



MEDIA RELEASE

Cadence Capital Limited (ASX: CDM) DRP Shortfall Placement using ASX BookBuild

Wednesday, 30 April 2014

Cadence Capital Limited (ASX Code: CDM) ('the Company') today announces it intends to undertake a placement in respect of the Company's Dividend Reinvestment Plan ('DRP') shortfall "(DRP Shortfall Placement" or 'Placement").

The DRP Shortfall Placement will be made to sophisticated and professional investors and will use the ASX BookBuild facility.

The DRP Shortfall Placement will be **offered at \$1.44 ('Offer Price')** and investors will receive 1 CDM share (\$1.42 close of business 29 April 2014) and 1 CDMO* Option (\$0.053 close of business 29 April 2014). The Post Tax Net Tangible Asset (NTA) per share at close of business 29th April 2014 is approximately \$1.387 (this is post the 5.0c fully franked dividend paid on the 24 April 2014). The initial allocation under the DRP Shortfall Placement will be up to approximately 4.6 million ordinary shares and options however, the Company reserves the right to increase the size of the Placement.

Cadence Capital Limited intends to invest proceeds of the Placement in accordance with the Company's investment criteria. The Company's Investment philosophy is underpinned by a number of long held investment beliefs:

- A combination of fundamental and technical analysis has a greater probability of producing higher returns than either fundamental or technical analysis alone (these terms are explained below).
- The 'Entry and Exit' strategy (technical) is as important as the investment decision (fundamental). The process of scaling into and out of positions is highly disciplined.
- It's 'open mandate' to be invested or not invested is a key tenet to managing money, that is, the allocation between equities and cash based on bottom up fundamental analysis and technical analysis is critical.
- It is possible to generate alpha from both long positions and short positions.

The Company's Directors unanimously support the Placement.

Karl Siegling, Chairman, said "The Cadence story is really resonating with the SMSF market, with 60% of investors being SMSF Trustees. We now have 4500 investors in Cadence, an increase of 300% over past 12 months. The combination of 20% gross returns p.a, along with a historic fully franked yield of between 7% to 8% per annum have made the Company extremely appealing to this important growing sector of the market."

*CDMO Option (ASX Code: CDMO) has a strike price of \$1.43 and expires 31st August 2015

Participation in the Placement

Parties interested in participating in the DRP Shortfall Placement should contact their broker or adviser. Brokers can bid into the ASX BookBuild facility on behalf of their clients via the ASX code **CDMXBB**.

The DRP Shortfall Placement is offered to all sophisticated and professional investors, as defined in Section 708 of the *Corporations Act 2001 (Cwlth)*. Prior to submitting bids, all investors must have entered into a once-off ASX BookBuild client agreement with their broker and satisfy the terms and conditions set out in Appendix B of this announcement and the ASX BookBuild rules and procedures, available on the ASX Website.

Placement Fees

The Company will pay a fee of 1.0% of the dollar value of each successful allocation via the ASX BookBuild facility to participant brokers. Payment will be subject to the receipt of a proper tax invoice made out to the Company.

Key Dates

Offer Open: 10.00am Wednesday 30 April 2014

Offer Close: Cadence Capital Limited reserves the right to close the Placement at any time after midday (AEST) on Thursday 1st May 2014

Settlement: T + 4 days after the close via CHESS Primary Market Facility on a DVP basis

Technical Lead Manager

Pershing Securities Australia Limited is acting as Technical Lead Manager and Settlement Agent for the Cadence Capital Limited placement.

For information please contact: Paul Le Roy – 02 8999 4042

Further Information

Further information about the ASX Bookbuild Facility can be found on the ASX website at the links below:

For brokers and advisors: <http://www.asx.com.au/documents/professionals/bookbuild-trading-participant-information-sheet.pdf>

For investors: <http://www.asx.com.au/documents/professionals/bookbuild-investor-information-sheet.pdf>

For all further enquiries regarding the placement please contact:

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Cadence Capital Limited
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Email: michellem@cadencecapital.com.au
Website: www.cadencecapital.com.au

APPENDIX A

DRP Shortfall Placement



THE OFFER

- DRP Shortfall Placement of approx. 4.6M Shares
- **Placement Price \$1.44**
- **Investors will receive 1 CDM share (\$1.42*) and 1 CDMO** Option (\$0.053*)**
- **Post Tax NTA: Approx. \$1.387 (Post dividend) at Close of Business 29th April 2014**
- **Historical fully franked yield approximately 7% – 8 % (10% - 11% gross)**
- 1.0% Fee For Brokers / Advisers

*Close of Business prices at 29th April 2014

** ASX code CDMO: Strike Price \$1.43, Expiry 31st August 2015

The proposed DRP Shortfall placement aims to attract new long term investors, particularly investors who value fully franked dividend yield and capital growth.

The placement will expand the Company's market capitalization, improve liquidity, improve research coverage and reduce the fixed administration expense ratio of the Fund.

KEY HIGHLIGHTS

- Long term out performance
- Average cash balance of around 25% since inception

Performance* 31 March 2014	CDM**	All Ords	Outperformance
1 Month	0.37%	0.25%	+0.12%
1 Year	15.39%	13.19%	+2.20%
2 Years	33.84%	33.33%	+0.51%
3 Years	74.46%	25.07%	+49.39%
4 Years	138.93%	31.07%	+107.86%
5 Years	262.34%	88.76%	+173.58%
8 Years	263.90%	49.11%	+214.79%
Since Inception (8.5 years)	355.96%	68.76%	+287.20%
Since Inception Annualised	19.54%	6.35%	+13.19%

* Before Management and Performance Fees
substantial RHG dividend received in May 2011

**These numbers include the franking value of the

FULLY FRANKED DIVIDENDS DECLARED SINCE LISTING

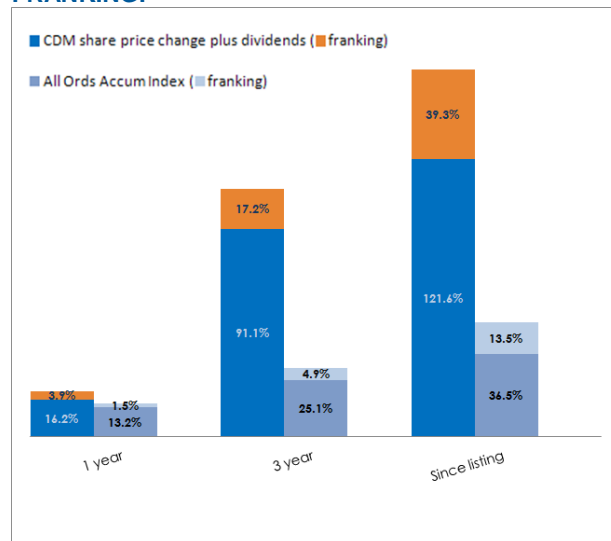
Calendar Year	Interim	Final	Special	Total	Gross (Inc. Franking)
2007	2.0c	2.0c	2.0c	6.0c	8.6c
2008	2.5c	2.2*c	-	4.7c	5.8c
2009	-	2.0c	-	2.0c	2.9c
2010	2.0c	2.0c	-	4.0c	5.7c
2011	3.0c	3.0c	3.0c	9.0c	12.9c
2012	4.0c	4.0c	4.5c	12.5c	17.8c
2013	5.0c	5.0c	1.0c	11.0c	15.7c
2013	5.0c			5.0c	7.1c
TOTAL	23.5c	20.2c	10.5c	54.2c	76.5c

* Off market Equal access buy back

The Board is committed to paying a continuous and growing stream of fully franked dividends to Shareholders provided the Company is able, has sufficient franking credits that can be distributed to Shareholders and it is within prudent business practices. Dividends are paid on a six-monthly basis.

For the past 12 months the Company paid out 10.0 cents of fully franked dividends. Based on the Share price at 24th April 2014 of \$1.43, this represents a 6.90% fully franked yield. (9.85% Grossed Up)

SHARE PRICE RETURNS PLUS DIVIDENDS PLUS FRANKING:



INDICATIVE TIMETABLE:

Event	Date
Opening Date – ASX BookBuild	30th April 2014
Closing Date – ASX BookBuild	May close the Placement at any time after midday (AEST) on Thursday 1st May 2014
Date of Settlement	T + 4 days after the close via DVP

PARTICIPATION

The DRP Shortfall Placement is being made to sophisticated and professional investors and will use the ASX BookBuild facility. Parties interested in participating in the DRP Shortfall Placement should contact their broker or adviser. The Company reserves the right to increase the size of the Placement

SUMMARY

- ASX Ranking – One of Top performing Australian Equity LIC's over 3 and 5 years
- Amongst the highest yielding of all the Listed Investment Companies especially attractive to SMSF's
- Placement is being done at discount to share price and approximately the NTA value

MORE INFORMATION

If you wish to discuss this offer further, please contact Michelle Morgan, Wayne Davies or Karl Siegling at Cadence Capital Limited on 02 8298 2402

APPENDIX B

Participation Representations and Warranties

By applying for Shares under the DRP Shortfall Placement, each applicant will be deemed to represent, warrant and agree for the benefit of Cadence Capital Limited, and its directors, officers, employees, or agents (affiliates) that:

- a) If you are in Australia, you are a sophisticated investor within the meaning of section 708(8) or a professional investor within the meaning of section 708(11) of the *Corporations Act 2001 (Cth)* (Corporations Act) and that the shares offered to you on the basis that you are, and represent that you are a person to whom a disclosure document is not required to be given under chapter 6D of the Corporations Act.
- b) If you are in New Zealand, you are a person whose principal business is the investment of money or who, in the course of and for the purposes of your business, habitually invests money, under section 3(2)(a)(ii) of the New Zealand Securities Act 1978.
- c) If you are outside Australia and New Zealand, you are a person to whom an invitation or offer to subscribe for Shares is permitted by the laws of the jurisdiction in which you are situated or from where you submitted your bid to subscribe for Shares and you are a person to whom the Shares may lawfully be offered and issued in compliance with applicable laws.
- d) You are not a U.S. Person as defined in Rule 902(k) Regulation S of the United States Securities Act of 1933, as amended (Securities Act).
- e) The offer and sale to you of the Shares has not been and will not be registered under the Securities Act or the laws of any state or other jurisdiction in the United States. Therefore, you acknowledge that you may not offer, sell, pledge, transfer or otherwise dispose of any Shares in the United States unless and until the Shares are registered under the Securities Act (which you acknowledge Cadence Capital Limited has no obligation to do) or offered, sold, pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the Securities Act or the laws of any state or other jurisdiction in the United States.
- f) You are not a Related Party (as defined in section 228 of the Corporations Act or treated as such for the purposes of ASX Listing Rule 10.11) of Cadence Capital Limited
- g) If you are acquiring any Shares for or on account of one or more persons, you have full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such person.
- h) Cadence Capital Limited and its respective affiliates are entitled to, and will, rely upon the truth and accuracy of these, representations, warranties and agreements.

In addition by applying for Shares under the DRP Shortfall Placement, each applicant will be deemed to indemnify Cadence Capital Limited and its respective affiliates against any loss, damage or costs incurred and arising out of or in relation to any breach by the applicant of any of the above representations, warranties and agreements.