

INVESTMENT UPDATE

October 2013

During the month of October 2013, Cadence Capital Limited returned a positive gross performance of 4.73% compared to an increase in the All Ordinaries Accumulation Index of 3.91% and an increase in the Small Ordinaries Accumulation Index of 2.74%.

For the eight years and one month ended 31st October 2013, Cadence Capital Limited has generated a gross performance of +19.90% per annum, outperforming the All Ordinaries Accumulation Index by 13.44% per annum.

The fund finished the month 90.12% net long compared to 88.37% net long in September 2013.

Fund NTA

Net Tangible Assets as at 31 October	Amount (\$)
Pre Tax NTA*	\$1.421
Post Tax NTA*	\$1.404
Share price (ASX Code: CDM)*	\$1.410

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

Prospectus and EGM – 6th December 2013

On the 4th 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 will be at the pre-tax net tangible asset (NTA) per share on the day before the prospectus is lodged with ASIC. The opportunity to participate will be open to retail and high net worth investors.

An extraordinary general meeting (EGM) notice and proxy form has been sent out to investors to approve the share issue. 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.



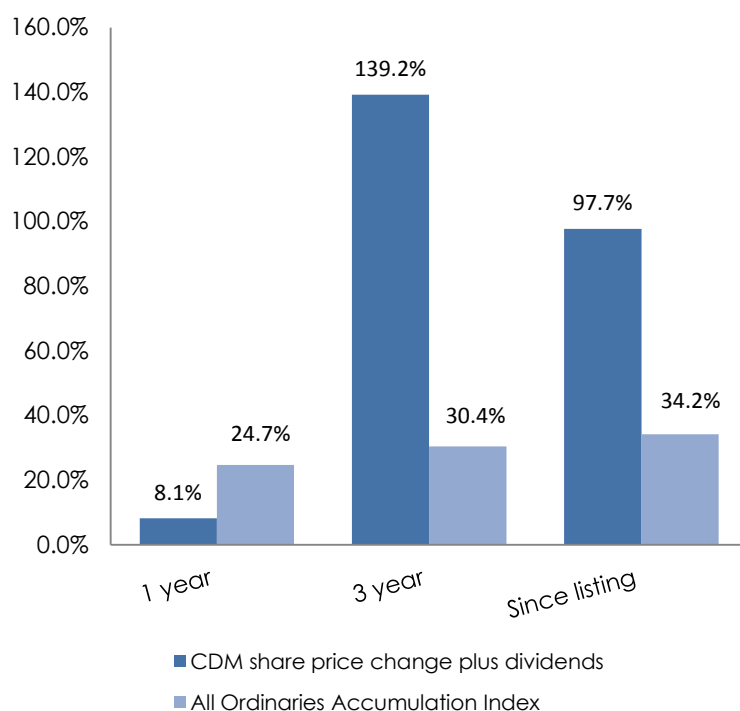
Fully Franked Dividends Declared Since Listing

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
TOTAL	18.5c	20.2c	10.5c	49.2c	69.4c

* Off market equal access buy back

** The **5.0 cent fully franked 2013 final dividend** was paid on the 30th September 2013.

Share Price Return Including Dividends





Fund Performance

Performance* to 31st October 2013	CDM**	All Ords	Outperformance
1 Month	4.73%	3.91%	+0.82%
1 Year	17.59%	24.68%	-7.09%
2 Years	36.71%	35.80%	+0.91%
3 Years	126.85%	30.44%	+96.41%
4 Years	134.73%	38.19%	+96.54%
5 Years	228.55%	69.16%	+159.39%
Since Inception (97 months)	333.75%	65.91%	+267.84%
Since Inception Annualised (97 months)	19.90%	6.46%	+13.44%

* 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

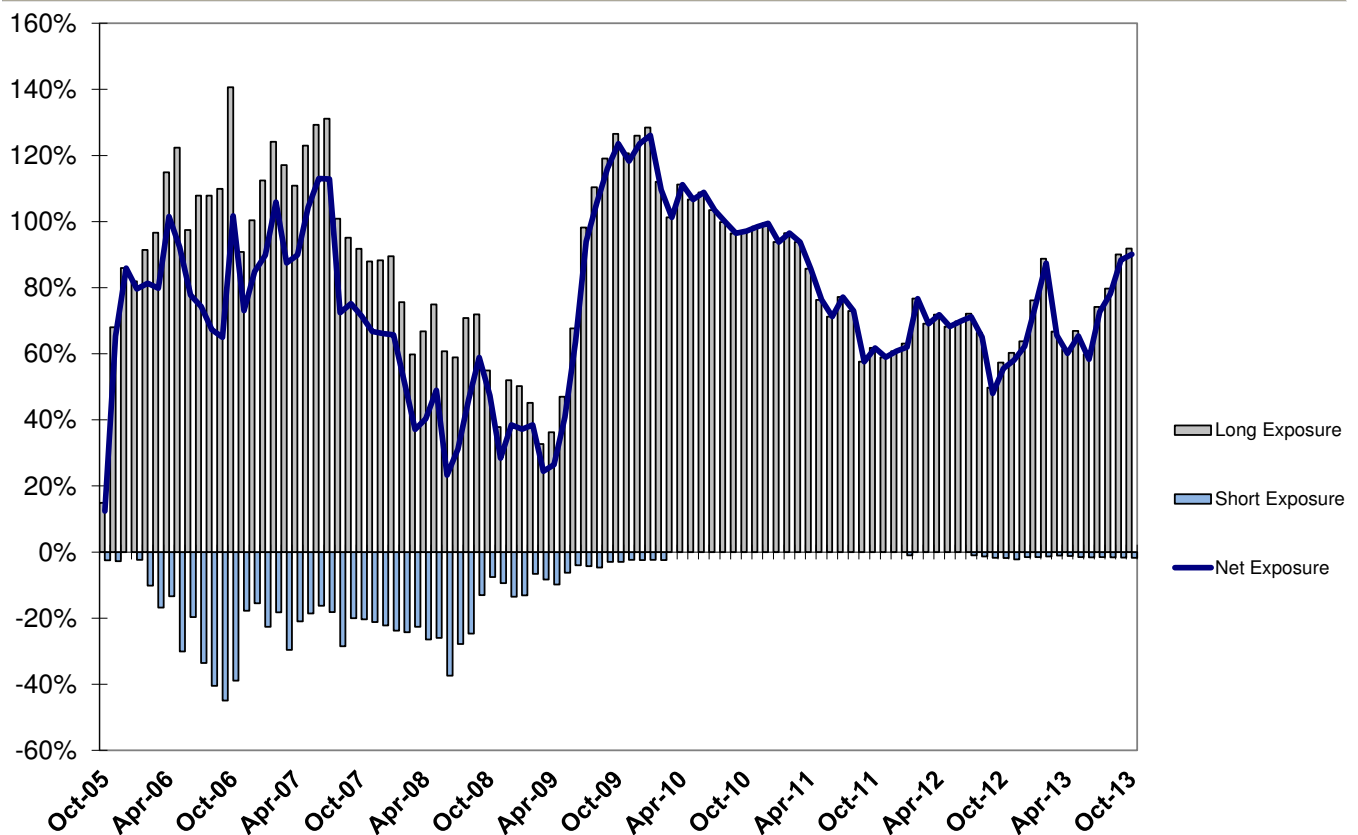
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	9.8%
MQG	Macquarie Group Limited	Long	8.8%
HGG	Henderson Group Plc	Long	7.3%
NAB	National Australia Bank Ltd	Long	6.1%
ARI	Arrium Limited	Long	5.6%
ANZ	Australia & New Zealand Banking Group	Long	5.0%
FXL	Flexigroup Ltd	Long	3.8%
MMS	McMillan Shakespeare Ltd	Long	3.8%
IIN	Iinet Limited	Long	3.8%
RFG	Retail Food Group	Long	3.6%
QBE	QBE Insurance Group Ltd	Long	3.4%
BSL	Bluescope Steel Ltd	Long	3.1%
AMC	Amcor Limited	Long	2.9%
SDG	Sunland Group Ltd	Long	2.9%
BOQ	Bank of Queensland Ltd	Long	2.1%
FLT	Flight Centre Limited	Long	2.1%
TOL	Toll Holdings	Long	2.1%
SUN	Suncorp Group Limited	Long	2.1%
OZL	Oz Minerals Ltd	Short	1.7%
Top Portfolio Holdings Gross Exposure			80.16%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	23.07%		23.07%
Diversified Financials	22.17%		22.17%
Materials	13.59%	1.74%	11.85%
Insurance	6.51%		6.51%
Consumer Services	5.73%		5.73%
Commercial & Professional Services	5.56%		5.56%
Real Estate	4.22%		4.22%
Telecommunication Services	3.77%		3.77%
Software & Services	2.88%		2.88%
Transportation	2.10%		2.10%
Utilities	1.35%		1.35%
Pharmaceuticals, Biotechnology & Life Sciences	0.51%		0.51%
Energy	0.40%		0.40%
Capital Goods	0.01%		0.01%
Exposure	91.86%	1.74%	90.12%
Cash on Hand			9.88%

Portfolio Exposure





RHG update

Following a competitive bidding process for the RHG assets between Resimac/AMAC and Pepper Limited, the highest offer for RHG is currently 50.1 cents cash per share by Resimac/AMAC. We are pleased to have been involved in preventing the delisting of RHG in April 2011 at 88 cents per share. RHG has paid out \$1.215 of dividends since April 2011 and \$1.736 of dividends including franking value. Recently we have been active in improving the price offered per RHG share from 38.5 cents (post the recent 3 cent dividend) to 50.1 cents currently. The current 50.1 cent offer along with dividends and franking equates to \$2.2367 per RHG share.

Prospectus

On the 4th 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 will be at the pre-tax net tangible assets (NTA) per share on the day before the prospectus is lodged with ASIC. The opportunity to participate will be open to retail and high net worth investors.

The prospectus and application form will be made available at www.cadencecapital.com.au on or around the 14th November 2013. If you would like to Pre-Register to receive the Prospectus, [please click here](#).

EGM – 6th December 2013

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 participate under the Prospectus.

Fund Highlights

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 30th 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 23rd July 2013.

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 30th June 2013



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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