

INVESTMENT UPDATE AND NTA – OCTOBER 2010

FUND NTA

Cadence Capital Limited NTA estimates as at 31st October 2010:

Pre Tax NTA	\$1.09951
Post Tax NTA*	\$1.09604

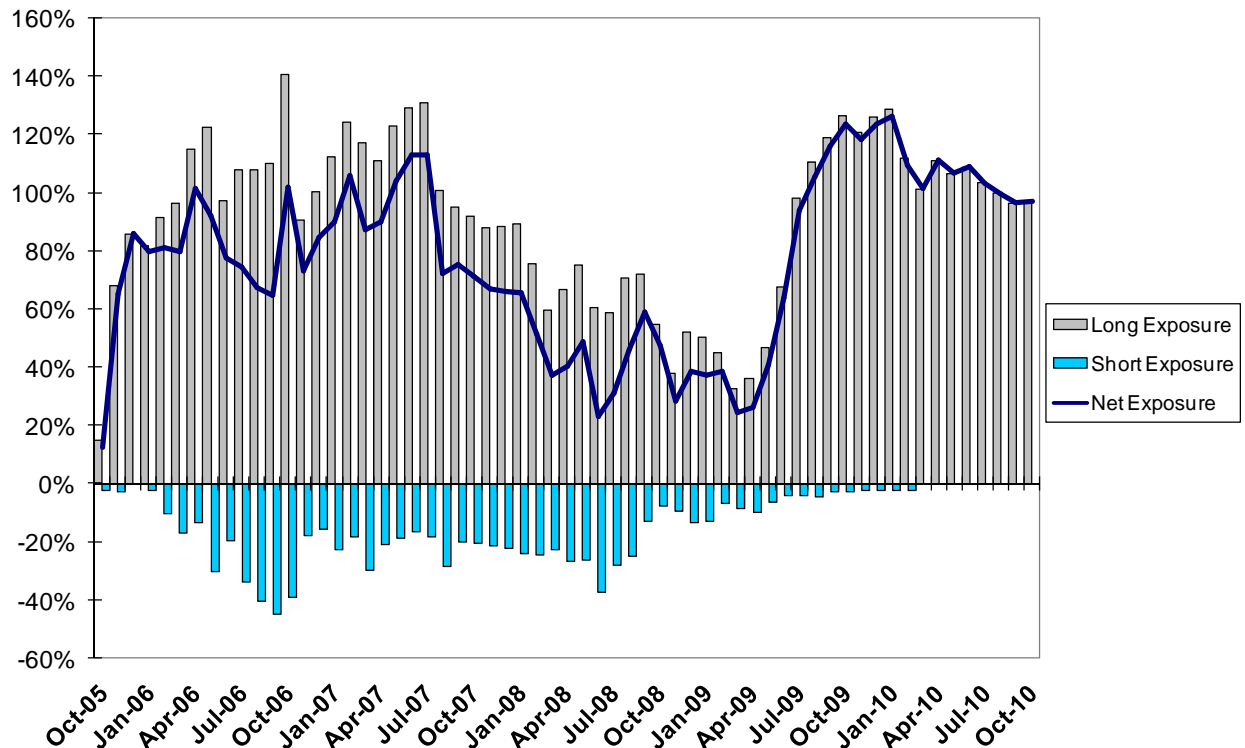
**Including net deferred taxed assets (deferred taxed assets less deferred tax liabilities)*

FUND PERFORMANCE*

Performance to 31st October 2010	CDM	All Ords	Outperformance
1 Month	1.57%	2.17%	
1 Year	3.49%	5.94%	-2.45%
2 Years	44.85%	29.69%	+15.16%
3 Years	-0.14%	-20.49%	+20.35%
4 Years	26.64%	4.45%	+22.19%
Inception to date accumulated return (61 months)	91.23%	27.19%	+64.04%
Annualised return since inception (61 months)	13.60%	4.85%	+8.75%

* Before Management and Performance Fees

PORTFOLIO EXPOSURE ANALYSIS



PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Net
Banks	32.11%		32.11%
Materials	29.91%		29.91%
Software & Services	17.03%		17.03%
Commercial Services & Supplies	6.67%		6.67%
Diversified Financials	3.12%		3.12%
Capital Goods	2.19%		2.19%
Telecommunication Services	1.94%		1.94%
Insurance	1.45%		1.45%
Technology Hardware & Equipment	1.41%		1.41%
Consumer Services	0.99%		0.99%
Utilities	0.31%		0.31%
Energy	0.01%		0.01%
Exposure	97.15%	0.00%	97.15%
Cash on hand			2.85%

TOP 20 PORTFOLIO POSITIONS

ASX Code	Position	Direction	% Holding
RHG	RHG Ltd	Long	20.8%
RKN	Reckon Ltd	Long	8.5%
BVA	Bravura Solutions Ltd	Long	7.9%
MMS	McMillan Shakespeare Limited	Long	6.7%
AWC	Alumina Limited	Long	6.0%
CFE	Cape Lambert Iron Ore Ltd	Long	4.7%
RIO	Rio Tinto Ltd	Long	4.4%
MCC	MacArthur Coal Ltd	Long	3.9%
NAB	National Australia Bank Ltd	Long	3.7%
ANZ	Australia & New Zealand Banking Group	Long	3.2%
FFF	Firstfolio Limited	Long	3.0%
AVO	Avoca Resources Limited	Long	2.5%
AGO	Atlas Iron Ltd	Long	2.5%
STB	South Boulder Mines Ltd	Long	2.3%
VMG	VDM Group Limited	Long	2.2%
FSA	FSA Group Ltd	Long	2.1%
HSKG	Heemskirk Consolidated Convertible Note	Long	1.9%
TPM	TPG Telecom Ltd	Long	1.6%
WBB	Wide Bay Australia Ltd	Long	1.5%
TAL	Tower Australia Group Ltd	Long	1.5%
Top Twenty Portfolio Holdings			90.8%

MARKET AND COMMENTARY

For the five years and one month to 31st October 2010, Cadence Capital Limited has returned a gross performance of 91.23% compared to an increase in the All Ordinaries Accumulation Index of 27.19%.

We are pleased to report that the fund has had a good start to the year and for the four months ended 31st October 2010 the fund is up 13.40% (Gross) outperforming the All Ordinaries Accumulation Index by 2.36%. During the month of October, Cadence Capital Limited returned a positive gross performance of +1.57% compared to an increase in the All Ordinaries Accumulation Index of +2.17% and an increase in the Small Ordinaries Accumulation Index of +3.31%.

The fund finished the month 97.15% long and with no shorts, i.e. net long exposure of 97.15%. The net long exposure for September 2010 was 96.44%.

CADENCE CAPITAL LIMITED NEWS

Cadence Capital Limited recently reached an important milestone celebrating 5 years of operation and we encourage you to attend our upcoming AGM to be held on 16th November 2010 between 10.30 am and 12.00pm at History House, 133 Macquarie Street, Sydney. At the AGM we will be providing an update on the Company, followed by a broad discussion on the stocks included in the portfolio and our views of the market.

Cadence Capital Limited will provide the AGM presentation as a webcast during the month of November 2010. This along with previous webcasts and interviews can be viewed in the 'News' section of the Cadence Capital Limited website at www.cadencecapital.com.au.

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