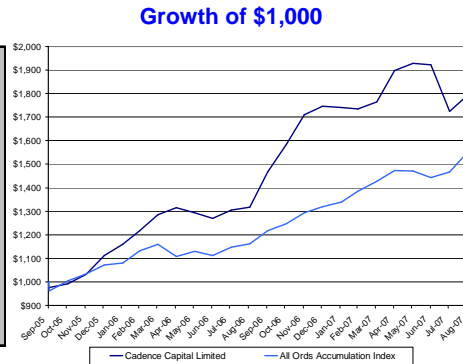


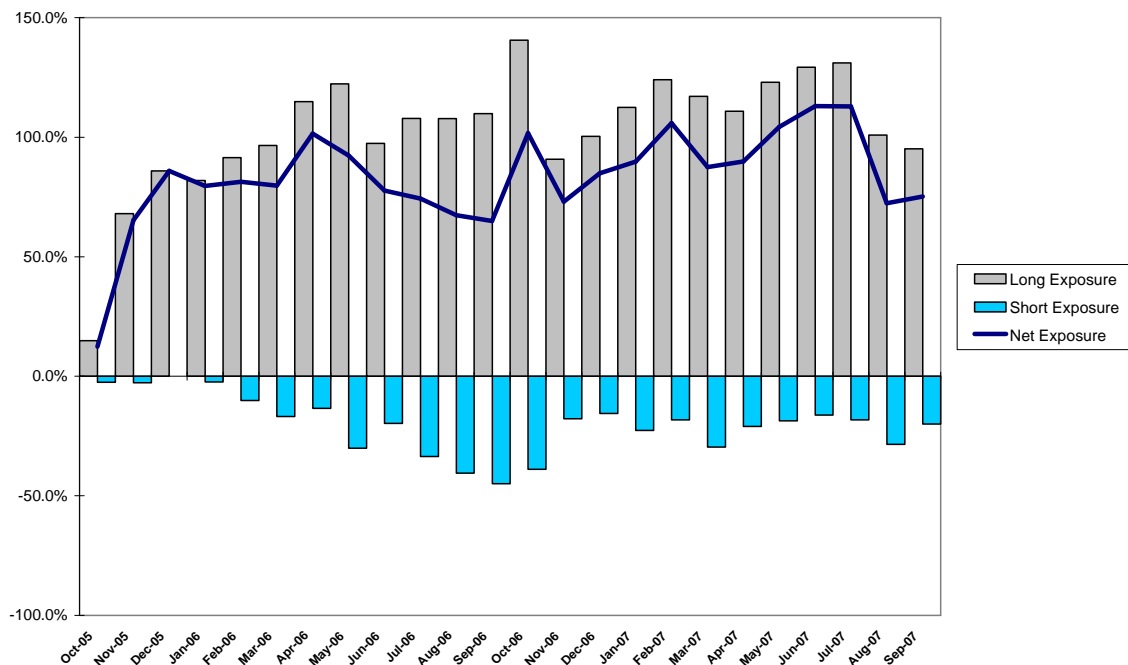
## INVESTMENT UPDATE AND NTA - September 2007

### FUND PERFORMANCE\*

Performance to 30th September 2007	<u>CCL</u>	<u>All Ords</u>
1 Month	4.02%	5.78%
3 Months	-6.91%	5.48%
6 Months	3.44%	12.09%
1 Year	36.18%	33.58%
2 Years (% per Annum)	35.86%	24.58%
3 Years (% per Annum)		
<b>Inception to date accumulated return</b>	<b>84.59%</b>	<b>55.20%</b>
* Before Management and Performance Fees		



### PORTFOLIO EXPOSURE ANALYSIS



## PORTFOLIO SECTOR ANALYSIS

Sector	Long	Short	Total
Diversified Financials	21.82%		21.82%
Software & Services	14.14%	-1.50%	12.63%
Materials	11.00%	-1.60%	9.40%
Media	9.65%	-1.16%	8.49%
Commercial Services & Supplies	7.03%		7.03%
Capital Goods	6.65%	-0.90%	5.76%
Health Care Equipment & Services	5.67%		5.67%
Retailing	2.90%		2.90%
Energy	2.45%	-0.38%	2.06%
Telecommunication Services	3.99%	-2.03%	1.96%
Real Estate	2.51%	-0.67%	1.84%
Banks	1.60%		1.60%
Insurance	3.16%	-1.81%	1.35%
Automobile & Components	1.16%		1.16%
Food Beverage & Tobacco	1.42%	-0.98%	0.45%
Pharmaceuticals, Biotechnology & Life Sciences		-0.76%	-0.76%
Consumer Services		-1.45%	-1.45%
Transportation		-1.97%	-1.97%
SPI Futures	0.00%	-4.76%	-4.76%
<b>Gross Exposure</b>	<b>95.15%</b>	<b>-19.99%</b>	<b>75.16%</b>

## MARKET AND COMMENTARY

Cadence Capital Limited NTA estimates as at 30<sup>th</sup> September 2007:

Gross NTA	\$1.40113
Pre Tax NTA	\$1.29275
Post Tax NTA	\$1.24086

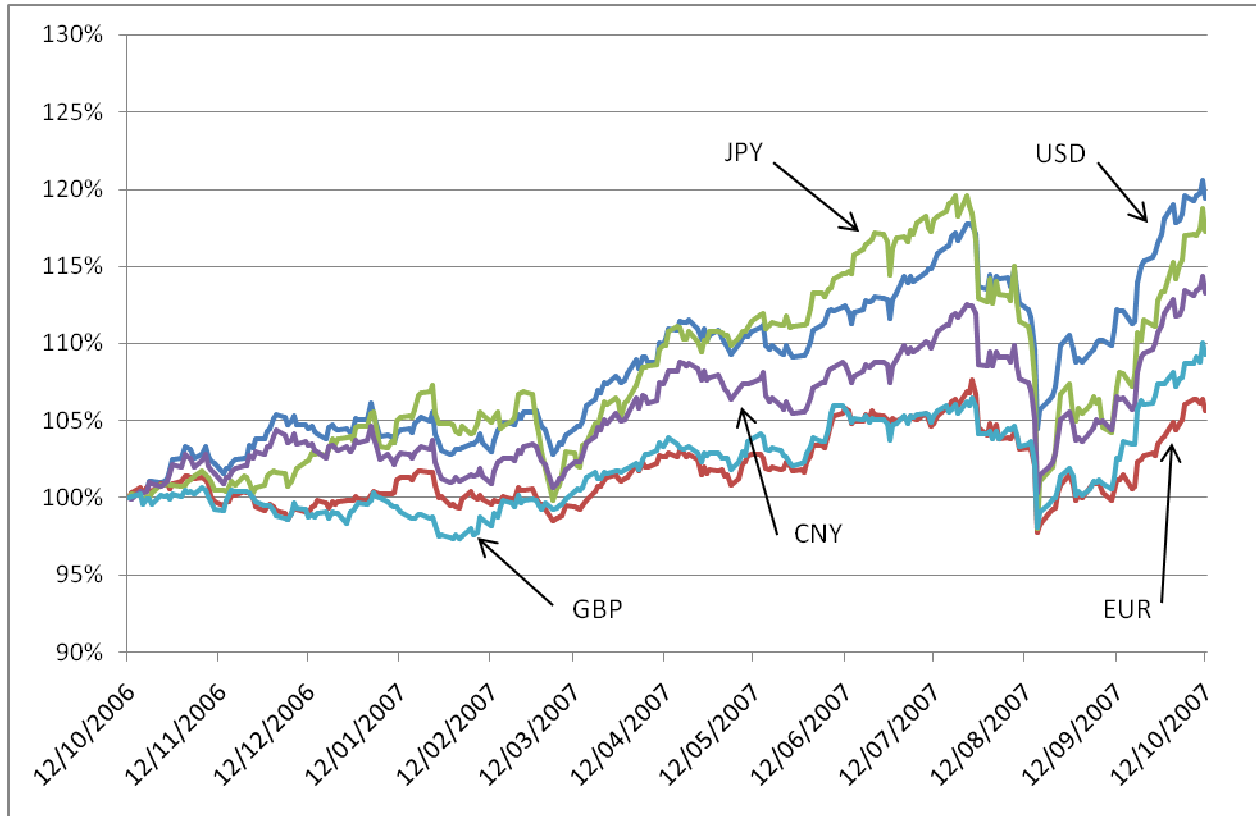
*(Please note that these NTA's are pre the 3c dividend that is payable on 18<sup>th</sup> October 2007)*

To get weekly estimates of the NTA for Cadence Capital Limited please visit [www.cadencecapital.com.au](http://www.cadencecapital.com.au)

During the month of September, Cadence Capital Limited returned a gross performance of + 4.02 % compared to an increase in the All Ordinaries Accumulation Index of 5.78% and an increase in the Small Ordinaries Accumulation Index of 4.56%. For the past 12 month period, Cadence Capital Limited returned a gross performance of 36.18 % compared to a rise in the All Ordinaries Accumulation Index of 33.58%. The fund finished the month 95.15% long, 19.99 % short and with a net long exposure of 75.16 %. The net exposure for August 2007 was 72.4%.

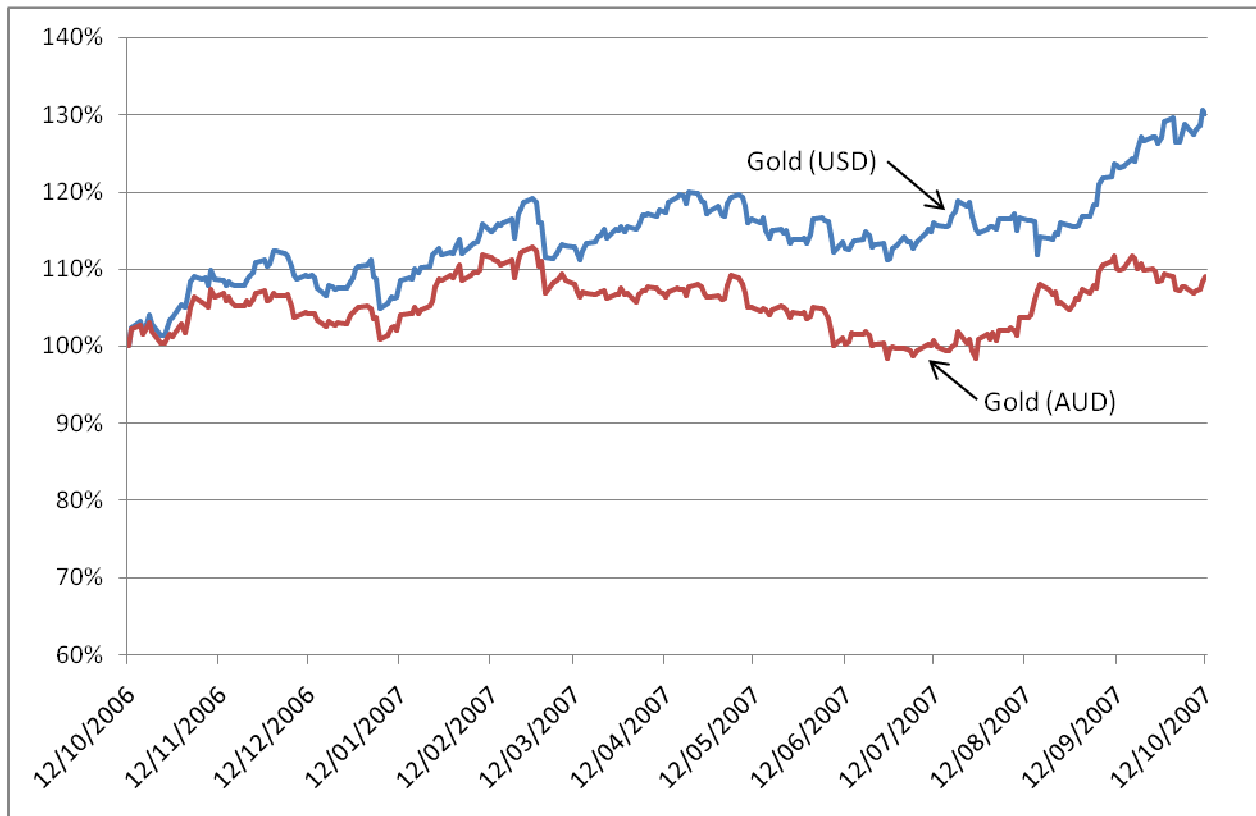
## The rise of the Australian Dollar

Over the past year the Australian Dollar has risen in value against most major currencies as can be seen in the chart below. It has risen by 19% versus the US Dollar, 17% versus the Japanese Yen, 13% versus the Chinese Yuan, 9% versus the British Pound, and 6% versus the Euro.



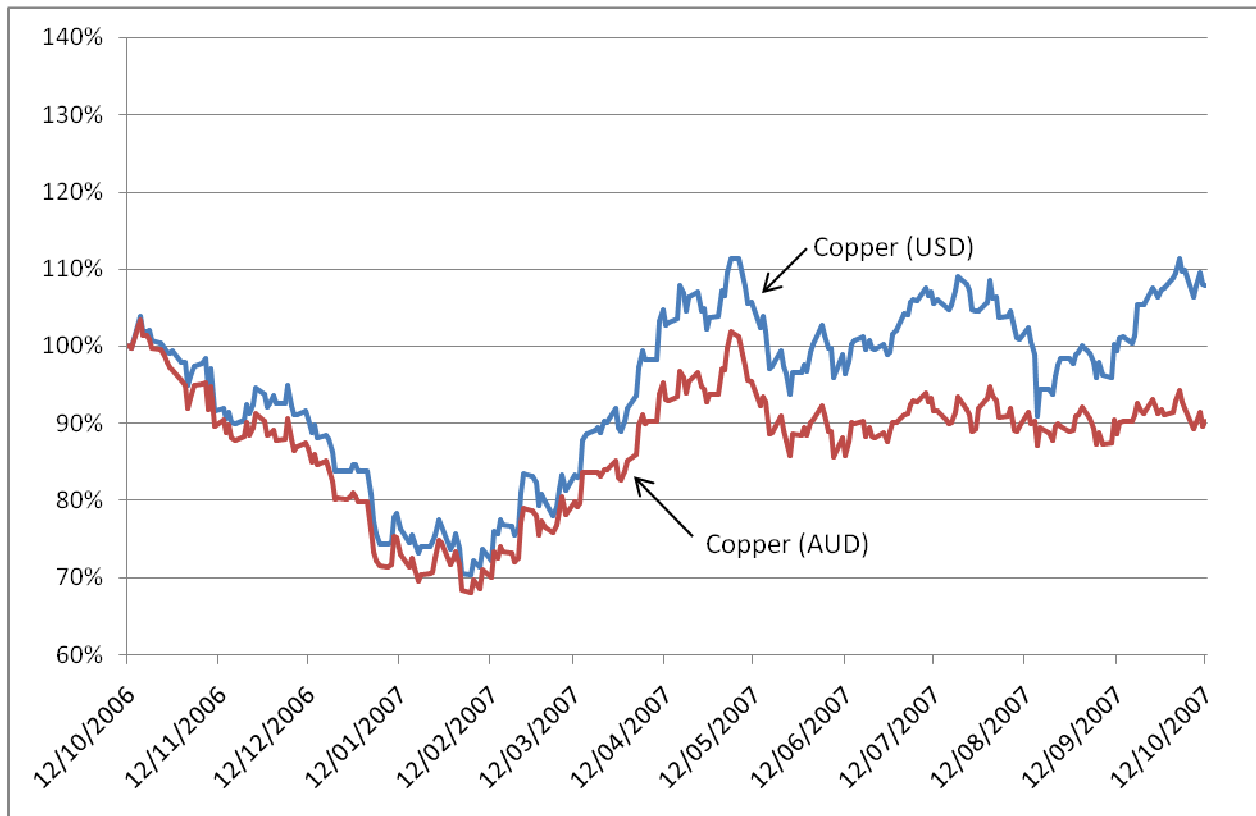
This is positive for Australian importers, such as David Jones and Harvey Norman, and negative for Australian exporters, such as resource companies like BHP Billiton, Rio Tinto and Newcrest Mining.

Australian resource companies have had a fantastic run on the Australian stock market recently which is primarily due to rising prices for the materials that they produce. BHP Billiton, Rio Tinto and Fortescue Metals have all risen in price recently which has been primarily due to recent iron ore price increases, and speculation of more iron ore price increases to come in 2008. Australian gold producers' share prices have also risen significantly recently. The chart below shows the gold price rise both in US Dollars and Australian Dollars.



It is interesting to note that while the US Dollar gold price is currently peaking, the Australian dollar gold price peaked in late February this year. Since then the Australian Dollar gold price is down slightly, while over the same period the US Dollar gold price is up approximately 12%, Newcrest Mining has risen 35% and Lihir Gold has risen by 34%. This could suggest that the share prices of Newcrest Mining and Lihir Gold have risen in response to the US Dollar gold price increases, and that investors have not focused enough on the Australian Dollar value of gold.

Another commodity that is interesting is copper. See below for the copper price chart over the past year in both US Dollars and Australian Dollars.



Over the past year the US Dollar copper price has increased by about 10%, while the Australian Dollar copper price has decreased by about 10%.

Most of the information presented in the media these days shows commodity prices in US Dollars. For example the London Metal Exchange website ([www.lme.com](http://www.lme.com)) shows metals prices and charts that are all in US Dollars. Even the Australian media such as the Australian Financial Review newspaper reports commodity prices in US Dollars. It is important that investors take the extra step of converting the prices into Australian dollars before assessing the impact that these price changes will have on Australian company share prices.

Companies that have significant operations in the US will also be impacted by the rise in the Australian Dollar versus the US Dollar. An example of this is ABC Learning which is the operator of over 2000 child care centres. Approximately half of their centres are located in the US. The US dollars earned by ABC learning in the US would convert to 20% less Australian dollars now than they would have one year ago.

While it is difficult to predict the movements of currencies over time, and some investors may not have a forecast of where a currency is going, it is important for all investors to understand the impact that a currency movement has on the value of the investments that they hold.

## DISCLAIMER

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