


INVESTMENT UPDATE
MARCH 2016

 Cadence Cayman Fund NTA as at 31st March 2016:

| | |
|--|-------------|
| NTA per share (Series AUD1) | \$ 1,908.52 |
| Net Performance March 2016 (Series AUD1) | +0.32% |

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 Cayman 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 Cayman Fund | 1.70% | 3.78% | -2.52% | 5.16% | -1.36% | 1.64% | 0.66% | 2.98% | -1.60% | 2.15% | 2.20% | -0.19% | 15.28% |
| All Ordinaries Acc Index | 0.07% | 2.19% | 0.64% | -0.58% | -1.89% | -2.39% | -3.40% | -2.00% | -6.27% | 7.17% | -3.43% | -1.57% | -11.43% |
| | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | YTD |
| Cadence Cayman Fund | 0.92% | 2.22% | 1.56% | -0.90% | -2.51% | 0.60% | 1.99% | 4.45% | 0.09% | 3.44% | -0.11% | 0.78% | 13.08% |
| All Ordinaries Acc Index | 5.23% | 2.41% | 1.15% | 1.10% | -6.90% | 0.25% | 3.74% | 2.12% | 2.13% | 2.97% | 0.27% | 3.43% | 18.84% |
| | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | YTD |
| Cadence Cayman Fund | 2.32% | 4.69% | -0.54% | 1.46% | 0.79% | -1.01% | -1.51% | -0.15% | 2.27% | 4.23% | 1.80% | 0.75% | 15.97% |
| All Ordinaries Acc Index | 5.08% | 5.18% | -2.24% | 3.82% | -4.39% | -2.62% | 5.46% | 2.59% | 2.39% | 3.91% | -1.38% | 0.92% | 19.66% |
| | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | YTD |
| Cadence Cayman Fund | -3.24% | 2.80% | 0.45% | -1.98% | 0.44% | 2.78% | 2.46% | -1.15% | -3.03% | 1.25% | -1.17% | 0.47% | -0.18% |
| All Ordinaries Acc Index | -2.76% | 4.84% | 0.25% | 1.29% | 0.61% | -1.41% | 4.49% | 0.72% | -5.26% | 3.96% | -3.20% | 1.93% | 5.02% |
| | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | YTD |
| Cadence Cayman Fund | 1.50% | 5.44% | 2.01% | -1.08% | 1.39% | -1.42% | 3.65% | -4.66% | -0.80% | 4.83% | -1.13% | 0.75% | 10.49% |
| All Ordinaries Acc Index | 3.03% | 7.00% | -0.03% | -1.47% | 0.58% | -5.40% | 4.23% | -7.30% | -2.50% | 4.59% | -0.69% | 2.65% | 3.78% |
| | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | YTD |
| Cadence Cayman Fund | -5.88% | -7.91% | 0.32% | | | | | | | | | | -13.05% |
| All Ordinaries Acc Index | -5.38% | -1.47% | 4.74% | | | | | | | | | | -2.35% |
| | | | | | | | | | | | | Accumulated return | 90.86% |
| | | | | | | | | | | | | All Ordinaries Acc Index | 38.47% |

* Net of all fees

Portfolio Commentary

During March 2016 Cadence Cayman Fund returned a positive net performance of 0.32% compared to an increase in the All Ordinaries Accumulation Index of 4.74%.

The market remains volatile, however the market has managed to recover some of its losses for the year. Breaking the market up into some of the underlying trends, we are seeing a continued recovery in energy prices. Similarly we are seeing a reversal in the trend for a number of commodities, in particular iron ore. Other commodities have also shown early signs of recovery. Banks and diversified financials whilst volatile have shown tentative signs of stabilising. The Australian dollar continues to track higher as well, firmly reversing the longer term trend which has seen the Australian dollar fall from \$1.08 to \$0.68 against the US dollar before recovering to current levels around \$0.77. As always, the Fund continues to scale into and out of trends which since the start of the year have seen us reduce short positions in commodities and energy, reduce overall exposure to banks and financials and reduce our overseas currency exposure. The reversal in a number of key trends, combined with volatility, tends to affect the short term performance of a fund that invests in underlying trends. We know in the medium and longer term however that trends re-emerge and should, over time, lead to outperformance against the broader market.



Portfolio Sector Exposure

| Sector | Long | Short | Net |
|------------------------|---------------|--------------|---------------|
| Diversified Financials | 20.72% | | 20.72% |
| Software & Services | 11.17% | | 11.17% |
| Communications | 8.25% | | 8.25% |
| Financial | 8.03% | | 8.03% |
| Consumer, Non-cyclical | 7.03% | | 7.03% |
| Banks | 6.03% | | 6.03% |
| Consumer Services | 3.33% | | 3.33% |
| Technology | 3.56% | 1.02% | 2.54% |
| Basic Materials | 2.52% | | 2.52% |
| Materials | 0.46% | 1.64% | -1.18% |
| Energy | 0.22% | 2.67% | -2.45% |
| Exposure | 71.32% | 5.32% | 66.00% |
| Cash on Hand | | | 34.00% |

Top Portfolio Positions

| Stock Code | Position | Direction | Holding |
|--|---------------------------------------|-----------|---------------|
| MQG | Macquarie Group Limited | Long | 14.28% |
| MLB | Melbourne IT Ltd | Long | 11.17% |
| RFG | Retail Food Group | Long | 3.33% |
| FB US | Facebook Inc. | Long | 3.26% |
| GOOG US | Alphabet Inc. | Long | 2.98% |
| HGG | Henderson Group Plc | Long | 2.87% |
| ANZ | Australia & New Zealand Banking Group | Long | 2.71% |
| WPL | Woodside Petroleum Ltd | Short | 2.67% |
| IPH | IPH Ltd | Long | 2.51% |
| 005930 KS | Samsung Electronics Company Ltd | Long | 2.38% |
| NAB | National Australia Bank Ltd | Long | 2.28% |
| MA US | Mastercard Inc | Long | 2.21% |
| PEP | Pepper Group | Long | 2.11% |
| FXL | Flexigroup Ltd | Long | 1.82% |
| CYA | Century Australia Investment | Long | 1.75% |
| NCM | Newcrest Mining Ltd | Long | 1.64% |
| RIO | Rio Tinto Ltd | Short | 1.64% |
| BTT | BT Invetsmnet Management Ltd | Long | 1.63% |
| Top Portfolio Holdings Gross Exposure | | | 63.24% |



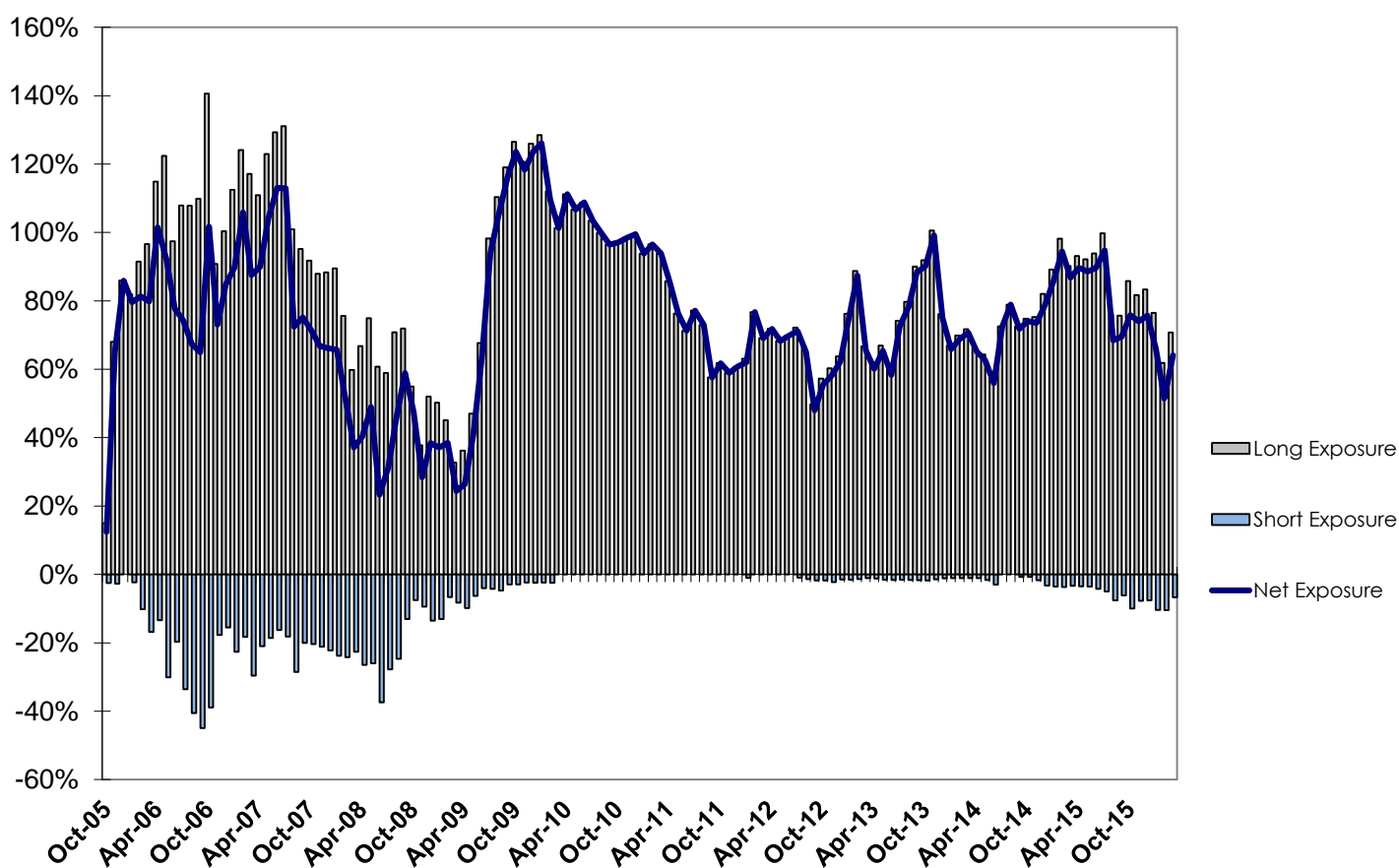
Historic Strategy Performance & Exposure - 10 Years

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

| Performance* to 31st March 2016 | CDM** | All Ords | Outperformance |
|---|---------|----------|----------------|
| 1 Month | -0.61% | 4.74% | -5.35% |
| 1 Year | -11.11% | -8.05% | -3.06% |
| 3 Years | 16.68% | 17.87% | -1.19% |
| 5 Years | 76.40% | 30.24% | +46.16% |
| 8 Years | 190.33% | 35.04% | +155.29% |
| 10 Years | 267.96% | 55.28% | +212.68% |
| Since Inception (10.5 years) | 361.04% | 75.73% | +285.31% |
| Since Inception Annualised (10.5 years) | 15.67% | 5.52% | +10.15% |

*Before Management and Performance Fees

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





Recent News Articles

Karl Siegling will deliver a presentation about investing internationally at the [Australian Shareholders Association Grow Your Portfolio Conference](#). The conference will be held in Sydney from the 16th to the 18th of May 2016. You can find more information [on the ASA website](#).

Karl Siegling's article [Market psychology and emotions in action](#), which uses Macquarie Group Limited (ASX: MQG) as a 'live' example of market psychology in action, was featured in the Livewire newsletter.

Simon Bonouvrie shared his views on which [companies are benefitting from emerging trends in](#) Livewire's Buy Hold Sell video series.

We've added reviews to our [52 Books You Should Read Before Buying Your Next Stock](#) section, including *Masters of The Market* by Geoff Wilson, *Anthony Hughes and Matthew Kidman* as well as *Valuation: Measuring and Managing the Value of Companies* by McKinsey & Company Inc.

To view all previous Cadence webcasts and press articles, please visit the [Media Section](#) of our Website.

Fund Facts

| | | | |
|-------------------------|--------------|-------------------------|------------------|
| Minimum Investment: | AU\$ 500 000 | Redemption Fees: | None |
| Subscription Frequency: | Monthly | High Water Mark: | Yes |
| Redemption Frequency: | Monthly | Strategy Size: | AU\$ 400 Million |
| Redemption Notice: | 3 Months | Prime Broker: | Deutsche Bank |
| Lock-up: | None | Administrator: | TMF Group |
| Management Fee: | 1.5% | Fund Domicile: | Cayman Islands |
| Performance Fee: | 20% | Legal Advisers (Cayman) | Walkers |

Download Our New Book For Free

Hope, Fear and Greed: Understanding Investment Market Psychology

Understand the 3 key emotions in the market, and follow our live example of how these may affect the Macquarie Group Limited (MQG) share price.

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