



# **Presentation**

## **15th August 2007**

**Principal Office of Investment Manager**

**Cadence Asset Management Pty Limited  
Level 11  
131 Macquarie Street  
Sydney NSW 2000  
Australia**

## Overview

- Cadence Capital Limited is an ASX listed Investment Company (ASX Code CDM) with separately traded ASX listed Options ( ASX Code CDMO)
- Designed to allow Retail Investors into our Australian Long/ Short Listed Equity Strategy.
- Focused on both fundamental and technical analysis to generate absolute returns
- Interests of Investors are aligned to the interests of the manager as the principal is a large investor in the mandate
- Our Original Fund, Cadence Capital, winner of the Asian Investor 2007 award for Australian/ New Zealand Alternative Investments
- Eureka hedge Funds Database ranked Cadence Capital Limited the number one ranking Long/ Short Australian equity fund for 2006.

## The Manager

- The fund is managed by Cadence Asset Management Pty Ltd, a company owned by Karl Siegling. The Manager has been operating for three and a half years and manages two other funds (A wholesale domiciled unit trust and an offshore Cayman exempt company)
- Karl has over 12 years experience in equities research and funds management in both listed and unlisted markets as well as trading experience
- Cadence Asset Management employs 3.5 FTE's and currently out sources fund administration, IT and compliance
- Regulated by ASIC and holds an Australian Financial Services Licence (Number 252745)
- Manages AUS \$ 80 M in strategy

# Investment Philosophy

The Managers over-riding belief is that the use of both fundamental and technical analysis has a greater probability of producing higher returns than either fundamental or technical analysis alone

## → Fundamental Analysis

- Bottom up research
- Target 20 – 40 core investments
- Longer holding periods

## → Technical Analysis

- 0 – 40 trading opportunities
- Shorter holding periods

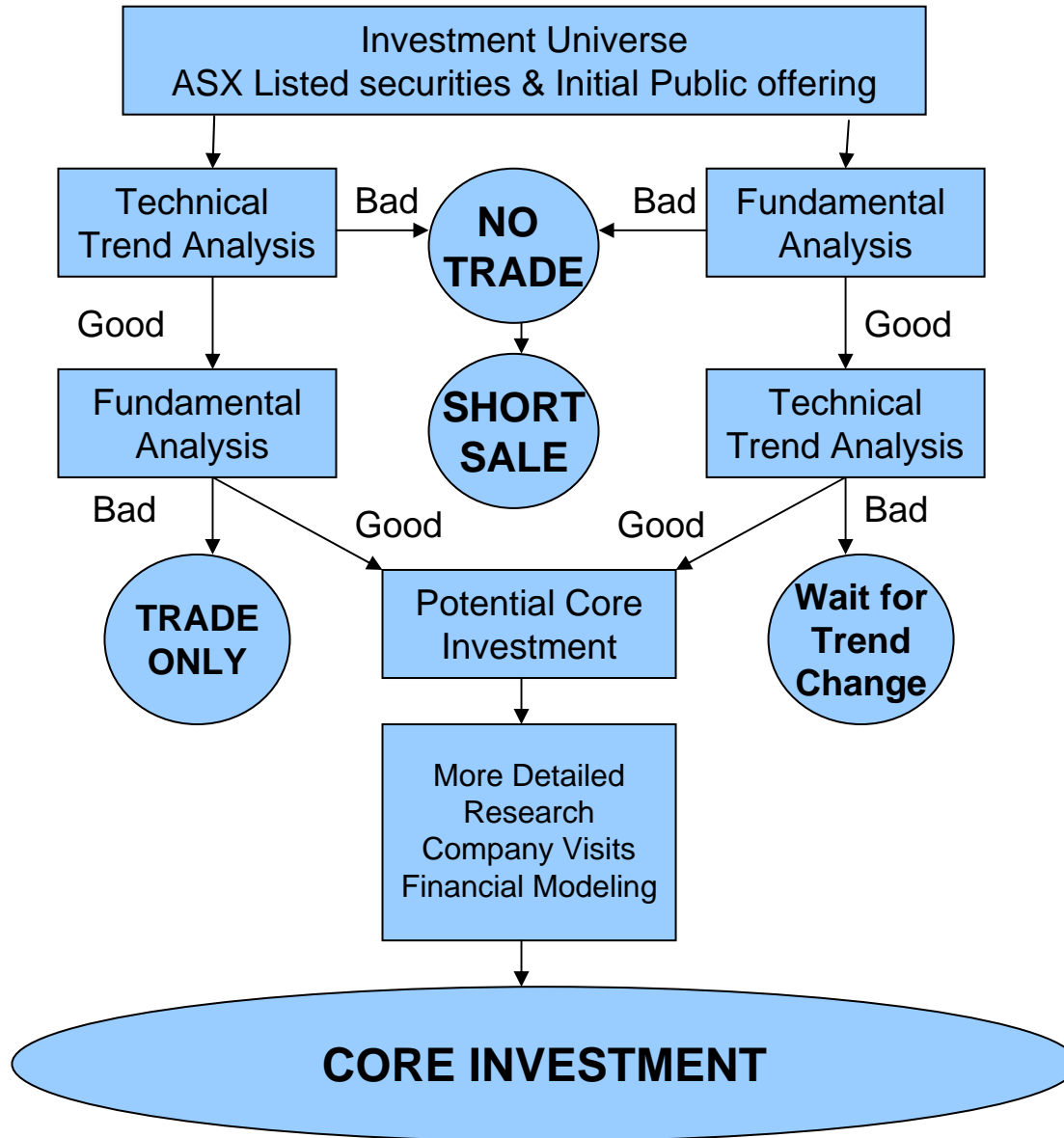
# Fundamental Analysis

- ➔ A quantitative evaluation of management – strong focus on company meetings.  
Target 400-600 company visits/ management meetings per year
- ➔ In-house proprietary bottom up analysis of companies
  - Earnings per share growth historically and two year estimates
  - Free cash flow per share historically and two year estimates
  - Free cash flow to price yield per share historically and two year estimates
  - Price/earnings ratios historically and two year estimates
  - Price/earnings to growth multiples historically and two year estimates
  - Enterprise valuations currently and two year estimates
  - Balance sheet strength and in particular debt and cash
- ➔ Detailed industry research and assessment
- ➔ Analysis of a companies relative bargaining power within the industry

# Technical Analysis

- ➔ The manager focuses on the following criteria to appraise potential trading opportunities
- the short-term (one year) share price and share volume indicators (short term trend)
  - the long-term (five year) share price and share volume indicators (long term trend)
  - the average weekly volume of shares traded, and
  - the average number of days required to sell a parcel of shares.

# Investment Process



→ Generally to date:

- Gross Exposure – 80% to 150% of NAV
- Net Exposure – 40% to 130% of NAV
- Single stock position < 10% of NAV
- Single sector position < 50% of Gross Exposure

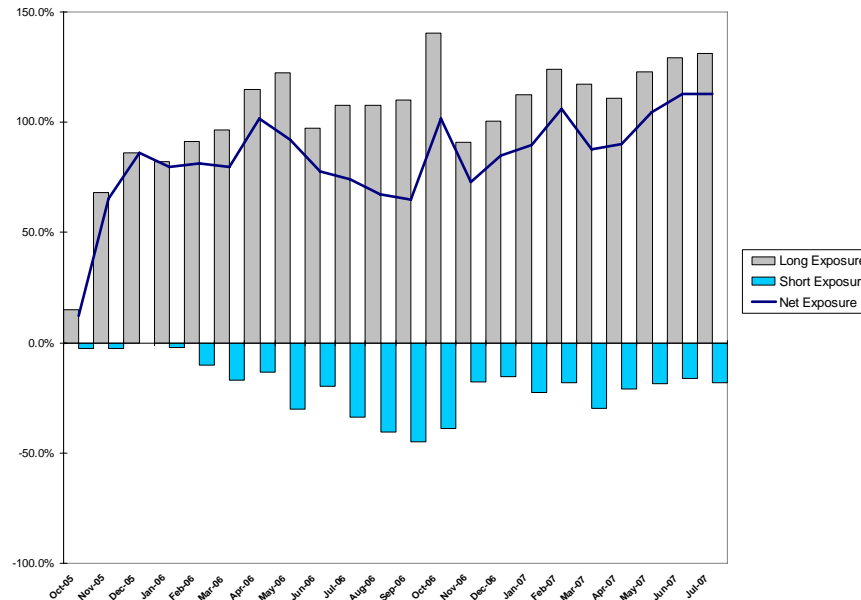
→ Maximum leverage is \$1 leverage for every \$1 of equity

→ Individual transactions monitored against a 10% drawdown and individual stock positions are monitored against a 15% drawdown on average cost

# Performance Summary

## Performance and Portfolio Exposure of Cadence Capital Limited

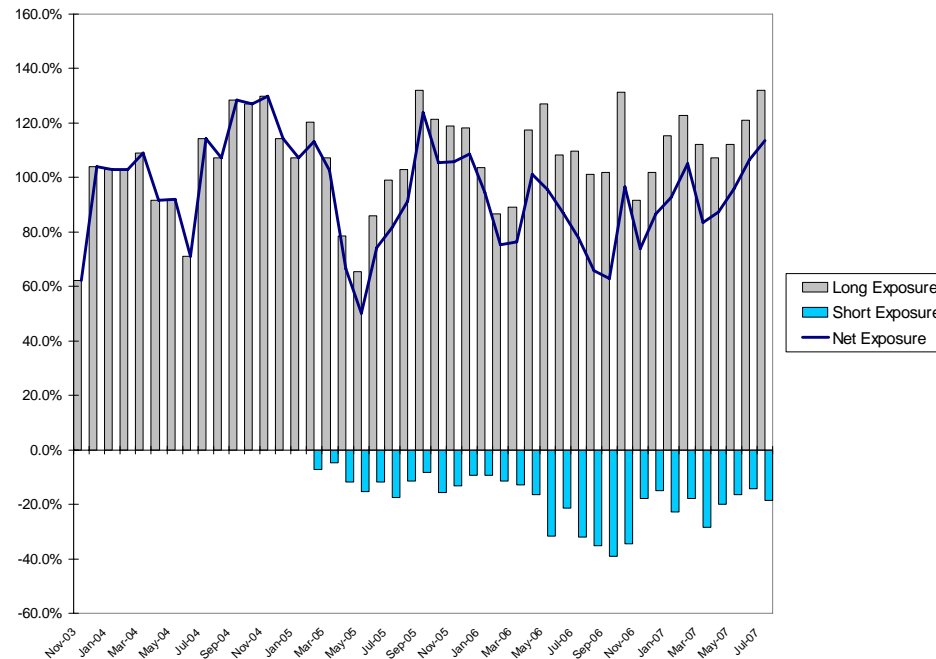
<b>Performance to 31st July 2007</b>	<b>CCL</b>	<b>All Ords</b>
1 Month	-0.29%	-1.94%
3 Months	8.94%	1.12%
6 Months	10.05%	9.38%
1 Year	51.31%	29.73%
2 Years ( % per Annum)		
3 Years ( % per Annum)		
<b>Inception to date accumulated return</b>	<b>97.72%</b>	<b>44.28%</b>
* Before Management and Performance Fees		



# Performance Summary

## Performance and Portfolio Exposure of Cadence Capital Fund

Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	YTD
										0.85%	8.52%	9.45%
Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	YTD
5.97%	1.47%	1.11%	-0.71%	-0.99%	1.55%	10.55%	-0.48%	7.31%	6.48%	3.53%	0.80%	42.38%
Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	YTD
3.83%	0.82%	-2.48%	-5.07%	-1.08%	3.54%	4.15%	4.31%	4.53%	-1.49%	1.91%	4.05%	17.77%
Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	YTD
5.86%	5.25%	2.83%	3.04%	1.55%	-0.87%	-1.78%	2.29%	0.76%	7.93%	6.34%	6.74%	47.39%
Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	YTD
2.02%	-0.15%	0.10%	1.10%	5.24%	1.28%	-0.06%						9.82%
* Before Fees											<b>Accumulated return</b>	<b>197.07%</b>



(As at June 2007)

→ Annualised return (net of all fees)*	28.41%
→ Annualised standard deviation*	9.81%
→ Sharpe ratio ( Rf .04 )*	2.49
→ Percentage of positive months*	75.00%
→ Maximum drawdown* (3months Mar05 –Apr05)	-7.42%
→ Annualised downside deviation*	3.33%

\*Unaudited extracts from [www.eurekahedge.com](http://www.eurekahedge.com)

## Update

- Financial year end finalised
- AGM most likely scheduled for October
- Cadence has been approached in relation to a possible placement

## **Karl Siegling – MD and CIO**

- Founder and Portfolio Manager for Cadence Asset Management
- Wilson Asset Management Investments – external consultant stock Analyst
- eFinancial Capital Limited ( a subsidiary of Challenger Group Ltd holdings) – MD of private equity fund
- Goldman Sachs – equity research analyst
- Deutsche Morgan Grenfell – initially currency and bond trader and then equities research analyst specialising in small and mid cap stocks
- INSEAD MBA – Finance
- Bachelor of Commerce and LLB, University of Melbourne

## **Wayne Davies – COO**

- COO Mathews Capital Partners – Australia
- COO Theorema Asset Management – London
- Operations Consultant – Deloitte Consulting Group
- CFO Agricultural Commodities Trader
- Chartered Accountant – South Africa
- Chartered Institute of Management Accounts – UK
- Bachelor of Commerce and Post Graduation Diploma in Accounting



# Terms and Conditions

The Fund:	Cadence Capital Limited
Structure:	Listed Investment Company
Management Fee:	1%
Performance Fee:	20% above All Ords. Accum. Index
Currency:	AUD
Investment Manager:	Cadence Asset Management Pty Limited
Prime Broker:	UBS AG, Australia Branch
Custodian:	UBS AG, Australia Branch
Solicitor:	Watson Mangioni
Auditors:	Moore Stephens

## Disclaimer

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