



INVESTMENT UPDATE

September 2013

During the month of September 2013, Cadence Capital Limited returned a positive gross performance of 2.39% compared to an increase in the All Ordinaries Accumulation Index of 2.39% and an increase in the Small Ordinaries Accumulation Index of 1.69%.

For the eight years ended 30th September, Cadence Capital Limited has generated a gross performance of +19.44% per annum, outperforming the All Ordinaries Accumulation Index by 13.35% per annum.

The fund finished the month 88.37% net long compared to 78.10% net long in August 2013.

Fund NTA

Net Tangible Assets as at 30 September	Amount (\$)
Pre Tax NTA*	\$1.358
Post Tax NTA*	\$1.360
Share price (ASX Code: CDM)*	\$1.370

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

Fund Highlights

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 30th 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 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



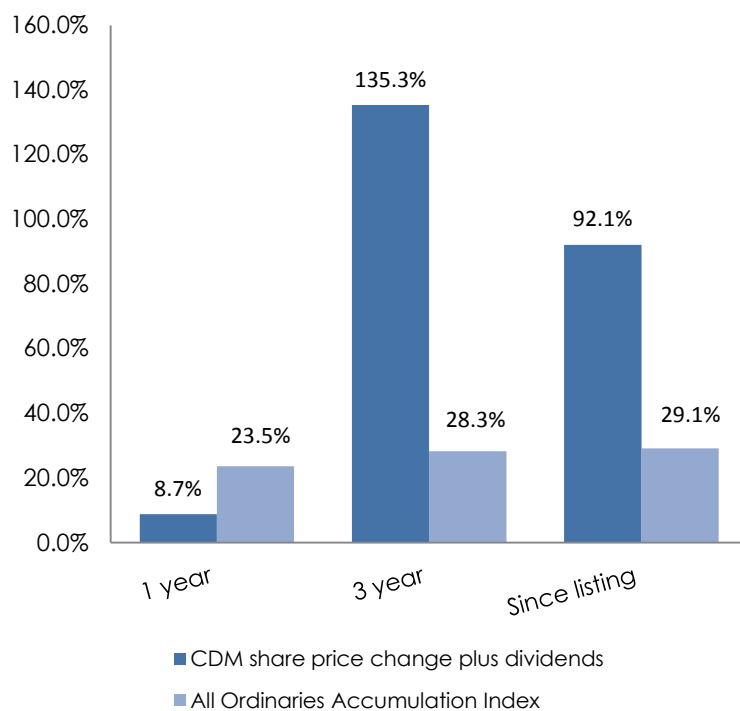
Fully Franked Dividends Declared Since Listing

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 30th September 2013	CDM**	All Ords	Outperformance
1 Month	2.39%	2.39%	0.00%
1 Year	16.08%	23.55%	-7.47%
2 Years	36.69%	40.06%	-3.37%
3 Years	119.98%	28.25%	+91.73%
4 Years	123.90%	30.47%	+93.43%
5 Years	171.49%	40.13%	+131.36%
Since Inception (96 months)	314.14%	59.66%	+254.48%
Since Inception Annualised (96 months)	19.44%	6.09%	+13.35%

* 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

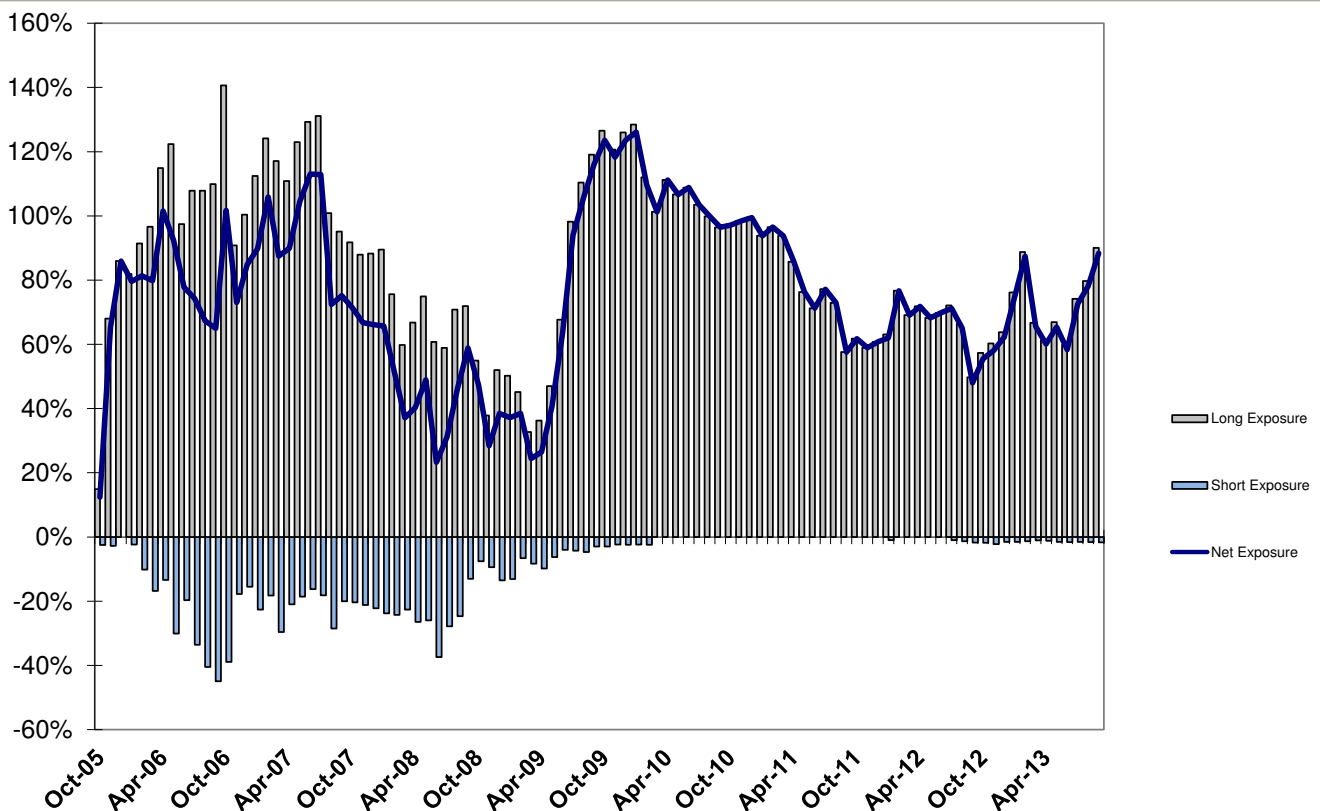
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	10.1%
MQG	Macquarie Group Limited	Long	8.6%
HGG	Henderson Group Plc	Long	7.1%
NAB	National Australia Bank Ltd	Long	6.2%
ARI	Arrium Limited	Long	5.0%
ANZ	Australia & New Zealand Banking Group	Long	4.8%
FXL	Flexigroup Ltd	Long	3.8%
MMS	McMillan Shakespeare Ltd	Long	3.8%
IIN	Iinet Limited	Long	3.7%
RFG	Retail Food Group	Long	3.7%
QBE	QBE Insurance Group Ltd	Long	3.5%
SDG	Sunland Group Ltd	Long	3.2%
BSL	Bluescope Steel Ltd	Long	3.1%
AMC	Ancor Limited	Long	3.0%
TOL	Toll Holdings	Long	2.2%
SUN	Suncorp Group Limited	Long	2.1%
FLT	Flight Centre Limited	Long	2.1%
BVA	Bravura Solutions Ltd	Long	1.9%
OZL	Oz Minerals Ltd	Short	1.7%
Top Portfolio Holdings Gross Exposure			79.60%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	21.07%		21.07%
Diversified Financials	20.51%		20.51%
Materials	12.87%	1.67%	11.19%
Insurance	6.71%		6.71%
Consumer Services	5.79%		5.79%
Commercial & Professional Services	5.50%		5.50%
Software & Services	4.34%		4.34%
Real Estate	4.09%		4.09%
Telecommunication Services	3.74%		3.74%
Transportation	2.22%		2.22%
Utilities	1.29%		1.29%
Health Care Equipment & Services	1.03%		1.03%
Pharmaceuticals, Biotechnology & Life Sciences	0.55%		0.55%
Energy	0.33%		0.33%
Capital Goods	0.01%		0.01%
Exposure	90.04%	1.67%	88.37%
Cash on Hand			11.63%

Portfolio Exposure





Update on RHG

On the 9th September 2013 Pepper Australia Limited and Cadence Capital Limited announced a revised bid for RHG Limited. The offer comprises 36 cents of cash per RHG share plus 1 CDM share for every 10 RHG shares held by each RHG shareholder. **Each new CDM share will also receive a 5.0c fully franked dividend.** Based on the closing price of CDM on the 30th September 2013 this values our RHG bid at **50.4 cents** per share including franking credits.

As a consequence of our superior proposal, CDM, as the largest institutional shareholder of RHG, does not support the current proposal by the Resimac Syndicate. We are pleased that the competitive bidding process to date has resulted in a **price 31% higher** than the original Resimac proposal on the 22nd May 2013.

Pepper and CDM have also indicated that they intend to secure a final dividend (estimated to be 2 cents per share) before the company is taken over.

More recently the Resimac Syndicate have failed in their attempt at trying to bring the Pepper / CDM Scheme before the Takeovers Panel.

CDM will endeavor to secure the highest price for the RHG assets.

CDM Dividend Payment

Cadence Capital Limited paid its Final dividend of 5.0 cents per share fully franked on 30th September 2013. This brings the dividends for the Financial Year ended 30th June 2013 to 11.0 cents (15.7 cents Gross) per share fully franked.

Please note, RHG shareholders who receive CDM shares as a consequence of the Pepper / CDM Scheme of Arrangement will also receive a 5.0 cent fully franked dividend.

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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