

INVESTMENT UPDATE AND NTA – SEPTEMBER 2010

FUND NTA

Cadence Capital Limited NTA estimates as at 30th September 2010:

Pre Tax NTA	\$1.08243
Post Tax NTA*	\$1.08339

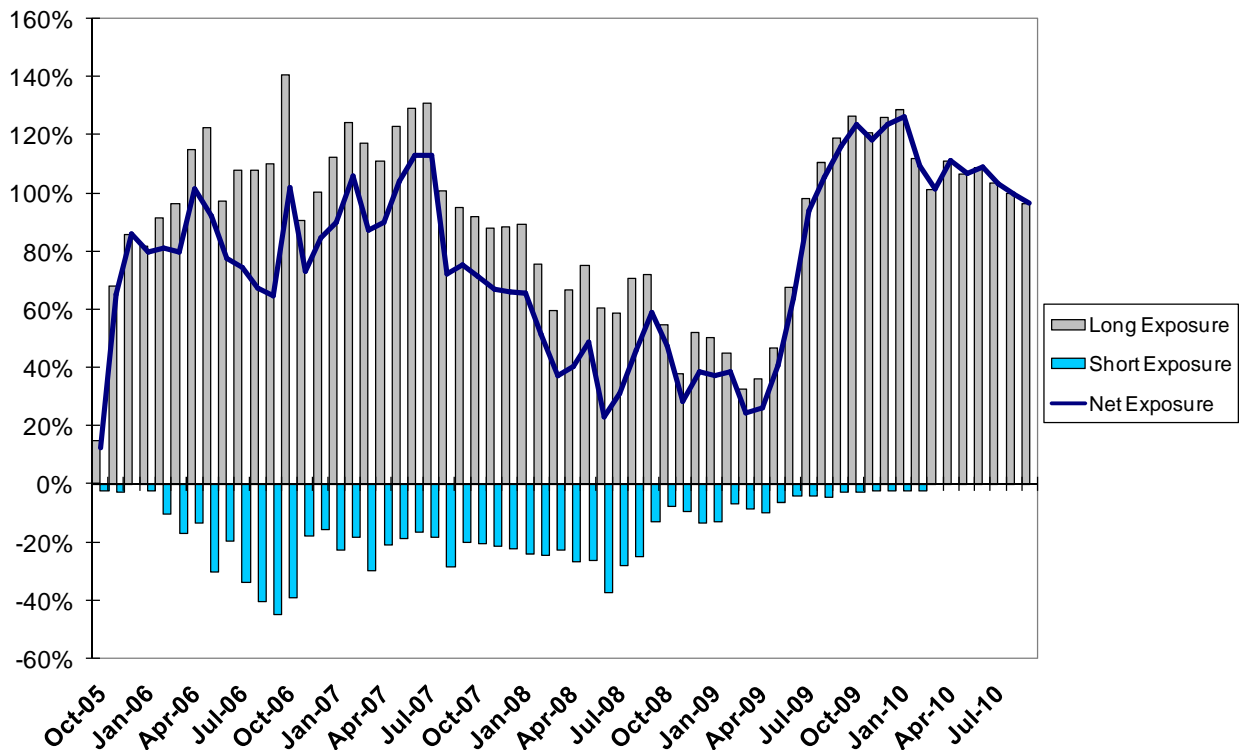
*Including net deferred taxed assets (deferred taxed assets less deferred tax liabilities)

FUND PERFORMANCE*

Performance to 30th September 2010	CDM	All Ords	Outperformance
1 Month	4.89%	5.02%	
1 Year	1.79%	1.73%	+0.06%
2 Years	23.42%	9.26%	+14.16%
3 Years	2.00%	-19.79%	+21.79%
4 Years	38.90%	7.14%	+31.76%
Inception to date accumulated return (60 months)	88.28%	24.49%	+63.79%
Annualised return since inception (60 months)	13.49%	4.48%	+9.01%

* Before Management and Performance Fees

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Banks	30.02%		30.02%
Materials	24.13%		24.13%
Software & Services	17.93%		17.93%
Commercial Services & Supplies	7.11%		7.11%
Telecommunication Services	3.48%		3.48%
Diversified Financials	2.84%		2.84%
Technology Hardware & Equipment	2.64%		2.64%
Capital Goods	2.04%		2.04%
Energy	1.73%		1.73%
Real Estate	1.47%		1.47%
Insurance	1.43%		1.43%
Consumer Services	0.96%		0.96%
Media	0.65%		0.65%
Exposure	96.44%	0.00%	96.44%
Cash on Hand			3.56%

TOP 20 PORTFOLIO POSITIONS

ASX Code	Position	Direction	% Holding
RHG	RHG Ltd	Long	20.2%
RKN	Reckon Ltd	Long	8.9%
BVA	Bravura Solutions Ltd	Long	8.4%
MMS	McMillan Shakespeare Limited	Long	7.1%
RIO	Rio Tinto Ltd	Long	4.1%
NAB	National Australia Bank Ltd	Long	3.7%
AVO	Avoca Resources Limited	Long	3.7%
CFE	Cape Lambert Iron Ore Ltd	Long	3.4%
ANZ	Australia & New Zealand Banking Group	Long	3.1%
TPM	TPG Telecom Ltd	Long	3.1%
FFF	Firstfolio Limited	Long	3.0%
MCC	MacArthur Coal Ltd	Long	2.9%
AWC	Alumina Limited	Long	2.6%
AGO	Atlas Iron Ltd	Long	2.4%
VMG	VDM Group Limited	Long	2.0%
FSA	FSA Group Ltd	Long	2.0%
HSKG	Heemskirk Consolidated Convertible Note	Long	1.9%
STB	South Boulder Mines Ltd	Long	1.6%
HTC	Hostech Limited	Long	1.6%
PBD	Port Bouvard Limited	Long	1.5%
Top Twenty Portfolio Holdings			87.2%

FIVE YEAR ANNIVERSARY

Our company has reached an important milestone celebrating 5 years of operation. We are pleased to announce that since inception 5 years ago, Cadence Capital Limited has returned a gross performance of 13.49% per annum, outperforming the All Ordinaries Accumulation Index by 9.01% per annum and the Small Ordinaries Accumulation Index by 10.05% per annum. On a compound basis Cadence Capital Limited has returned a gross performance of 88.28% compared to the All Ordinaries Accumulation Index 24.49%. This has been achieved during a period many commentators have described as the worst stock market crash since 1929. These circumstances have been less than ideal but we believe that our investment processes and systems have been tested and we have weathered the storm. We should highlight that the Fund performance has been achieved with lower than market risk and exposure.

Bottom up stock by stock analysis, combined with pyramiding into recovering share prices, has worked well for the fund during this past financial year. Last year we indicated that volatility and extreme valuation levels would create opportunities, but that we needed to be patient. It is our strong opinion that once again patience will be rewarded this year.

The year ahead will more than likely be characterized by a divergence in overall performance. Companies with strong business models, recurring revenue streams and pricing power should perform well. Conversely, companies with poor business models, deeply cyclical earning streams, and little or no pricing power should underperform. We are comfortable with our portfolio and remain confident that the year ahead should provide new investment opportunities.

We hope, and are cautiously optimistic, that in the five years ahead the market will produce an annualised return greater than the 4.48% per annum experienced over the last five years. The team at Cadence Asset Management remain committed to our investment process and the desire to generate returns in excess of the overall market. We would like to take this opportunity to thank our investors for their continued support and look forward to seeing you at our upcoming AGM.

DISCLAIMER

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