



## INVESTMENT UPDATE

July 2013

During the month of July 2013, Cadence Capital Limited returned a positive gross performance of 2.26% compared to an increase in the All Ordinaries Accumulation Index of 5.46% and an increase in the Small Ordinaries Accumulation Index of 9.81%. The underperformance during the month was mainly caused by a decline in McMillan Shakespeare Limited's share price due to the Government's proposed changes to the FBT treatment of motor vehicles. We have reduced our exposure in McMillan Shakespeare given the current uncertainty.

For the seven years and ten months ended 31st July 2013, Cadence Capital Limited has generated a gross performance of +19.53% per annum, outperforming the All Ordinaries Accumulation Index by 14.04% per annum.

The fund finished the month 72.63% net long compared to 58.30% net long in June 2013.

### Fund NTA

Net Tangible Assets as at 31 July	Amount (\$)
Pre Tax NTA*	\$1.377
Post Tax NTA*	\$1.388
Share price (ASX Code: CDM)*	\$1.430

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

### Annual results

Cadence Capital Limited (CDM) has declared a **5.0 cent per share fully franked final dividend** payable on 30th September 2013. The Ex Date for the dividend is 16th September 2013 and the Record Date is 20th September 2013. Dividends for the financial year 2013 of 11.0c per share represent an annualised 8.5% fully franked yield (based on the end of year share price of \$1.30). Cadence is one of the highest yielding LIC's currently on the market.

Other key financial highlights 2013:

- Increase in net profit before tax to \$13.05m, up a record 884%.
- Increase in net profit after tax to \$11.38m, up 312%.
- Gross performance of +22.16%, outperforming the All Ordinaries Accumulation Index by 1.49% and outperforming the Small Ordinaries Accumulation Index by +27.48%.



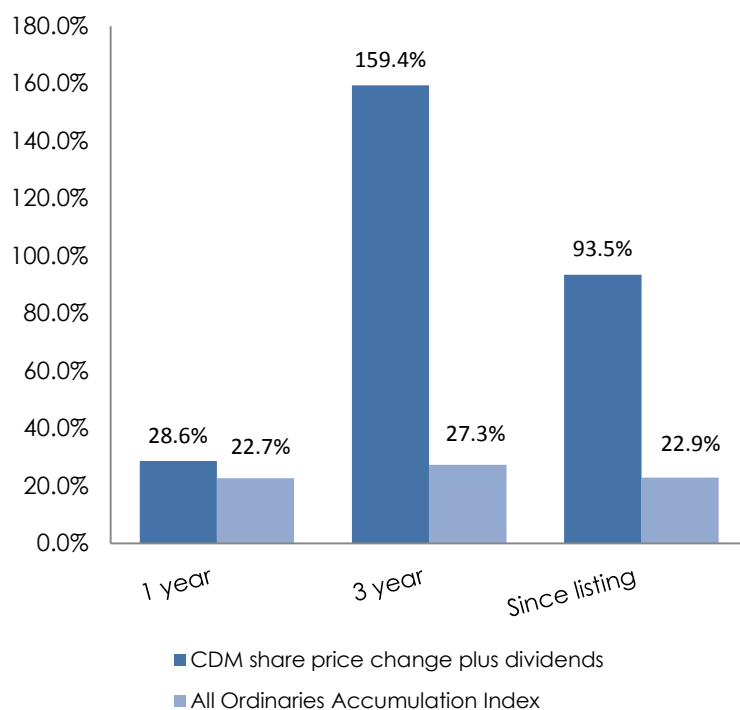
## Fully Franked Dividends Declared Since Listing

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 July 2013	CDM**	All Ords	Outperformance
1 Month	2.26%	5.46%	-3.20%
1 Year	20.19%	22.67%	-2.48%
2 Years	30.27%	22.46%	+7.81%
3 Years	129.16%	27.31%	+101.85%
4 Years	171.32%	40.25%	+131.07%
5 Years	156.93%	24.04%	+132.89%
Since Inception (94 months)	304.43%	52.00%	+252.43%
Since Inception Annualised (94 months)	19.53%	5.49%	+14.04%

\* 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

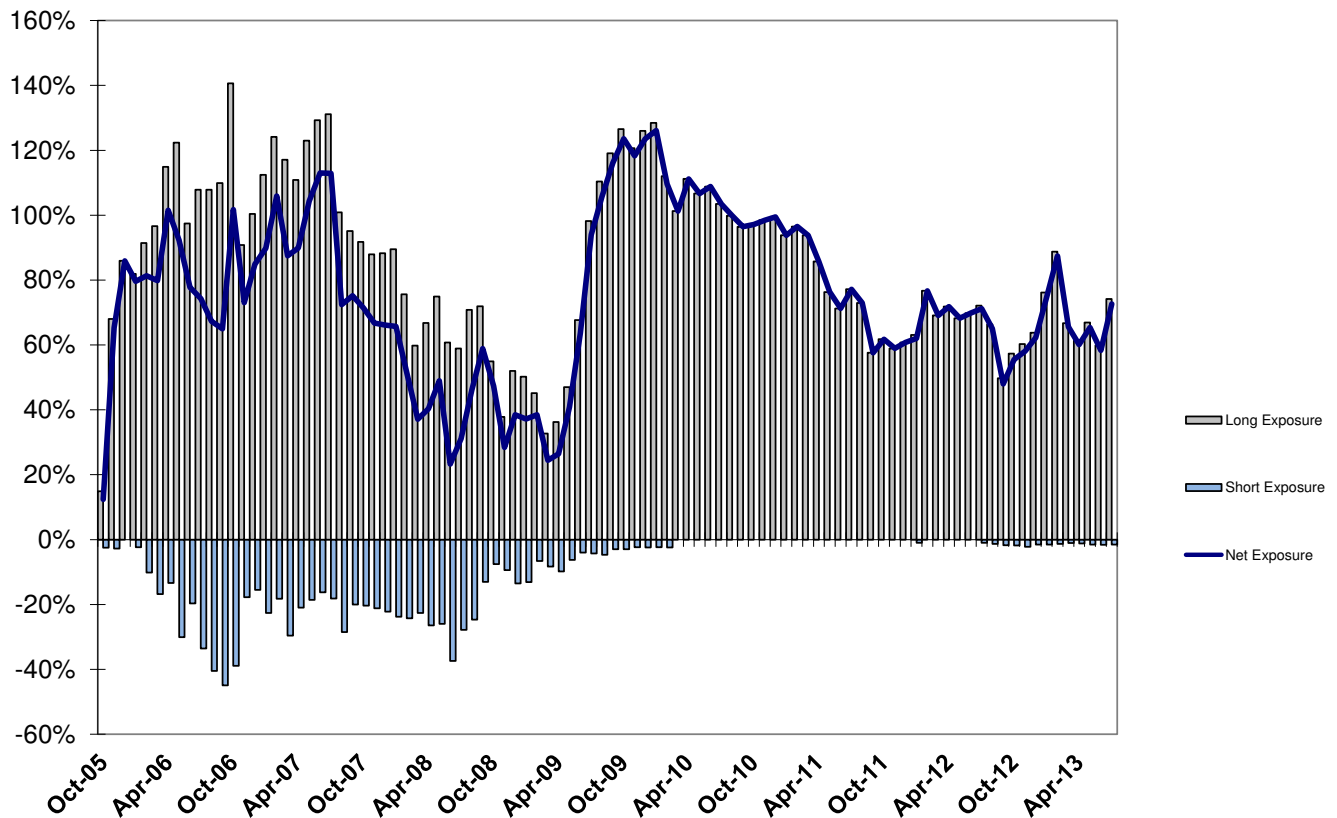
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	10.2%
MQG	Macquarie Group Limited	Long	7.9%
HGG	Henderson Group Plc	Long	5.1%
NAB	National Australia Bank Ltd	Long	4.7%
ANZ	Australia & New Zealand Banking Group	Long	4.6%
QBE	QBE Insurance Group Ltd	Long	4.6%
FXL	Flexigroup Ltd	Long	4.3%
BSL	Bluescope Steel Ltd	Long	4.0%
IIN	Iinet Limited	Long	3.7%
RFG	Retail Food Group	Long	3.6%
AMC	Amcor Limited	Long	3.0%
ARI	Arrium Limited	Long	2.8%
SDG	Sunland Group Ltd	Long	1.9%
BVA	Bravura Solutions Ltd	Long	1.9%
RKN	Reckon Ltd	Long	1.8%
OZL	Oz Minerals Ltd	Short	1.6%
<b>Top Portfolio Holdings Gross Exposure</b>			<b>65.47%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	19.45%		19.45%
Diversified Financials	18.20%		18.20%
Materials	11.20%	1.56%	9.64%
Insurance	5.58%		5.58%
Software & Services	4.48%		4.48%
Telecommunication Services	3.67%		3.67%
Consumer Services	3.64%		3.64%
Commercial & Professional Services	2.70%		2.70%
Real Estate	2.44%		2.44%
Transportation	1.54%		1.54%
Utilities	1.00%		1.00%
Energy	0.27%		0.27%
Capital Goods	0.01%		0.01%
<b>Exposure</b>	<b>74.19%</b>	<b>1.56%</b>	<b>72.63%</b>
<b>Cash on Hand</b>			<b>27.37%</b>

## Portfolio Exposure





## Hot off the press

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Cadence Capital has recently been featured in the [Under the Radar](#) report: 'On the hunt for the next 10-bagger'. Under the Radar has offered to Cadence Capital subscribers a complimentary 3-month subscription to its fortnightly newsletter. If you would like to take up this offer, please email [radar@undertheradarreport.com.au](mailto:radar@undertheradarreport.com.au) with your name, email and telephone number.

Karl Siegling was also recently featured in the [Eureka Report](#): 'Working Macquarie's Human Capital Harder', where he discusses Cadence Capital Limited's holding in Macquarie Group Limited (MQG). Visit the news section on the [Cadence Capital](#) website, to view recent articles featuring Cadence Capital Limited in the Australian Financial Review and The Australian.

## Fund 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.

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

## Disclaimer

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