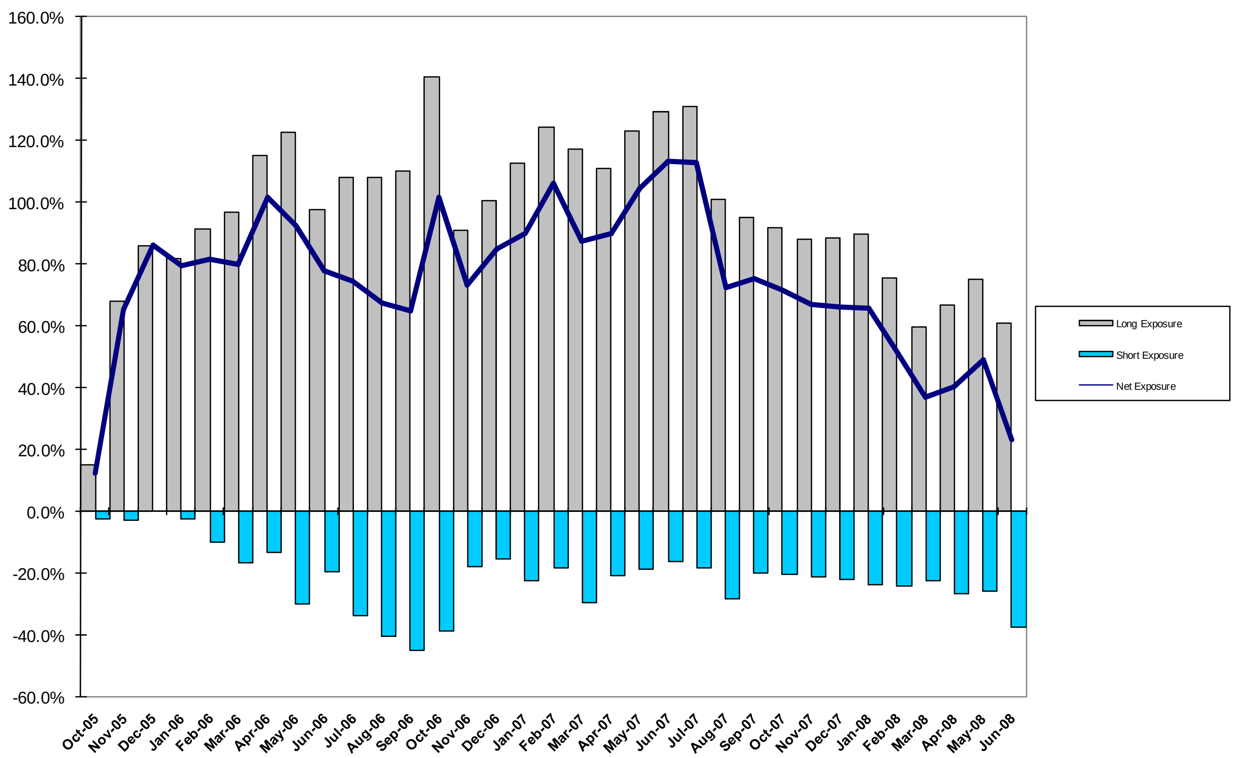
INVESTMENT UPDATE AND NTA - JUNE 2008

FUND PERFORMANCE*

Performance to 30th June 2008	CDM	All Ords
1 Month	-3.49%	-7.32%
3 Months	2.60%	-0.63%
6 Months	-11.22%	-15.22%
1 Year	-17.83%	-12.12%
2 Years (% per Annum)	10.66%	7.01%
Annualised return since inception	19.42%	9.80%
Inception to date accumulated return	62.92%	29.31%
* Before Management and Performance Fees		

PORTFOLIO EXPOSURE ANALYSIS



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PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Capital Goods	11.32%	-1.06%	10.26%
Software & Services	8.03%		8.03%
Diversified Financials	11.51%	-4.35%	7.15%
Materials	14.49%	-8.51%	5.97%
Real Estate	1.20%		1.20%
Automobile & Components	1.09%		1.09%
Media	1.47%	-0.69%	0.78%
Consumer Services	0.68%		0.68%
Health Care Equipment & Services	0.67%		0.67%
Telecommunication Services	3.18%	-2.89%	0.29%
Food Beverage & Tobacco	1.07%	-1.07%	0.00%
Banks	3.93%	-4.43%	-0.50%
Pharmaceuticals, Biotechnology & Life Sciences		-0.75%	-0.75%
Retailing	2.10%	-3.40%	-1.31%
Transportation		-4.97%	-4.97%
Insurance		-5.31%	-5.31%
Exposure	**60.73%**	**-37.43%**	**23.30%**
Cash on hand			**76.70%**

MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 30 June 2008:

Gross NTA	$1.23668
Pre Tax NTA	$1.06622
Post Tax NTA	$1.05502

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

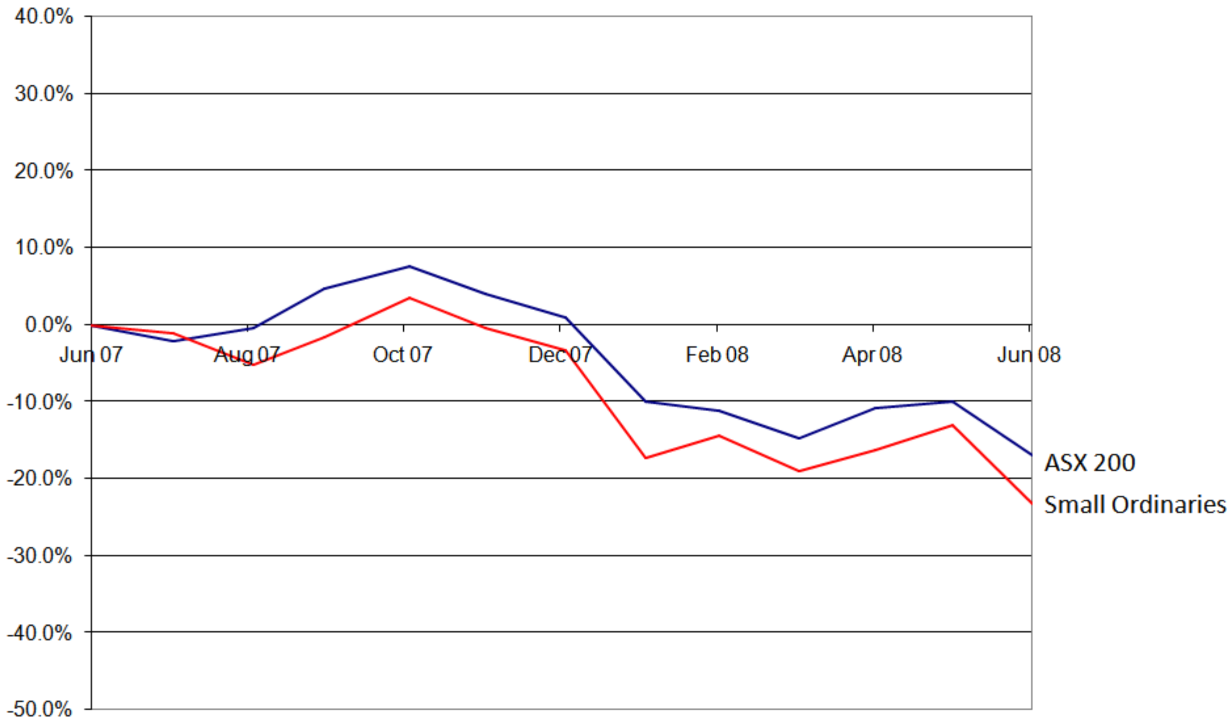
For the 33 months to 30th June 2008, Cadence Capital Limited has returned a gross performance of 62.9% compared to a rise in the All Ordinaries Accumulation Index of 29.3%. Cadence Capital Limited has generated an annualized return before fees of 19.4% per annum since inception.

During the month of June, Cadence Capital Limited returned a negative gross performance of -3.49% compared to a decrease in the All Ordinaries Accumulation Index of -7.32% and a decrease in the Small Ordinaries Accumulation Index of -11.31%.

The fund finished the month 60.73% long, 37.43% short and with a net long exposure of 23.30%. The net exposure for May 2008 was 48.94%.

The performance of the Australian stock market over the past financial year

The last 12 months have been a difficult time for investors in the Australian stock market. The ASX 200 index and the Small Ordinaries index both finished the financial year in negative territory as shown by the chart below.



The first significant drop in the market was in August 2007. This was due to worries about the value of US subprime mortgage backed securities that were held by banks and investors around the world. In the two weeks from the end of July to the middle of August the ASX 200 fell 8% and the Small Ordinaries fell 13%. On August 17 the US Federal Reserve lowered the discount rate by 50 basis points which triggered a recovery in the market. The ASX 200 recovered to end 2% up for the month of August. The Small Ordinaries did not completely recover and ended the month 4% down. This performance difference can be seen on the chart above where the two index lines separate.

It is interesting to note that the two index lines on the chart stayed approximately the same distance apart for the remainder of the year. This suggests that there was a one off event in August that impacted on the performance of small capitalization stocks. One possible explanation for this is that when the market fell sharply in the middle of August the lower liquidity of small cap stocks meant that their price fell more sharply under heavy selling. This also may have caused people to think twice about investing in small cap stocks, and when the market started recovering investors instead put their money into more liquid large cap stocks.

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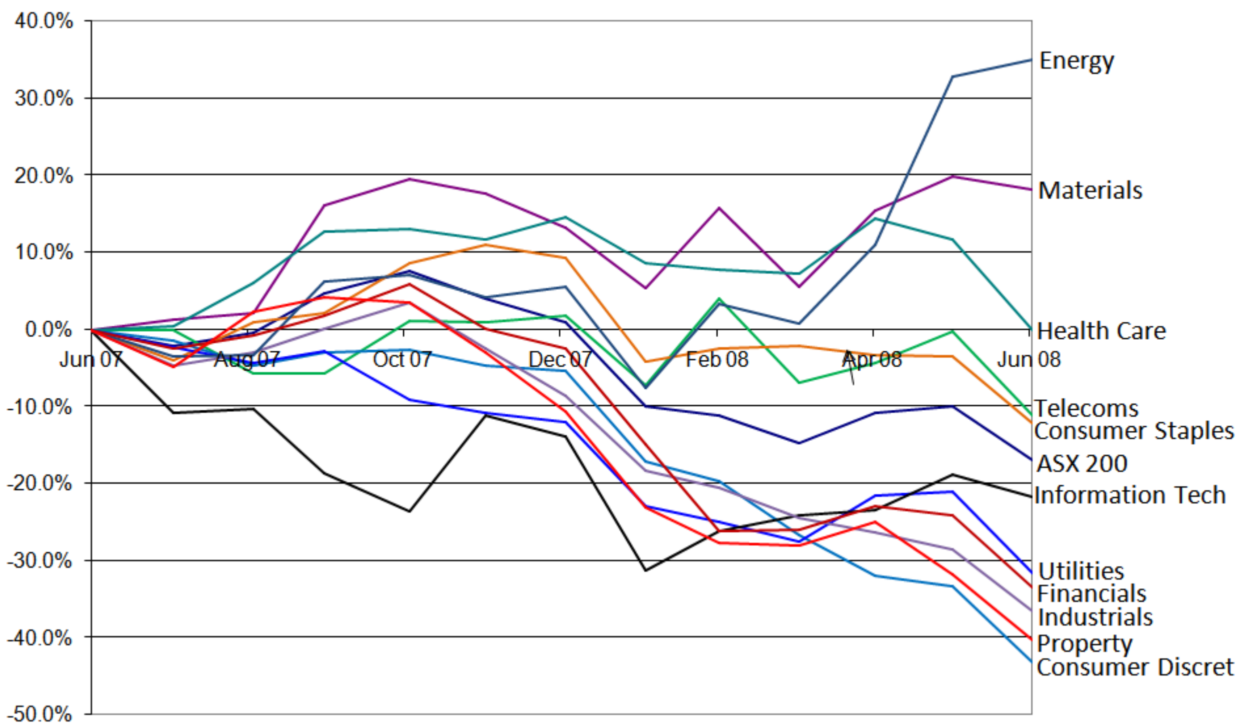
The next two months were positive for the market as some investors believed that the worst of the subprime related issues were over, but in November the market started falling due to a belief that the problems had grown to become a global financial crisis driven by high debt levels on potentially overvalued assets. The market fell heavily from November 2007 and ended the financial year more than 20% off its highs.

Over the financial year the ASX 200 was down 17% and the Small Ordinaries was down 23%. Below we will look more closely at the performance of the two indexes.

The chart below shows the performance of the ASX 200 index and the sectors that make up the index. It is clear from looking at the chart that some sectors performed very well, while others performed very poorly.



The two sectors that had a positive return over the year were Energy and Materials. Origin Energy, Santos and Woodside are the three largest stocks in the Energy sector. They have all done very well due to the rising oil and gas price. BHP, Rio Tinto and Fortescue Metals are the three largest stocks in the Resources sector. They have all done very well due to rising commodity prices, especially Iron Ore, Copper and Coal.

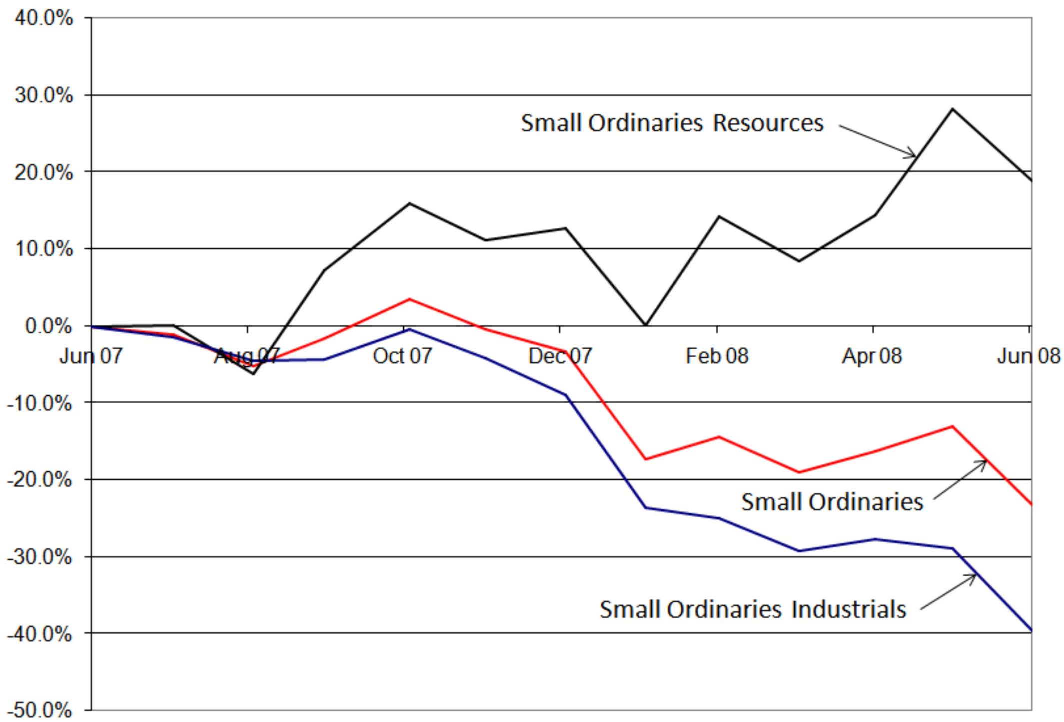
The worst performing sectors are Consumer Discretionary and Property. Large Consumer Discretionary stocks are News Corp, Crown, and Tabcorb. Consumer Discretionary stocks have been hit hard as investors believe that people will have little money left to spend on discretionary items after paying more for rent, mortgage repayments, fuel and food.

Large Property stocks are Westfield Group, Stockland, and Goodman Group. These stocks have been impacted by the increasing cost of debt and falling property prices.

The property stocks with highest debt levels have been hardest hit. Centro, Valad and GPT all have high debt levels and are all down by well over 50%.

Overall the positive performance of the resources (energy and materials) stocks have not been enough to overcome the negative performances of the other sectors, and the overall market is down over the financial year.

The chart below shows that a very similar situation has occurred in small cap stocks. As shown in the first chart overall performance of small cap stocks was worse than large cap stocks. This is primarily due to underperformance of small cap stocks in August.



In summary the past financial year has not been a good one for the Australian stock market. In general resource stocks have risen and non-resource stocks have fallen significantly. Small cap stocks seem to be particularly out of favour, which may be due to investor's preference for liquidity in these uncertain times.

DISCLAIMER

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