



INVESTMENT UPDATE

May 2013

During the month of May 2013, Cadence Capital Limited returned a positive gross performance of +0.30% compared to a decrease in the All Ordinaries Accumulation Index of -4.39% and a decrease in the Small Ordinaries Accumulation Index of -3.82%. The fund has returned a positive gross performance of +24.64% for the current financial year, outperforming the All Ordinaries Accumulation Index by 0.72% and the Small Ordinaries Accumulation Index by 22.67%. For the seven years and eight months ended 31st May 2013, Cadence Capital Limited has generated a gross performance of +19.96% per annum, outperforming the All Ordinaries Accumulation Index by 14.65% per annum.

The fund finished the month 65.37% net long compared to 60.08% net long in April 2013.

Fund NTA

Net Tangible Assets as at 31 May	Amount (\$)
Pre Tax NTA*	\$1.377
Post Tax NTA*	\$1.381
Share price (ASX Code: CDM)**	\$1.335

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

The share price is **post 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.

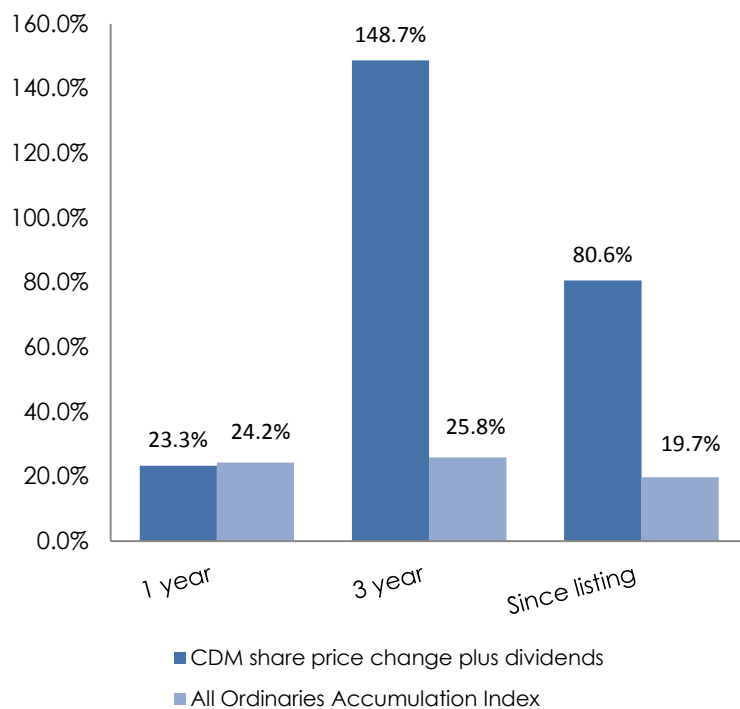
Cadence Capital Limited was a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

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), was paid on the 30th April 2013.



Fund Performance

Performance* to 31st May 2013	CDM**	All Ords	Outperformance
1 Month	0.30%	-4.39%	+4.69%
1 Year	26.05%	24.23%	+1.82%
2 Years	33.14%	12.44%	+20.70%
3 Years	137.17%	25.85%	+111.32%
4 Years	196.78%	52.79%	+143.99%
5 Years	139.03%	6.08%	+132.95%
Since Inception (92 months)	303.54%	48.00%	+255.54%
Since Inception Annualised (92 months)	19.96%	5.31%	+14.65%

* 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

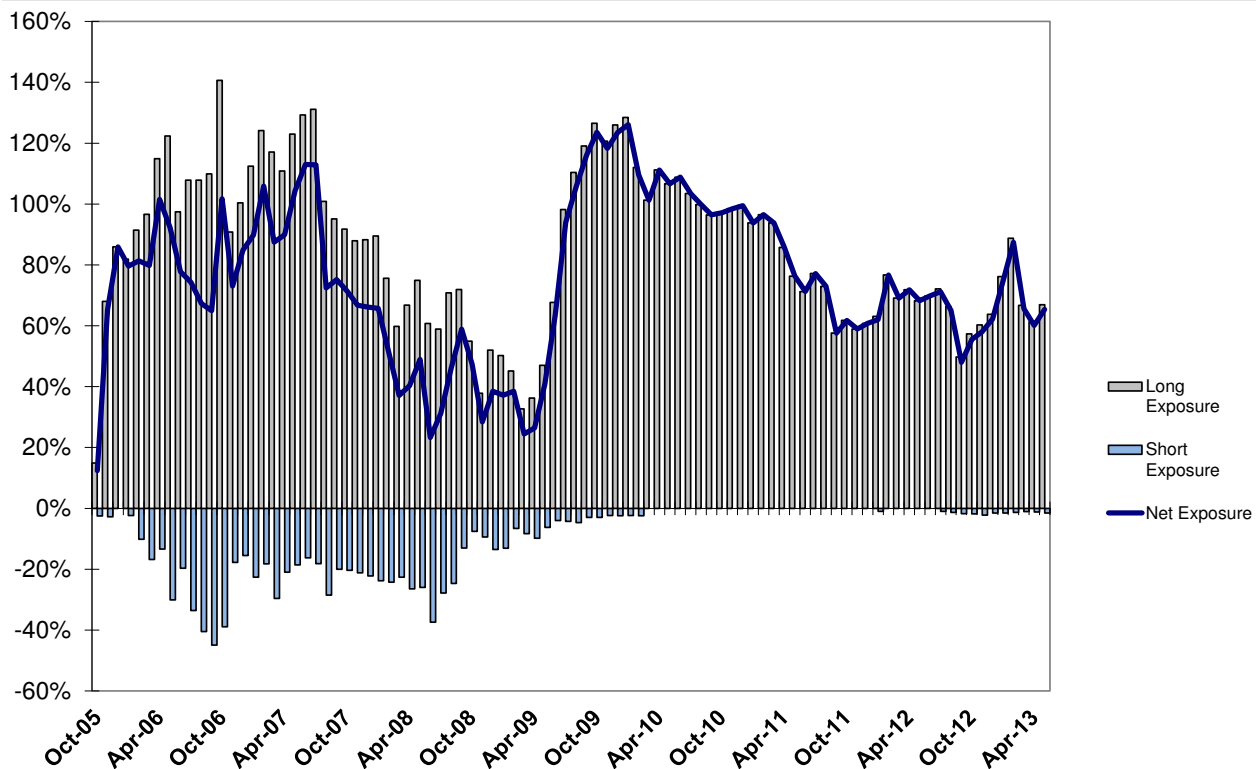
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	8.4%
MQG	Macquarie Group Limited	Long	6.7%
MMS	McMillan Shakespeare Ltd	Long	4.9%
QBE	QBE Insurance Group Ltd	Long	4.7%
NAB	National Australia Bank Ltd	Long	4.3%
FXL	Flexigroup Ltd	Long	4.3%
ANZ	Australia & New Zealand Banking Group	Long	4.2%
BSL	Bluescope Steel Ltd	Long	3.5%
HGG	Henderson Group Plc	Long	2.9%
RFG	Retail Food Group	Long	2.9%
ARI	Arrium Ltd	Long	2.8%
SDG	Sunland Group Ltd	Long	2.4%
AMC	Ancor Limited	Long	1.8%
RKN	Reckon Ltd	Long	1.8%
IIN	Iinet Limited	Long	1.7%
OZL	Oz Minerals Ltd	Short	1.5%
Top Portfolio Holdings			58.92%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	17.51%		17.51%
Diversified Financials	14.84%		14.84%
Materials	8.42%	1.54%	6.88%
Commercial & Professional Services	6.98%		6.98%
Insurance	4.70%		4.70%
Software & Services	4.15%		4.15%
Consumer Services	2.97%		2.97%
Real Estate	2.38%		2.38%
Telecommunication Services	1.74%		1.74%
Transportation	1.33%		1.33%
Media	0.85%		0.85%
Retailing	0.54%		0.54%
Energy	0.49%		0.49%
Capital Goods	0.01%		0.01%
Exposure	66.91%	1.54%	65.37%
Cash on Hand			34.63%

Portfolio Exposure





Cadence News

Update on Franking Credit Balance

Post the Half year 6 cent fully franked dividend, Cadence Capital Limited's Franking Credit balance would enable the company to pay out approximately 9 -10 cents of fully franked dividends.

Latest Webcast discussing Cadence's Investment Process

We would like to remind you to watch Cadence Capital Limited's most recent Quarterly Webcast. This webcast firstly gives a brief update on the fund's performance and its recent capital raise. This is followed with Karl Siegling giving an explanation of Cadence Capital Limited's Investment Philosophy and a detailed insight into its Investment Process.

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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