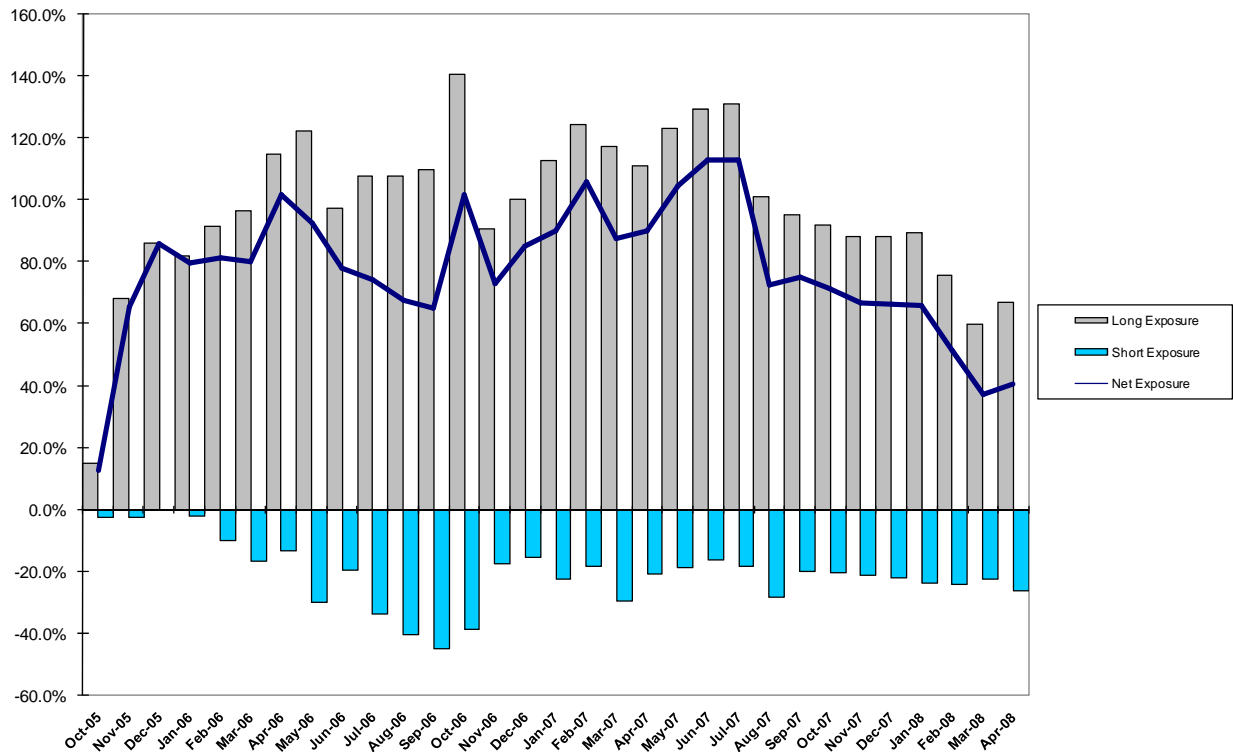


INVESTMENT UPDATE AND NTA - APRIL 2008

FUND PERFORMANCE*

Performance to 30th April 2008	CDM	All Ords
1 Month	1.42%	4.64%
3 Months	-4.66%	0.60%
6 Months	-15.89%	-14.88%
1 Year	-11.26%	-4.56%
2 Years (% per Annum)	10.33%	8.40%
Annualised return since inception	20.26%	12.70%
Inception to date accumulated return	61.06%	36.17%
* Before Management and Performance Fees		

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Software & Services	11.63%		11.63%
Diversified Financials	12.88%	-1.51%	11.37%
Capital Goods	8.08%	-0.95%	7.12%
Telecommunication Services	5.42%		5.42%
Materials	10.63%	-5.25%	5.38%
Media	4.80%	-1.14%	3.66%
Commercial Services & Supplies	3.63%		3.63%
Real Estate	1.56%	-0.34%	1.21%
Automobile & Components	1.19%		1.19%
Health Care Equipment & Services	0.88%		0.88%
Retailing	2.57%	-2.28%	0.29%
Food Beverage & Tobacco	1.27%	-1.05%	0.22%
Consumer Services	0.67%	-0.56%	0.11%
Pharmaceuticals, Biotechnology & Life Sciences		-0.76%	-0.76%
Banks	1.57%	-3.45%	-1.88%
Insurance		-4.48%	-4.48%
Transportation		-4.67%	-4.67%
Exposure	66.78%	-26.46%	40.32%
Cash on Hand			59.68%

MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 30 April 2008:

Gross NTA	\$1.22251
Pre Tax NTA	\$1.05454
Post Tax NTA	\$1.04289

(Please note that these NTA's are post the 2.5c dividend paid on the 9th April 2008)

To get weekly estimates of the NTA for Cadence Capital Limited please visit www.cadencecapital.com.au

For the 31 months to 30th April 2008, Cadence Capital Limited has returned a gross performance of 61.1% compared to a rise in the All Ordinaries Accumulation Index of 36.17%. Cadence Capital Limited has generated an annualized return before fees of 20.26% per annum since inception.

During the month of April, Cadence Capital Limited returned a positive gross performance of +1.42% compared to an increase in the All Ordinaries Accumulation Index of +4.64% and an increase in the Small Ordinaries Accumulation Index of +3.54%.

The fund finished the month 66.78% long, 26.46% short and with a net long exposure of 40.32%. The net exposure for March 2008 was 37.12%.

Discount and Premiums to Net Tangible Asset Backing (NTA)

Over the past few weeks we have received many calls concerning the share price of our listed vehicle Cadence Capital Limited (ASX Code: CDM). Most of these telephone conversations have concerned the fact that the share price of Cadence Capital Limited is trading at a discount to Net Tangible Asset Backing (NTA). The calculation on this discount is as follows:*

Cadence Capital Limited Net Tangible Asset Backing (Pre Tax) - \$1.07
Cadence Capital Limited Net Tangible Asset Backing (Post Tax) - \$1.06
Cadence Capital Limited Share Price - \$0.80

Discount to Pre Tax NTA – 25.3%
Discount to Post Tax NTA - 24.5%

In addition to the above calculation, which illustrates a sizable difference between the share price and NTA, we have also been explaining to investors and potential investors an additional calculation as illustrated below.

Current Cadence Capital Limited Investments*

Cash at bank (mostly invested in bank bills)	\$0.64
Investments	\$0.43
Total NTA (Pre Tax)	\$1.07
Share Price	\$0.80
Less: Cash at bank (as above)	\$0.64
Implied value of investments	\$0.16

Discount on investments excluding cash - 63%

The above calculation illustrates that whilst the discount to NTA is currently around 25%, if you exclude cash in the bank (currently invested in bank bills and earning close to 8% per annum interest), the underlying assets in the fund are trading at a 63% discount to current market prices. This larger discount is as a result of the fund currently holding high levels of cash. We are constantly evaluating investment opportunities to invest this cash at rates higher than bank bill rates.

As investors in equities we are constantly assessing the value of investments, or potential investments, and often ask why a particular stock is trading at a certain valuation. What we are hoping to find is an investment that, in our opinion, is trading at a substantial discount to where we believe it should be valued. We enter these long positions with a view to making a good risk adjusted return.

* These numbers were calculated as at 14th May 2008

The question as to why Cadence Capital Limited is trading at the discounts outlined above is almost impossible to answer as each individual investor in any listed company has their own unique set of reasons for buying and selling shares in a company. We could speculate that perhaps, some investors are in need of cash in the short term or have financial commitments requiring the sale of Cadence Capital Limited shares at a large discount to NTA.

The question that is perhaps easier to answer at the moment is that the sizable discount implied by the prevailing share price of Cadence Capital Limited creates an opportunity to make a good risk adjusted return. Should the fund make a 10% pre-tax return for the next twelve months and the discount to NTA were to narrow, an investor buying stocks at these levels could make approximately 40% return in the year ahead. Clearly, under the circumstances outlined above the discounts calculated create a good buying opportunity.

Cadence currently has an investment in Everest Babcock and Brown trust Units (ASX Code: EBI) trading at \$3.21 with a NTA of \$3.97. Using similar logic to that outlined above, we are happy to buy the underlying assets in the trust at a 20% discount to NTA.

DISCLAIMER

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