CONCISE
ASSET MANAGEMENT

September

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 (%)	3.69	12.49	7.65	20.50	11.68	2.77	2.44
Mid Cap Masters Index (%)	3.03	11.88	2.20	15.21	10.49	2.61	(-1.64)
Active Performance (%)	0.66	0.61	5.45	5.29	1.19	0.16	4.08

Market Performance

The S&P/ASX 200 increased 8.7% over the September quarter, the second strongest start to a financial year in the last 20 years. Equities in the September quarter benefited from a number a factor's including, the US Federal Reserve's surprise decision not to 'taper' its quantitative easing program, continued US economic recovery, key countries in the Euro zone pulling out of recession and that a chance of a hard landing in China abating.

In the US, the S&P 500 Index rose 4.7% over the September quarter, while the Dow Jones and NASDAQ Composite returned 1.5% & 10.8% respectively. The euro area economy is growing again, albeit modestly. This return to economic growth and ongoing accommodative monetary conditions by the ECB saw European indices post solid quarterly returns with the German DAX and French CAC40 Indices up 8.0% and 10.8% respectively, while the FTSE 100 finished up 4.0%. The LME Metals Index was up 6.8% for the quarter with copper +8.0%, tin +18.2% and aluminium +4.2%. Iron ore spot prices were up 13.8%, oil prices rose 6.1% on the back of Middle East tensions and gold rallied 8.5% over the quarter. The Reserve Bank of Australia cut the official cash rate target by 0.25% to 2.50% on 7 August 2013. This initially saw the Australian dollar fall, reaching at low of USD$0.89 in late August but subsequent monetary easing from the Fed helped the Australian dollar close the quarter at $0.93, up 2.1%.

The best performing sectors on the S&P/ASX 200 for the quarter were Materials +14.7%, Consumer Discretionary +13.2%, Energy +12.3% and Industrials +10.7% while the more defensive sectors generally lagged with Property -1.1%, Consumer Staples +2.9% and Utilities +3.9. For September Industrials, Materials and Consumer Discretionary were the winners while Healthcare and Telcos lagged.

September was a busy quarter for mid cap company news with many companies reporting FY13 results. Company news included Treasury Wine Estates (TWE) announcing its CEO was leaving with immediate effect after a formal review by the board highlighted the need for a new CEO with a strong operational background. Transpacific Industries (TPI) announced the sale of its Commercial Vehicles Group to Penske Automotive Group Inc. for $219m. TPI has flagged the proceeds to be used to repay debt. Perpetual (PPT) received ACCC approval for its proposed acquisition of The Trust Company. Ansell (ANN) announced a US$41.1m acquisition of a South Korean business called Midas which manufactures and supplies cut resistant industrial gloves. A number of discretionary retailers including Myer (MYR), David Jones (DJS) and Premier (PMV) reported FY13 results in September and the results for both the department stores and the apparel retailer highlighted that trading conditions remain challenging for traditional bricks and mortar retailers. MYR reported like-for-like sales down 1.6% year on year, whilst DJS results showed a 3% decline in like-for-like sales

Attribution Analysis for the month ended Sep 2013

Top 5	Bottom 5
ALS	Treasury Wines
Qube Holdings	Primary Healthcare
Fletcher Building	Bendigo & Adelaide Bank
Challenger Group	AWE
SEEK	Regis Resources

Strategy Performance

The Concise Mid Cap Fund returned 3.69% for the month ahead of the benchmark return of 3.03%. While over the quarter it was a 12.49% return bettering the benchmark return of 11.88%. Strong performance was delivered by a number of stocks including Challenger Ltd (CGF), Regis Resources (RRL), Southern Cross Media (SXL), Alacer Gold (AQG) and Macquarie Atlas (MQA). Detractors to performance were Treasury Wine Estates (TWE), Whitehaven Coal (WHC), Bendigo and Adelaide Bank (BEN) and Primary Healthcare (PRY).

News during the September quarter included; Flight Centre (FLT) upgrading its FY13 earnings guidance to a range of $338m to $342m as strong sales momentum in its leisure travel business in Australia performed strongly and more than offset slightly softer domestic corporate travel conditions. FLT's US travel business, Liberty, continued to improve its profitability and the company announced plans to open three new hyper stores over FY14. These new hyper stores mark the first real expansion of the US Liberty business since FLT acquired it in early 2008.

Carsales.com (CRZ) reported a strong FY13 operating result with profit up 17% on the previous corresponding period. Revenue growth was strong across the major business units with online advertising and data services both growing revenue at double digit rates. Automotive dealer enquiry volumes continued to grow at a steady pace and were up 9% on the previous corresponding period. Automotive inventory volumes also increased by approximately 233,000 cars. We regard the earnings growth outlook for CRZ as positive, underpinned by new products, structural migration away from print towards online and constructive automotive market dynamics.

In September, DUET Group (DUE) raised $100m in new equity to fund the construction of a gas pipeline in Western Australia which will link the gas plant at Chevron's Wheatstone Project to the Dampier to Bunbury Natural Gas Pipeline. The project involves building 109km of new pipeline and refurbishing 87km of existing pipeline. The investment is expected to generate $13m of cash available for distribution in FY15.
.

Outlook

The Australian economy is 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 strengthened considerably in August, 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.

Concise Asset Management
AFSL 320497
T | 03 9642 8968

L11, South Tower
459 Collins Street
MELBOURNE VIC 3000

E | info@conciseam.com.au
W | www.conciseam.com.au