



## INVESTMENT UPDATE

September 2011

### Summary Update

For the six years to 30th September 2011, Cadence Capital Limited has generated a gross performance of 20.29% per annum, outperforming the All Ordinaries Accumulation Index by 18.08% per annum.

During the month of September 2011, Cadence Capital Limited returned a gross performance of -3.74% 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 has outperformed the All Ordinaries Accumulation Index by 10.00% and the Small Ordinaries Accumulation Index by 10.52%.

The fund finished the month 57.60% long compared to 72.95% long in August 2011.

### Fund NTA

Net Tangible Assets as at 30th September	Amount (\$)
Pre Tax NTA*	\$1.294
Post Tax NTA*	\$1.380
Share price (ASX Code: CDM)	\$1.16
Option price (ASX Code: CDMO)^	\$0.035

\* 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 1<sup>st</sup> September 2012

### Fund Highlights

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.

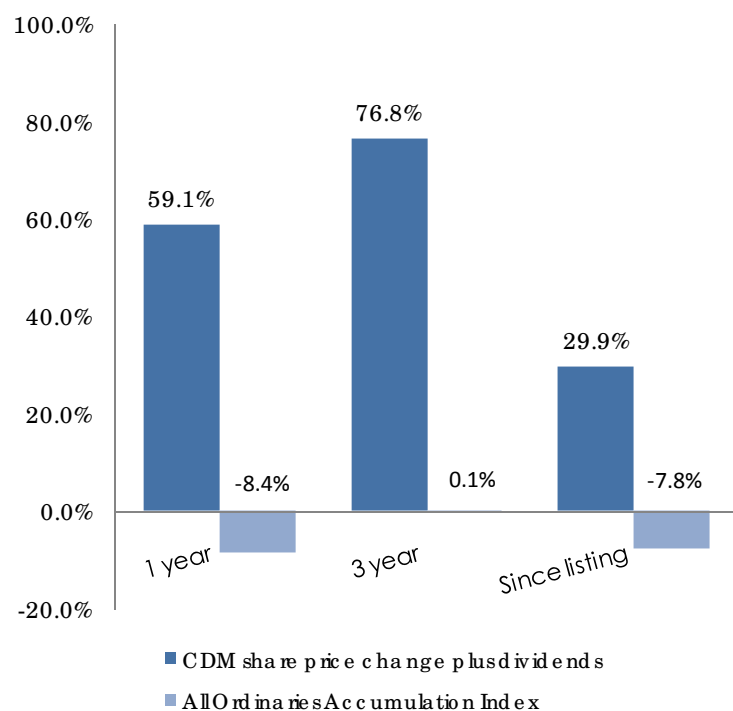
Cadence Capital Limited has a **RECOMMENDED Rating by ZENITH** Investment Partners

All of these reports are available in the 'News and views' section at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

For more information contact Cadence Capital Limited on 02 8298 2444 or email [info@cadencecapital.com.au](mailto:info@cadencecapital.com.au)  
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## 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
<b>TOTAL</b>	<b>9.5c</b>	<b>9.0c</b>	<b>5.0c</b>	<b>23.5</b>	<b>33.7c</b>



## Fund Performance

Performance* to 30th September 2011	CDM**	All Ords	Outperformance
1 Month	-3.74%	-6.27%	+2.53%
1 Year	60.94%	-8.43%	+69.37%
2 Years	63.80%	-6.84%	+70.64%
3 Years	98.62%	0.05%	+98.57%
4 Years	64.14%	-26.55%	+90.69%
5 Years	123.52%	-1.89%	+125.41%
Since Inception (72 months)	202.98%	14.00%	+188.98%
Since Inception Annualised (72 months)	20.29%	2.21%	+18.08%

\* 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

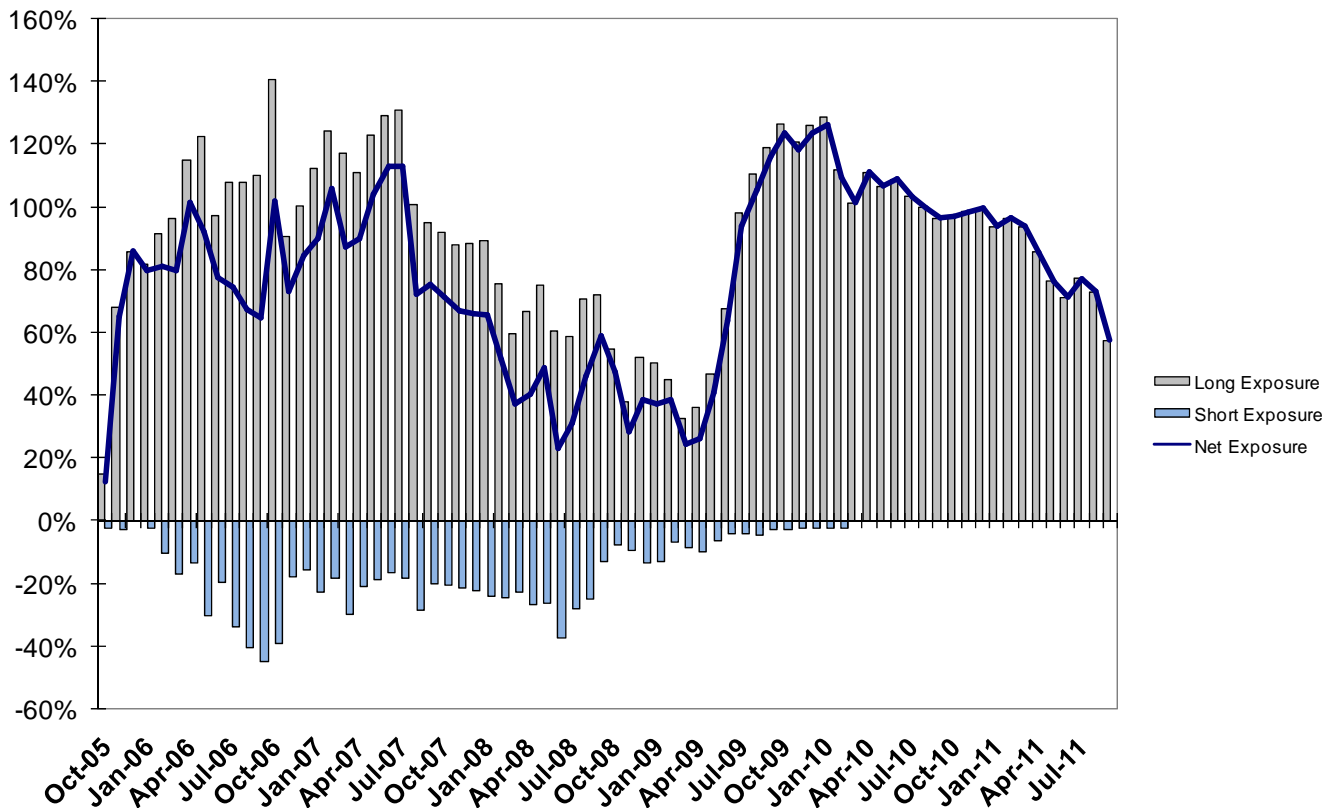
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	24.42%
RKN	Recon Ltd	Long	7.91%
BVA	Bravura Solutions Ltd	Long	5.71%
MMS	McMillan Shakespear Limited	Long	5.47%
FXL	Flexigroup Limited	Long	3.09%
ANZ	Australia & New Zealand Banking Group	Long	2.91%
NAB	National Australia Bank Ltd	Long	2.85%
AQG	Alacer Gold Corp.	Long	2.26%
FFF	Firstfolio Limited	Long	1.27%
RFG	Retail Food Group Limited	Long	0.67%
<b>Portfolio Top Ten Holdings</b>			<b>56.56%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	31.46%		31.46%
Software & Services	13.81%		13.81%
Commercial Services & Supplies	5.47%		5.47%
Diversified Financials	3.09%		3.09%
Materials	2.89%		2.89%
Consumer Services	0.67%		0.67%
Telecommunication Services	0.15%		0.15%
Energy	0.06%		0.06%
<b>Exposure</b>	<b>57.60%</b>	<b>0.00%</b>	<b>57.60%</b>
<b>Cash on Hand</b>			<b>42.40%</b>

## Portfolio Exposure





## Cadence News

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### 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). This dividend has increased the Cadence Capital Limited Franking Account by 3.4 cents per CDM share. Since April 2011, RHG has paid out 89 cents of fully franked dividends.

### Article and Webcast

On the 6<sup>th</sup> October 2011, Cadence Capital Limited 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 Capital Limited 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](http://www.cadencecapital.com.au).

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