



INVESTMENT UPDATE

JULY 2016

For the month of July 2016 Cadence Capital Fund returned a positive gross performance of 4.46% compared to an increase in the All Ordinaries Accumulation Index of 6.29%.

July has seen a recovery in equity markets and in particular a change in sentiment away from 'panic' in relation to the 'Brexit' vote. Many world equity markets are actually recording all-time highs. This recovery has been assisted in Australia by a cut in interest rates to all time record low cash rates of 1.5%. Approximately 40% of the developed world currently has negative interest rates. Our portfolio has benefitted from these developments in July and continues to do so in August. Examples of stocks with significant change in sentiment have been Macquarie Group (ASX code MQG) and Henderson Group (ASX code HGG).

As at the 31st July 2016 the fund was holding 16% cash (84% invested).

Fund NTA

Unit price (Pre Distribution) as at 31st July 2016:

NTA (Pre Distribution, Post fees) – Class A Original series **\$1.875**

Fund Performance

Performance* to 31st July 2016	CCF**	All Ords	Outperformance
1 Month	4.46%	6.29%	-1.83%
1 Year	-16.42%	4.02%	-20.44%
3 Years	10.18%	27.80%	-17.62%
5 Years	52.83%	56.51%	-3.68%
7 Years	223.39%	79.24%	+144.15%
10 Years	152.07%	74.66%	+77.41%
Inception to date accumulated return (12.7 years)	439.95%	194.34%	+245.61%
Annualised return since inception (12.7 years)	14.14%	8.84%	+5.30%

* 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

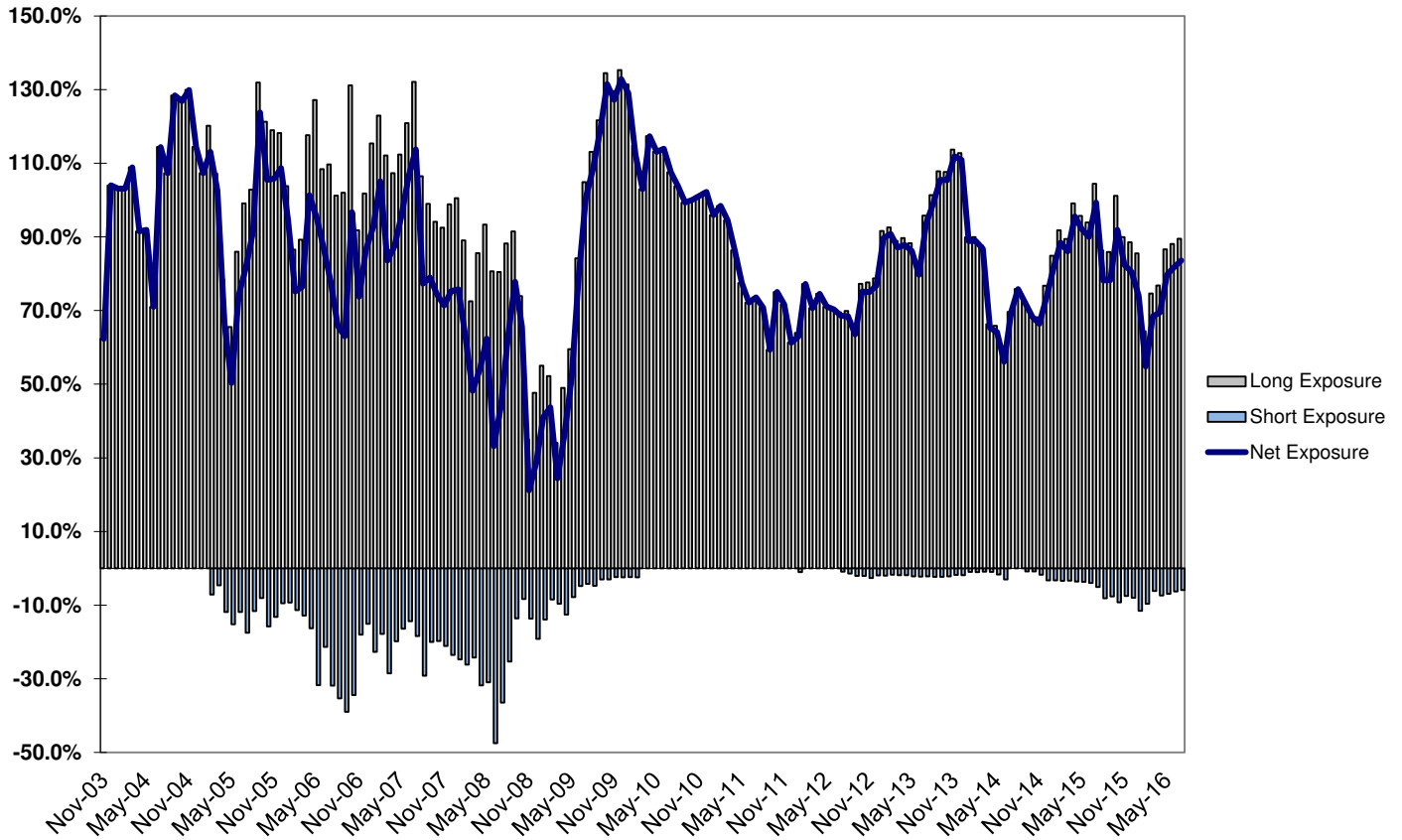
Stock Code	Position	Direction	Currency	Holding
MQG	Macquarie Group Limited	Long	AUD	14.14%
MLB	Melbourne IT Ltd	Long	AUD	7.83%
HGG	Henderson Group Plc	Long	AUD	6.08%
AIO	Asciano Ltd	Long	AUD	5.48%
RFG	Retail Food Group	Long	AUD	4.08%
9984 JP	Softbank Group Corp	Long	AUD	3.64%
SHV	Select Harvest Ltd	Long	AUD	3.41%
FB US	Facebook Inc	Long	AUD	3.27%
5930 KS	Samsung Electronics Co Ltd	Long	USD	3.15%
GOOG US	Alphabet Inc	Long	AUD	2.85%
WPL	Woodside Petroleum Ltd	Short	AUD	2.83%
IPH	IPH Ltd	Long	AUD	2.30%
NCM	Newcrest Mining Ltd	Long	AUD	2.29%
AIG US	American International Group	Long	AUD	2.28%
MA US	Mastercard Inc	Long	AUD	2.10%
ANZ	Australia & New Zealand Banking Group	Long	AUD	2.08%
CYA	Century Australia Investments Ltd	Long	AUD	1.84%
TPM	TPG Telecom Ltd	Long	AUD	1.80%
Top Portfolio Holdings - Gross Exposure				71.47%

Portfolio Sector Analysis

Sector	Long	Short	Net
Diversified Financials	23.28%		23.28%
Consumer, Non-cyclical	12.64%		12.64%
Communications	11.66%		11.66%
Software & Services	7.83%		7.83%
Financial	7.72%		7.72%
Industrial	7.23%		7.23%
Banks	5.28%		5.28%
Consumer Services	4.08%		4.08%
Consumer, Cyclical	3.79%	0.42%	3.37%
Technology	4.17%	1.47%	2.70%
Basic Materials	1.11%		1.11%
Materials	0.38%	1.21%	-0.83%
Energy	0.33%	2.83%	-2.50%
Exposure	89.50%	5.93%	83.57%
Cash on hand			16.43%



Portfolio Exposure



Recent News Articles

Our latest Quarterly Webcast was released last month, and you can [watch the full webcast on our website](#). We also released the stock-specific section of the webcast as a separate video titled [Karl Siegling Discusses Top Portfolio Positions: MQG, MLB, AIO & HGG](#).

Following up on Karl Siegling's article titled ["Commodities: Has the trend changed?"](#) which was published in May, Cadence portfolio manager Chris Garrard wrote an article focusing on two of our current commodity positions: Rio Tinto (RIO) and Woodside Petroleum (WPL). You can read the article here: [Rio Tinto & Woodside Petroleum: Has the trend changed?](#)



Karl Siegling was quoted by the AFR in an article titled [Macquarie Group's Nicholas Moore coy on Brexit impact](#), where he shares his views on Macquarie Group's outlook for the year.

We've updated our [52 Books You Should Read Before Buying Your Next Stock](#) list with our latest book reviews including *The Rise And Rise of Kerry Packer* by Paul Barry, *The Next Great Bubble Boom* by Harry S. Dent Jr. and *When Genius Failed* by Roger Lowenstein. The Cadence team also shares links to interesting articles which you can find in the [Interesting Links section](#).

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