



INVESTMENT UPDATE

July 2012

Summary Update

During the month of July 2012, Cadence Capital Limited returned a gross performance of +3.93% compared to an increase in the All Ordinaries Accumulation Index of 3.74% and a decrease in the Small Ordinaries Accumulation Index of -0.19%. For the six years and ten months to 31 July 2012, Cadence Capital Limited has generated a gross performance of 19.43% per annum, outperforming the All Ordinaries Accumulation Index by 16.24% per annum.

On the 31st July 2012, Cadence Capital Limited announced a record full year dividend of 8 cents per share made up of 4 cents per share final dividend and 4 cents per share special dividend payable on 29th October 2012. The Ex Date for the dividend is 15th October 2012.

The fund finished the month 71.19% long compared to 69.79% long in June 2012.

Fund NTA

Net Tangible Assets as at 31 July	Amount (\$)
Pre Tax NTA*	\$1.348
Post Tax NTA*	\$1.415
Share price (ASX Code: CDM)	\$1.290
Option price (ASX Code: CDMO)^	\$0.030

^ The Option strike price is \$1.25 and expires on the 15th September 2012

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

Fund 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.

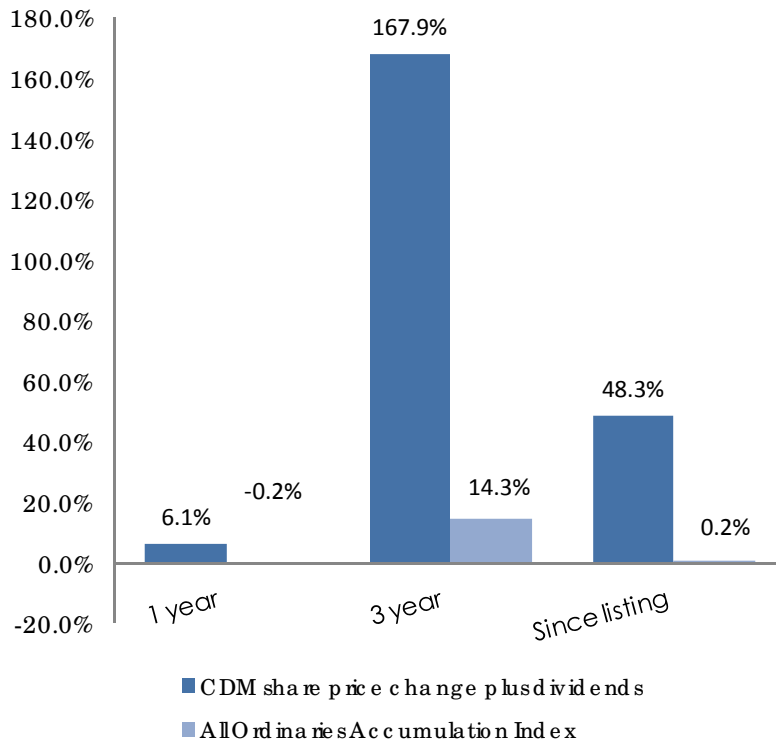
Cadence Capital Limited has a **RECOMMENDED Rating by ZENITH** Investment Partners

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



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), will be paid on the 29th October 2012. All options exercised will be entitled to this dividend.



Fund Performance

Performance* to 31st July 2012	CDM**	All Ords	Outperformance
1 Month	3.93%	3.74%	+0.19%
1 Year	8.38%	-0.17%	+8.55%
2 Years	90.66%	3.78%	+86.88%
3 Years	125.74%	14.33%	+111.41%
4 Years	113.76%	1.11%	+112.65%
5 Years	70.18%	-14.12%	+84.30%
Since Inception (82 months)	236.48%	23.91%	+212.57%
Since Inception Annualised (82 months)	19.43%	3.19%	+16.24%

* 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

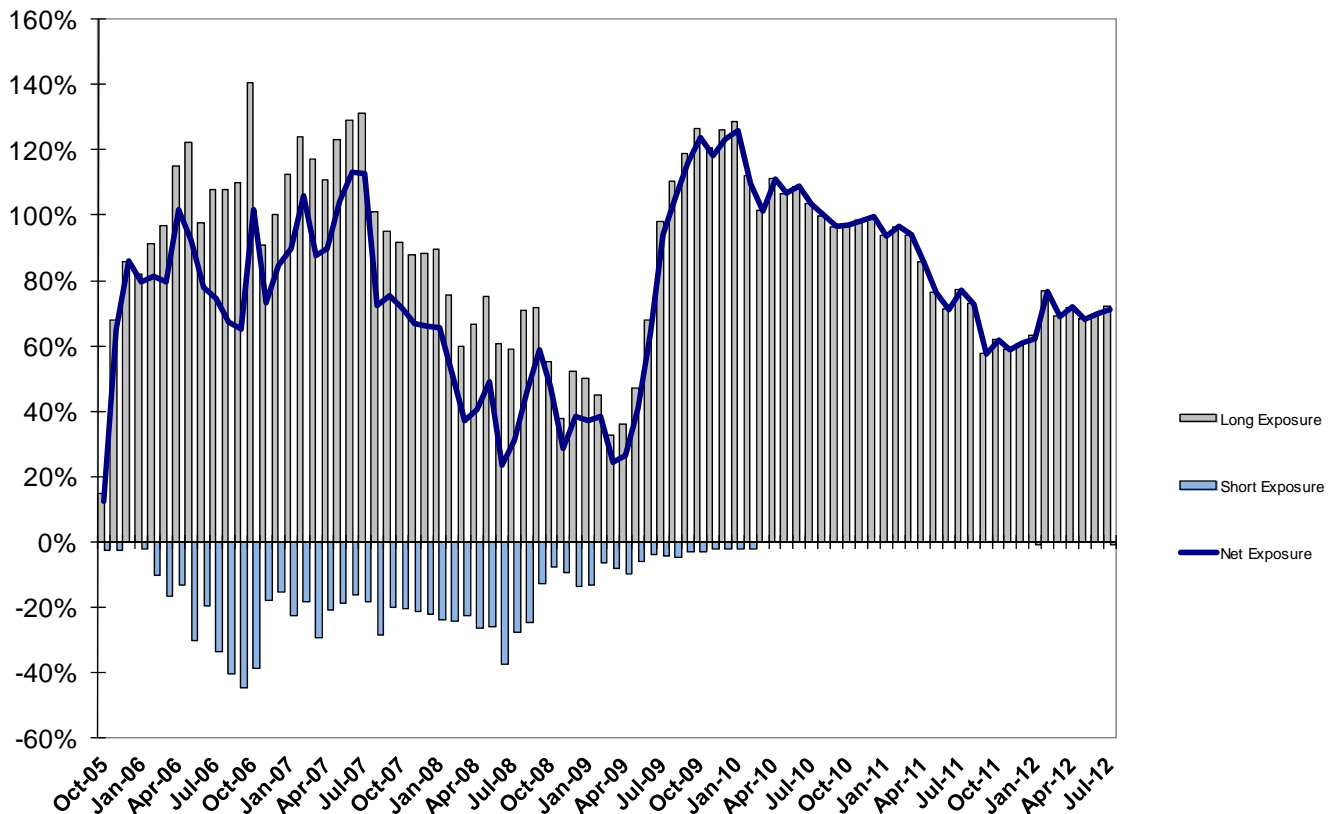
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	28.2%
MMS	Mc Millan Shake spe are Ltd	Long	7.4%
FXL	Fle xig ro up Ltd	Long	6.1%
BVA	Bra vura So lutio ns Ltd	Long	5.1%
RKN	Re c ko n Ltd	Long	4.1%
ANZ	Austra lia & Ne w Ze a la nd Ba nking Gro up	Long	4.1%
NAB	Na tio nal Austra lia Ba nk Ltd	Long	3.1%
MQG	Ma c qua rie Gro up Limite d	Long	2.6%
DCG	De c mil Gro up Limite d	Long	1.8%
COF	C offe y Inte ma tio nal Limite d	Long	1.6%
SPT	Sp o tle ss Gro up Ltd	Long	1.4%
BTU	Ba thurst Re so urc es Ltd	Long	1.1%
CTP	C e ntra l Pe tro le um Ltd	Long	1.5%
RFG	Re ta il Fo o d Gro up	Long	1.2%
VMG	VDM Gro up Limite d	Long	1.0%
OZL	O z Mine ra ls Ltd	Short	-1.0%
Portfolio Holdings above 1%			69.2%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	35.75%		35.75%
Commercial & Professional Services	10.30%		10.30%
Software & Services	9.42%		9.42%
Diversified Financials	8.70%		8.70%
Capital Goods	2.84%		2.84%
Materials	2.25%	0.96%	1.28%
Energy	1.63%		1.63%
Consumer Services	1.18%		1.18%
Telecommunication Services	0.09%		0.09%
Exposure	72.15%	0.96%	71.19%
Cash on Hand			28.81%

Portfolio Exposure





Cadence News

Cadence Capital Limited Record Full Year Dividend

On 31st July 2012, Cadence Capital Limited announced a full year dividend of 8 cents per share made up of 4 cents per share final dividend and 4 cents per share special dividend. Combined with the interim dividend of 4 cents per share plus a 0.5 cent per share special this equates to 12.5 cents of dividends per share over the past year. This equates to a dividend yield of 10.5% based on the CDM share price of \$1.19 for the year ended 30th June 2012. Assuming an interim and final dividend of 4 cents per share for 2013 and no special dividends, the dividend yield over the next 13 months would be 16 cents per share or 12.8% based on a \$1.25 share price. This yield excludes any potential special dividends in the year ahead.

Bonus Options Expire 15th September 2012

On the 30th August 2011 each Cadence Capital Limited shareholder was issued a bonus option with a strike price of \$1.25 expiring on the 15th September 2012. The option is exercisable on or before the 15th September 2012 by paying \$1.25 and entitles the option holder to a Cadence Capital Limited share. These shares will be entitled to the 8.0 cents full year dividend declared above, all future dividends and future returns. To date approximately one third of the options issued have been exercised and approximately 18M options remain outstanding.

These options, ASX code CDMO, have value and we would encourage owners to exercise options to receive the final dividend, future dividends and all future returns, or alternatively, to sell the options on market should they not wish to exercise them. As a Company we have had significant interest expressed in our options over the past 12 months, and would encourage option holders not to simply let these options lapse. An additional copy of the option exercise form will be sent to shareholders over the coming month.

As Chairman of Cadence Capital Limited I intend to exercise my options.

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.

Disclaimer

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.