



INVESTMENT UPDATE

DECEMBER 2014

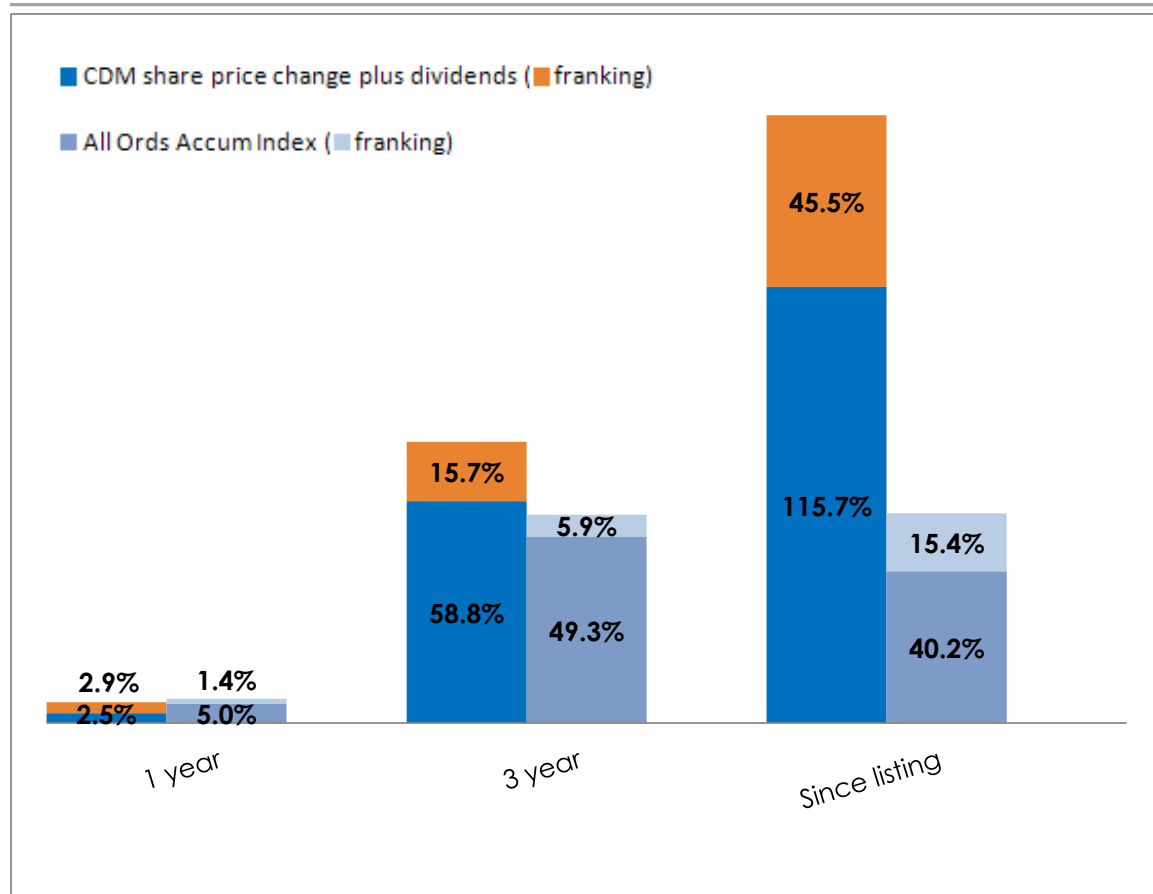
During the month of December 2014, Cadence Capital Limited returned a positive gross performance of 0.69% compared to an increase in the All Ordinaries Accumulation Index of 1.93% and an increase in the Small Ordinaries Accumulation Index 0.47%.

As at the 31 December 2014 the fund was holding 21% cash (79% invested).

Fund NTA

| Net Tangible Assets as at 31 December 2014 | Amount (\$) |
|--|-------------|
| Pre Tax NTA | \$1.348 |
| Post Tax NTA | \$1.360 |
| Share price (ASX Code: CDM) | \$1.420 |
| Option price (ASX Code: CDMO) | \$0.018 |

CDM Share Price and Option Returns plus Dividends & Franking





Fund Performance

| Performance* to 31 December 2014 | CDM** | All Ords | Outperformance |
|--|---------|----------|----------------|
| 1 Month | 0.69% | 1.93% | -1.24% |
| 1 Year | 2.42% | 5.02% | -2.60% |
| 2 Years | 23.47% | 25.66% | -2.19% |
| 3 Years | 47.01% | 49.34% | -2.33% |
| 4 Years | 92.63% | 32.27% | +60.36% |
| 5 Years | 154.47% | 36.64% | +117.83% |
| 8 Years | 162.56% | 34.11% | +128.45% |
| Since Inception (9.3 years) | 362.04% | 73.41% | +288.63% |
| Since Inception Annualised (9.3 years) | 17.99% | 6.13% | +11.86% |

* Before Management and Performance Fees

**These numbers include the franking value of the substantial dividend from its RHG holding received in May 2011. As a result of this dividend, the Post Tax NTA of the fund increased by +8% during that month. The May 2011 performance of the fund was adjusted to reflect this Post-tax increase in NTA as this figure more accurately included the material fully franked dividends received from RHG during this month.

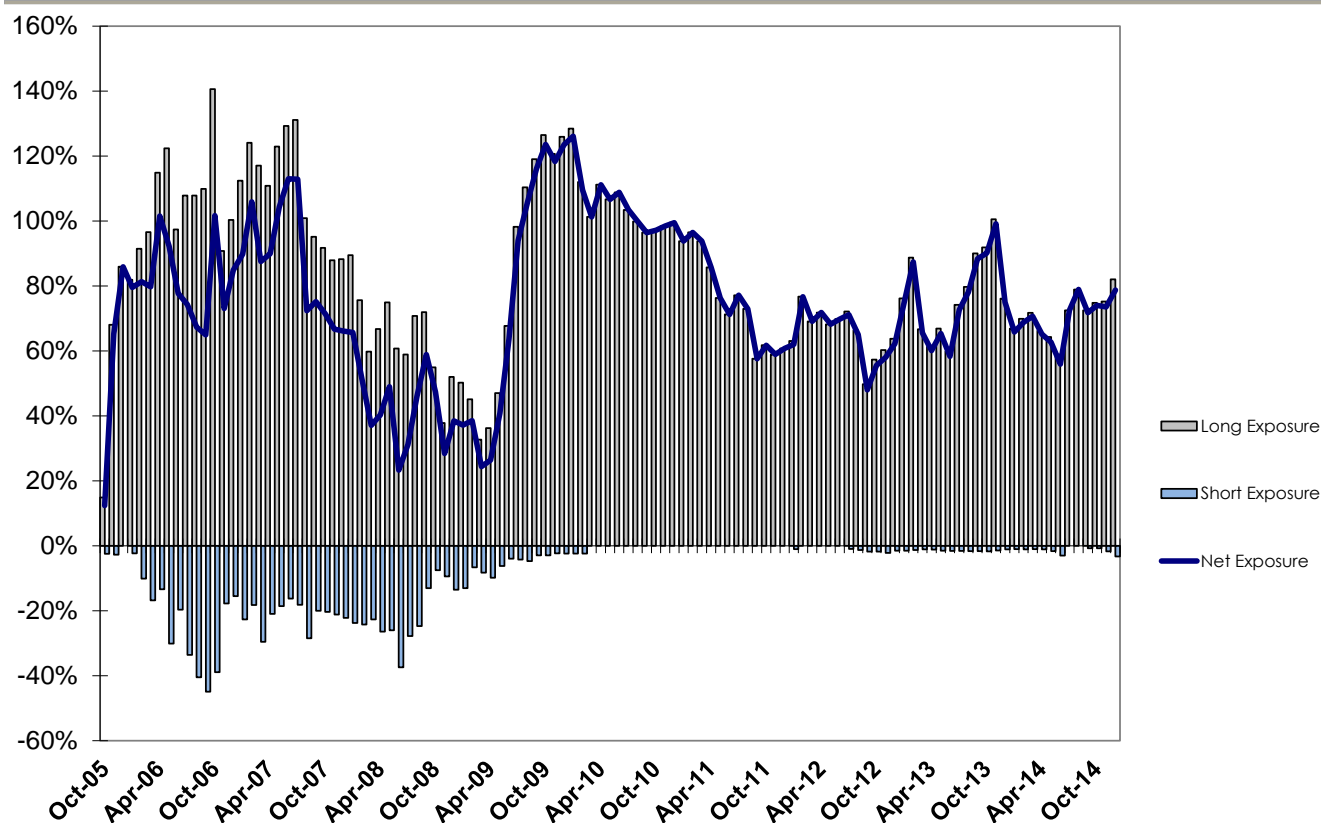
Fully Franked Dividends Declared Since Listing

| Calendar Year | Interim | Final | Special | Total | Gross (Inc. Franking) |
|---------------|--------------|--------------|--------------|--------------|-----------------------|
| 2007 | 2.0c | 2.0c | 2.0c | 6.0c | 8.6c |
| 2008 | 2.5c | 2.2*c | - | 4.7c | 5.8c |
| 2009 | - | 2.0c | - | 2.0c | 2.9c |
| 2010 | 2.0c | 2.0c | - | 4.0c | 5.7c |
| 2011 | 3.0c | 3.0c | 3.0c | 9.0c | 12.9c |
| 2012 | 4.0c | 4.0c | 4.5c | 12.5c | 17.8c |
| 2013 | 5.0c | 5.0c | 1.0c | 11.0c | 15.7c |
| 2014 | 5.0c | 5.0c | - | 10.0c | 14.3c |
| TOTAL | 23.5c | 25.2c | 10.5c | 59.2c | 83.7c |

* Off market equal access buy back



Portfolio Exposure



Portfolio Sector Analysis

| Sector | Long | Short | Net |
|----------------------------|---------------|--------------|---------------|
| Banks | 13.95% | | 13.95% |
| Financial | 13.88% | | 13.88% |
| Diversified Financials | 13.69% | | 13.69% |
| Consumer, Non-cyclical | 11.76% | | 11.76% |
| Telecommunication Services | 6.23% | | 6.23% |
| Software & Services | 4.76% | | 4.76% |
| Consumer Services | 4.48% | | 4.48% |
| Consumer, Cyclical | 3.53% | | 3.53% |
| Insurance | 2.81% | | 2.81% |
| Energy | 1.90% | | 1.90% |
| Communications | 1.47% | | 1.47% |
| Technology | 0.67% | | 0.67% |
| Real Estate | 0.66% | | 0.66% |
| Basic Materials | 0.92% | 1.16% | -0.25% |
| Materials | 1.33% | 2.13% | -0.80% |
| Exposure | 82.04% | 3.30% | 78.74% |

Cash on Hand

21.26%

For more information contact Cadence Capital Limited on 02 8298 2444 or email info@cadencecapital.com.au
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Top Portfolio Positions

| Code | Position | Direction | Currency | Holding |
|--|---|-----------|----------|---------------|
| MQG | Macquarie Group Limited | Long | AUD | 7.6% |
| MLB | Melbourne IT Ltd | Long | AUD | 4.8% |
| GMA | Genworth Mortgage Insurance Australia Ltd | Long | AUD | 4.6% |
| RFG | Retail Food Group | Long | AUD | 4.5% |
| NAB | National Australia Bank Ltd | Long | AUD | 3.8% |
| MA US | Mastercard Inc | Long | USD | 3.8% |
| BOQ | Bank of Queensland Ltd | Long | AUD | 3.7% |
| ANZ | Australia & New Zealand Banking Group | Long | AUD | 3.6% |
| LUX IM | Luxottica Group SPA | Long | EUR | 3.5% |
| HGG | Henderson Group Plc | Long | AUD | 3.5% |
| IIN | Iinet Limited | Long | AUD | 3.2% |
| TLS | Telstra Corporation Limited | Long | AUD | 3.0% |
| GILD US | Gilead Sciences Inc | Long | USD | 3.0% |
| SUN | Suncorp Group Ltd | Long | AUD | 2.8% |
| CBA | Commonwealth Bank of Australia | Long | AUD | 2.8% |
| BEN | Bendigo and Adelaide Bank Limited | Long | AUD | 2.8% |
| V US | Visa Inc. | Long | USD | 2.2% |
| RIO | Rio Tinto Ltd | Short | AUD | 2.1% |
| AIG US | American International Group | Long | USD | 2.1% |
| MQA | Macquarie Atlas Roads Group | Long | AUD | 2.0% |
| Top Portfolio Holdings Gross Exposure | | | | 69.60% |

Recent News Articles

Cadence Capital featured in the January 2015 edition of ASX Investor Update – [‘Six prosperous trends for active investors and traders’](#) and was quoted in the AFR [‘Will 2015 show the same love for IPOs’](#).

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