



INVESTMENT UPDATE September 2011

Summary Update

For the seven years and eleven months to 30th September 2011, Cadence Capital Fund has generated a gross performance of 16.84% per annum, outperforming the All Ordinaries Accumulation Index by 9.69% per annum.

During the month of September 2011, Cadence Capital Fund returned a gross performance of -4.12% compared to a decrease in the All Ordinaries Accumulation Index of -6.27% and a decrease in the Small Ordinaries Accumulation Index of -10.61%. For the first three months of the financial year, to the 30th September 2011, the fund outperformed the All Ordinaries Accumulation Index by 9.78% and the Small Ordinaries Accumulation Index by 10.29%.

The fund finished the month 59.34% long and with no shorts. The net long exposure for August 2011 was 70.78%.

Fund NTA

Cadence Capital unit price estimates as at 30th September 2011:

NTA (Post Fees and Post June 2011 Distribution) * \$1.615963

* June 2011 distribution was \$ 0.1510 per unit with franking of \$0.2819 per unit attached

Cadence Highlights

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

Cadence Capital Limited has 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 also been **ranked by Morningstar/ASX as the Number 2 Listed Investment Company** over both 1 and 3 years in the LMI Quarterly Update as at 30 June 2011.

All of these reports are available in the 'News and views' section at www.cadencecapital.com.au



Fund Performance

Performance* to 30th September 2011	CCF**	All Ords	Outperformance
1 Month	-4.12%	-6.27%	+2.15%
1 Year	60.14%	-8.43%	+68.57%
2 Years	62.92%	-6.84%	+67.96%
3 Years	67.02%	0.05%	+66.97%
4 Years	24.76%	-26.55%	+51.31%
5 Years	55.23%	-1.89%	+57.12%
6 Years	95.10%	14.00%	+81.10%
Inception to date accumulated return (95 months)	242.74%	72.73%	+170.01%
Annualised return since inception (95 months)	16.84%	7.15%	+9.69%

* Gross Performance before Management and Performance Fees

** Adjusted to include material franking credit of 26.7 cents received from RHG dividend during May 2011

Top Portfolio Positions

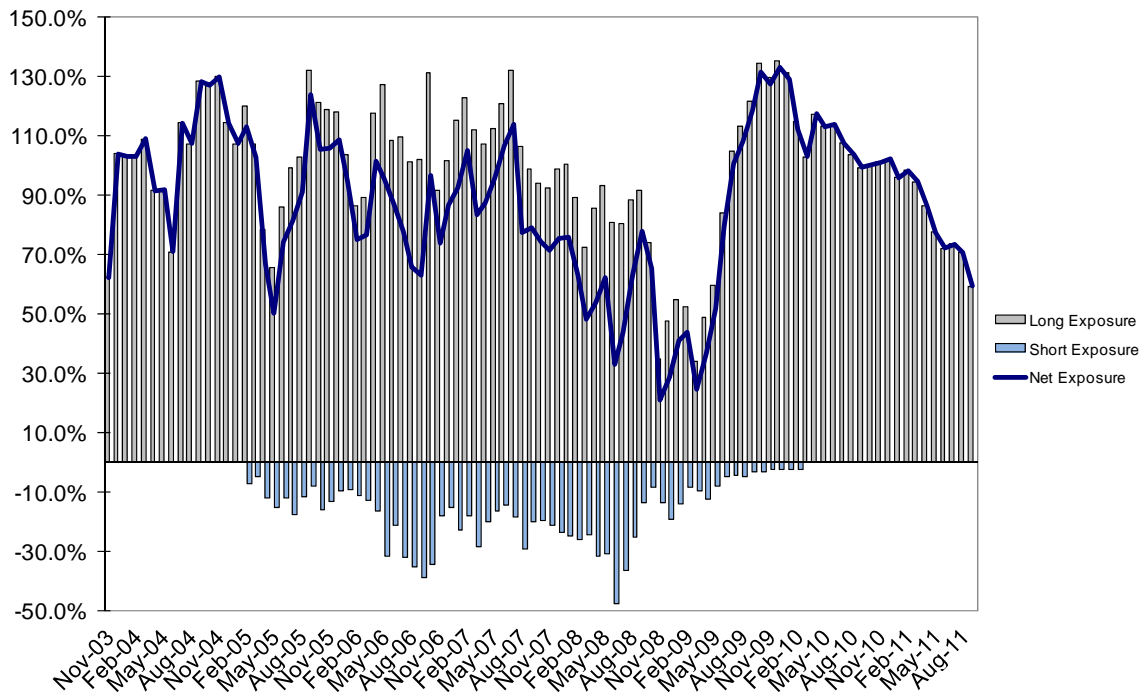
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	25.19%
RKN	Recon Ltd	Long	8.36%
BVA	Bravura Solutions Ltd	Long	5.96%
MMS	McMillan Shakespear Limited	Long	5.26%
FXL	Flexigroup Limited	Long	3.19%
ANZ	Australia & New Zealand Banking Group	Long	3.05%
NAB	National Australia Bank Ltd	Long	2.97%
AQG	Alacer Gold Corp.	Long	2.35%
FFF	Firstfolio Limited	Long	1.33%
EXS	Excour Resources Limited	Long	0.66%
Top Ten Portfolio Holdings			58.33%



Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	32.54%		32.54%
Software & Services	14.52%		14.52%
Commercial Services & Supplies	5.26%		5.26%
Diversified Financials	3.19%		3.19%
Materials	3.01%		3.01%
Telecommunication Services	0.40%		0.40%
Consumer Services	0.35%		0.35%
Energy	0.06%		0.06%
Exposure	59.34%	0.00%	59.34%
Cash on Hand			40.66%

Portfolio Exposure





Cadence News

RHG Dividend

During the month of September 2011 our biggest position RHG paid a 10 cent fully franked dividend (approximately a 20% fully franked yield). Since April 2011, RHG has paid out 89 cents of fully franked dividends.

Article and Webcast

On the 6th October 2011, Cadence was featured in an article in the Under the Radar Report. In this article it discussed both Cadence's approach to investing and also the Company's investment in RHG Limited (ASX Code: RHG). Cadence will be releasing its quarterly webcast later this month. To read this article or to watch any past webcasts, please visit the 'News and Views' section of our website at www.cadencecapital.com.au.

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