CONCISE
ASSET MANAGEMENT

"Building a path to your financial future".

May

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 (%)	(1.74)	(3.94)	**7.70**	**9.76**	(0.52)	**2.96**	**0.96**
Mid Cap Masters Index (%)	(3.10)	(5.46)	**5.38**	**10.18**	(1.67)	**3.27**	(2.86)
Active Performance (%)	**1.36**	**1.52**	**2.32**	(0.42)	**1.15**	(0.31)	**3.82**

Market Performance

Global equity markets rallied in May as the US Federal Reserve signaled a possible tapering-down of its bond buying program in the short term. Investors were also encouraged by the continued improvement of the US labour market and rising house prices leading to a boost in US consumer confidence to a 5-year high. The Dow Jones increased 1.9% for the month while the S&P 500 and FTSE 100 gained 2.1% & 2.4% respectively. Commodity markets were mixed with the LME Metals Index up 3.1% for the month, gold fell 6% to US$1,387oz while oil declined 1.6% to US$92 a barrel. The Australian dollar continued to come under pressure falling 7.7% for the month finishing at US$0.957 as the Reserve Bank of Australia cut the cash rate 0.25% to a record low of 2.75%.

Despite the solid gains seen in global equity markets, the ASX 200 fell 5.1% during May as investors sold off low growth defensive yielding sectors such as Financials (-9.8%) and Consumer Staples (-9.0%) and switched to the Materials (+2.3%) and Energy (+2.5%) sectors. In company news, Flight Centre (FLT) upgraded its FY13 profit guidance by 7% driven by a strong performance in its leisure business in both Australia and the UK. Perpetual Ltd (PPT) announced it had agreed terms with the Trust Company (TRU) whereby PPT proposes to acquire all of the ordinary shares of TRU. The acquisition is subject to ACCC approval. Primary Health Care (PRY) upgraded its FY13 guidance range targeting $380-390m EBITDA from the previous $370-380m range. Mining service companies continued to feel the brunt of the resource slow down with Ausdril (ASL) and Boart Longyear (BLY) downgrading profit guidance for FY13. ASL now expects FY13 profit will be in the range of $90-96m (previous range $106-112m) citing delayed or cancelled exploration drilling by mining companies and a reduction in rental equipment hire. BLY held its AGM during the month downgrading FY13 revenue and EBITDA guidance as exploration expenditure is down 20% from last year as mining companies either defer or cancel exploration activity. Australian building products group, Boral Ltd (BLD) announced a 30% downgrade to its FY13 profit forecast. Boral indicated that wet weather in south east Queensland and declining residential activity in Victoria were the main contributors to the lower profit guidance.

Attribution Analysis for the month ended May 2013

Top 5	Bottom 5
ResMed	Bendigo & Adelaide Bank
Whitehaven Coal	Monadelphous Group
Henderson Group	Downer EDI
Sandfire Resources	Myer
Ramsay Healthcare	Alacer Gold

Fund Performance

The Concise Mid Cap Fund posted a -1.74% return for the month exceeding the benchmark return of -3.1%. The best performers for the month were; ResMed (RMD), Whitehaven Coal (WHC), Henderson Group (HGG), and Sandfire Resources (SFR). Poor performers were; Bendigo & Adelaide Bank (BEN), Monadelphous Group (MND), Downer EDI (DOW) and Myer Holdings (MYR).

In May, 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.

Outlook

Global equity markets appear well positioned to continue recent momentum of improving performance. While volatile, recent data points from Europe and particularly the USA indicate improving economic fundamentals albeit at a slower rate than many initially predicted. Businesses remain cautious in the USA suggesting recovery momentum is likely to be slow and steady. Domestically, as we have been writing about for months, focus is now heavily upon Australia's economic growth forecasts beyond the mining boom. Can the non mining sectors be stimulated enough to drive investment in both capital and people?

We believe mid cap Australian companies are well positioned to benefit from this theme. Many mid cap companies are large enough to exhibit pricing power, have strong balance sheets yet are small enough to have solid domestic earnings growth drivers in times when economic growth is sporadic. Businesses displaying these characteristics will continue to generate growing free cash flows facilitating further investment into growth initiatives.

*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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