



INVESTMENT UPDATE

September 2012

We are pleased to report that the fund has had a good start to the 2013 financial year and for the first three months ended 30th September 2012 the fund has had a gross performance of 10.20% outperforming the All Ordinaries Accumulation Index by 2.00% and the Small Ordinaries Accumulation Index by 2.95%.

During the month of September 2012, Cadence Capital Limited returned a gross performance of -0.37% compared to an increase in the All Ordinaries Accumulation Index of 2.13% and an increase in the Small Ordinaries Accumulation Index of 4.37%. For the seven years ended 30 September 2012, Cadence Capital Limited has generated a gross performance of 19.93% per annum, outperforming the All Ordinaries Accumulation Index by 16.20% per annum.

The fund finished the month 47.99% net long compared to 65.04% net long in July 2012.

Fund NTA

Net Tangible Assets as at 30 September	Amount (\$)
Pre Tax NTA*	\$1.368
Post Tax NTA*	\$1.414
Share price (ASX Code: CDM)**	\$1.440

*These NTA's are pre the 8.0c October 2012 fully franked final (4.0c) and special (4.0c) dividend

**The share price is cum the 8.0c October 2012 fully franked final (4.0c) and special (4.0c) dividend

Fund Highlights

Cadence Capital Limited was **ranked by E.L.&C. Baillieu as the No. 1 Listed Investment Company** over both 3 and 5 years in their Listed Investment Company Sector Report dated 18th July 2012.

Cadence Capital Limited was **ranked by ASX*** as the Number 1 Australian Equities Listed Investment Company** over 1, 3 and 5 years in the LMI Quarterly Update as at 31 March 2012.

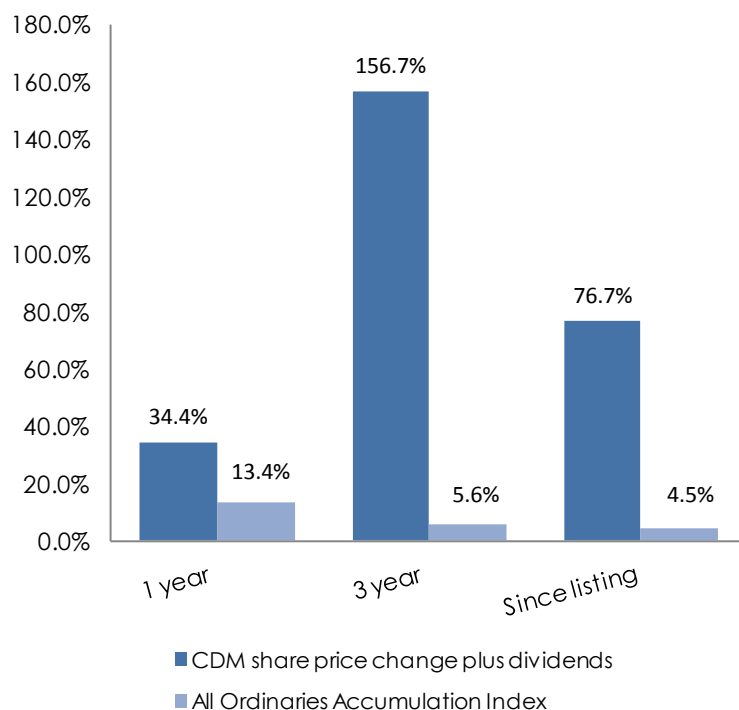
Cadence Capital Limited was recently a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

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 March 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
TOTAL	13.5c	15.2c	9.5c	38.2c	53.7c

* Off market equal access buy back

** The 8.0 cent full year fully franked dividend, final (4.0 cent) and special (4.0 cent), will be paid on the 29th October 2012.



Fund Performance

Performance* to 30th September 2012	CDM**	All Ords	Outperformance
1 Month	-0.37%	2.13%	-2.50%
1 Year	17.76%	13.36%	+4.40%
2 Years	89.51%	3.81%	+85.70%
3 Years	92.89%	5.61%	+87.28%
4 Years	133.88%	13.42%	+120.46%
5 Years	93.28%	-16.74%	+110.02%
Since Inception (84 months)	256.78%	29.23%	+227.55%
Since Inception Annualised (84 months)	19.93%	3.73%	+16.20%

* 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

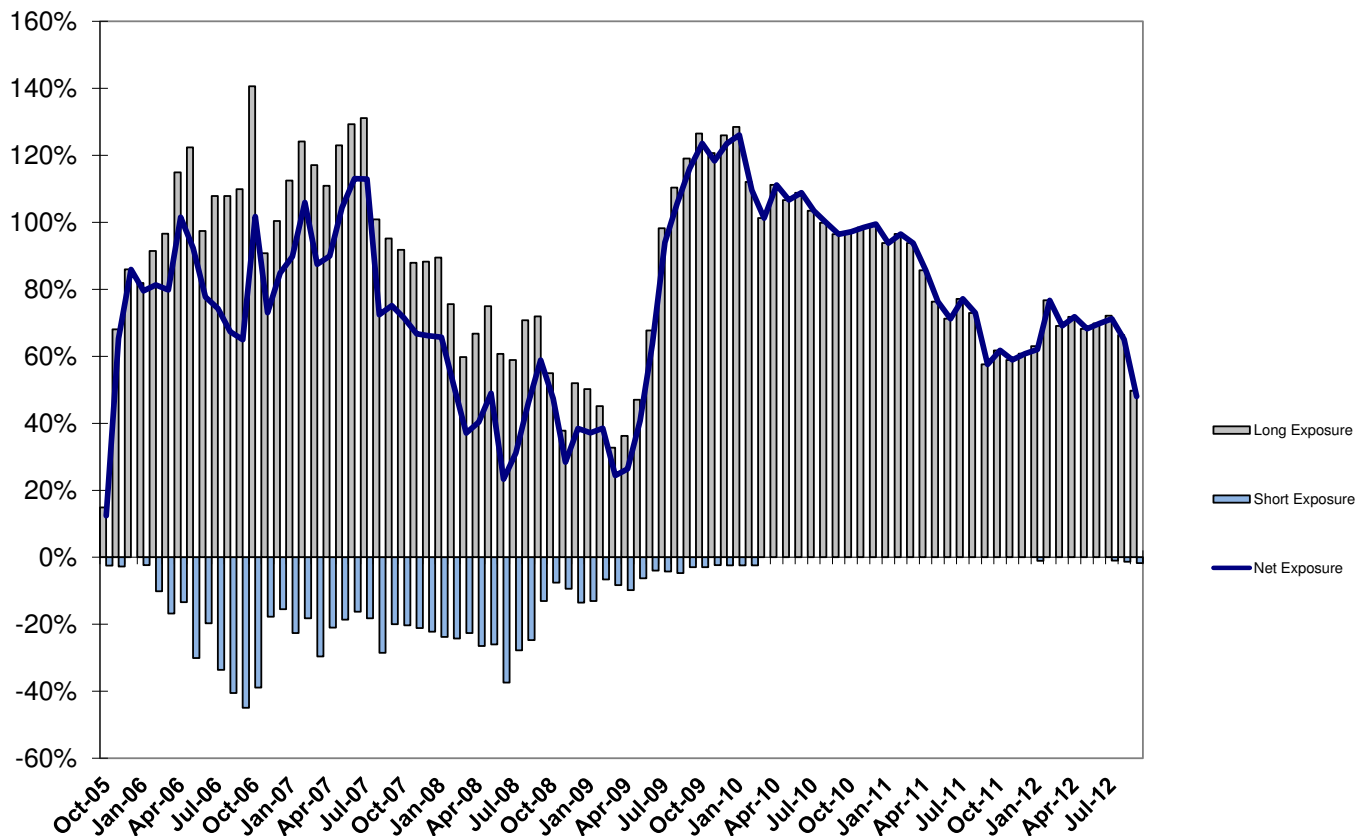
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	14.6%
MMS	McMillan Shakespeare Ltd	Long	5.8%
FXL	Flexigroup Ltd	Long	4.9%
BVA	Bravura Solutions Ltd	Long	3.9%
MQG	Macquarie Group Limited	Long	3.6%
NAB	National Australia Bank Ltd	Long	2.9%
RKN	Reckon Ltd	Long	2.9%
ANZ	Australia & New Zealand Banking Group	Long	2.9%
BTU	Bathurst Resources Ltd	Long	2.1%
OZL	Oz Minerals Ltd	Short	1.8%
CTP	Central Petroleum Ltd	Long	1.5%
DCG	Decmil Group Limited	Long	1.4%
Portfolio Holdings above 1%			48.22%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	20.39%		20.39%
Diversified Financials	8.55%		8.55%
Software & Services	6.84%		6.84%
Commercial & Professional Services	6.68%		6.68%
Materials	2.41%	1.76%	0.65%
Energy	2.02%		2.02%
Capital Goods	1.96%		1.96%
Consumer Services	0.90%		0.90%
Exposure	49.75%	1.76%	47.99%
Cash on Hand			52.01%

Portfolio Exposure





Cadence News

Dividends

Cadence Capital Limited announced a full year dividend of 8 cents per share made up of 4 cents per share final dividend and 4 cents per share special dividend.

- Ex-Date is **15th October 2012**
- Payment date is **29th October 2012**
- The DRP is operating at a **3% discount**

The stated dividend policy of Cadence Capital Limited is to pay a continued and growing ordinary dividend stream over time.

Option Exercise and Placement

On 15th September 2012 the CDM Options expired with 98% being exercised.

On the 24th September due to demand from interested parties Cadence Capital Limited placed \$11.4M at \$1.37 per share. This placement closed oversubscribed. We believe that both the placement and the option exercise should achieve the following objectives:

- attract new long term investors, particularly investors who value fully franked dividends and capital growth,
- expand the market capitalization and improve liquidity,
- improve the research coverage available to the company and,
- spread the fixed administration costs of the Company across a larger asset base

We would like to take this opportunity of welcoming all new shareholders and thanking all existing shareholders for their continued support. We would also encourage all new shareholders to register on our website at www.cadencecapital.com.au to receive our monthly newsletter.

AGM

- Museum of Sydney, AGL Theatre, Corner Bridge and Phillip Street
- 2.00pm on 2nd November 2012
- Good opportunity to meet the Cadence team and we would encourage you to join us
- Teleconference facility: Call 1800 354 715 (Toll Free) and when prompted provide the ID 36478466.

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. Please note that the recently released June 2012 year end Webcast can be found here.



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