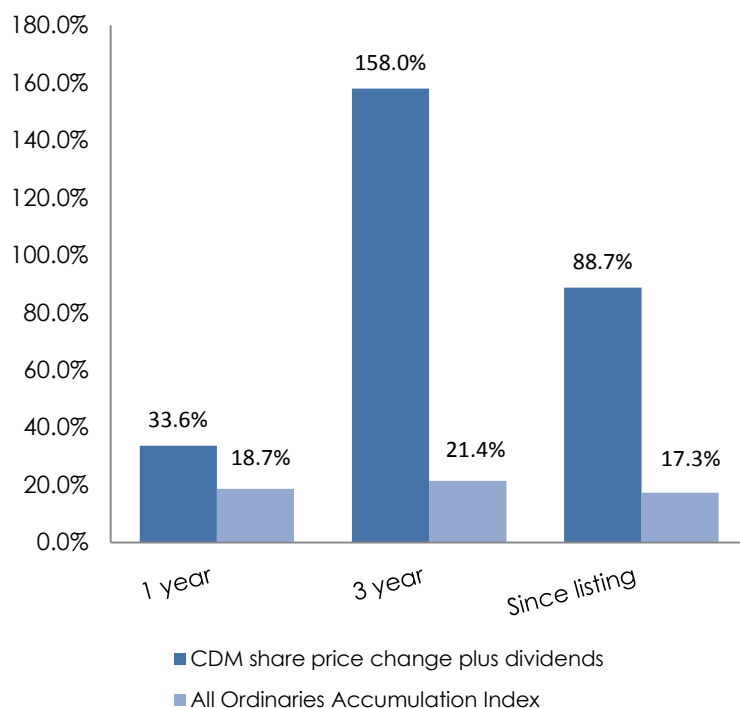
Cadence Capital Limited was recently a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

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 December 2012



Share Price Return Including Dividends



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
TOTAL	13.5c	15.2c	9.5c	38.2c	53.7c

* Off market equal access buy back

** The 8.0 cent full year fully franked dividend, final (4.0 cent) and special (4.0 cent), was paid on the 29th October 2012.



Fund Performance

Performance* to 31st January 2013	CDM**	All Ords	Outperformance
1 Month	2.41%	5.08%	-2.67%
1 Year	18.30%	18.68%	-0.38%
2 Years	54.46%	10.53%	+43.93%
3 Years	115.09%	21.36%	+93.73%
4 Years	214.00%	67.78%	+146.22%
5 Years	126.87%	7.13%	+119.74%
Since Inception (88 months)	283.25%	45.00%	+238.25%
Since Inception Annualised (88 months)	20.11%	5.20%	+14.91%

* Before Management and Performance Fees

**These numbers include the franking value of the substantial RHG dividend received in May 2011

In May 2011 the fund received a substantial fully franked dividend from its RHG holding. 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

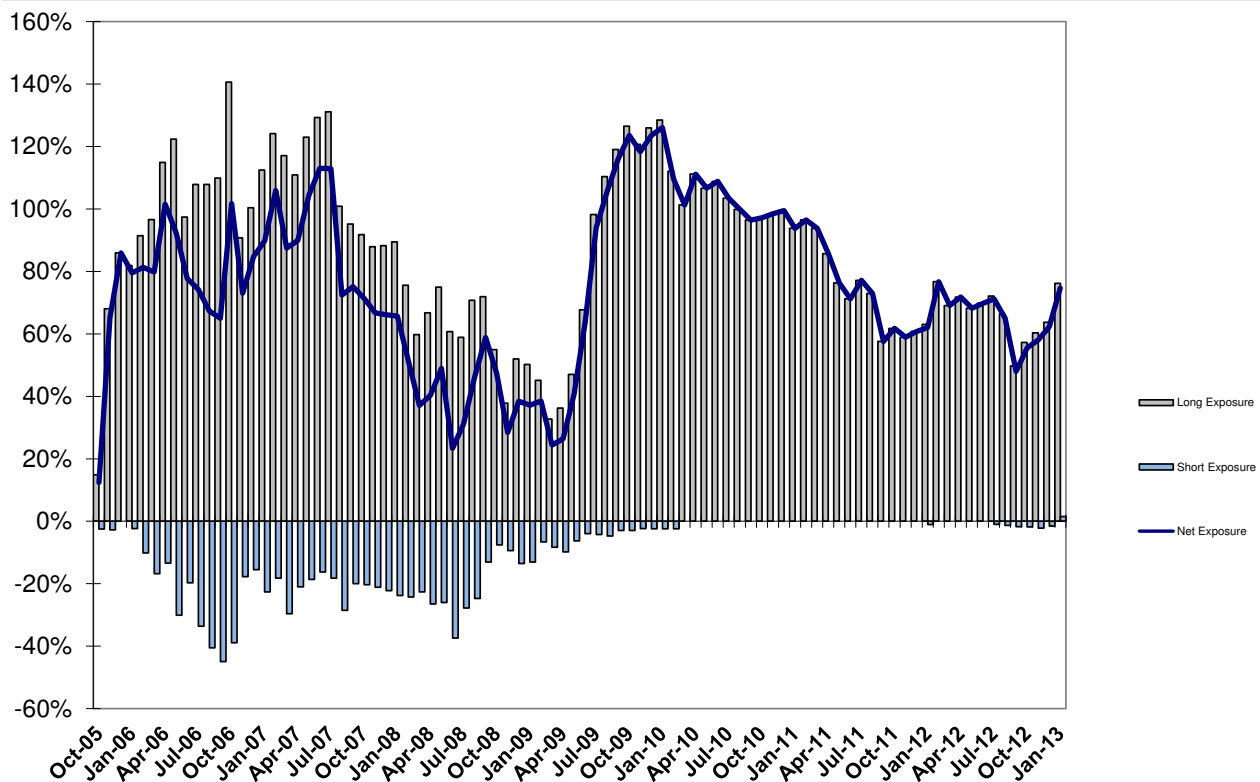
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	17.0%
MQG	Macquarie Group Limited	Long	8.5%
MMS	McMillan Shakespeare Ltd	Long	6.0%
FXL	Flexigroup Ltd	Long	5.2%
ARI	Arrium Ltd	Long	4.6%
NAB	National Australia Bank Ltd	Long	3.6%
ANZ	Australia & New Zealand Banking Group	Long	3.6%
RKN	Reckon Ltd	Long	3.1%
RFG	Retail Food Group	Long	2.8%
BVA	Bravura Solutions Ltd	Long	2.8%
BSL	Bluescope Steel Ltd	Long	2.6%
OTH	Onthehouse Holdings Ltd	Long	2.1%
MBN	Mirabela Nickel Ltd	Long	1.5%
BTU	Bathurst Resources Limited	Long	1.5%
OZL	Oz Minerals Ltd	Short	1.5%
RMS	Ramelius Resources Ltd	Long	1.2%
SDG	Sunland Group Ltd	Long	1.2%
TOL	Toll Holdings Ltd	Long	1.1%
FXJ	Fairfax Media Ltd	Long	1.0%
AQP	Aquarius Platinum Ltd	Long	1.0%
CTP	Central Petroleum Ltd	Long	1.0%
Portfolio Holdings above 1%			72.83%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	24.17%		24.17%
Diversified Financials	14.54%		14.54%
Materials	13.41%	1.52%	11.89%
Commercial & Professional Services	7.03%		7.03%
Software & Services	6.58%		6.58%
Consumer Services	2.81%		2.81%
Retailing	2.65%		2.65%
Energy	1.29%		1.29%
Real Estate	1.16%		1.16%
Transportation	1.05%		1.05%
Media	1.01%		1.01%
Health Care Equipment & Services	0.45%		0.45%
Capital Goods	0.01%		0.01%
Exposure	76.18%	1.52%	74.66%
Cash on Hand			25.34%

Portfolio Exposure





Cadence News

Retail Share Issue

Last month the Board announced its intention to undertake a share issue of up to 29.457M ordinary shares via a prospectus. The opportunity to participate will be open to both retail and high net worth investors. The offer will be open to existing and potential new shareholders, with a priority allocation of 6.0M shares to be set aside for existing shareholders.

The proposed share issue aims to:

- attract new long term investors, particularly investors who value fully franked dividend yield and capital growth,
- expand the market capitalization and improve the liquidity in the company's shares,
- improve the research coverage available to the company, and
- reduce the fixed administration expense ratio by spreading costs across a larger pool of assets.

The Prospectus will be available on the 18th February 2013 and the share issue will close on 11th March 2013. Boardroom Limited will be sending out the Prospectus and a pre-completed application form to all Cadence Capital Limited shareholders. If you are not a shareholder and you would like to receive a copy of the Prospectus please preregister for a copy at www.cadencecapital.com.au.

Half Year Results

It is anticipated that the company will announce its half year results later this week.

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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