

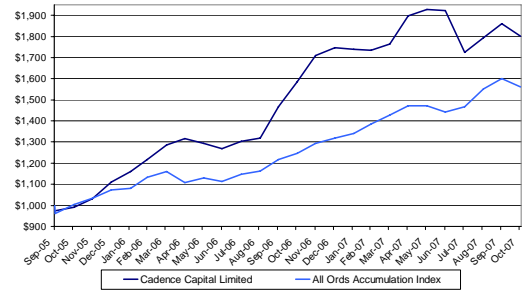
INVESTMENT UPDATE AND NTA - November 2007

FUND PERFORMANCE*

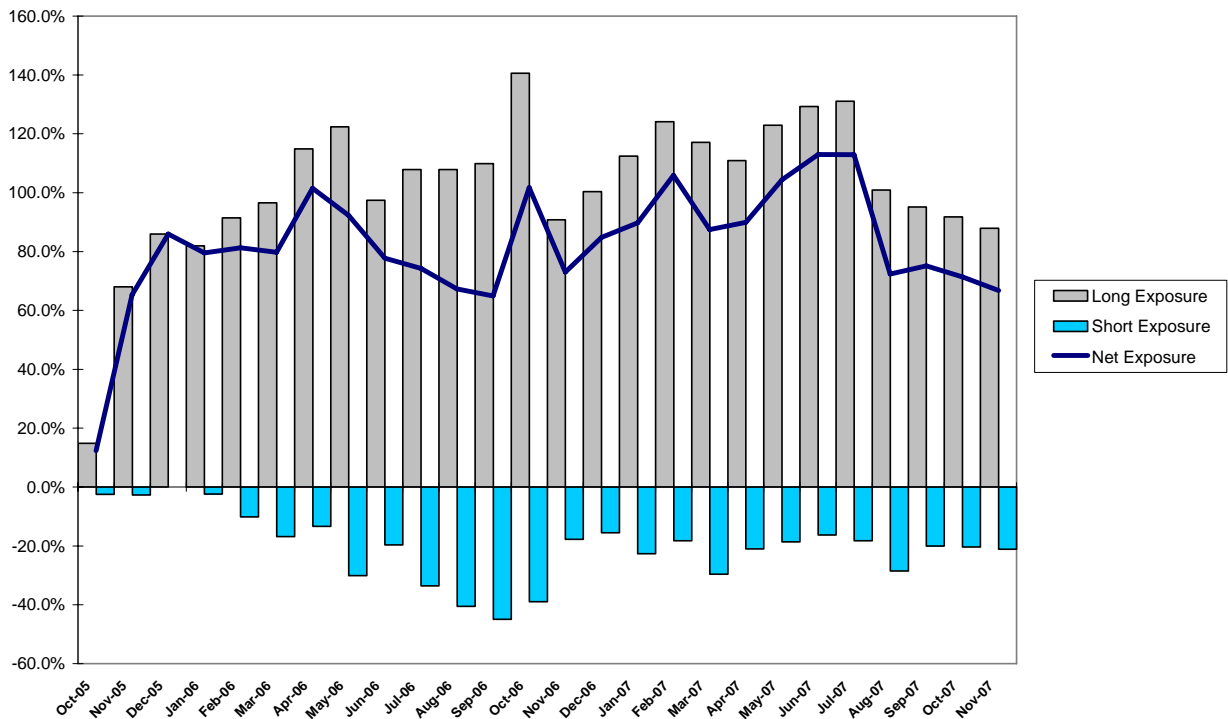
Performance to 30th November 2007	<u>CCL</u>	<u>All Ords</u>
1 Month	-3.27%	-2.35%
3 Months	4.38%	6.46%
6 Months	-5.11%	6.09%
1 Year	13.54%	25.18%
2 Years (% per Annum)	34.70%	24.73%
Inception to date accumulated return	85.23%	56.21%

* Before Management and Performance Fees

Growth of \$1,000



PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Software & Services	15.17%	-0.98%	14.20%
Diversified Financials	13.24%		13.24%
Materials	11.78%	-0.41%	11.37%
Capital Goods	7.41%	-0.93%	6.48%
Media	7.28%	-1.19%	6.09%
Health Care Equipment & Services	5.61%		5.61%
Commercial Services & Supplies	4.87%		4.87%
Energy	4.09%	-0.44%	3.66%
Retailing	2.93%		2.93%
Banks	1.90%		1.90%
Telecommunication Services	3.69%	-2.18%	1.51%
Automobile & Components	1.19%		1.19%
Insurance	3.07%	-2.17%	0.90%
Food Beverage & Tobacco	1.32%	-0.98%	0.34%
Other		-0.01%	-0.01%
Real Estate	1.88%	-1.93%	-0.05%
Consumer Services	2.47%	-2.65%	-0.17%
Pharmaceuticals, Biotechnology & Life Sciences		-0.64%	-0.64%
Transportation		-1.94%	-1.94%
SPI Futures		-4.73%	-4.73%
Gross Exposure	87.91%	-21.15%	66.75%

MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 30th November 2007:

Gross NTA	\$1.40595
Pre Tax NTA	\$1.26752
Post Tax NTA	\$1.21591

To get weekly estimates of the NTA for Cadence Capital Limited please visit

www.cadencecapital.com.au

We are pleased to announce our performance for the 26 months to November 2007. During this period, Cadence Capital Limited has returned a gross performance of 85.23% compared to a rise in the All Ordinaries Accumulation Index of 56.21%. Cadence Capital Limited has therefore generated an annualized return before fees of 32.9%.

During the month of November, Cadence Capital Limited returned a negative gross performance of - 3.29 % compared to a decrease in the All Ordinaries Accumulation Index of - 2.35% and a decrease in the Small Ordinaries Accumulation Index of - 3.77%.

The fund finished the month 87.91% long, 21.15 % short and with a net long exposure of 66.75 %. The net exposure for October 2007 was 71.43%.

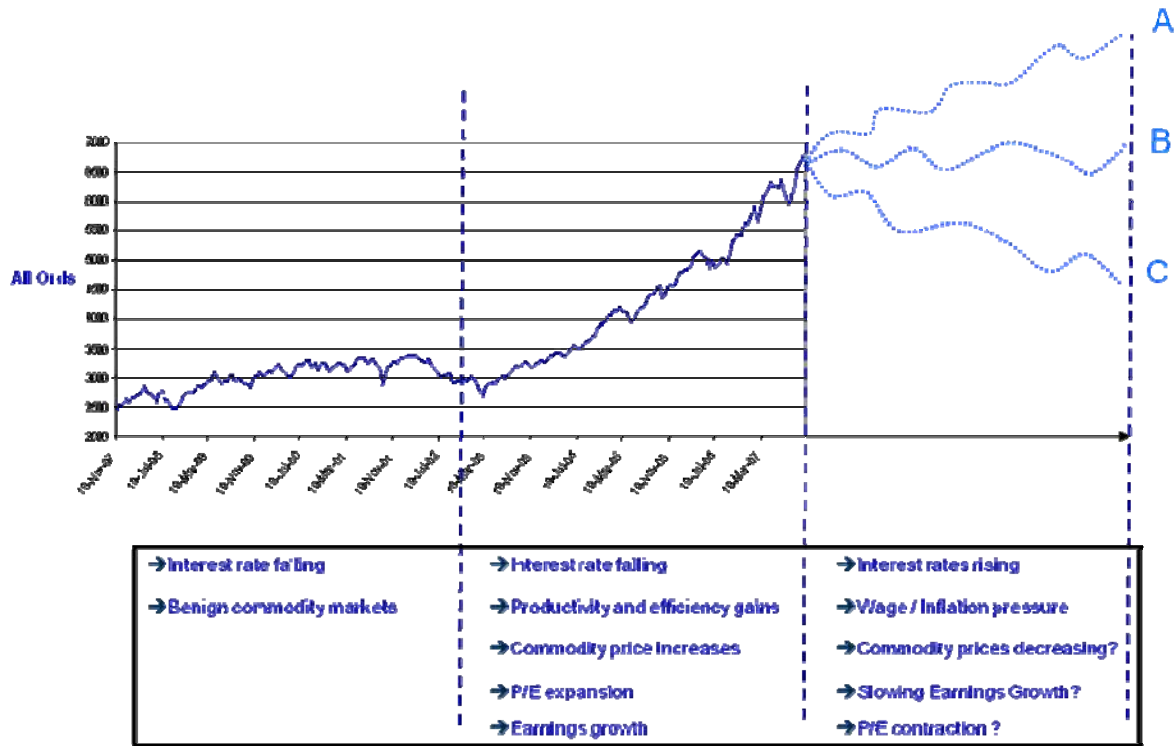
Looking at the years ahead....

Below is a diagram we recently included in our Annual General Meeting held on the 22nd November 2007. This diagram produced a number of questions and so we thought we should include it in our monthly newsletter.

What we are trying to illustrate here is that the macroeconomic factors that have produced strong investor returns over the past ten years and, in particular, over the past five years are now in question for the five years ahead.

- In Australia we are well and truly living in a rising interest rate environment. Since the rate low, the Reserve Bank of Australia has increased the cash rate ten times. This has also been compounded by the fact that lenders have increased the price of risk by charging a premium to lend money. In general asset prices tend to struggle in an interest rate rising environment.
- Statistical and anecdotal evidence is pointing to wage and inflationary pressures which have a similar effect to rising interest rates, making it difficult for assets to have significant real price appreciation.
- More recently we have seen many commodity prices falling, and particularly when priced in Australian dollars. We have written extensively in previous newsletters on the effect that falling commodity prices in Australian dollar terms has on a resource company's profitability.
- Over the past few weeks of Annual General Meetings and again over the past week we have also seen a number of prominent Australian listed companies downgrade earnings estimates or provide guidance pointing to lower earnings growth than previously anticipated. As is often the case with such revisions the stocks underlying share price has fallen by a greater percentage than the actual downgrade, reflecting not only the actual percentage downgrade but also a price/earnings ratio contraction, reflecting a belief that earnings going forward may be lower than previously expected.

The Years Ahead...



Our conclusion from these underlying macroeconomic trends is that the overall share market appears more likely to trend towards scenario B and C than scenario A in the diagram above. As always there are opportunities in the market, but we are beginning to see more opportunities emerging using market neutral strategies as well as shorting opportunities benefitting from falling share prices.

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