CONCISE
ASSET MANAGEMENT

October

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 (%)	2.83	11.94	9.75	19.96	8.34	3.44	2.92
Mid Cap Masters Index (%)	2.51	8.94	5.30	14.61	7.13	2.72	(-1.17)
Active Performance (%)	0.32	3.00	4.45	5.35	1.21	0.72	4.09

Market Performance

Global share markets continued their recent strong performance during October despite the US fiscal situation taking centre stage. The US went into a three week partial government shutdown and an 11th hour agreement was reached to raise the nations debt ceiling until February 2014. The S&P500 rallied 4.5% with the help of positive Q313 earnings reports while the Dow Jones increased 2.8%. Commodity markets while positive, underperformed equity markets with the LME Metals Index rallying 1.2% and iron ore gaining 0.4%. Gold fell 0.4% during the month, bouncing off its mid month low with the help of a weaker USD and improved sentiment that the US Fed will continue to provide plentiful liquidity for markets. The Australian dollar finished the month at US$0.95, an increase of 1.9% over the month.

The ASX 200 gained 4.0% during the month, posting a 5 year high and its best four month return (13.0%) since October 2009. Financials (ex Property) was the standout sector, increasing 5.9% while Materials gained 3.4% and Consumer Discretionary lagged the broader market, increasing 2.6% reflecting disappointing news flow.

During October, Boral (BLD) announced an agreement to form a 50%/50% JV with USG Corporation to manufacture and distribute plasterboard products in Asia, Australia and the Middle East. UGL Limited (UGL) hosted an Investor day reaffirming its commitment to demerge the Engineering and Property businesses while Cochlear (COH) provided FY14 earnings guidance of flat earnings on FY13 as a result of "short term" pressure on operating margins. SAI Global (SAI) provided initial FY14 guidance below market expectations at its AGM. SAI forecast revenue growth of 8-10% but flat net profit on FY13 as a result of significant cost increases.

Attribution Analysis for the month ended Oct 2013

Top 5	Bottom 5
Bendigo & Adelaide Bank	Whitehaven Coal
Atlas Iron	Regis Resources
Challenger	ALS
SEEK	Duet Group
Treasury Wines	ResMed

Fund Performance

The Concise Mid Cap Fund posted a 2.83% return for the month exceeding the benchmark return of 2.51%. Strong performers for the month included; Bendigo & Adelaide Bank (BEN), Atlas Iron (AGO), Challenger (CFG) and SEEK (SEK). Poor performers for the month included; Whitehaven Coal (WHC), Regis Resources (RRL) and ALS (ALZ).

Atlas Iron (AGO) reported September quarter production results, with company record iron ore sales of 2.4mt representing an 8% increase on the June quarter and consisting of 2.0mt of standard fines product and 0.4mt of lower grade value fines. Mine production exceeded shipments increasing iron ore stocks while cash costs remain within the guidance range previously provided.

Bank of Queensland (BOQ) gained 11.9% over the month after reporting its FY13 result. BOQ's net profit was $131 million with net interest margin increasing from 1.66% at 1H13 to the FY13 result of 1.72%. BOQ maintained its guidance that the bad debt charge to loans ratio will fall to 0.20% by FY15. Additionally, BOQ reported that new impaired assets declined to $123 million from $183 million in 1H13.

Resmed (RMD) reported its Q114 result with EBIT growth of 20.4% and net profit growth of 14% over Q113. RMD reported gross margins of 63.7%, being 2.3% above the prior corresponding period and importantly raised its gross margin forecasts for its FY14 guidance. RMD fell 4.1% in October as investors focused on the reported disappointing US sales growth. We continue to hold RMD and believe the subdued revenue growth will be short term while the medium term outlook continues to remain positive supported by continued margin expansion and cash generation.
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Outlook

The Australian economy remains well positioned to continue recent positive momentum with both consumer and business sentiment improving. Over the last six months demand for credit has picked up, albeit from a low base, as historically low interest rates drive up the demand for existing houses as evident in the recent clearance rates in both Sydney (above 80% over the past three months) and Melbourne (in the high 70's throughout the year). The NAB monthly business survey has strengthened since the September Federal election reaching its highest level since May 2011. Building approval starts continue to improve particularly for apartments. While the backdrop is improving for domestic cyclical sectors, retail sales for apparel retailers and department stores remain sluggish while the mining services sector remains in a contracting phase as capital expenditure remains tight. Accordingly, investors need to carefully choose appropriate investment opportunities. The strategy maintains an overweight position in building products and consumer related service companies.

Additionally, the strategy remains overweight resources as improving conditions in Chinese manufacturing, real estate and infrastructure has led to Chinese GDP upgrades. Supply/demand dynamics in base metal markets are rebalancing via improving demand, production cuts and closure of unprofitable mines.

*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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