

INVESTMENT UPDATE

February 2014

During the month of February 2014, Cadence Capital Limited returned a positive gross performance of 2.26% compared to an increase in the All Ordinaries Accumulation Index of 4.84% and an increase in the Small Ordinaries Accumulation Index of 4.97%.

For the eight years and four months ended 28th February 2014, Cadence Capital Limited has generated a gross performance of +19.70% per annum, outperforming the All Ordinaries Accumulation Index by 13.32% per annum.

As at the 28th February 2014 the fund was holding 31% cash (69% invested).

Fund NTA

Net Tangible Assets as at 28 February 2014	Amount (\$)
Pre Tax NTA	\$1.468
Post Tax NTA	\$1.451
Share price (ASX Code: CDM)	\$1.470
Option price (ASX Code: CDMO)	\$0.070

Cadence Capital Limited December 2013 Half-Yearly Results

Cadence Capital Limited announced a record half-year net profit of \$16.1m (up 117% on previous corresponding period), and welcomed a record number of new shareholders to the Company during the period.

Key performers within the portfolio during the period included RHG Limited, Arrium Ltd, Henderson Group Plc and Macquarie Group Ltd.

The Company also announced a 5.0c fully franked interim dividend payable 24th April 2014.

For more information regarding the results, please view the [Cadence Capital Half-Yearly Results webcast](#) (5:30 mins).



Dividend Reinvestment Plan

All Cadence Capital Ltd shareholders would have recently received communication from the Company regarding its Dividend Reinvestment Plan ('DRP'). The DRP is currently operating at a 3% discount to market price.

To participate in the DRP to incorporate the upcoming interim dividend, please return the DRP election form to our registry, Boardroom Limited, **by Tuesday, 15th April 2014**.

If you did not receive this communication, including the DRP election form, please email enquiries@boardroomlimited.com.au or call Boardroom Limited on 1300 737 760.

Important information for CDMO holders

If you are an Option holder and would like to exercise Options to receive the 5.0c interim dividend, please see below for key dates to ensure your shares are issued prior to the record date (15 April 2014) in order to be eligible to receive the dividend:

BPay: Funds to be received by 14 April 2014
 Cheque: Cheques must be received by Boardroom Limited by 9 April 2014

Fully Franked Dividends Declared Since Listing

Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2*c	-	4.7c	5.8c
2009	-	2.0c	-	2.0c	2.9c
2010	2.0c	2.0c	-	4.0c	5.7c
2011	3.0c	3.0c	3.0c	9.0c	12.9c
2012	4.0c	4.0c	4.5c	12.5c	17.8c
2013	5.0c	5.0c	1.0c	11.0c	15.7c
2014	5.0c			5.0c	7.1c
TOTAL	23.5c	20.2c	10.5c	54.2c	76.5c

* Off market equal access buy back



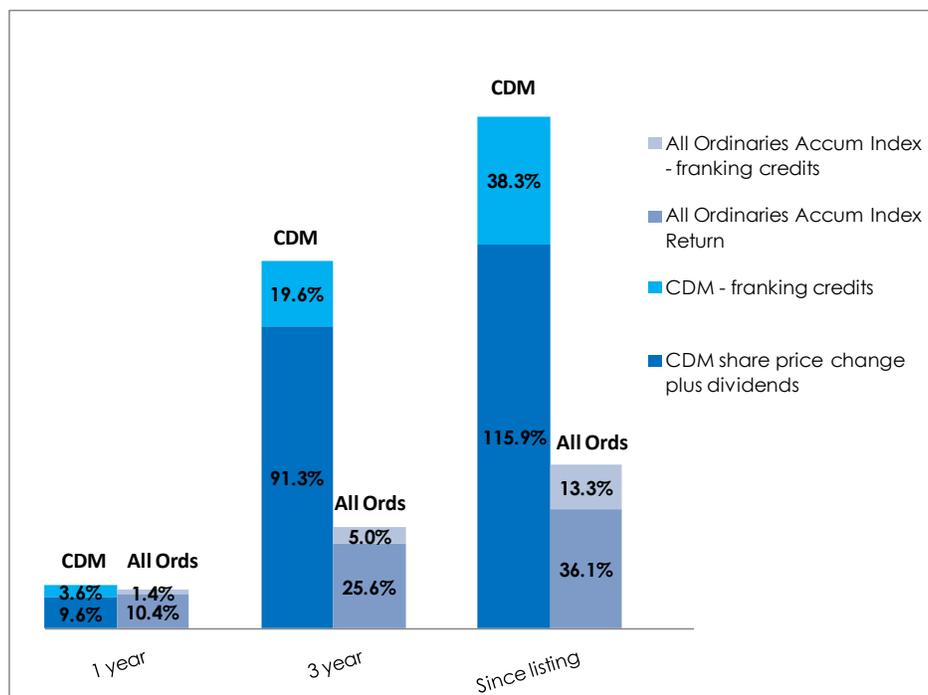
Fund Performance

Performance* to 28th February 2014	CDM**	All Ords	Outperformance
1 Month	2.26%	4.84%	-2.58%
1 Year	12.58%	10.37%	+2.21%
2 Years	36.47%	34.52%	+1.95%
3 Years	65.57%	25.55%	+40.02%
4 Years	159.33%	38.36%	+120.97%
5 Years	267.05%	103.44%	+163.61%
8 Years	280.96%	55.89%	+225.07%
Since Inception (8.4 years)	354.27%	68.33%	+285.94%
Since Inception Annualised (8.4 years)	19.70%	6.38%	+13.32%

* Before Management and Performance Fees

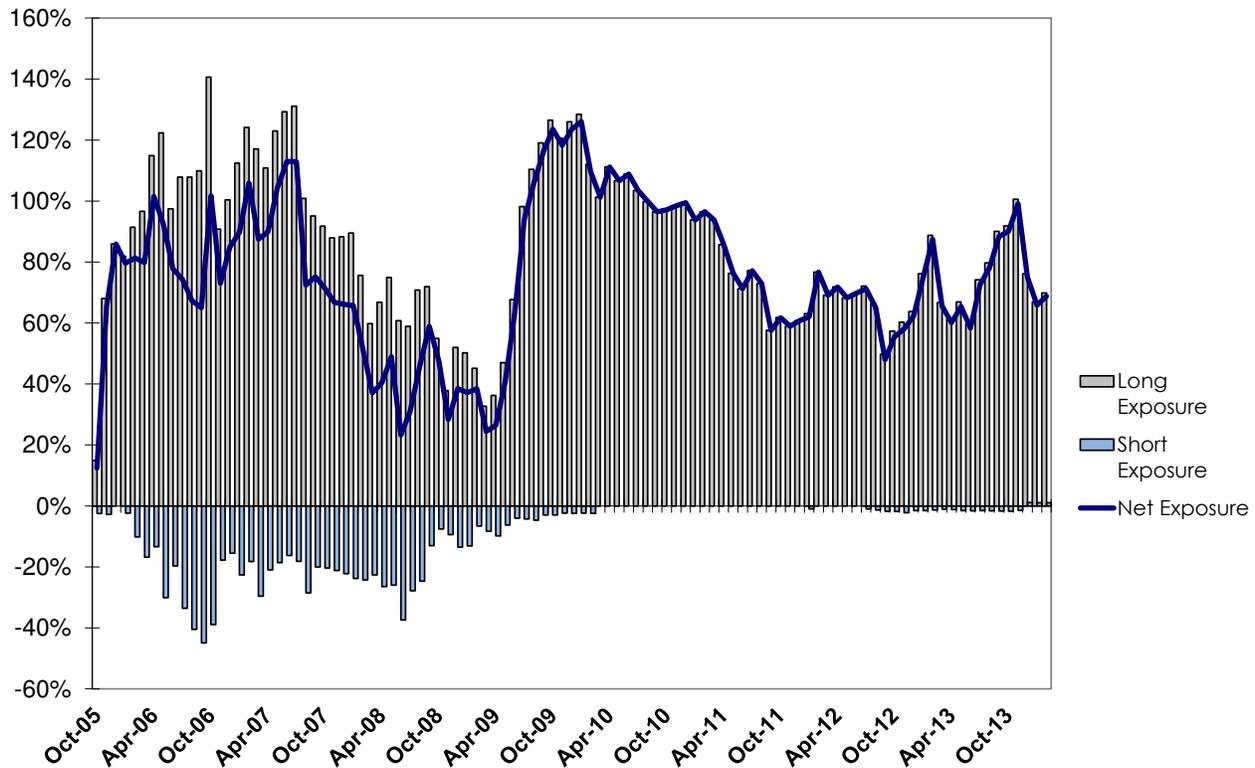
**These numbers include the franking value of the substantial dividend from its RHG holding received in May 2011. As a result of this dividend, the Post Tax NTA of the fund increased by +8% during that month. The May 2011 performance of the fund was adjusted to reflect this Post-tax increase in NTA as this figure more accurately included the material fully franked dividends received from RHG during this month.

CDM Share Price Returns plus Dividends & Franking





Portfolio Exposure



Top Portfolio Positions

ASX Code	Position	Direction	Holding
HGG	Henderson Group Plc	Long	8.5%
MQG	Macquarie Group Limited	Long	7.3%
NAB	National Australia Bank Ltd	Long	4.4%
ANZ	Australia & New Zealand Banking Group	Long	3.5%
IIN	Ilnet Limited	Long	3.4%
BSL	Bluescope Steel Ltd	Long	3.3%
MLB	Melbourne IT Ltd	Long	3.2%
ARI	Arrium Limited	Long	3.2%
RFG	Retail Food Group	Long	3.0%
RIO	Rio Tinto Ltd	Long	2.5%
PPT	Perpetual Limited	Long	2.4%
FXL	Flexigroup Ltd	Long	2.2%
BOQ	Bank of Queensland Ltd	Long	1.9%
ORI	Orica Limited	Long	1.9%
CBA	Commonwealth Bank of Australia	Long	1.9%
AMC	Amcor Limited	Long	1.8%
MMS	McMillan Shakespeare Ltd	Long	1.5%
SDG	Sunland Group Ltd	Long	1.4%
AQG	Alacer Gold Corp	Long	1.4%
TOL	Toll Holdings	Long	1.4%
Top Portfolio Holdings Gross Exposure			60.19%



Portfolio Sector Analysis

Sector	Long	Short	Net
Diversified Financials	21.35%		21.35%
Materials	14.34%	1.09%	13.25%
Banks	11.74%		11.74%
Software & Services	4.31%		4.31%
Telecommunication Services	4.18%		4.18%
Consumer Services	4.07%		4.07%
Real Estate	2.55%		2.55%
Commercial & Professional Services	2.51%		2.51%
Transportation	1.43%		1.43%
Utilities	1.26%		1.26%
Insurance	1.04%		1.04%
Energy	0.68%		0.68%
Pharmaceuticals, Biotechnology & Life Sciences	0.39%		0.39%
Health Care Equipment & Services	0.04%		0.04%
Exposure	69.88%	1.09%	68.79%
Cash on Hand			31.21%

Eureka Report and Other News

We would like to recommend you to visit the **'News and Views'** section of our website www.cadencecapital.com.au for our regular and topical contributions to the Eureka Report & Morningstar. Other recent articles, along with our quarterly webcasts, can also be found here.

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