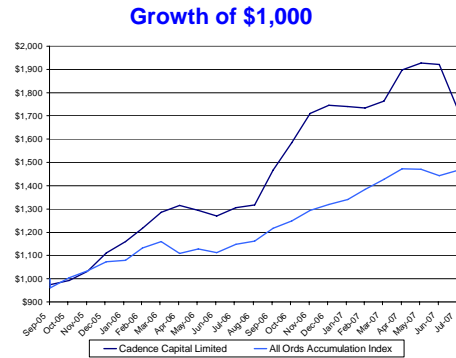


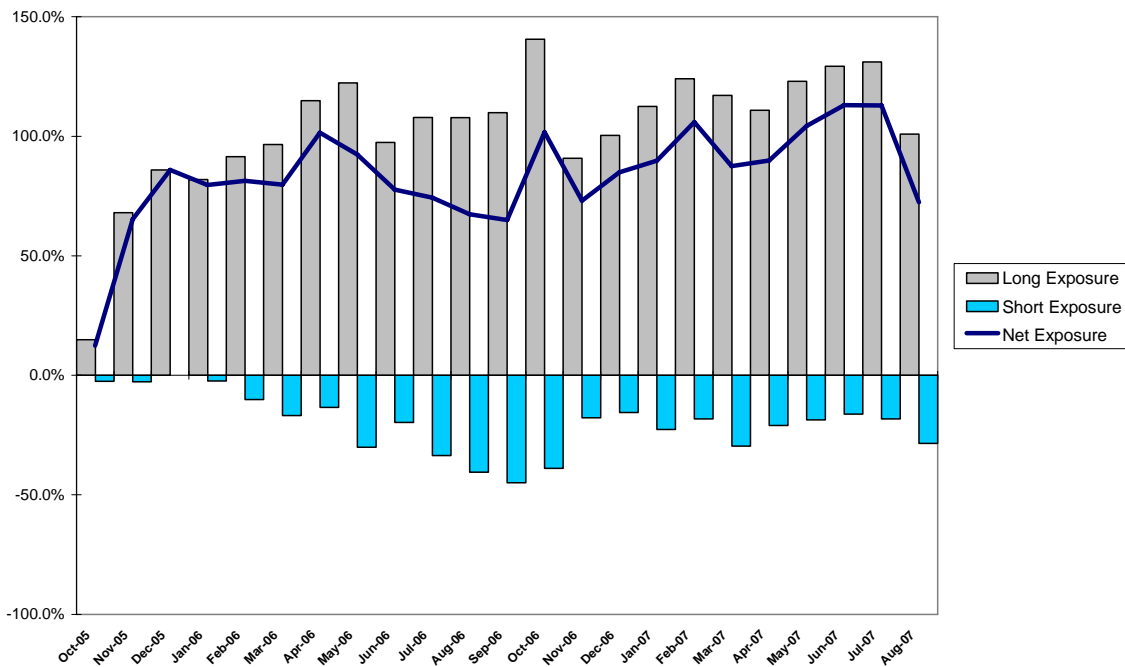
INVESTMENT UPDATE AND NTA - August 2007

FUND PERFORMANCE*

Performance to 31st August 2007	CCL	All Ords
1 Month	-10.25%	1.70%
3 Months	-9.10%	-0.35%
6 Months	-0.89%	9.49%
1 Year	32.22%	27.86%
2 Years (% per Annum)		
3 Years (% per Annum)		
Inception to date accumulated return	77.45%	46.73%
* Before Management and Performance Fees		



PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Diversified Financials	17.92%		17.92%
Software & Services	16.61%	-3.63%	12.98%
Materials	14.10%	-3.84%	10.26%
Media	9.90%	-1.15%	8.75%
Capital Goods	8.25%	-0.85%	7.41%
Commercial Services & Supplies	7.16%		7.16%
Health Care Equipment & Services	6.10%		6.10%
Retailing	2.95%		2.95%
Telecommunication Services	4.61%	-2.10%	2.51%
Real Estate	2.53%	-0.70%	1.83%
Banks	1.64%		1.64%
Insurance	3.35%	-1.79%	1.56%
Automobile & Components	1.19%		1.19%
Food Beverage & Tobacco	1.57%	-1.00%	0.57%
Pharmaceuticals, Biotechnology & Life Sciences	0.95%	-0.63%	0.32%
Consumer Services		-1.56%	-1.56%
Transportation		-1.99%	-1.99%
Energy	2.04%	-4.59%	-2.55%
SPI Futures		-4.64%	-4.64%
Gross Exposure	100.87%	-28.47%	72.40%

MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 31st August 2007:

Gross NTA	\$1.34694
Pre Tax NTA	\$1.25812
Post Tax NTA	\$1.19589

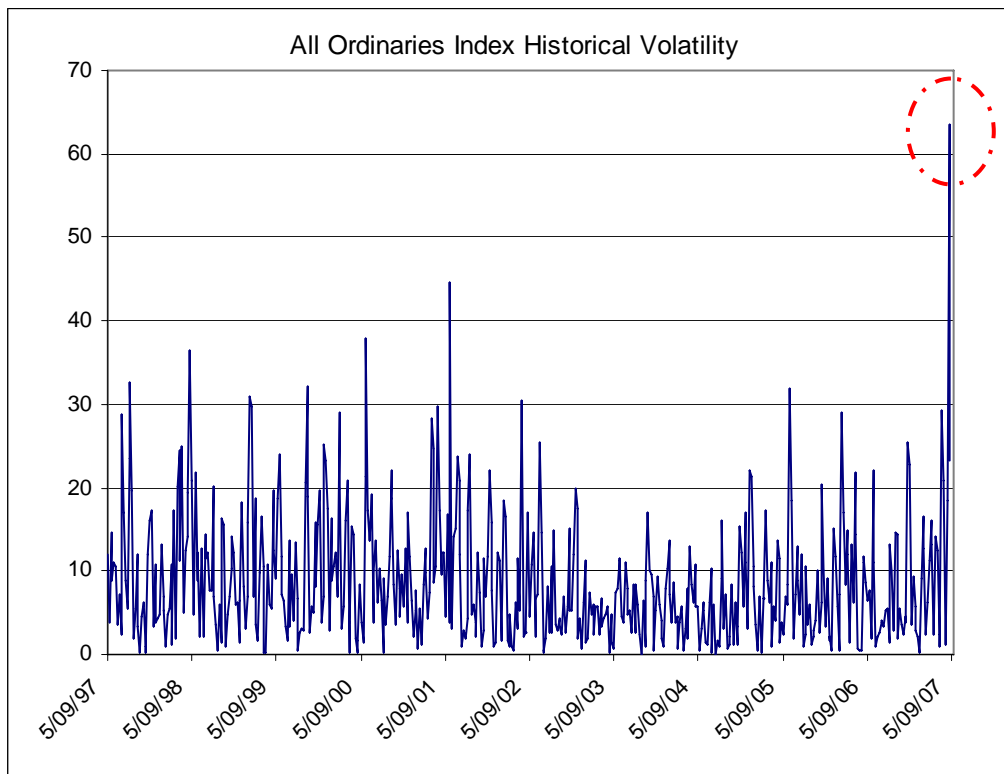
To get weekly estimates of the NTA for Cadence Capital Limited please visit www.cadencecapital.com.au

During the month of August, Cadence Capital Limited returned a gross performance of -10.25% compared to an increase in the All Ordinaries Accumulation Index of 1.70 % and a decrease in the Small Ordinaries Accumulation Index of -3.87%. For the past 12 month period, Cadence Capital Limited returned a gross performance of 32.22% compared to a rise in the All Ordinaries Accumulation Index of 27.86%. The fund finished the month 100.9% long, 28.5 % short and with a net long exposure of 72.4 %. The net exposure for July 2007 was 113%.

It is important to note that the fund has outperformed the All Ordinaries by 4.36% over the last 12 months and by 30.72% since inception in October 2005.

Volatility August 2007

Volatility is often used as a proxy for risk and measures the difference in returns an investor can expect compared to the average return over a period. The statistical representation of this is standard deviation. As seen below, the volatility in the Australian stock market reached a 10 year high during August 2007.



The volatility is highlighted by the moves of peak to trough in the All Ords Index of -12% in just 18 days and trough to peak of 12% in just 12 days. Volatility in the Small Ords Index was even more pronounced than in the All Ords with peak to trough of -16.5% in 18 days and trough to peak of 11.5% in 12 days.

This high volatility has seen investors in both the debt and equity markets moving to safehaven securities such as government debt and large cap defensive industry equities, often referred to as the 'flight to quality'.

A quantitative assessment of this is the large difference in return between the All Ordinaries Accumulation Index and the Small Ordinaries Accumulation Index. From October 2005 to July 2007 the Small Ords had outperformed the All Ords by about 12%, with monthly returns differing by a maximum of 2.24%. However

during August 2007 the All Ordinaries Accumulation Index outperformed the Small Ordinaries Accumulation Index by 5.57%.

Over the coming months it will be interesting to observe whether the appetite for small and mid capitalisation securities improves or whether the trend to larger capitalisation securities continues.

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. 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.

Cadence Asset Management Pty Ltd ACN 106 551 062
Level 11, 131 Macquarie Street, Sydney NSW 2000 Australia
Telephone +612 8298 2444, Facsimile +612 8298 2499
Email: info@cadencecapital.com.au