

## INVESTMENT UPDATE October 2011

### Fund NTA & Performance

Cadence Offshore Fund NTA as at 31<sup>st</sup> October 2011:

NTA per share (Series AUD1)	\$1,487.70
Net Performance Oct 2011 (Series AUD1)	+ 2.15%

### Monthly Detailed Performance

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	YTD
Cadence Offshore Fund	-2.70%	-0.28%	2.21%	6.06%	-9.07%	-2.61%	7.60%	4.02%	5.24%	4.70%	12.35%	2.01%	31.63%
All Ordinaries Acc Index	-5.85%	1.82%	5.83%	-1.18%	-7.57%	-2.60%	4.23%	-0.71%	5.02%	2.17%	-0.70%	3.80%	3.31%
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	YTD
Cadence Offshore Fund	1.70%	3.78%	-2.52%	5.16%	-1.36%	1.64%	0.66%	2.98%	-1.60%	2.15%			13.02%
All Ordinaries Acc Index	0.07%	2.19%	0.64%	-0.58%	-1.89%	-2.39%	-3.40%	-2.00%	-6.27%	7.17%			-6.81%
* Net of all fees												Accumulated return	48.76%

### Portfolio Commentary

The Fund has had a good year to date and for the ten months ended the fund has returned +13.02% (net) outperforming the All Ordinaries Accumulation Index by 19.83%. During October 2011 Cadence Cayman Fund returned a positive net performance of +2.15% compared to an increase in the All Ordinaries Accumulation Index of +7.17% and an increase in the Small Ordinaries Accumulation Index of +7.87%. For the twenty two months to 31st October 2011, the Fund has returned a positive net performance of +48.76% compared to a decrease in the All Ordinaries Accumulation Index of -3.73% and a decrease in the Small Ordinaries Accumulation Index of -3.61% during the same period.

The fund finished the month 32.77% net long. The net exposure for September 2011 was 27.52%.

### Portfolio Sector Exposure

Sector	Long	Short	Net
Banks	24.45%		24.45%
Diversified Financials	2.02%		2.02%
Software & Services	1.89%		1.89%
Materials	1.74%		1.74%
Capital Goods	1.24%		1.24%
Commercial Services & Supplies	0.98%		0.98%
Pharmaceuticals, Biotechnology & Life Sciences	0.45%		0.45%
<b>Exposure</b>	<b>32.77%</b>	<b>0.00%</b>	<b>32.77%</b>
<b>Cash on Hand</b>			<b>67.23%</b>



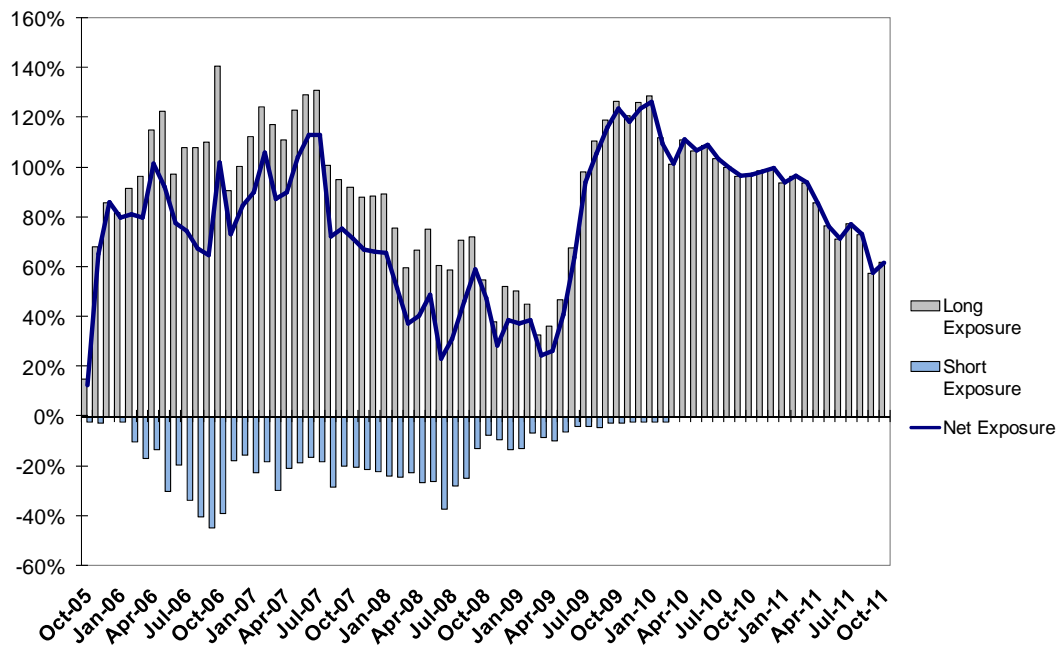
## Historic Strategy Performance & Exposure – 6 Years

Cadence Capital Limited is an ASX listed fund that has been operating the Cadence Long/ Short Australian equities strategy for over five years. Over time the Cadence Cayman Fund will replicate the positions and holdings of Cadence Capital Ltd. Detailed below is the 6 year performance and exposure history of Cadence Capital Limited (ASX Code CDM).

Performance* to 31st October 2011	CDM**	All Ords	Outperformance
1 Month	4.72%	7.17%	-2.45%
1 Year	65.93%	-3.95%	+69.88%
2 Years	71.70%	1.76%	+69.94%
3 Years	140.32%	24.57%	+115.75%
4 Years	65.68%	-23.63%	+89.31%
5 Years	110.12%	0.33%	+109.79%
Since Inception (73 months)	217.27%	22.17%	+195.10%
Since Inception Annualised (73 months)	20.90%	3.35%	+17.55%

\*Before Management and Performance Fees

\*\*Used the percentage increase in Post Tax NTA for May 2011



### Fund Facts

Minimum Investment:	AU\$ 500 000	Redemption Fees:	None
Subscription Frequency:	Monthly	High Water Mark:	Yes
Redemption Frequency:	Monthly	Strategy Size:	AU\$ 65 Million
Redemption Notice:	3 Months	Prime Broker:	Citigroup
Lock-up:	None	Administrator:	TMF Group
Management Fee:	1.5%	Fund Domicile:	Cayman Islands
Performance Fee:	20%	Legal Advisers (Cayman)	Walkers

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