CONCISE
ASSET MANAGEMENT

"Building a path to your financial future".

June
2013

Net Performance (After Fees)	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	*Since inception (Annualised)
Concise Mid Cap Fund Return (%)	(-3.44)	(-4.30)	(-0.90)	8.98	(-1.24)	3.29	0.26
Mid Cap Masters Index (%)	(-5.24)	(-8.65)	(-3.28)	8.47	(-2.72)	2.72	(-3.81)
Active Performance (%)	**1.80**	**4.35**	**2.38**	**0.51**	**1.48**	**0.57**	**4.07**

Market Performance

The ASX 200 returned 17.3% for the 2013 financial year. This performance was largely driven by five stocks; the four major banks; National Australia Bank (NAB), Commonwealth Bank (CBA), Westpac (WBC) and ANZ Bank (ANZ) and Telstra. These five stocks contributed ~50% of the ASX 200 return. Best performing sectors for the year were Healthcare +41%, Financials ex Property +31% and Telecommunications +30%. Only one sector posted a negative return for the year, Materials -10%.

In global share markets the Dow Jones returned 15.8%, while the S&P 500 & FTSE 100 returned 17.9% and 11.6% respectively. The best share market performer for the last 12 months was the Japanese Nikkei 225, which finished the year up 51.9%, after new Prime Minister, Mr. Abe, declared massive fiscal and monetary stimulus programs to boost the national economy and inflation. Commodity markets performed poorly over the past 12 months. Precious metal prices were heavily impacted during the year with gold finishing at US$1,234oz, a fall of 22.7%, while silver declined 28.4%. Most base metal prices finished the year lower with the LME Metals Index falling 9.6%. Oil bucked the trend and rallied 13.7%, despite concerns of slower global growth, finishing at US$96.60 a barrel. The Reserve Bank of Australia cut the official cash rate 0.75% over the last 12 months to 2.75%, while the Australian dollar fell 10.7% to USD$0.91 driven by the June quarters decline of 12.2%.

Mid Cap company news over the quarter included; Cochlear (COH) downgraded its FY13 full year profit guidance by 18% to $130m due to recipient purchase delays ahead of its Nucleus 6 platform launch as well as general US market weakness. Transpacific (TPI) downgraded its FY13 earnings guidance and now expects operating EBITDA to be 6-8% lower than last year. TPI additionally announced the resignation of its CEO. Global mining services company Emeco Holdings (EHL) downgraded its FY13 profit from previously guided $42m to now $35m, a decline of 16%. The lower profit guidance was attributed to weaker than expected utilisation in Australia, customer specific issues in Indonesia and softer than expected conditions in Canada. Internet travel company Wotif (WTF) surprised the market with a profit downgrade during June. WTF now expects FY13 profit of $53m (previously $57m) as weaker than expected sales and accelerated marketing and advertising expenses squeeze operating margins lower. Caltex (CTX) surprised the market with a profit downgrade late June. Caltex now expects its interim profit will come in 18% lower than last year at $160m. CTX cited the fall in the Australian dollar and a series of one-off issues for the profit fall.

Attribution Analysis for the month ended June 2013

Top 5	Bottom 5
Bendigo & Adelaide Bank	Regis Resources
Ramsay Healthcare	Sims Metal Management
Challenger	Western Areas
Nufarm	Sandfire Resources
Fletcher Building	Duet Group

Strategy Performance

The Concise Mid Cap Fund returned 9.0% for the year outperforming the benchmark return of 8.5%. The best performing companies for the year included; Flight Centre (FLT), Resmed (RMD), Bendigo & Adelaide Bank (BEN), Ramsay Healthcare (RHC) and Henderson Group (HGG). The poorer performers included; Atlas Iron (AGO), Western Areas (WSA), Oz Minerals (OZL) and Sims Metal Management (SGM). Fund news for the quarter included; Bank of Queensland (BOQ) released its 2013 first half result reporting cash earnings after tax up 16% to $119.9 million, basic earnings per share of 37.9 cents and an increased dividend of 28 cents per share. The result was the first real recognition of the changes that have taken place under new management as the bank realigns its focus on rebuilding its core asset base. The Asset Quality Review undertaken last year and subsequent changes have resulted in better risk processes and a stronger portfolio. Overall, we believe that BOQ is only at the start of its rebuilding phase and under a more conservative management team will drive value for shareholders over the medium term.

James Hardie Industries (JHX) reported its FY13 result for the 12 month period ending March 2013. Net operating profit of US$140.8m was 2% lower than the prior corresponding period. Notably, sales volumes and revenues increased in the fourth quarter in both the USA and Asia Pacific segments. JHX announced a dividend of 37c for the 2H13, inclusive of a special dividend of 24c. During FY13, JHX invested in additional sales staff together with growing their manufacturing footprint positioning the business well to grow earnings in FY14 as the US housing market recovery continues. In June, Ramsay Healthcare (RHC) announced it acquired a 531-bed private hospital in Toulous, France. Clinique de l'Union handles 43,000 inpatients and 26,000 emergencies each year, and provides a broad range of services from medical, surgery, obstetric and rehabilitation. The acquisition is inline with RHC's stated strategy to build upon its existing French subsidiary, Ramsay Sante, by expanding organically and through targeted acquisitions.

Outlook

Equity markets provided strong returns in FY13 with the ASX 200 increasing 17.3%. Analysis shows the strong return was driven by a re-rating of earnings multiples in an environment of moderate earnings growth. Despite this, many mid cap companies remain on track to report double digit earnings growth in the upcoming August reporting season. The consensus price to earnings (PE) multiple for FY14 is now 13.4 times (ASX 200), in line with the 10 year average. The PE multiple has appreciated approximately 25% in the last 12 months. Considerable talk has centred on forecasts for Australian GDP growth in FY14. Forecasters remain divided on whether the non-mining sectors of the economy will grow at a sufficient rate to offset the declining contribution from the mining sector. Forecasts for Australian GDP growth in FY14 range between 2.0% and 3.0%. The RBA is doing its bit to stimulate demand reducing the official cash rate from 4.75% in October 2011 to the current 2.75%. Consumer and business confidence remains subdued and it remains difficult to point to any hard evidence of the cash rate reductions flowing through to the economy.

Accordingly, FY14 appears to provide a backdrop of equity markets resembling somewhere near fair value with expectations of moderate economic growth. In this environment, investors will reward companies displaying earnings growth. Numerous mid cap companies are well positioned to fit the bill. These companies are less mature in their business cycle yet large enough to be the number 1 or 2 player within the industry which they operate. We continue to focus on companies well positioned to capture this growth as it is our expectation these companies will provide superior returns for investors.

*The Mid Cap Masters Index is a price and accumulation price, free float adjusted index calculated daily for Concise on behalf of S&P. The constituent universe of index is the S&P/ASX 200 excluding the S&P/ASX 50. * The CMCF commended on the 16th of April 2008. The since inception figure is annulaised.

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