



NOVEMBER 2006 INVESTOR REPORT

FUND PERFORMANCE*

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	YTD
Cadence Capital Limited	0.34%	1.75%	4.04%	7.64%	4.29%	5.08%	5.59%	2.36%	-1.75%	-1.78%	2.70%	1.00%	35.55%
All Ordinaries Acc Index	-3.83%	4.40%	3.04%	3.65%	0.70%	4.81%	2.40%	-4.34%	1.86%	-1.51%	3.18%	1.25%	16.17%
Small Ordinaries Acc Index	-3.74%	2.98%	1.45%	3.76%	2.13%	6.32%	1.02%	-4.02%	1.13%	-0.43%	3.72%	1.74%	16.74%
	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	YTD
Cadence Capital Limited	11.40%	8.04%											20.36%
All Ordinaries Acc Index	4.80%	2.48%											7.39%
Small Ordinaries Acc Index	6.88%	3.93%											11.08%
* Before Management Fees												Accumulated return	63.14%

PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Materials	28.95%	-0.85%	28.10%
Diversified Financials	10.47%	-0.82%	9.65%
Software & Services	10.04%	-4.32%	5.72%
Commercial Services & Supplies	9.06%		9.06%
Capital Goods	6.74%	-1.03%	5.71%
Media	3.97%	-1.90%	2.07%
Energy	3.86%	-1.92%	1.95%
Health Care Equipment & Services	3.82%		3.82%
Banks	3.20%	-0.51%	2.68%
Insurance	2.66%	-0.77%	1.89%
Real Estate	2.06%	-0.83%	1.23%
Telecommunication Services	1.88%		1.88%
Retailing	1.58%		1.58%
Consumer Services	0.88%	-1.24%	-0.36%
Household & Personal Products	0.73%		0.73%
Consumer Durables & Apparel	0.49%	-0.63%	-0.14%
Unspecified	0.34%		0.34%
Food Beverage & Tobacco	0.05%	-1.94%	-1.89%
Transportation		-0.97%	-0.97%
Gross Exposure	90.78%	-17.73%	73.05%
Net Cash / (Debt)			26.95%

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PORTFOLIO EXPOSURE ANALYSIS %

	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06
Equity Long	14.9%	68.0%	85.9%	81.9%	91.5%	96.6%	114.9%	122.4%	97.4%	107.9%	107.8%	109.9%
Equity Short	2.5%	2.7%	0.0%	2.3%	10.1%	16.8%	13.4%	30.1%	19.7%	33.6%	40.5%	44.9%
Gross Exposure	17.4%	70.8%	85.9%	84.3%	101.6%	113.4%	128.3%	152.5%	117.1%	141.4%	148.4%	154.8%
Net Exposure	12.4%	65.3%	85.9%	79.6%	81.3%	79.8%	101.5%	92.3%	77.7%	74.3%	67.3%	65.0%
	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Equity Long	140.6%	90.8%										
Equity Short	38.9%	17.7%										
Gross Exposure	179.5%	108.5%										
Net Exposure	101.7%	73.0%										

MARKET AND COMMENTARY

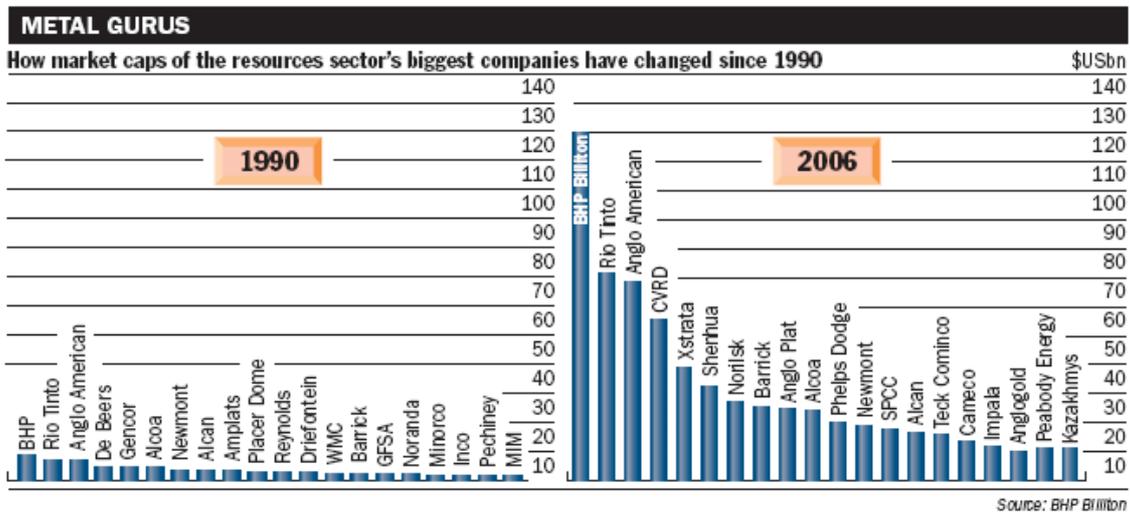
Cadence Capital Limited NTA estimates as at 30th November 2006:

Gross NTA	\$1.23837
Pre Tax	\$1.19499
Post Tax	\$1.15794

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

During the month of November, Cadence Capital Limited returned a gross performance of 8.04% compared to a rise in the All Ordinaries Accumulation Index of 2.48% and a rise in the Small Ordinaries Accumulation Index of 3.93%. The fund finished the month 90.78% long, 17.73% short and with a Net Long Exposure of 73.05%. The net exposure of the fund for October was 101.7%

An article in the Street Talk section of the Australian Financial Review on the 4th December 2006 caught our attention. Below we have reproduced an interesting chart that appeared in this article. The chart compares the market capitalization of resources companies in 1990 to the market capitalizations in 2006. These numbers really put the resources boom in Australia into perspective. BHP had a market capitalization of around \$20bln in 1990 and now has a market capitalization of around \$120bln. Rio Tinto had a market capitalization of around \$15bln in 1990 and now has a market capitalization of approximately \$80bln.



This prompted us to ask the question, how much has the resource index risen between 1990 and 2006? We have reproduced the S & P ASX 200 Resources Index in a chart form below. This chart shows that the XJR.ASX has increased from a value of approximately 800 to approximately 4,000 – a five-fold increase over a sixteen year period. Again this is a significant increase over the period.



XJR.ASX – S&P ASX 200 Resources Index (1991- 2006)

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From 1990 to 2006 the Resources sector has clearly grown to represent a much larger percentage of the overall market. What is evident from the above chart is that since 2003 the XJR.ASX has grown from 1,400 to over 4,000. In the space of just three years the resources sector has come to represent 21% of the All Ordinaries Accumulation Index.

Clearly, to have a view on the overall direction of the market next calendar year, a significant portion of your analysis will depend on how you think commodities will perform. It is our view that commodity prices, and hence the Resource sector, is unlikely to experience the same performance as in the prior three years.

DISCLAIMER

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