



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

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

As at 31 March 2008

NTA before tax	1.0722c*
NTA after tax and before tax on unrealised gains	1.0722c*
NTA after tax	1.0621c*

*The above figures are after the payment of the interim dividend of 4.0 cents a share fully franked, paid on the 12 March 2008.

MONTH IN REVIEW

Global equity markets struggled in March as the prospect of a US recession became fact, with a raft of economic indicators suggesting activity levels have softened sharply. Weaker activity in Australia also became evident. Slower retail sales data and a sharp deterioration in both business and consumer confidence indicated tightening credit conditions. This is impacting the local economy.

In response to the deteriorating macroeconomic environment equity markets fell during the month. The profit cycle has clearly turned for industrial shares with weaker revenues and margins only adding to the pressure from higher financing costs. We would expect to see the company profits continue to come under pressure.

The fund recovered much of the underperformance of February as financial shares rallied having been oversold on credit concerns in the previous month. We took advantage of this recovery to unwind some of the portfolio bias (long financials/short defensives).

We still see considerable risk in US equities, not so much from the financial crisis but from the broadening economic recession which we have only just entered. US Economist David A. Rosenberg has put it succinctly:

"We may be past the worst of the financial market crisis, at the three-quarters point in the housing construction downturn and one-third to halfway through the real estate deflation, but we are likely only one-fourth of the way into the recession. Moreover, we have seen just 10% of the anticipated employment retrenchment, and the consumer pull back is just starting. That means we think we still have a long and hard downward trek ahead of us, fraught with unexpected obstacles."

We are currently holding over 20% of the fund's assets in cash given the poor outlook for US equities and domestic profits.

DIVIDEND

The interim dividend declared for the 2008 financial year is 4.0 cents a share fully franked. The dividend was paid on 14 March 2008.

BUYBACK

The board is focused on maximising returns to shareholders and this will from time to time involve active capital management. The board views the introduction of an on market share buy back as being in line with this aim as it will add value to the remaining shares on issue and increase the NTA per share.

A buyback of approximately 10% of the issued capital commenced on 12 March 2008.

As at close of market on 11th April 2008 500,000 shares have been bought back.

PORTFOLIO PERFORMANCE

Gross Performance	1 month	3 month	6 month	Financial YTD 08
Australian Leaders Ltd	1.50%	-17.73%	-18.18%	-12.99%
All Ords Accum	-4.11%	-14.68%	-16.15%	-11.56%
Relative Performance	5.61%	-3.05%	-2.03%	-1.43%

PORTFOLIO STRUCTURE

Investment Type	As at 29 February 2008		As at 31 March 2008	
	\$m	%	\$m	%
Listed Securities	102.82	121.50%	98.14	118.82%
Fixed interest and Cash	7.20	8.50%	13.32	16.13%
Gross Assets	110.02	130.00%	111.46	134.95%
Short positions	-25.39	-30.00%	-28.87	-34.95%
Net Assets	84.63	100.00%	82.59	100.00%

The listed securities portfolio is detailed on the following page.

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

LONG PORTFOLIO			Information Technology		
Consumer Discretionary			Computershare Ltd.	2,100,000	2.14%
Amalgamated Holdings Ltd.	1,025,973	1.05%		2,100,000	2.14%
Aristocrat Leisure Ltd.	1,056,000	1.08%	Materials		
Crown Ltd.	1,785,000	1.82%	BHP Billiton Ltd.	10,026,800	10.21%
News Corp.	6,795,750	6.91%	Boral Ltd.	939,000	0.96%
Sky City Entertainment Group Ltd.	1,674,400	1.71%	Gunns Ltd.	1,252,000	1.28%
Tatts Group Ltd.	1,914,000	1.95%	James Hardie Industries N.V.	1,250,000	1.27%
Village Roadshow Ltd Prf A	3,472,383	3.54%		13,467,800	13.72%
West Australian Newspapers Holdings Ltd.	1,098,000	1.12%	Telecommunication Services		
	18,821,506	19.18%	Reverse Corp. Ltd.	1,626,962	1.66%
Consumer Staples				1,626,962	1.66%
AWB Ltd.	3,506,250	3.57%	Property		
Select Harvests Ltd.	1,479,320	1.51%	Lend Lease Corp. Ltd.	3,478,125	3.54%
	4,985,570	5.08%	Stockland Australia	1,398,000	1.42%
Energy			Tishman Speyer Office Fund	1,302,452	1.33%
Caltex Australia Ltd.	1,431,100	1.46%		6,178,577	6.29%
Oil Search Ltd.	1,835,400	1.87%			
Roc Oil Co. Ltd.	2,465,960	2.51%			
	5,732,460	5.84%			
Financials			Long	98,143,577	100.00%
Australia & New Zealand Banking Group Ltd.	5,296,995	5.40%			
Commonwealth Bank of Australia	5,435,300	5.54%	SHORT PORTFOLIO		
Henderson Group PLC	2,323,000	2.37%	Arcor Ltd.	-3,146,000	
Macquarie Group Ltd.	2,905,100	2.96%	Orica Ltd.	-2,913,000	
National Australia Bank Ltd.	6,572,700	6.69%	Lion Nathan Ltd.	-2,625,000	
St. George Bank Ltd.	2,159,640	2.20%	CSR Ltd.	-2,560,000	
Westpac Banking Corp.	1,449,676	1.48%	Coca-Cola Amatil Ltd.	-2,507,500	
	26,142,411	26.64%	Adelaide Brighton Ltd.	-2,381,796	
Health Care			Healthscope Ltd.	-1,768,000	
Cochlear Ltd.	1,312,800	1.34%	Santos Ltd.	-1,450,000	
Primary Health Care Ltd.	5,596,250	5.70%	Ramsay Health Care Ltd.	-1,413,184	
Pharmaxis Ltd.	580,366	0.59%	Minara Resources Ltd.	-1,306,968	
	7,489,416	7.63%	Fortescue Metals Group Ltd.	-1,302,000	
Insurance			OneSteel Ltd.	-1,278,000	
QBE Insurance Group Ltd.	3,553,600	3.62%	Ansell Ltd.	-1,206,078	
Suncorp-Metway Ltd.	900,900	0.92%	G.U.D. Holdings Ltd.	-965,000	
Tower Ltd.	795,375	0.81%	Singapore Telecom SGD0.15 (Chess Unit)	-930,000	
	5,249,875	5.35%	Bendigo & Adelaide Bank Ltd.	-595,000	
Industrials			Bank of Queensland Ltd.	-519,820	
Brambles Ltd.	998,000	1.02%		-28,867,346	
Leighton Holdings Ltd.	2,140,000	2.18%			
Toll Holdings Ltd.	2,004,000	2.04%	Contact:		
United Group Ltd.	1,207,000	1.23%	Justin Braitling Australian Leaders Fund		
	6,349,000	6.47%	02-9362-8606		
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