

INVESTMENT UPDATE AND NTA – APRIL 2011

FUND NTA

Cadence Capital Limited NTA estimates as at 30th April 2011:

Pre Tax NTA*	\$1.46278
Post Tax NTA*	\$1.34823

* These NTA's are post a 3.0c fully franked dividend that was paid on 14th March 2011

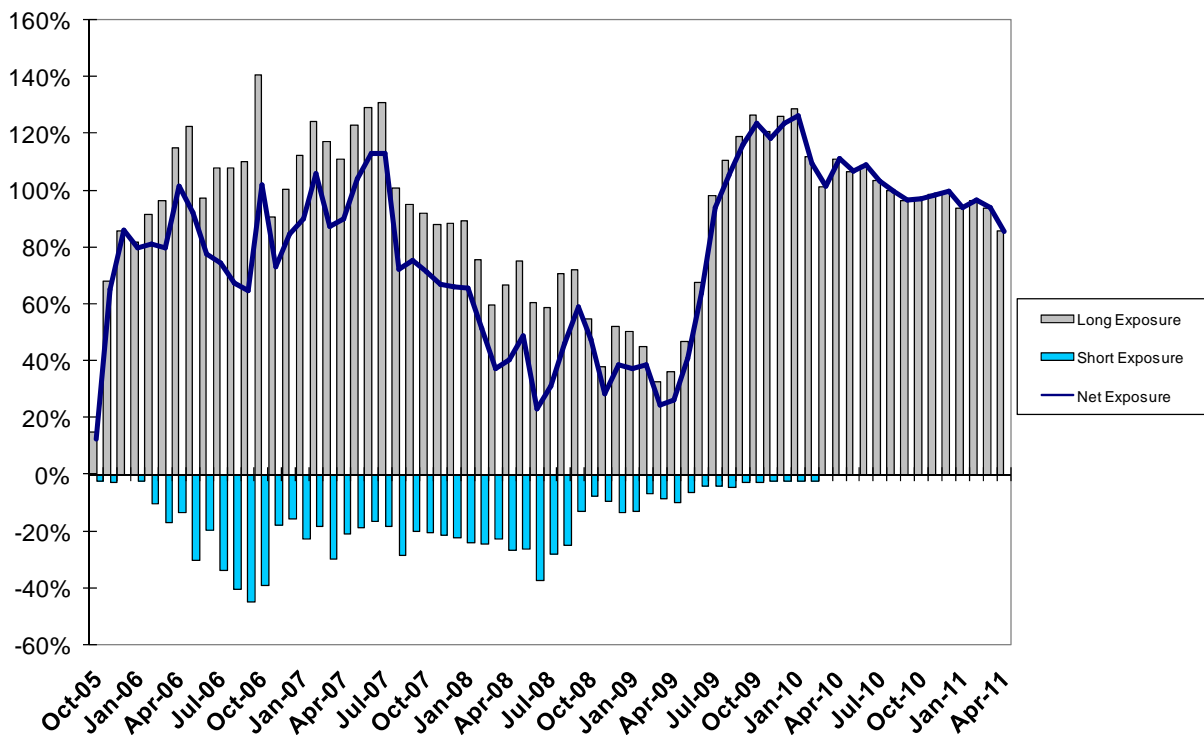
The Post Tax NTA of Cadence Capital Limited as at 16th May 2011 is approximately \$1.47 per share. This increase is primarily due to the fully franked RHG dividend as detailed later in this newsletter.

FUND PERFORMANCE*

Performance to 30th April 2011	CDM	All Ords	Outperformance
1 Month	7.39%	-0.58%	
1 Year	45.70%	5.44%	+40.26%
2 Years	115.63%	41.47%	+74.16%
3 Years	74.26%	-1.48%	+75.74%
4 Years	54.64%	-5.98%	+60.62%
5 Years	112.14%	15.76%	+96.38%
Inception to date accumulated return (67 months)	180.66%	34.16%	+146.50%
Annualised return since inception (67 months)	20.30%	5.40%	+14.90%

* Before Management and Performance Fees

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Banks	39.86%		39.86%
Materials	18.45%		18.45%
Software & Services	14.56%		14.56%
Commercial Services & Supplies	6.77%		6.77%
Diversified Financials	2.92%		2.92%
Telecommunication Services	0.92%		0.92%
Consumer Services	0.80%		0.80%
Technology Hardware & Equipment	0.72%		0.72%
Commercial & Professional Services	0.38%		0.38%
Energy	0.33%		0.33%
Exposure	85.72%	0.00%	85.72%
Cash on hand			14.28%

TOP 20 PORTFOLIO POSITIONS

ASX Code	Position	Direction	% Holding
RHG	RHG Ltd	Long	31.4%
RKN	Reckon Ltd	Long	7.6%
MMS	McMillan Shakespeare Limited	Long	6.8%
BVA	Bravura Solutions Ltd	Long	6.6%
AQG	Alacer Gold Corp.	Long	5.2%
RIO	Rio Tinto Ltd	Long	4.0%
ANZ	Australia & New Zealand Banking Group	Long	3.4%
NAB	National Australia Bank Ltd	Long	3.2%
FXL	Flexigroup Limited	Long	2.9%
BTU	Bathurst Resources Limited	Long	2.6%
FFF	Firstfolio Limited	Long	1.9%
AWC	Alumina Limited	Long	1.3%
ZRL	Zambezi Resources Limited	Long	1.0%
CFE	Cape Lambert Iron Ore Ltd	Long	0.9%
MCC	MacArthur Coal Ltd	Long	0.9%
RFG	Retail Food Group Limited	Long	0.8%
GXY	Galaxy Resources Limited	Long	0.7%
VOC	Vocus Communications Limited	Long	0.7%
AGO	Atlas Iron Ltd	Long	0.7%
MGV	Musgrave Minerals Limited	Long	0.7%
Top Twenty Portfolio Holdings			83.4%

MARKET AND COMMENTARY

We are pleased to report that the fund has had a good year to date and for the ten months ended 30th April 2011 the fund is up 66.44% (Gross) outperforming the All Ordinaries Accumulation Index by 49.32%. During the month of April, Cadence Capital Limited returned a gross performance of +7.39% compared to a decrease in the All Ordinaries Accumulation Index of -0.58% and a decrease in the Small Ordinaries Accumulation Index of -2.61%.

For the five years and seven months to 30th April 2011, Cadence Capital Limited has generated a gross performance of 20.30% per annum, outperforming the All Ordinaries Accumulation Index by 14.90% per annum.

The fund finished the month 85.72% long and with no shorts. The net long exposure for March 2011 was 93.81%.

CADENCE CAPITAL LIMITED NEWS

RHG Update

RHG has been a significant investment for Cadence over the last two years. We started buying RHG shares in March 2009 at \$0.24 and have since added to the position. In November 2010 RHG announced an equal access buy back valuing the shares at \$0.88 cash plus \$0.30 franking credit (\$1.16 of value in total). In March 2011 RHG announced that after the buyback was complete it intended to delist from the Australian Securities Exchange and the independent director would leave the board. We believed that the delisting and board changes were not in shareholders' interests. Cadence Asset Management, along with Wilson Asset Management, requisitioned a shareholders' meeting to appoint three independent Directors to the Board of RHG. At the time of the requisition, we believed that RHG shares were worth more than 88 cents per share cash and 30 cents of franking and that the company should remain listed to realize additional value for shareholders.

We are pleased to note that in the last two months RHG has, agreed not to delist from the ASX, the buy back has been voted down, RHG has announced a fully franked dividend of 79 cents, it has appointed three new independent directors, and it will once again look for a buyer for its loan book. We would very much like to thank all those who supported us in achieving this very satisfactory outcome.

Since requisitioning the RHG shareholders meeting, the value of each RHG share has increased from 88 cents cash plus 30 cents franking (\$1.16 in total), to a 79 cents cash dividend plus 34 cents of franking credit plus an on market value of 50 cents per share (A total of \$1.63 at the close of business on the 13th May 2011). This represents an increase in value per RHG share of approximately 40%. We are pleased that this increased value has been realized by all RHG shareholders as well as Cadence Capital Limited shareholders.

During the past month, Cadence has been quoted numerous times in the press regarding RHG. For more insight into the events surrounding the RHG buy back, we would encourage you to read these articles in the 'News' section of the Cadence Capital Limited website at www.cadencecapital.com.au.

Franking and Post Tax NTA

The effect of the RHG dividend on the Cadence Capital Limited post tax NTA is significant.

Cadence Capital Limited now has \$5.9 m of franking credit available which will support the payment of fully franked dividends into the future.

The Post Tax NTA of Cadence Capital Limited is currently approximately \$1.47 per share, which is an increase of 12 cents per share since the 30th of April 2011. We will provide a more detailed breakdown of these numbers in the near future.

Discount to Net Tangible Asset Backing

We hope that the discount to Net Tangible Asset Backing (NTA) for Cadence Capital Limited will narrow following the significant increase in the value of its RHG investment, and the accumulation of a significant franking account balance that should ensure fully franked dividends can be paid for several years to come.

On the 11th May 2011, the Australian Financial Review ran a detailed article on Listed Investment Companies titled "Free money' in underpriced LIC's". The following is an extract from the article. "Cadence Capital Limited (CDM) director Karl Siegling, a large investor in the fund, says one of his biggest challenges is to narrow its discount to NTA, though the stock price has risen to its highest level in more than three years after a surge in shares in RHG – the fund's biggest position".

Karl Siegling also stated; "It is a frustration of mine that we have one of the best performing funds in the country and we're trading at such a big discount to NTA", Siegling says."But it's an opportunity for any incoming investor, as they're still getting the same returns off a lower base" Siegling believes that over time as smaller-cap LIC's grow in size and age, such opportunistic discounts will disappear'

Over the coming months, the team at Cadence Capital Limited has committed to a number of Australian Securities Exchange (ASX) presentations as well as a number of Stock Broker presentations to bring the investment community and potential investors up to date on the Cadence Capital Limited portfolio.

DISCLAIMER

The information contained in this report has been prepared with all reasonable care by Cadence Asset Management Pty Ltd. It is provided for information purposes only and should not be construed as an offer or solicitation. Nothing contained in this document constitutes investment, legal, financial, business, tax or other advice. It should not be relied upon as the sole basis for making an investment decision, nor should a decision be made until the risks of the investment are fully understood. Cadence Asset Management Pty Ltd assumes no responsibilities for errors, inaccuracies or omissions in this summary. The information is provided without warranty of any kind. Past performance is not indicative of future performance. Investors may not get back the full amount originally invested.