

INVESTMENT UPDATE AND NTA – JANUARY 2011

FUND NTA

Cadence Capital Limited NTA estimates as at 31st January 2011:

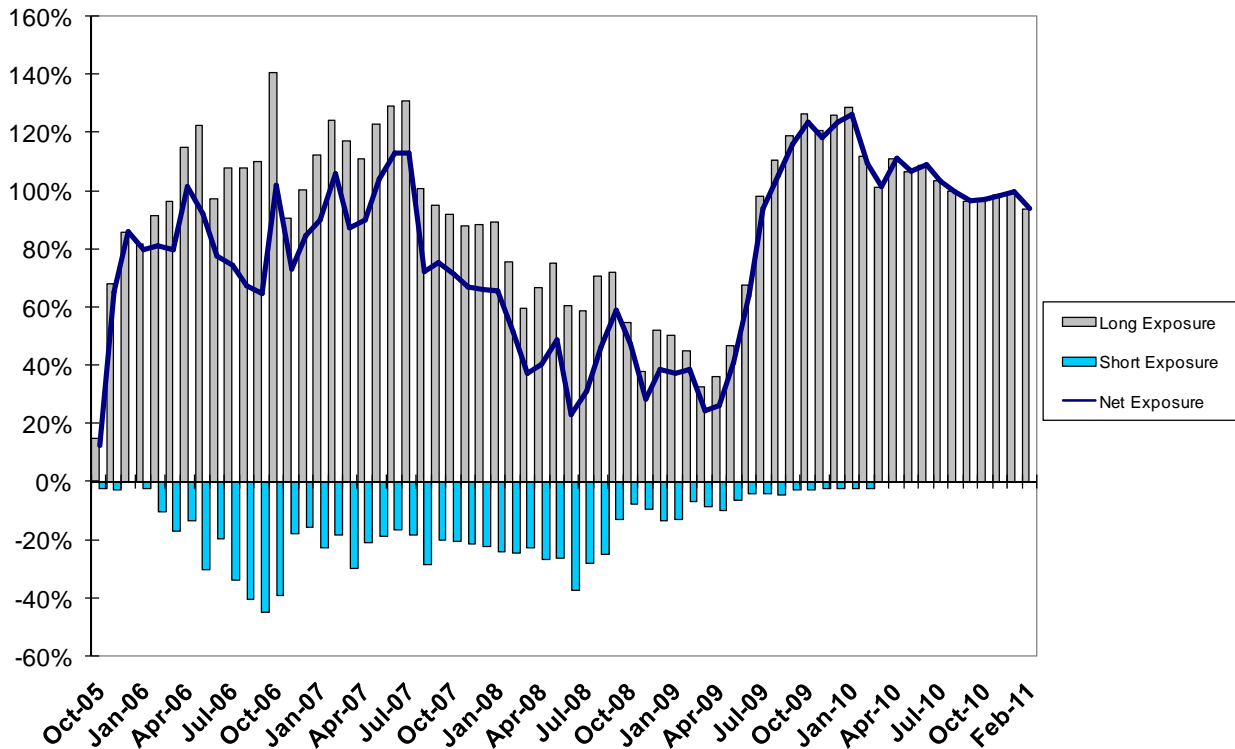
Pre Tax NTA	\$1.35879
Post Tax NTA	\$1.28167

FUND PERFORMANCE*

Performance to 31st January 2010	CDM	All Ords	Outperformance
1 Month	3.44%	0.07%	
1 Year	39.26%	9.80%	+29.46%
2 Years	103.29%	51.80%	+51.49%
3 Years	46.88%	-3.08%	+49.96%
4 Years	38.10%	-0.54%	+38.64%
5 Years	117.01%	22.35%	+94.66%
Inception to date accumulated return (64 months)	148.12%	31.19%	+116.93%
Annualised return since inception (64 months)	18.58%	5.22%	+13.36%

* Before Management and Performance Fees

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Materials	33.92%		33.92%
Banks	32.01%		32.01%
Software & Services	16.33%		16.33%
Commercial Services & Supplies	6.10%		6.10%
Diversified Financials	2.11%		2.11%
Capital Goods	1.07%		1.07%
Consumer Services	0.84%		0.84%
Technology Hardware & Equipment	0.73%		0.73%
Food Beverage & Tobacco	0.44%		0.44%
Telecommunication Services	0.26%		0.26%
Exposure	93.80%	0.00%	93.80%
Cash on hand			6.20%

TOP 20 PORTFOLIO POSITIONS

ASX Code	Position	Direction	% Holding
RHG	RHG Ltd	Long	23.8%
BVA	Bravura Solutions Ltd	Long	8.8%
RKN	Reckon Ltd	Long	7.1%
STB	South Boulder Mines Ltd	Long	6.6%
MMS	McMillan Shakespeare Limited	Long	6.1%
CFE	Cape Lambert Iron Ore Ltd	Long	5.4%
AWC	Alumina Limited	Long	3.7%
RIO	Rio Tinto Ltd	Long	3.5%
ANZ	Australia & New Zealand Banking Group	Long	3.2%
AVO	Avoca Resources Limited	Long	3.2%
MCC	MacArthur Coal Ltd	Long	3.1%
NAB	National Australia Bank Ltd	Long	2.8%
FFF	Firstfolio Limited	Long	2.2%
AGO	Atlas Iron Ltd	Long	2.2%
BTU	Bathurst Resources Limited	Long	1.9%
AKI	African Iron Limited	Long	1.8%
HSKG	Heemskirk Consolidated Convertible Note	Long	1.5%
FSA	FSA Group Ltd	Long	1.4%
ZRL	Zambezi Resources Limited	Long	1.1%
VMG	VDM Group Limited	Long	1.1%
Top Twenty Portfolio Holdings			90.5%

MARKET AND COMMENTARY

We are pleased to report that the fund has had a good year to date and for the seven months ended 31st January 2011 the fund is up 47.14% (Gross) outperforming the All Ordinaries Accumulation Index by 32.61%. During the month of January, Cadence Capital Limited returned a positive gross performance of +3.44% compared to an increase in the All Ordinaries Accumulation Index of +0.07% and a decrease in the Small Ordinaries Accumulation Index of -2.18%.

For the five years and four months to 31st January 2011, Cadence Capital Limited has generated a gross performance of 18.58% per annum, outperforming the All Ordinaries Accumulation Index by 13.36% per annum.

The fund finished the month 93.80% long and with no shorts, i.e. net long exposure of 93.80%. The net long exposure for December 2010 was 99.50%.

CADENCE CAPITAL LIMITED NEWS

On Wednesday the 2nd February 2011, Karl Siegling of Cadence Capital Limited was quoted in the Australian Financial Review in an article titled; 'RHG goes ahead with buyback'. This article addressed, in some detail, the proposed RHG buyback. Cadence Capital Limited will be releasing its quarterly webcast later this month. To either read the Australian Financial Review article or to view the webcast please visit the 'News' section of the Cadence Capital Limited website at www.cadencecapital.com.au.

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