CONCISE
ASSET MANAGEMENT

November

2014

Net Performance (After Fees)	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	*Since inception (Annualised)
Concise Mid Cap Fund Return (%)	(-1.65)	(-4.82)	(-2.71)	2.48	10.40	7.35	2.64
Mid Cap Masters Index (%)	(-1.99)	(-4.95)	(-0.42)	7.28	9.17	7.73	(-0.38)
Active Performance (%)	0.34	0.13	(-2.29)	(-4.80)	1.23	(-0.38)	3.02

Market Performance

The S&P/ASX 200 Accumulation Index was down 3.3% in November, trimming the calendar year to date gain back to +3.5%. The Australian share market underperformed global markets with commodity price weakness in metals, bulk commodities and the oil price all contributing to weakness within the energy and mining exposed sectors. The best performing sectors for the month were healthcare (+1.4%), telecommunications (+1.2%) and A-REITs (-0.1%) with materials (-5.5%), staples (-8.3%) and energy (-13.2%) the major detractors.

In the US, the S&P 500 and the Dow Jones both rose 2.5%. European markets also outperformed Australia with the UK FTSE up 2.7%, the French CAC40 Index up 3.7% and the DAX in Germany posted a 7.0% return for November. The Japanese market was strong with the Nikkei delivering a solid 6.4% local currency return.

Economic data releases showed the US recovery continues with unemployment falling to a new cycle low of 5.8%. An indicator of the health of the manufacturing sector, the ISM PMI, came in at 59.0 for October, the same level it reached in August. In this economic cycle the PMI previously moved slightly above 59 in February and March 2011 but before 2011 this level was last seen in 2004.

Investor sentiment towards economic performance in other key global economies remains lacklustre. Japan's economy shrank at an annualised rate of 1.6% in the third quarter, placing the country into recession. The economic environment in Europe remains fragile and China's central bank cut the official one year interest rate for the first time in two years, from 6% to 5.4%. Domestically, conditions remain subdued with the RBA expecting economic growth to be below trend until mid 2015.

The price of oil reached a new five year low in November, in part due to subdued demand but also global supply increases following a ramp up in US shale oil production. West Texas crude closed the month at US$66 per barrel, down 18% for the month. Base metals were generally lower with the LME Index down 3.2% and bulk commodities continued be pressured with iron ore down 10.4% and coal (low sulphur) down -0.4%. Gold was slightly weaker (-0.5%) and the Australian dollar closed the month at USD$0.85, down 3.3% and at levels not seen since July 2010.

Attribution Analysis for the month ended Nov 2014

Top 5	Bottom 5
ResMed Inc	Challenger
Bendigo & Adelaide Bank	Whitehaven Coal
Ramsay Healthcare	Flexigroup
SEEK	Qube Holdings
Alacer Gold	ALS

Fund Performance

During November, the Concise Mid Cap Strategy posted a return of -1.65%, outperforming the benchmark return of -1.99%. Positive contributors to performance included Resmed (RMD), Bendigo & Adelaide Bank (BEN) and Ramsay Healthcare (RHC), with laggards being Flexigroup (FXL), Whitehaven Coal (WHC) and Challenger (CGF).

CSR Ltd (CSR) reported 1H 15 profits of $70m and upgraded full year financial guidance to the upper end of the market's expected $111-134m profit range. Profit growth was driven by positive performance across a spread of CSR businesses. Volume in the Building Products division was up 10-12% on the back of a sustained housing market recovery, stronger earnings in Aluminium manufacturing were the result of higher realised prices, the Viridian glass business benefited from improved utilisation and a number of transactions increased earnings in the Property division. We continue to have a positive view on the outlook for CSR given current levels of activity in Australian housing, combined with CSR's focus on cost discipline, a strong balance sheet and exposure to a weaker Australian dollar.

Downer EDI (DOW) upgraded profit guidance at its AGM to incorporate the contribution from its recent acquisition of Tenix, a services company strong in the electricity, gas and water sectors. While market conditions are currently difficult for a number of DOW's customers, DOW noted its existing business continues to perform in line with expectations. We continue to look favourably on DOW given its attractive valuation and strong balance sheet, which provides the ability to fund share buybacks and accretive acquisitions.

Outlook

Volatility in global equity markets has increased over recent months. Investors remain cautious regarding the economic outlook for Europe, Japan together with China as data points highlight continuing difficult economic conditions. US economic data is showing continuous improvement resulting in strong appreciation of the USD against the majority of its key trading partners. The market remains engrossed in estimating the timing and quantum of any fiscal easing in the US and what implications this has for global bond and equity markets.

Domestic economic conditions remain subdued however we consider equity valuations are more accurately reflecting these challenges. In this period of increased volatility investors are increasingly moving their focus from earnings growth to companies priced at attractive valuations in the prevailing environment. Accordingly, a value based investment style focused on a company's ability to generate growing free cash flows remains core to our investment philosophy.

.

*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