

July

2012

Net Performance (After Fees)	1 Month	6 Months	1 Year	2 Years	3 Years	*Since inception (Annualised)
Concise Mid Cap Fund Return (%)	0.88	(6.14)	(8.42)	(2.61)	4.15	(1.47)
Mid Cap Masters Index (%)	0.45	(6.43)	(12.12)	(2.23)	0.80	(6.30)
Active Performance (%)	0.43	0.29	3.70	(0.38)	3.35	4.83

Market Performance

Global equity markets posted another month of gains as investor risk appetite continued to improve. For the month the Dow Jones gained 1.0%, while the S&P 500 and the FTSE 100 increased 1.3% & 1.2% respectively. While the positive sentiment change in equities is encouraging, debt stressed European countries such as Spain and Italy still have bond yields trading at record highs which is not sustainable. Metals prices traded higher in July with the CRB Metals index up 5.4% while the oil price increased 3.6% to finish the month at US\$88.10 a barrel.

In Australia the ASX 200 gained 4.3% for the month, with Telecoms and Financials the best performing sectors increasing 8.3% and 7.2% respectively. Despite the RBA leaving the cash rate unchanged at 3.5% during the month the the Australian dollar increased 2.6% to finish at US\$1.05. In Corporate news, Billabong received a \$1.45 non-binding, conditional proposal from private equity group TPG International. The Billabong Board has allowed TPG to conduct due diligence. Whitehaven Coal (WHC) also received a \$5.20 indicative and non binding proposal from the Tinkler Group. The Tinkler Group is WHC largest shareholder with a 21% stake. Despite the proposal WHC continues to trade at a significant discount to the offer price as the Tinkler Group continues to work on sourcing its funding to take WHC private. Ausdrill (ASL) announced during the month that it's African Mining Services business had won a 5 year US\$540 million contract from Resolute Mining to perform all contract mining services at it Syama Gold Project located in Mali, West Africa.

Attribution Analysis for the month ended July 2012

Top 5	Bottom 5
Flight Centre	Sims Metal Management
Bendigo & Adelaide Bank	Campbell Brothers
Australand Property Group	Western Areas
Ramsay Healthcare	Emeco
Cabcharge	Atlas Iron

Portfolio Performance

The Concise Mid Cap Fund returned 0.99% in July exceeding the benchmark return of 0.45%. The best performers for the month were; Flight Centre, Bendigo & Adelaide Bank, Dexis Property Group and Australand Property Group. Poor performers were Sims Metal Group, Campbell Brothers Ltd, Western Areas NL and Emeco Holdings Limited.

Late in the month, Australand Property Group (ALZ) reported its 1H12 result. Residential contracts on hand increased 40% from December 2011 with 59% of these expected to be recognised in the 2H supporting full year earnings. Importantly the change in product mix for ALZ is delivering improved returns via higher margins. The 1H12 result exceeded market expectations underpinned by pre sales of higher margin residential product together with a well leased property portfolio. We continue to maintain a position in ALZ with the majority of income coming from the property portfolio and improving returns on capital within the development businesses. In July, Flight Centre (FLT) upgraded its profit guidance for the FY12 year from a previous Profit Before Tax range of \$270m - \$290m to a revised \$285m - \$290m. Importantly, for the second successive year all 10 geographic regions were profitable. While guidance was not provided for FY13, FLT management stated they are continuing to invest capital for further growth in the business next year. FLT reported continued growth in the corporate market reflecting strong returns on the adopted strategy to aggressively grow this business over the last 2-3 years.

Market Outlook

Despite relatively negative news flow on the macro front most equity indices finished the month higher. The rally was on light trading volumes suggesting limited conviction and it appears was supported by speculation of central bank intervention in both Europe and the USA. Investor risk appetite increased late in the month on the expectation of a second round of bond buying in Europe and the potential launch of QEIII in the US.

August sees the commencement of the reporting season for the period ending 30 June 2012. Equity markets have recently rewarded stocks displaying high yield defensive characteristics. This reporting season we will pay particular attention to the funding sources to sustain current dividend payments. As the low growth economic environment appears set to continue are dividends sustainable from operating cash flows or are companies sourcing dividend proceeds from increasing their debt position. While equity market returns have been depressed the reporting season is likely to highlight those businesses able to continue cash flow growth despite the uncertain macro economic environment.

*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 annualised.

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