CONCISE
ASSET MANAGEMENT

"Building a path to your financial future".

March 2013

Net Performance (After Fees)	1 Month	3 Months	1 Year	2 Years	3 Years	*Since inception (Annualised)
Concise Mid Cap Fund Return (%)	(3.07)	3.55	0.23	(1.28)	0.56	1.17
Mid Cap Masters Index (%)	(1.94)	5.88	5.28	(1.27)	1.90	(2.23)
Active Performance (%)	(1.13)	(2.33)	(5.05)	(0.01)	(1.34)	3.40

Market Performance

Global equity markets continued positive momentum as support remains from global central banks which is providing diminishing fears of tail risk particularly in Europe. In March the Dow Jones increased 3.7%, S&P500 3.6% and FTSE 100 0.8%. In Australia the ASX200 declined 2.7%. The ASX200 reached a 4 year high in March before declining over Eurozone concerns. Notably, the Materials sector declined 10.5% and Resources declined 9.5% during the month as the market remains concerned regarding Chinese growth and subsequent demand for commodities. The RBA left the cash rate unchanged at 3.0% while the Australian Dollar increased 2.0% to USD$1.042.

It was a quiet month for company news following the recent conclusion of the February reporting season. UGL announced the commencement of a review of its corporate structure raising the potential for a split of its Property and Engineering businesses if deemed to be the best outcome for all stakeholders.

Domestic economic data releases during the month provide varying views on the health of the economy. Consumer confidence rose to its highest level since December 2010 contrasting weaker housing finance data. While employment data was strong with 71,500 jobs added despite business confidence falling.

Attribution Analysis for the month ended March 2013

Top 5	Bottom 5
Challenger	Nufarm
DUET Group	Atlas Iron
Bendigo & Adelaide Bank	Treasury Wines
ResMed Inc	Whitehaven Coal
Ansell	Western Areas

Fund Performance

In March the Concise Mid Cap Fund returned -3.1%, below the benchmark return of -1.9%. Strong performers for the month included Challenger Ltd (CGF), Duet Group (DUE) and Bendigo & Adelaide Bank Bank (BEN). Poor performers were Nufarm Ltd (NUF), Atlas Iron (AGO), and Western Areas (WSA).

While the performance of Resource companies was disappointing during March, we have maintained or marginally increased our weightings to our preferred resource sector names. We remain comfortable with the macro economic backdrop for resources on a medium term view, namely, an improving US economy, a stabilisation of European economies as central banks aim to reduce tail risks and that the Chinese economy will grow in line with target. Following the recent announcement from the Governor of the Bank of Japan regarding additional stimulus measures, the world's four biggest developed market monetary authorities (Bank of Japan, US Fed, European Central Bank and Bank of England) are aligned in their commitments to spur economic growth.

Resources companies that are cash flow positive, have low cash costs, strong balance sheets and have operations denominated in Australia now present significant value. Mid cap resource share prices have fallen on average greater than 35% over the last 12 months against physical metal price falls of around 5%. Resource companies represent approximately 15% of the portfolio.

Outlook

Outside the ASX50, Australian equity markets have been highly volatile over the last 12 months. For the 12 month period ended March 2013, The ASX50 delivered a total return of 23.1%, Mid Caps (ASX51 – ASX200) 5.3% and the Small Ordinaries (ex ASX100) delivered a total return of -5.8%. The ASX50 has been driven by high yielding financial and telecommunications stocks. The investor mind set has been frequently switching between a 'risk on' and a 'risk off' mentality as confidence for the future success or otherwise of global money printing swings between optimism and pessimism. Accordingly, sectors of the equity market most leveraged to central bank stimulus measures i.e. Financials, Materials and Consumer Discretionary have shown wild swings in performance over recent quarters.

We remain committed to identifying high quality, well managed businesses with strong cash flow growth over the medium term. Businesses displaying these characteristics will continue to generate excess cash allowing investment in future growth initiatives while maintaining a strong balance sheet and providing investors with consistent and growing dividends. While these companies will not necessarily benefit from short term fluctuations in investor sentiment we believe on a medium term view it is these companies that will deliver superior returns to investors.

We are optimistic about the outlook for the Australian equity market particularly mid cap companies displaying solid growth drivers in the domestic economy.

Recently, the Investment Team met with several companies exposed to the Victorian, NSW and Queensland residential property markets. Conditions vary significantly across both geographic markets as well as property type i.e. broadacre development and apartments. National residential building approvals have increased approximately 12% from this time last year heavily skewed to apartments over detached dwellings. Not surprisingly finance approvals have largely been driven by investors while loans to first home buyers have declined. Homebuilders and property developers are seeing emerging pockets of growth in select markets with some listed building products companies well positioned to benefit from this strength.

During the February reporting season several mining services companies displayed confidence that the earnings cycle had bottomed. In late February / early March, the Investment team spent several days visiting mining services companies at both senior management level and operational level to understand the outlook for end markets. The tone of these meetings was decidedly more bearish than comments made less than one month prior. Visibility of an expected pick up in activity had disappeared for the vast majority of these companies.

As outlined earlier we remain optimistic about the future growth profile of mid cap Australian equities. While quarterly performance is likely to remain volatile we continue to focus on the strong investment dynamics over a medium term time horizon.

*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