



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

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

As at 31 May 2008

NTA before tax	1.1289c
NTA after tax and before tax on unrealised gains	1.1289c
NTA after tax	1.1070c

MONTH IN REVIEW

The bear market rally continued through May as investors gained comfort from benign economic data out of the US. Resource shares continued to lead the market higher as the leadership continued to narrow. Industrial shares have not really participated in this most recent recovery with many securities trading close to their lows. As we moved into June, a higher oil price and inflationary pressures are impacting US households already reeling from the credit and housing crisis. The weaker US dollar is only fuelling inflationary pressure, preventing the Federal Reserve from lowering rates further. Equity investors, confronted with a weakening economy and the prospect of higher interest rates are selling equities in the expectation of further profit weakness.

This situation has been complicated further by a re-emergence of credit issues amongst US banks weighing on financial shares. The Australian economy is also clearly slowing with inflation and high interest rates impacting household spending. We would expect markets to continue to move lower in the near term as investors come to terms with the breadth and depth of the economic slowdown. The company reporting season due to start in August will provide little relief given the weak spending environment and ongoing strength of the Australian dollar. In summary, equities markets will struggle before finding support at lower levels as we get closer to an economic recovery next year.

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 12th June 2008 500,000 shares have been bought back.

PORTFOLIO PERFORMANCE

Gross Performance	1 month	3 month	6 month	Financial YTD 08
Australian Leaders Ltd	1.63%	7.85%	-14.01%	-7.55%
All Ords Accum	2.45%	2.80%	-10.68%	-5.18%
Relative Performance	-0.82%	5.05%	-3.33%	-2.37%

PORTFOLIO STRUCTURE

Investment Type	As at 30 April 2008		As at 31 May 2008	
	\$m	%	\$m	%
Listed Securities	107.40	125.11%	108.56	124.65%
Fixed interest and Cash	18.27	21.29%	24.75	28.41%
Gross Assets	125.67	146.40%	133.31	153.06%
Short positions	-39.83	-46.40%	-46.21	-53.06%
Net Assets	85.84	100.00%	87.10	100.00%

The listed securities portfolio is detailed on the following page.

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

Consumer Discretionary			Health Care		
Austereo Group Ltd.	2,801,603	2.58%	Primary Health Care Ltd.	5,088,504	4.69%
Aristocrat Leisure Ltd.	2,831,000	2.61%		5,088,504	4.69%
Consolidated Media Holdings Ltd.	1,844,507	1.70%	Industrials		
Crown Ltd.	2,106,000	1.94%	Brambles Ltd.	1,804,000	1.66%
Harvey Norman Holdings Ltd.	2,214,000	2.04%	Leighton Holdings Ltd.	959,400	0.88%
InvoCare Ltd.	402,000	0.37%	SEEK Ltd.	3,040,898	2.81%
News Corp.	5,568,069	5.12%		5,804,298	5.35%
Sky City Entertainment Group Ltd.	2,010,000	1.85%	Information Technology		
TABCorp Holdings Ltd.	899,200	0.83%	Computershare Ltd.	2,289,600	2.11%
Village Roadshow Ltd Prf A	2,841,724	2.62%		2,289,600	2.11%
West Australian Newspapers Holdings Ltd.	945,000	0.87%	Materials		
Wotif.com Holdings Ltd.	800,000	0.74%	BHP Billiton Ltd.	9,570,001	8.81%
	25,263,103	23.27%	Boral Ltd.	603,000	0.56%
Consumer Staples			BlueScope Steel Ltd.	1,135,000	1.05%
Select Harvests Ltd.	1,458,679	1.34%	Gunns Ltd.	758,832	0.70%
	1,458,679	1.34%	Lihir Gold Ltd.	1,219,973	1.12%
Energy				13,286,806	12.24%
Oil Search Ltd.	5,710,200	5.26%	Telecommunication Services		
Sunshine Gas Ltd.	2,363,000	2.18%	Reverse Corp. Ltd.	2,316,334	2.13%
	8,073,200	7.44%		2,316,334	2.13%
Financials			Utilities		
Australia & New Zealand Banking Group Ltd.	2,924,632	2.69%	AGL Energy Ltd.	3,688,960	3.40%
AXA Asia Pacific Holdings Ltd.	1,056,000	0.97%		3,688,960	3.40%
Babcock & Brown Ltd.	623,000	0.57%			
Commonwealth Bank of Australia	4,365,308	4.03%	LONGS	108,560,969	100.00%
Goodman Group	2,600,000	2.39%			
Henderson Group PLC	1,369,259	1.26%	SHORT PORTFOLIO	-46,212,579	
Lend Lease Corp. Ltd.	4,046,525	3.73%			
Mirvac Group	2,837,625	2.61%			
Macquarie Group Ltd.	1,253,500	1.15%			
National Australia Bank Ltd.	4,913,948	4.54%			
QBE Insurance Group Ltd.	2,199,600	2.03%			
Stockland Australia	2,082,300	1.92%			
Suncorp-Metway Ltd.	1,010,100	0.93%	Contact:		
Tishman Speyer Office Fund	1,894,150	1.74%	Justin Braitling		
Tower Ltd.	1,772,938	1.63%	Australian Leaders Fund		
Westpac Banking Corp.	6,342,600	5.84%	02-9362-8606		
	41,291,485	38.03%	0400999910		