



INVESTMENT UPDATE

March 2013

During the month of March 2013, Cadence Capital Limited returned a negative gross performance of -2.07% compared to a decrease in the All Ordinaries Accumulation Index of -2.24% and a decrease in the Small Ordinaries Accumulation Index of -3.33%. For the seven and half years ended 31 March 2013, Cadence Capital Limited has generated a gross performance of 20.11% per annum, outperforming the All Ordinaries Accumulation Index by 14.64% per annum.

The fund finished the month 65.58% net long compared to 87.39% net long in February 2013.

Fund NTA

| Net Tangible Assets as at 31 March | Amount (\$) |
|------------------------------------|-------------|
| Pre Tax NTA* | \$1.422 |
| Post Tax NTA* | \$1.434 |
| Share price (ASX Code: CDM)** | \$1.470 |

*These NTA's are pre the 6.0c April 2013 fully franked interim (5.0c) and special (1.0c) dividend

**The share price is pre the 6.0c April 2013 fully franked interim (5.0c) and special (1.0c) 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.

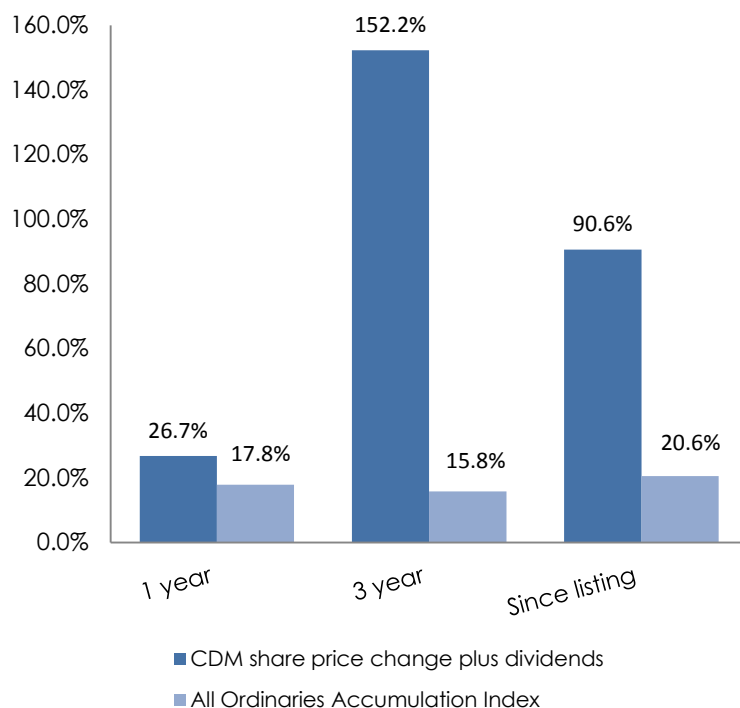
Cadence Capital Limited was recently a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

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 |
| 2013 | 5.0c | | 1.0c | 6.0c** | 8.6c |
| TOTAL | 18.5c | 15.2c | 10.5c | 44.2c | 62.3c |

* Off market equal access buy back

** The 6.0 cent half year fully franked dividend, interim (5.0 cent) and special (1.0 cent), is to be paid on the 30th April 2013.



Fund Performance

| Performance* to 31st March 2013 | CDM** | All Ords | Outperformance |
|--|---------|----------|----------------|
| 1 Month | -2.07% | -2.24% | +0.17% |
| 1 Year | 15.99% | 17.80% | -1.81% |
| 2 Years | 51.19% | 10.50% | +40.69% |
| 3 Years | 107.06% | 15.80% | +91.26% |
| 4 Years | 214.00% | 66.77% | +147.23% |
| 5 Years | 148.83% | 14.57% | +134.26% |
| Since Inception (90 months) | 295.13% | 49.10% | +246.03% |
| Since Inception Annualised (90 months) | 20.11% | 5.47% | +14.64% |

* 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

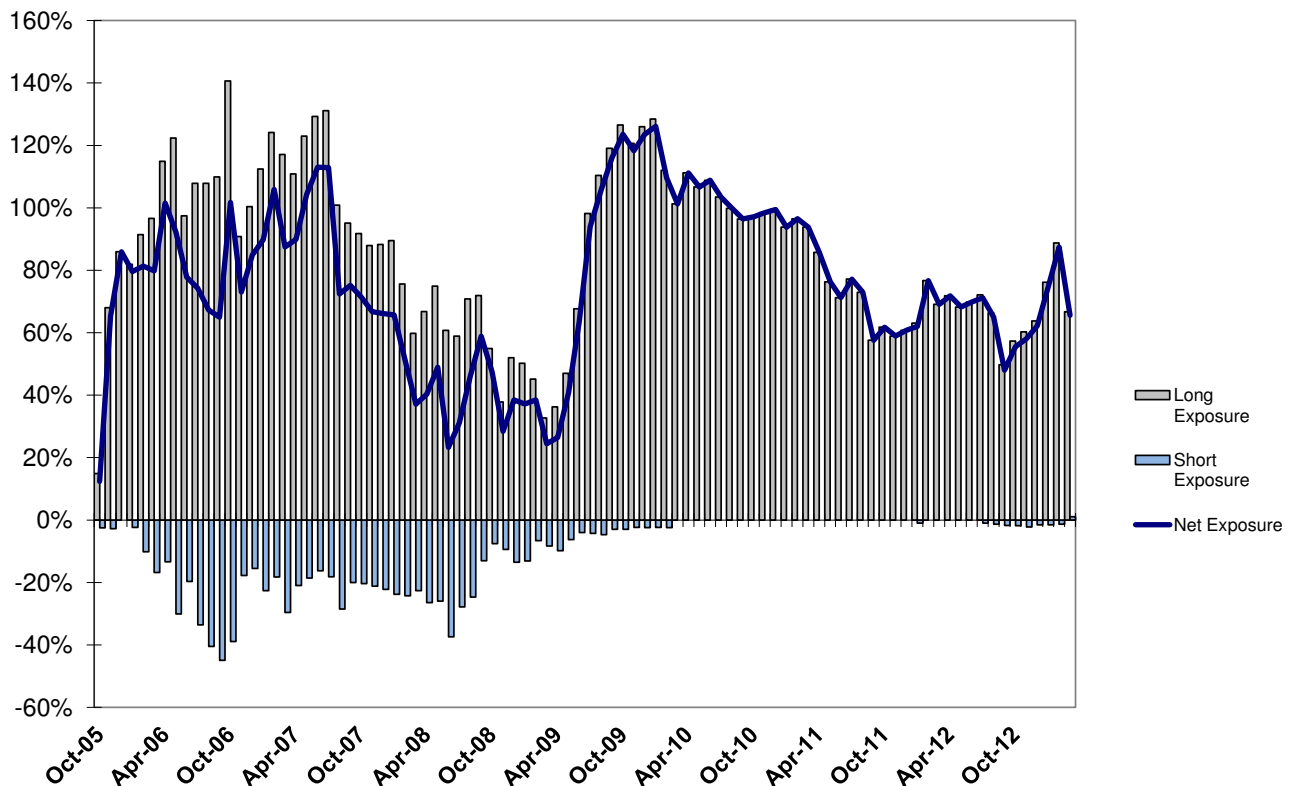
| ASX Code | Position | Direction | Holding |
|-------------------------------|---------------------------------------|-----------|---------------|
| RHG | RHG Ltd | Long | 10.1% |
| MQG | Macquarie Group Limited | Long | 6.5% |
| NAB | National Australia Bank Ltd | Long | 5.1% |
| MMS | McMillan Shakespeare Ltd | Long | 4.7% |
| ANZ | Australia & New Zealand Banking Group | Long | 4.3% |
| FXL | Flexigroup Ltd | Long | 4.2% |
| BSL | Bluescope Steel Ltd | Long | 4.1% |
| ARI | Arrium Ltd | Long | 3.1% |
| QBE | QBE Insurance Group Ltd | Long | 2.5% |
| RFG | Retail Food Group | Long | 2.2% |
| RKN | Reckon Ltd | Long | 2.1% |
| TOL | Toll Holdings Ltd | Long | 2.1% |
| FXJ | Fairfax Media Ltd | Long | 1.6% |
| BVA | Bravura Solutions Ltd | Long | 1.6% |
| HGG | Henderson Group Plc | Long | 1.5% |
| Top Portfolio Holdings | | | 55.57% |



Portfolio Sector Analysis

| Sector | Long | Short | Net |
|------------------------------------|---------------|--------------|---------------|
| Banks | 19.52% | | 19.52% |
| Diversified Financials | 13.07% | | 13.07% |
| Materials | 9.07% | 1.09% | 7.97% |
| Commercial & Professional Services | 6.95% | | 6.95% |
| Software & Services | 4.12% | | 4.12% |
| Insurance | 2.48% | | 2.48% |
| Consumer Services | 2.23% | | 2.23% |
| Transportation | 2.07% | | 2.07% |
| Retailing | 2.02% | | 2.02% |
| Media | 1.59% | | 1.59% |
| Telecommunication Services | 1.34% | | 1.34% |
| Energy | 1.14% | | 1.14% |
| Real Estate | 1.07% | | 1.07% |
| Capital Goods | 0.01% | | 0.01% |
| Exposure | 66.68% | 1.09% | 65.58% |
| Cash on Hand | | | 34.42% |

Portfolio Exposure





Cadence News

Retail Prospectus

Demand for the Prospectus share offer was very strong and both Tranche one and Tranche two closed oversubscribed. Shares for both Tranches have now been allotted and refund cheques have been sent out as required. If you have any questions on the Share Offer please contact Boardroom Pty Limited on 1300 737 760. For all new shareholders we would like to take this opportunity of welcoming you and would recommend that you register to receive our monthly newsletters and quarterly webcasts on our website at www.cadencecapital.com.au.

Half Year Dividend

The half year fully franked dividend of 6.0 cents (Interim 5.0 cents and special 1.0 cent) is payable on the 30th April 2013. The Ex-Dividend date is the 17th April 2013 and the Record date is the 23rd April 2013. The Dividend Re-Investment Plan (DRP) is in operation for this half year dividend. The relevant issue price will be at a 3.0% discount to the share price.

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

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