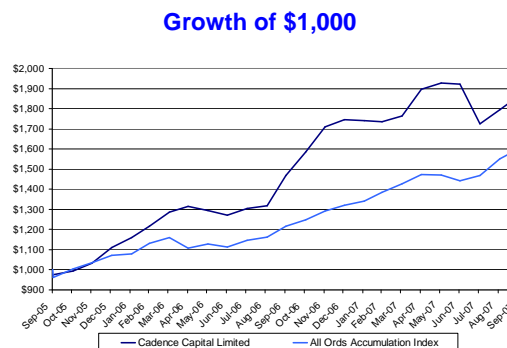


INVESTMENT UPDATE AND NTA - October 2007

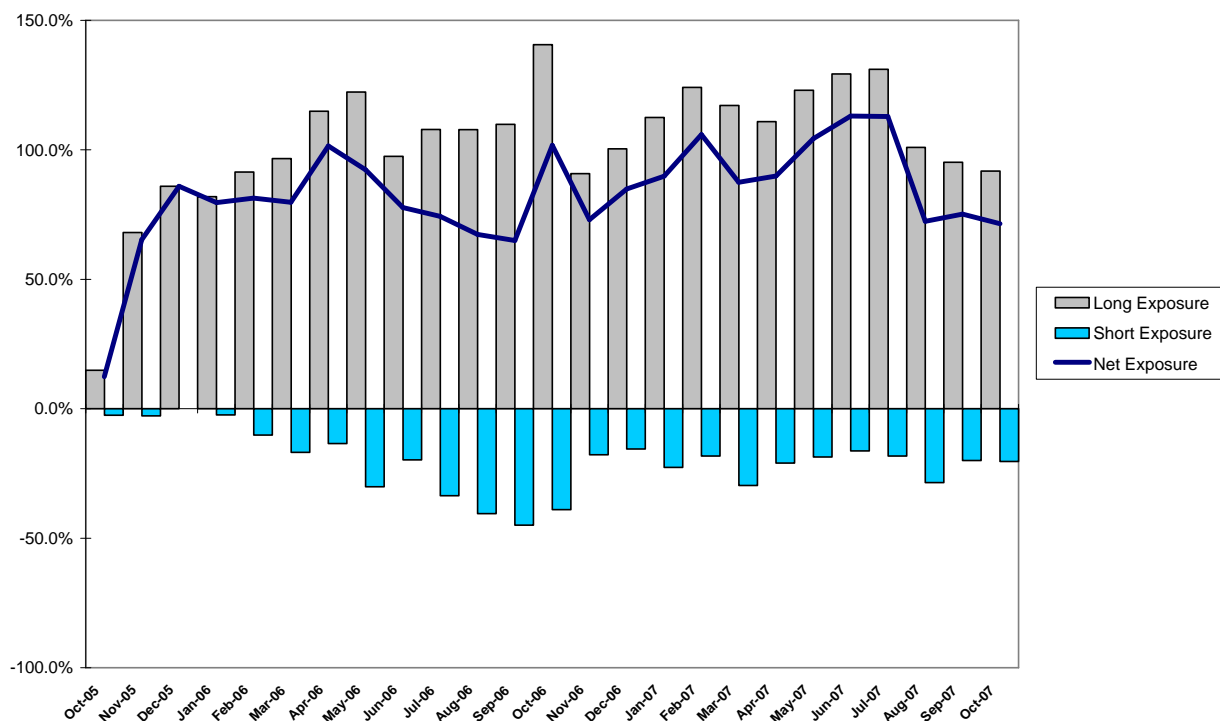
FUND PERFORMANCE*

Performance to 31st October 2007	<u>CCL</u>	<u>All Ords</u>
1 Month	3.74%	3.07%
3 Months	-3.15%	10.88%
6 Months	5.51%	12.12%
1 Year	26.82%	31.38%
2 Years (% per Annum)	38.15%	28.97%
Inception to date accumulated return	91.50%	59.97%

* Before Management and Performance Fees



PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Diversified Financials	14.78%	-0.08%	14.70%
Software & Services	13.70%	-0.94%	12.76%
Materials	10.54%	-1.83%	8.71%
Media	9.82%	-1.14%	8.68%
Commercial Services & Supplies	6.99%		6.99%
Health Care Equipment & Services	5.50%		5.50%
Capital Goods	6.09%	-0.91%	5.18%
Energy	3.98%	-0.38%	3.60%
Retailing	3.28%		3.28%
Telecommunication Services	3.91%	-2.12%	1.79%
Banks	1.60%		1.60%
Insurance	2.95%	-1.58%	1.37%
Utilities	1.21%		1.21%
Automobile & Components	1.12%		1.12%
Unspecified	0.90%		0.90%
Real Estate	2.39%	-1.59%	0.81%
Pharmaceuticals, Biotechnology & Life Sciences	1.26%	-0.74%	0.51%
Food Beverage & Tobacco	1.38%	-0.96%	0.43%
Consumer Services	0.38%	-1.41%	-1.03%
Transportation		-1.91%	-1.91%
SPI Futures	0.00%	-4.76%	-4.76%
Gross Exposure	91.77%	-20.34%	71.43%

MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 31st October 2007:

Gross NTA	\$1.45355
Pre Tax NTA	\$1.31516
Post Tax NTA	\$1.24871

(Please note that these NTA's are post the 3c dividend that was paid on 18th October 2007)

To get weekly estimates of the NTA for Cadence Capital Limited please visit

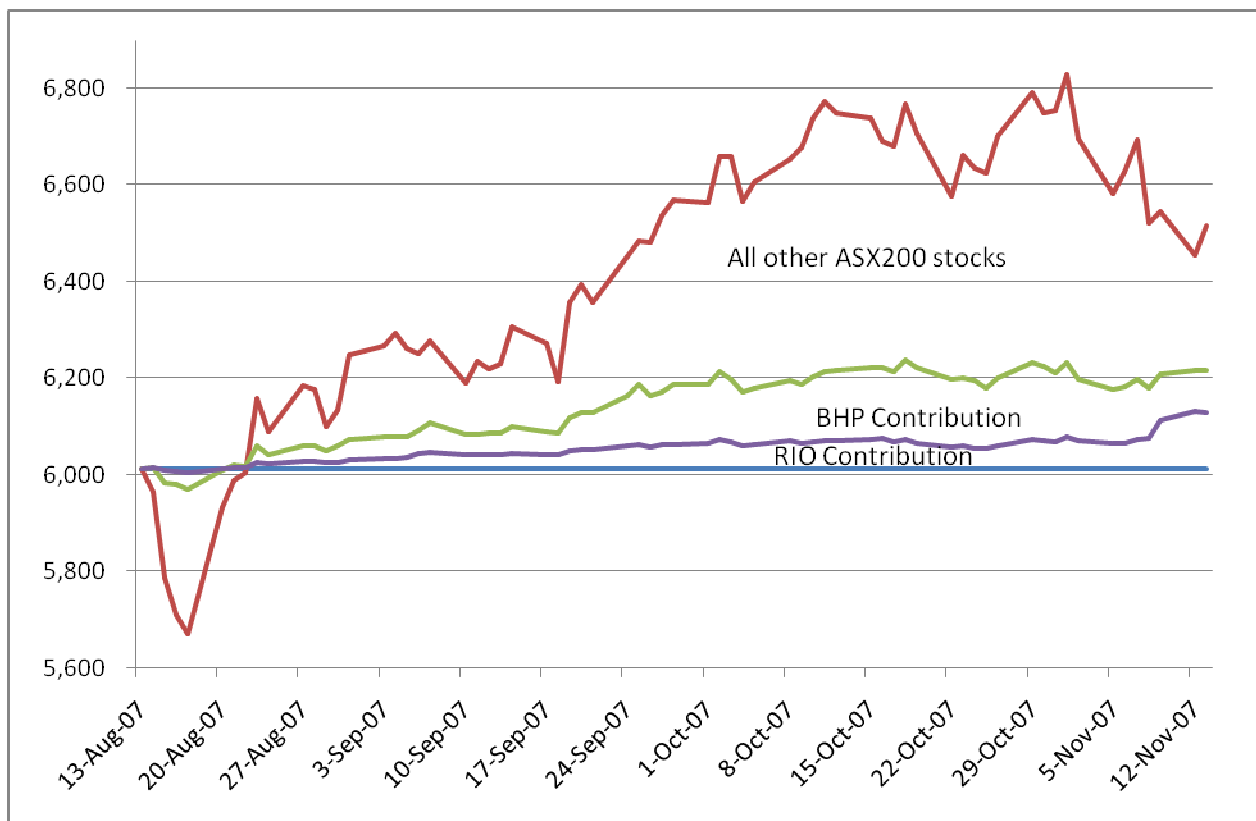
www.cadencecapital.com.au

During the month of October, Cadence Capital Limited returned a gross performance of + 3.74 % compared to an increase in the All Ordinaries Accumulation Index of 3.07% and an increase in the Small Ordinaries Accumulation Index of 5.37%. For the past 12 month period, Cadence Capital Limited returned a gross performance of 26.82 % compared to a rise in the All Ordinaries Accumulation Index of 31.38%. The fund finished the month 91.77% long, 20.34 % short and with a net long exposure of 71.43 %. The net exposure for September 2007 was 75.16%.

Performance of the Australian stock market over the last three months

The Australian stock market has risen significantly in the last three months as shown by an 8.4% increase in the ASX 200 index over the period 13th of August 2007 to 13th of November 2007. This has received significant media coverage as market watchers have generally been surprised at how quickly the subprime issues in the United States of America have been accepted by the market.

An analysis of what stocks and sectors have caused this increase is interesting. Of the 8.4% increase in the index from 6,012 on August 13 to 6,515 on November 13 over half of the increase was caused by companies in the Materials sector. A closer look at the Materials sector reveals that two stocks alone were primarily responsible. These are BHP Billiton and Rio Tinto. The chart below shows this effect.



The chart shows that of the 504 point rise in the ASX200 over the past three months, RIO was responsible for 118 points of the rise and BHP was responsible for 87 points. All of the other 198 ASX200 stocks combined were responsible for the remaining 298 points. Although most market watchers are probably aware that BHP and RIO are significant drivers of our market performance, I think it would surprise many people to learn that such a large proportion of the movement in the ASX200 index can be attributed to just two stocks.

It is also interesting to look at the stocks that have had the largest price increases over this period. There are 11 stocks that have risen by over 40% in the last three months, and all of them except for one are in the Materials or Energy sectors. The top Materials sector stocks and their rise over the past three months are Mincor Resources (40%),

Sally Malay Mining (46%), Pan Australian Resources (53%), Fortescue Metals Group (53%), Independence Group (54%), Rio Tinto (65%), Jubilee Mines (69%) and Mount Gibson Iron (80%). The Energy sector stocks are Worley Parsons (42%) and Straits Resources (76%). The non Materials or Energy sector stock is JB Hi-Fi (55%). Many resources companies have higher PE ratios than the overall market at the moment.

The ASX200 PE is 16. BHP has a PE of 16 and RIO has a PE of 23. The 'Stronger for Longer' resource boom catch phrase has been used frequently by investors, companies and the media recently. PE ratios for resource companies suggest that many investors believe that commodity prices are going to be at or above their current levels for an extended period of time.

DISCLAIMER

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