



## INVESTMENT UPDATE

October 2013

### Summary Update

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During the month of October 2013, Cadence Capital Fund returned a gross performance of +5.98% compared to an increase in the All Ordinaries Accumulation Index of 3.91% and an increase in the Small Ordinaries Accumulation Index of 2.74%. For the ten years to 31 October 2013, Cadence Capital Fund has generated a gross performance of 18.16% per annum, outperforming the All Ordinaries Accumulation Index by 8.50% per annum.

The fund finished the month 105.42% net long compared to 105.49% net long in September 2013.

### Fund NTA

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**Post-Distribution** unit price estimates as at 31 October 2013:

NTA (Post fees, Post distribution)	\$1.98712
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### Cadence Highlights

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Cadence Capital Limited was **ranked by ASX\*\* as one of the top 3 performing Australian Equities Listed Investment Companies** over 3 and 5 years in the LMI Quarterly Update as at 30<sup>th</sup> September 2013.

Cadence Capital Limited was **ranked by Baillieu Holst as the No. 1 Listed Investment Company** over 3 years in their Listed Investment Company Sector Report dated 23<sup>rd</sup> July 2013.

Cadence Capital Limited was 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 30<sup>th</sup> June 2013



## Fund Performance

Performance* to 31st October 2013	CCF**	All Ords	Outperformance
1 Month	5.98%	3.91%	+2.07%
1 Year	23.71%	24.68%	-0.97%
2 Years	45.55%	35.80%	+9.75%
3 Years	143.67%	30.44%	+113.23%
4 Years	152.25%	38.19%	+114.06%
5 Years	223.43%	69.16%	+154.27%
7 Years	122.56%	36.25%	+86.31%
Inception to date accumulated return (120 months)	430.37%	151.39%	+278.98%
Annualised return since inception (120 months)	18.16%	9.66%	+8.50%

\* 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

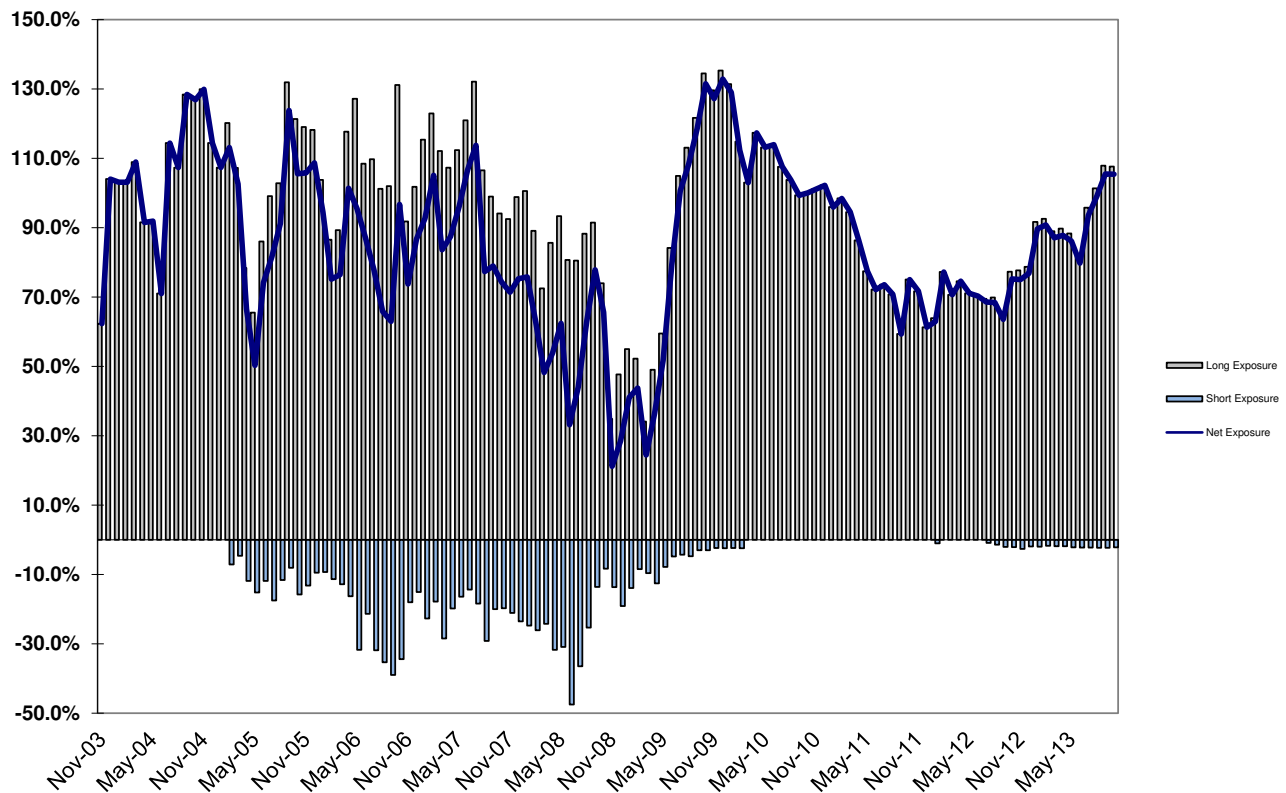
ASX Code	Position	Direction	Holding
RHG	RHG Ltd	Long	19.5%
MQG	Macquarie Group Limited	Long	10.6%
FXL	Flexigroup Ltd	Long	7.3%
NAB	National Australia Bank Ltd	Long	7.2%
ANZ	Australia & New Zealand Banking Group	Long	7.2%
HGG	Henderson Group Plc	Long	6.4%
ARI	Arrium Limited	Long	5.4%
RFG	Retail Food Group	Long	5.2%
RKN	Reckon Ltd	Long	3.3%
MMS	McMillan Shakespeare Ltd	Long	3.3%
IIN	Ilnet Limited	Long	3.3%
BSL	Bluescope Steel Ltd	Long	3.2%
QBE	QBE Insurance Group Ltd	Long	2.6%
OZL	Oz Minerals Ltd	Short	2.2%
BOQ	Bank of Queensland Ltd	Long	2.0%
<b>Top Portfolio Holdings - Gross Exposure</b>			<b>88.77%</b>



## Portfolio Sector Analysis

Sector	Long	Short	Net
Banks	36.02%		36.02%
Diversified Financials	26.74%		26.74%
Materials	12.36%	2.21%	10.15%
Consumer Services	7.20%		7.20%
Insurance	5.67%		5.67%
Software & Services	4.80%		4.80%
Commercial & Professional Services	3.75%		3.75%
Telecommunication Services	3.28%		3.28%
Real Estate	3.09%		3.09%
Transportation	1.95%		1.95%
Utilities	1.27%		1.27%
Energy	1.00%		1.00%
Pharmaceuticals, Biotechnology & Life Sciences	0.49%		0.49%
Capital Goods	0.02%		0.02%
<b>Exposure</b>	<b>107.63%</b>	<b>2.21%</b>	<b>105.42%</b>
<b>Net Borrowings</b>			<b>5.42%</b>

## Portfolio Exposure





## RHG update

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Following a competitive bidding process for the RHG assets between Resimac/AMAC and Pepper Limited, the highest offer for RHG is currently 50.1 cents cash per share by Resimac/AMAC. We are pleased to have been involved in preventing the delisting of RHG in April 2011 at 88 cents per share. RHG has paid out \$1.215 of dividends since April 2011 and \$1.736 of dividends including franking value. Recently we have been active in improving the price offered per RHG share from 38.5 cents (post the recent 3 cent dividend) to 50.1 cents currently. The current 50.1 cent offer along with dividends and franking equates to \$2.2367 per RHG share.

## Prospectus

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On the 4<sup>th</sup> November 2013 Cadence Capital Limited announced its intention to issue up to 53,846,150 ordinary shares via a prospectus, with a priority allocation of 12.5M shares set aside for RHG and CDM shareholders. The issue price will be at the pre-tax net tangible assets (NTA) per share on the day before the prospectus is lodged with ASIC. The opportunity to participate will be open to retail and high net worth investors.

The prospectus and application are available at [www.cadencecapital.com.au](http://www.cadencecapital.com.au).

## EGM – 6<sup>th</sup> December 2013

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An extraordinary general meeting (EGM) notice and proxy form has been sent out to investors. As **three of the Directors intend purchasing shares in this share issue**, there are three resolutions which will allow these Directors to participate under the Prospectus.

## Other News

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We would like to once again recommend that you visit the 'News and Views' section of our website at [www.cadencecapital.com.au](http://www.cadencecapital.com.au) as all past company webcasts, interviews and press articles involving Cadence can be found here.

## Disclaimer

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