



## INVESTMENT UPDATE

February 2013

### Summary Update

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We are pleased to report that the fund has had a good first eight months ended 28<sup>th</sup> February 2013 with the fund having a gross performance of 28.93% outperforming the All Ordinaries Accumulation Index by 1.24% and the Small Ordinaries Accumulation Index by 13.91%.

During the month of February 2013, Cadence Capital Fund returned a gross performance of +6.32% compared to an increase in the All Ordinaries Accumulation Index of 5.18% and an increase in the Small Ordinaries Accumulation Index of 0.87%. For the nine years and four months to 28<sup>th</sup> February 2013, Cadence Capital Fund has generated a gross performance of 18.24% per annum, outperforming the All Ordinaries Accumulation Index by 8.85% per annum.

The fund finished the month 90.81% net long compared to 89.64% net long in January 2013.

### Fund NTA

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Cadence Capital unit price estimates as at 28<sup>th</sup> February 2013:

NTA (Post fees)            \$1.841725

### Cadence Highlights

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Cadence Capital Limited was **ranked by ASX\*** as the **Number 1 Australian Equities Listed Investment Company** over 3 and 5 years in the LMI Quarterly Update as at 31<sup>st</sup> December 2012.

Cadence Capital Limited was **ranked by Baillieu Holst** as the **No. 1 Listed Investment Company** over both 3 and 5 years in their Listed Investment Company Sector Report dated 31<sup>st</sup> January 2013.

Cadence Capital Limited was recently a finalist at the 2012 Australian Hedge Fund Awards in the Best Long Short and Absolute Return Fund category.

All of these reports are available on our home page at [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

\* Source: ASX website – Market Update on Management Funds section, LMI Quarterly Update as at 31 December 2012



## Fund Performance

Performance* to 28th February 2012	CCF**	All Ords	Outperformance
1 Month	6.32%	5.18%	+1.14%
1 Year	24.72%	21.88%	+2.84%
2 Years	54.93%	13.76%	+41.17%
3 Years	137.23%	25.36%	+111.87%
4 Years	249.54%	84.32%	+165.22%
5 Years	95.92%	12.38%	+83.54%
7 Years	133.57%	41.24%	+92.33%
Inception to date accumulated return (112 months)	377.56%	131.09%	+246.47%
Annualised return since inception (112 months)	18.24%	9.39%	+8.85%

\* Gross Performance before Management and Performance Fees

\*\* Adjusted to include material franking credit of 26.7 cents received from RHG dividend during May 2011

## Top Portfolio Positions

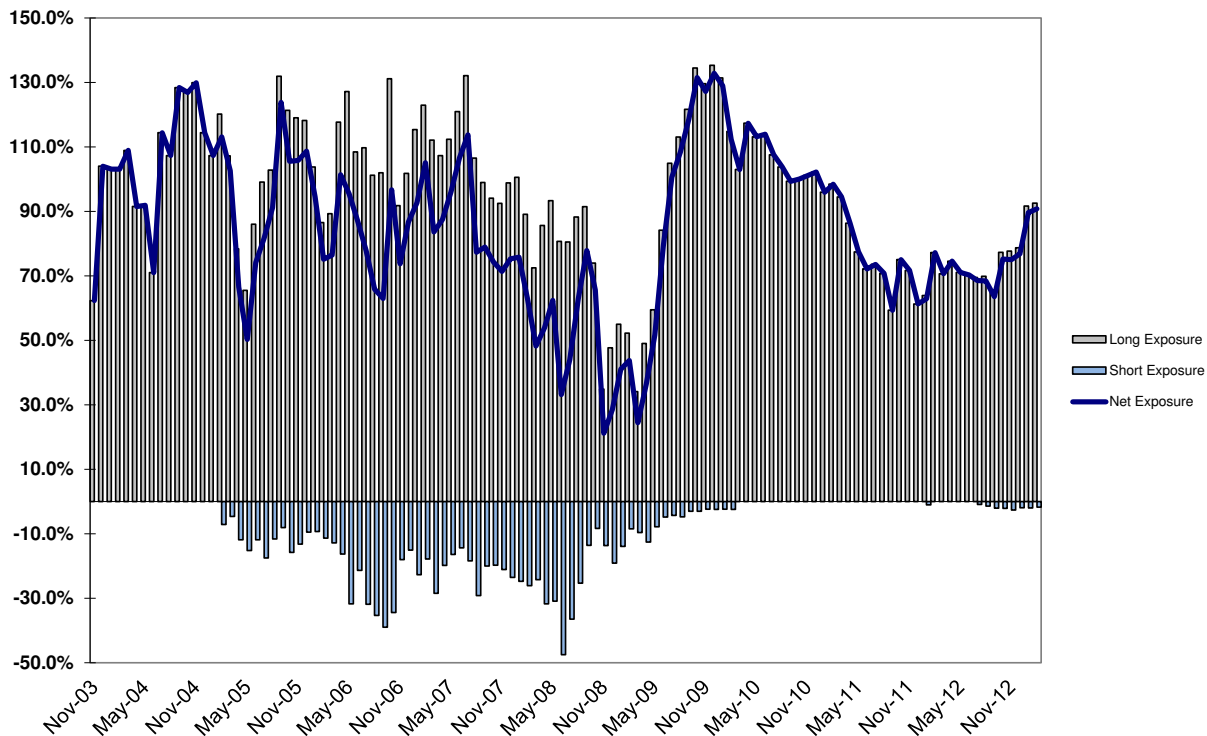
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	22.3%
MQG	Macquarie Group Limited	Long	8.7%
MMS	McMillan Shakespeare Ltd	Long	8.6%
FXL	Flexigroup Ltd	Long	7.4%
NAB	National Australia Bank Ltd	Long	5.9%
ANZ	Australia & New Zealand Banking Group	Long	5.8%
ARI	Arrium Ltd	Long	5.2%
BSL	Bluescope Steel Ltd	Long	4.2%
RKN	Reckon Ltd	Long	3.8%
RFG	Retail Food Group	Long	3.5%
BVA	Bravura Solutions Ltd	Long	2.4%
HGG	Henderson Group Plc	Long	2.1%
OZL	Oz Minerals Ltd	Short	1.7%
CYA	Century Australia Investments Limited	Long	1.2%
OTH	Onthehouse Holdings Ltd	Long	1.2%
SDG	Sunland Group Ltd	Long	1.2%
TOL	Toll Holdings Ltd	Long	1.1%
FXJ	Fairfax Media Ltd	Long	1.0%
QBE	QBE Insurance Group Ltd	Long	1.0%
<b>Portfolio Holdings &gt; 1%</b>			<b>88.29%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	34.03%		34.03%
Diversified Financials	19.46%		19.46%
Materials	11.07%	1.73%	9.34%
Commercial & Professional Services	9.70%		9.70%
Software & Services	6.87%		6.87%
Consumer Services	3.51%		3.51%
Retailing	1.74%		1.74%
Energy	1.38%		1.38%
Real Estate	1.17%		1.17%
Transportation	1.12%		1.12%
Media	0.98%		0.98%
Insurance	0.97%		0.97%
Telecommunication Services	0.51%		0.51%
Capital Goods	0.02%		0.02%
<b>Exposure</b>	<b>92.54%</b>	<b>1.73%</b>	<b>90.81%</b>
<b>Cash on Hand</b>			<b>9.19%</b>

## Portfolio Exposure





## Cadence News

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### Retail Prospectus

On the 18th February 2013, the Board of Cadence Capital Limited issued a Prospectus for the placement of up to 29,457,060 new ordinary shares in response to interest in the Company from advisors, financial planners, existing shareholders and the general public. On the 15th February 2013 shareholders voted overwhelmingly in favour of this proposed issue.

Due to the Company receiving applications or indications in excess of the maximum number of new shares that were available under the Prospectus, the Board felt that it was in the best interests of all shareholders to grow the Company for the reasons outlined in the Prospectus, and so for these reasons they issued a supplementary prospectus to increase the size of the Offer. Subject to Shareholder Approval, the Company will issue up to a further 20,979,021 New Shares under the Supplementary Prospectus (Second Tranche). The Second Tranche will include a second priority allocation of a further 2,000,000 new shares to existing Shareholders.

A general meeting will be held on 3 April 2013 to approve the issue of new shares under the Second Tranche of the Offer and to approve previous share issues undertaken by the Company in the last 12 months.

As a result of the change of Offer, the record and payment dates of the Half Year Dividend of 6 cents per Share (announced by the Company on 14th February 2013) will be slightly delayed until 23 April 2013 and 30 April 2013 respectively. As a result new shares issued under the Second Tranche will therefore participate in the Half Year Dividend.

**Applications for the Second Tranche are open and are due to close on the 4<sup>th</sup> April 2013.** Demand for the offer has been very strong and the First Tranche has closed oversubscribed. Excess applications from the First Tranche have been carried over as applications for the Second Tranche. Based on applications received to date we expect that the Second Tranche will also close oversubscribed. If you need copies of the General Application form, please visit our website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au) and find both the general offer application form and the Prospectus if you click the [CDM Prospectus February 2013](#) link on our home page. Simply use the original First Tranche Application Forms for applications in the Second Tranche.

### Other News

We would like to once again recommend that you visit the 'News and Views' section of our website as all past company webcasts, interviews and press articles involving Cadence can be found here.

### Disclaimer

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