



## INVESTMENT UPDATE

MARCH 2016

For the month of March 2016, Cadence Capital Fund returned a negative gross performance of 0.69% compared to an increase in the All Ordinaries Accumulation Index of 4.74%. For the past 12 months the fund has returned a negative gross performance of 13.68% compared to a decrease in the All Ordinaries Accumulation Index of 8.05%.

The market remains volatile, however the market has managed to recover some of its losses for the year. Breaking the market up into some of the underlying trends, we are seeing a continued recovery in energy prices. Similarly we are seeing a reversal in the trend for a number of commodities, in particular iron ore. Other commodities have also shown early signs of recovery. Banks and diversified financials whilst volatile have shown tentative signs of stabilising. The Australian dollar continues to track higher as well, firmly reversing the longer term trend which has seen the Australian dollar fall from \$1.08 to \$0.68 against the US dollar before recovering to current levels around \$0.77. As always, the Fund continues to scale into and out of trends which since the start of the year have seen us reduce short positions in commodities and energy, reduce overall exposure to banks and financials and reduce our overseas currency exposure. The reversal in a number of key trends, combined with volatility, tends to affect the short term performance of a fund that invests in underlying trends. We know in the medium and longer term however that trends re-emerge and should, over time, lead to outperformance against the broader market.

## Fund NTA

Unit price as at 31<sup>st</sup> March 2016:

**NTA (Post fees) – Class A Original series      \$1.836**

## Fund Performance

Performance* to 31st March 2016	CCF**	All Ords	Outperformance
1 Month	-0.69%	4.74%	-5.43%
1 Year	-13.68%	-8.05%	-5.64%
3 Years	13.50%	17.87%	-4.37%
5 Years	78.72%	30.24%	+48.48%
7 Years	280.69%	96.56%	+184.13%
10 Years	151.36%	55.28%	+96.08%
Inception to date accumulated return (12.4 years)	428.50%	166.28%	+262.22%
Annualised return since inception (12.4 years)	14.35%	8.21%	+6.14%

\* Gross Performance before Management and Performance Fees

\*\* Adjusted to include material franking credit of 26.7 cents received from RHG dividend during May 2011



## Top Portfolio Positions

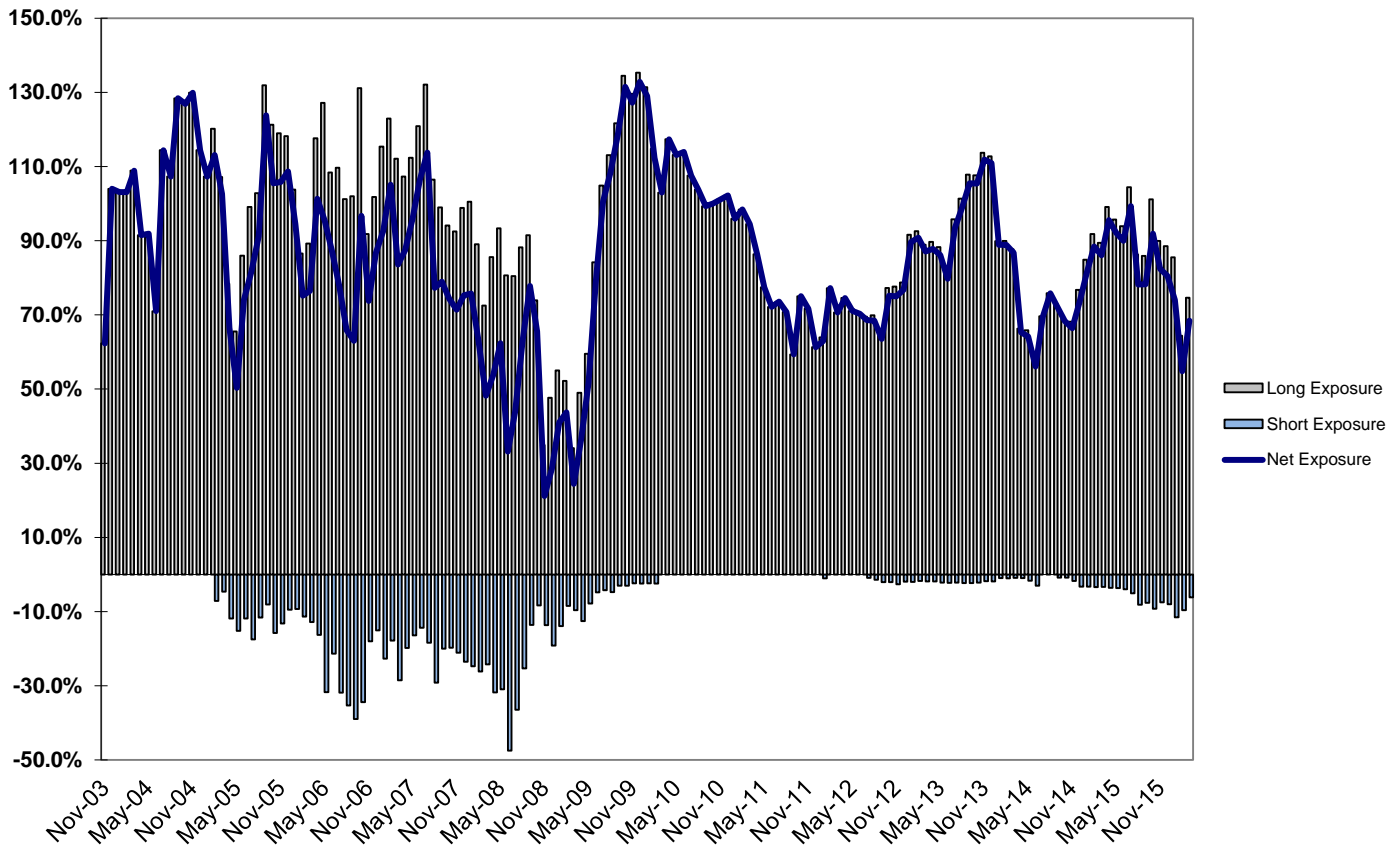
Stock Code	Position	Direction	Currency	Holding
MQG	Macquarie Group Limited	Long	AUD	13.32%
MLB	Melbourne IT Ltd	Long	AUD	8.19%
HGG	Henderson Group Plc	Long	AUD	6.51%
LUX IM	Luxottica Group SPA	Long	EUR	3.62%
RFG	Retail Food Group	Long	AUD	3.58%
FB US	Facebook Inc	Long	USD	3.36%
GOOG US	Alphabet Inc	Long	AUD	2.85%
WPL	Woodside Petroleum Ltd	Short	AUD	2.72%
ANZ	Australia & New Zealand Banking Group	Long	AUD	2.60%
005930 KS	Samsung Electronics Co Ltd	Long	USD	2.56%
MA US	Mastercard Inc.	Long	AUD	2.23%
IPH	IPH Ltd	Long	AUD	2.20%
NAB	National Australia Bank Ltd	Long	AUD	2.20%
CBA	Commonwealth Bank of Australia	Long	AUD	2.20%
MYO	MYOB Group Ltd	Short	AUD	1.75%
BTT	BT Invetsmnet Management Ltd	Long	AUD	1.68%
CYA	Centuary Australia Investments Ltd	Long	AUD	1.67%
FXL	Flexigroup Ltd	Long	AUD	1.64%
<b>Top Portfolio Holdings - Gross Exposure</b>				<b>64.86%</b>

## Portfolio Sector Analysis

Sector	Long	Short	Net
Diversified Financials	23.14%		23.14%
Communications	8.81%		8.81%
Software & Services	8.19%		8.19%
Banks	7.00%		7.00%
Financial	6.61%		6.61%
Consumer, Non-cyclical	6.38%		6.38%
Consumer, Cyclical	4.06%	0.44%	3.62%
Consumer Services	3.58%		3.58%
Technology	3.54%	1.75%	1.79%
Basic Materials	1.67%		1.67%
Industrial	1.13%		1.13%
Materials	0.37%	1.27%	-0.90%
Energy	0.18%	2.72%	-2.54%
<b>Exposure</b>	<b>74.65%</b>	<b>6.18%</b>	<b>68.48%</b>
<b>Cash on hand</b>			<b>31.52%</b>



## Portfolio Exposure



## Recent News Articles

Karl Siegling will deliver a presentation about investing internationally at the [Australian Shareholders Association Grow Your Portfolio Conference](#). The conference will be held in Sydney from the 16<sup>th</sup> to the 18<sup>th</sup> of May 2016. You can find more information [on the ASA website](#).

Karl Siegling's article [Market psychology and emotions in action](#), which uses Macquarie Group Limited (ASX: MQG) as a 'live' example of market psychology in action, was featured in the Livewire newsletter.

Simon Bonouvrie shared his views on which [companies are benefitting from emerging trends in](#) Livewire's Buy Hold Sell video series.

We've added reviews to our [52 Books You Should Read Before Buying Your Next Stock](#) section, including *Masters of The Market* by Geoff Wilson, Anthony Hughes and Matthew Kidman as well as *Valuation: Measuring and Managing the Value of Companies* by McKinsey & Company Inc.

To view all previous Cadence webcasts and press articles, please visit the [Media Section](#) of our Website.



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## Hope, Fear and Greed: Understanding Investment Market Psychology

Understand the 3 key emotions in the market, and follow our live example of how these may affect the Macquarie Group Limited (MQG) share price.

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