

AUSTRALIAN LEADERS FUND LIMITED
A.B.N. 64 106 845 970

AUSTRALIAN LEADERS FUND LIMITED (ALF) – JANUARY 2008
INVESTMENT UPDATE & NTA

As at 31 January 2008

NTA before tax	1.1779c*
NTA after tax and before tax on unrealised gains	1.1766c*
NTA after tax	1.1589c*

*After the payment of \$1,652,066 (2.1 cents per share) in tax.

MONTH IN REVIEW

The market was down sharply in January as the credit crisis continued and the prospect of a US recession was factored in. The portfolio underperformed marginally in the month as smaller companies which represent 20% of the portfolio underperformed.

Global growth is likely to be moderate with activity in OECD countries softening. With the key industrialising countries accounting for over half of world growth, our base case is for activity levels to remain strong but below recent years. The outlook for the Australian economy is for sustained growth underwritten by strength in business activity, household spending is likely to slow though as monetary policy tightens further.

As discussed in the quarterly newsletter it is our expectation that the credit crisis still has some way to unfold before the full extent of losses are understood by investors. Credit conditions are likely to be tight for some time as the banking industry recapitalises.

While we would not expect to see the markets move ahead in the next 6 months, investors should gain heart from the value that is emerging in equities. We are confident given the value we see that the market has limited downside and the portfolio will deliver solid returns over the medium term.

DIVIDEND

The final dividend declared for the 2007 year is 4.0 cents a share fully franked and a special dividend of 2.0 cents a share fully franked, paid on 16 November 2007.

PORTFOLIO PERFORMANCE

Gross Performance	1 month	3 month	6 month	Financial YTD 07
Wilson Leaders Ltd	-11.68%	-13.12%	-5.61%	-6.59%
All Ords Accum	-11.25%	-15.39%	-6.18%	-8.00%
Relative Performance	-0.43%	2.27%	0.57%	1.41%

PORTFOLIO STRUCTURE

Investment Type	As at 31 December 2007		As at 31 January 2008	
	\$m	%	\$m	%
Listed Securities	136.30	128.9%	125.27	136.1%
Fixed interest and Cash	3.37	3.2%	4.54	4.9%
Gross Assets	139.67	132.1%	129.81	141.0%
Short positions	-33.94	-32.1%	-37.74	-41.0%
Net Assets	105.73	100.0%	92.07	100.0%

The listed securities portfolio is detailed on the following page.

As at 31 January 2008 the equity portfolio gave exposure to:

Consumer Discretionary			Health Care		
A.B.C. Learning Centres Ltd.	3,439,800	2.75%	Primary Health Care Ltd.	1,365,000	1.09%
Amalgamated Holdings Ltd.	1,320,040	1.05%	Pharmaxis Ltd.	1,777,736	1.42%
Aristocrat Leisure Ltd.	2,673,000	2.13%		3,142,736	2.51%
Consolidated Media Holdings Ltd.	1,338,000	1.07%	Industrials		
Crown Ltd.	1,166,000	0.93%	Brambles Ltd.	1,067,000	0.85%
News Corp.	8,164,100	6.52%	Credit Corp. Group Ltd.	1,472,036	1.18%
Tatts Group Ltd.	1,508,000	1.20%	McMillan Shakespeare Ltd.	762,430	0.61%
Village Roadshow Ltd Prf A	2,815,882	2.25%	Monadelphous Group Ltd.	1,142,000	0.91%
West Australian Newspapers Holdings Ltd.	1,121,000	0.89%	Toll Holdings Ltd.	1,650,000	1.32%
Webjet Ltd.	2,463,614	1.97%		6,093,466	4.87%
	26,009,436	20.76%	Information Technology		
Consumer Staples			Computershare Ltd.	3,088,800	2.46%
AWB Ltd.	1,736,000	1.39%	Reckon Ltd.	1,097,568	0.88%
Select Harvests Ltd.	2,670,305	2.13%		4,186,368	3.34%
	4,406,305	3.52%	Materials		
Energy			Alumina Ltd.	2,096,000	1.67%
Caltex Australia Ltd.	947,400	0.76%	BHP Billiton Ltd.	11,300,250	9.02%
Oil Search Ltd.	1,405,800	1.12%	Boral Ltd.	1,800,000	1.44%
Roc Oil Co. Ltd.	2,178,974	1.74%	Gunns Ltd.	1,284,000	1.03%
	4,532,174	3.62%	Rio Tinto Ltd.	3,944,733	3.13%
Financials				20,424,983	16.29%
Australia & New Zealand Banking Group Ltd.	8,450,649	6.75%	Property		
AXA Asia Pacific Holdings Ltd.	1,541,800	1.23%	Lend Lease Corp. Ltd.	3,707,600	2.96%
Babcock & Brown Ltd.	843,650	0.67%	Tishman Speyer Office Fund	2,550,882	2.04%
Henderson Group PLC	3,488,100	2.78%	Westfield Group Australia	5,180,000	4.14%
Macquarie Group Ltd.	2,600,000	2.08%		11,438,482	9.14%
National Australia Bank Ltd.	9,272,800	7.40%	Telecommunication Services		
QBE Insurance Group Ltd.	5,560,000	4.44%	PIPE Networks Ltd.	484,160	0.39%
St. George Bank Ltd.	2,339,400	1.87%	Reverse Corp. Ltd.	2,159,089	1.72%
Tower Ltd.	954,450	0.76%	Telecom Corp. of New Zealand Ltd.	1,750,000	1.40%
Westpac Banking Corp.	5,040,258	4.02%		4,393,249	3.51%
	40,091,107	32.00%	Utilities		
			ConnectEast Group	547,124	0.44%
				547,124	0.44%
			Long	125,265,430	100.00%
			Short	-37,736,416	