



## INVESTMENT UPDATE

November 2013

During the month of November 2013, Cadence Capital Limited returned a positive gross performance of +2.67% compared to a decrease in the All Ordinaries Accumulation Index of -1.38% and a decrease in the Small Ordinaries Accumulation Index of -5.23%.

For the eight years and two months ended 30<sup>th</sup> November 2013, Cadence Capital Limited has generated a gross performance of +20.07% per annum, outperforming the All Ordinaries Accumulation Index by 13.86% per annum.

The fund finished the month 99.14% net long compared to 90.12% net long in October 2013.

### Fund NTA

Net Tangible Assets as at 30 November 2013	Amount (\$)
Pre Tax NTA*	\$1.457
Post Tax NTA*	\$1.432
Share price (ASX Code: CDM)*	\$1.425

\*These NTA's are after the 5.0c fully franked 2013 final dividend paid on 30<sup>th</sup> September 2013

### Prospectus and 1:1 Bonus Option

All eligible CDM shareholders will have received a CDM Priority Allocation Application form and a copy of the Prospectus. For those wanting to participate please note that the closing date is **next Tuesday the 10<sup>th</sup> December 2013**. BPay facilities are available for existing CDM shareholders to pay for additional shares under the Priority Allocation. If you do pay by BPay you are not required to complete and send in your application form. Please contact Boardroom on 1300 737 760 if you have not received your CDM Priority Allocation Application form.

Every CDM shareholder on the Company register on the 15th January 2014 will get 1 bonus option for every 1 share that they hold in CDM on that date. CDM investors will therefore receive a 1:1 bonus option for both existing shareholdings in CDM and also for any new shares purchased under the current prospectus. These options will be issued under a Prospectus and will be listed on the ASX. The manager currently estimates the **value of the 1:1 Bonus option at 7.2 – 11.1 cents. (Black Scholes)**.



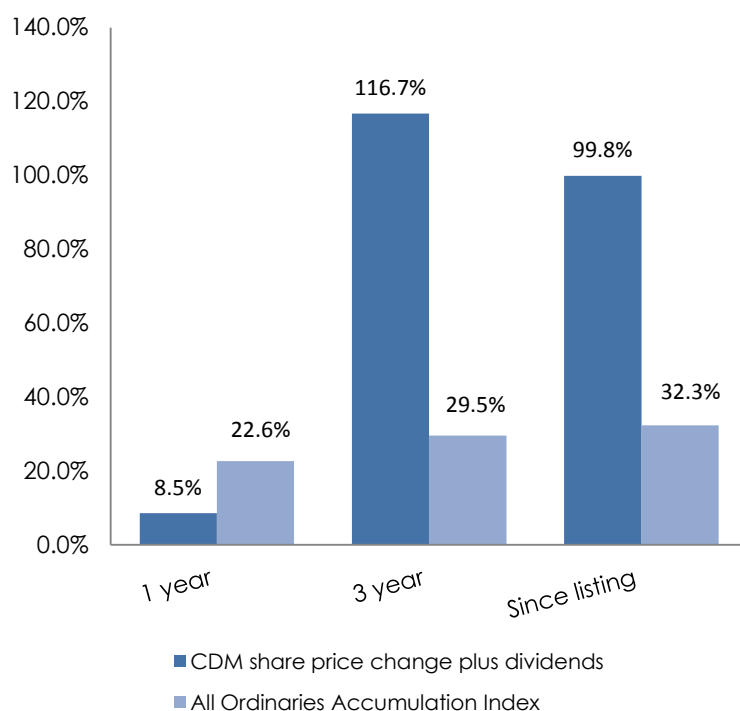
## Fully Franked Dividends Declared Since Listing

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** was paid on the 30<sup>th</sup> September 2013.

## Share Price Return Including Dividends





## Fund Performance

Performance* to 30th November 2013	CDM**	All Ords	Outperformance
1 Month	2.67%	-1.38%	+4.05%
1 Year	20.20%	22.64%	-2.44%
2 Years	40.35%	38.69%	+1.66%
3 Years	111.34%	29.54%	+81.80%
4 Years	141.72%	33.69%	+108.03%
5 Years	258.44%	79.81%	+178.63%
8 Years	336.21%	62.96%	+273.25%
Since Inception (8.2 years)	345.34%	63.62%	+281.72%
Since Inception Annualised (8.2 years)	20.07%	6.21%	+13.86%

\* 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

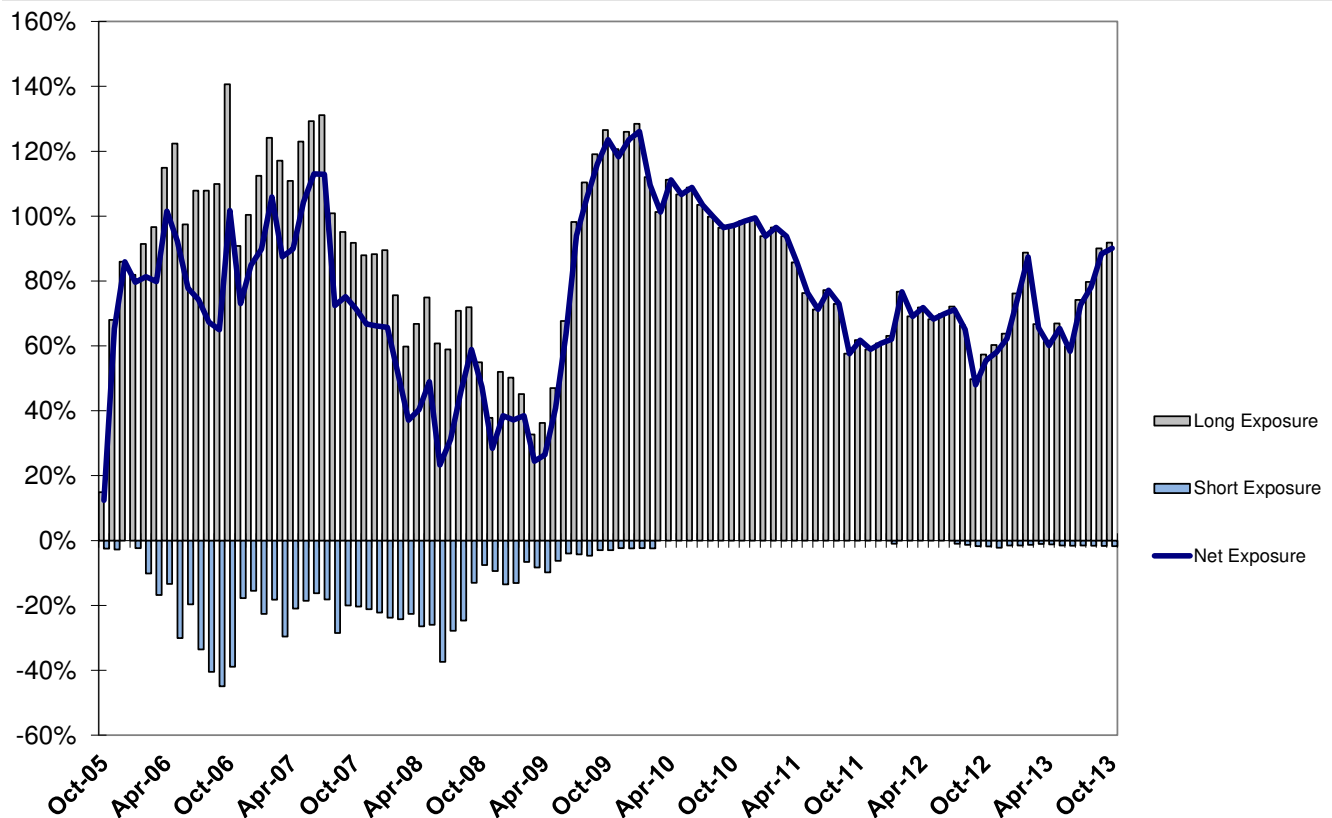
ASX Code	Position	Direction	Holding
MQG	Macquarie Group Limited	Long	9.9%
RHG	RHG Ltd	Long	9.7%
HGG	Henderson Group Plc	Long	8.2%
ARI	Arrium Limited	Long	6.3%
NAB	National Australia Bank Ltd	Long	5.8%
ANZ	Australia & New Zealand Banking Group	Long	4.6%
QBE	QBE Insurance Group Ltd	Long	4.0%
RFG	Retail Food Group	Long	4.0%
MMS	McMillan Shakespeare Ltd	Long	3.8%
IIN	Ilnet Limited	Long	3.5%
FXL	Flexigroup Ltd	Long	3.5%
BSL	Bluescope Steel Ltd	Long	3.3%
AMC	Ancor Limited	Long	2.9%
ABP	Abacus Property Group	Long	2.6%
BOQ	Bank of Queensland Ltd	Long	2.6%
SDG	Sunland Group Ltd	Long	2.5%
RIO	Rio Tinto Ltd	Long	2.1%
TOL	Toll Holdings	Long	2.0%
SUN	Suncorp Group Limited	Long	2.0%
FLT	Flight Centre Limited	Long	1.9%
OZL	Oz Minerals Ltd	Short	1.4%
<b>Top Portfolio Holdings Gross Exposure</b>			<b>86.52%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Diversified Financials	23.78%		23.78%
Banks	23.69%		23.69%
Materials	15.28%	1.44%	13.84%
Insurance	7.00%		7.00%
Real Estate	6.49%		6.49%
Consumer Services	6.07%		6.07%
Commercial & Professional Services	5.50%		5.50%
Software & Services	4.00%		4.00%
Telecommunication Services	3.49%		3.49%
Transportation	2.03%		2.03%
Utilities	1.27%		1.27%
Retailing	0.93%		0.93%
Energy	0.60%		0.60%
Pharmaceuticals, Biotechnology & Life Sciences	0.48%		0.48%
<b>Exposure</b>	<b>100.58%</b>	<b>1.44%</b>	<b>99.14%</b>
<b>Cash on Hand</b>			<b>0.86%</b>

## Portfolio Exposure





## Prospectus and 1:1 Bonus Option Webcast

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On the 4<sup>th</sup> November 2013 Cadence Capital Limited announced its intention to issue up to 53,846,150 ordinary shares via a prospectus, with a priority allocation of 12.5M shares set aside for RHG and CDM shareholders. The issue price for new shares is \$1.43. Every shareholder on the Company register on the 15th January 2014 will get 1 bonus option for every 1 share that they hold in CDM on that date. The option strike price is \$1.43 and they will expire on 31<sup>st</sup> August 2015. These options will be listed on the ASX.

Our last Quarterly webcast gives an update on the Prospectus and the Option Issue. If you would like to watch this webcast [please click here](#).

## EGM – 6<sup>th</sup> December 2013

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An extraordinary general meeting (EGM) notice and proxy form has been sent out to investors. As **three of the Directors intend purchasing shares in this share issue**, there are three resolutions which will allow these Directors to purchase shares under the Prospectus.

## Fund Highlights

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Cadence Capital Limited was **ranked by ASX\*\* as one of the top 3 performing Australian Equities Listed Investment Companies** over 3 and 5 years in the LMI Quarterly Update as at 30<sup>th</sup> September 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

## Other News

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We would like to once again recommend that you visit the 'News and Views' section of our website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au) as all past company webcasts, interviews and press articles involving Cadence can be found here.

## Disclaimer

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