



INVESTMENT UPDATE

October 2011

Summary Update

For the six years and one month to 31st October 2011, Cadence Capital Limited has generated a gross performance of 20.90% per annum, outperforming the All Ordinaries Accumulation Index by 17.55% per annum.

During the month of October 2011, Cadence Capital Limited returned a gross performance of +4.72% 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 first four months of the financial year, to the 31st October 2011, the fund has outperformed the All Ordinaries Accumulation Index by 8.29% and the Small Ordinaries Accumulation Index by 8.23%.

The fund finished the month 61.75% long compared to 57.60% long in September 2011.

Fund NTA

Net Tangible Assets as at 31st October	Amount (\$)
Pre Tax NTA*	\$1.348
Post Tax NTA*	\$1.417
Share price (ASX Code: CDM)	\$1.16
Option price (ASX Code: CDMO)^	\$0.042

* The NTA's and share price are Ex the 6.0c (3.0c final and 3.0c special) fully franked dividend

^ The Option strike price is \$1.25 and expires on the 1st September 2012

Fund Highlights

Cadence Capital Limited has been **ranked by Morningstar/ASX as the Number 1 Australian Equities Listed Investment Company** over both 1 and 3 years in the LMI Quarterly Update as at 30 September 2011.

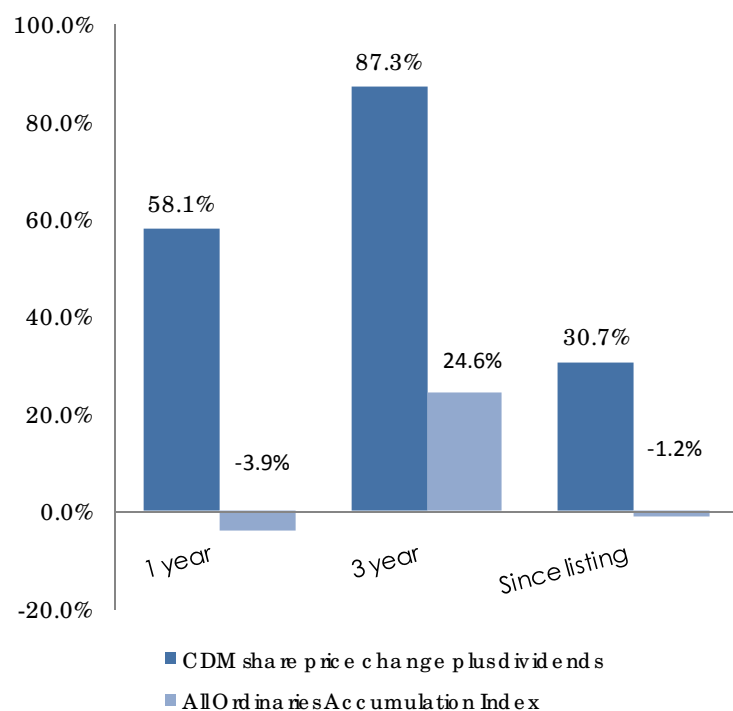
Cadence Capital Limited has also been **ranked by Patersons as the No. 1 Listed Investment Company** over both 1 and 2 years in their LIC Quarterly Update dated 24 August 2011.

Cadence Capital Limited has a **RECOMMENDED Rating by ZENITH** Investment Partners

All of these reports are available on our home page at www.cadencecapital.com.au



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	-	-	2.5c	3.6c
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
TOTAL	9.5c	9.0c	5.0c	23.5	33.7c



Fund Performance

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

**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

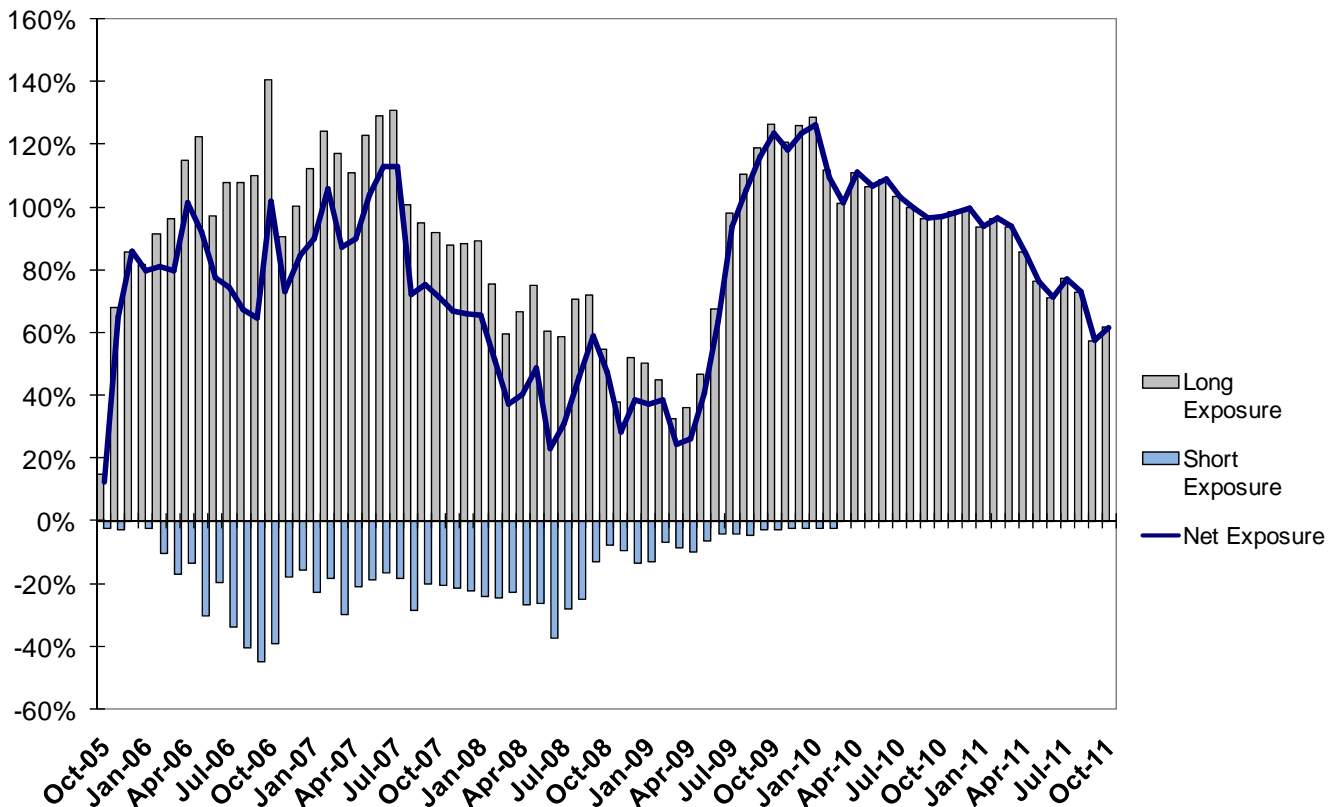
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	24.91%
RKN	Recon Ltd	Long	7.79%
MMS	McMillan Shakespeare Ltd	Long	6.74%
BVA	Bra vura Solutions Ltd	Long	4.97%
NAB	National Australia Bank Ltd	Long	3.07%
ANZ	Australia & New Zealand Banking Group	Long	3.03%
FXL	Flexigroup Ltd	Long	2.96%
AQG	Alacer Gold Corp.	Long	2.24%
FFF	Firstfolio Ltd	Long	1.40%
VMG	VDM Group Limited	Long	1.11%
Portfolio Top Ten Holdings			58.23%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	32.42%		32.42%
Software & Services	12.94%		12.94%
Commercial Services & Supplies	6.74%		6.74%
Diversified Financials	3.89%		3.89%
Materials	3.40%		3.40%
Capital Goods	1.11%		1.11%
Consumer Services	0.70%		0.70%
Pharmaceuticals, Biotechnology & Life Sciences	0.41%		0.41%
Telecommunication Services	0.16%		0.16%
Exposure	61.75%	0.00%	61.75%
Cash on Hand			38.25%

Portfolio Exposure





Cadence News

AGM – Monday 28th November 2011 at 2.00pm

We would like to take this opportunity to remind all shareholders and potential shareholders that we will be holding our AGM on Monday the 28th November 2011 at 2.00pm. As Cadence Capital Limited will be celebrating 5 years of being listed we will be holding this year's AGM at the Museum of Sydney, AGL Theatre. Our AGM is an opportunity to meet both the Board and the Investment Team. During the AGM we will be providing an update on the Company, followed by a broad discussion on the portfolio and our views of the market. As always we welcome the opportunity to answer any questions you may have.

As the Museum of Sydney is currently running the much talked about "Surf City" exhibition we would like to highlight that all AGM attendees are invited to visit this exhibition either before or after the AGM. Afternoon tea and light snacks will also be served after the AGM.

For catering purposes we would ask if you could please e-mail wayned@cadencecapital.com.au if you are interested in attending the AGM.

Morningstar/ ASX Quarterly LIC

Cadence Capital Limited is pleased to note that it has once again ranked highly in the latest Morningstar/ASX LMI Quarterly Update, as at 30 September 2011, being the Number 1 Australian Equities Listed Investment Company over both 1 and 3 years.

Disclaimer

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