



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

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

As at 31 July 2008

NTA before tax	1.0581c*
NTA after tax and before tax on unrealised gains	1.0581c*
NTA after tax	1.0470c*

\*The above figures are before the payment of the final dividend of 2.0 cents a share fully franked to be paid on 28 August 2008.

**MONTH IN REVIEW**

Equity markets performed poorly in July as the outlook for global growth continued to deteriorate. Resource shares fell sharply on the back of the weaker economic outlook. Financial shares that had been oversold recovered as the US Treasury and Federal Reserve moved decisively to reassuring investors. The fund which has been overweight the major trading banks and underweight resources benefited from this rotation. We have since reduced the weighting to financials, focusing instead on quality industrial companies that are attractively priced.

Equity markets will be volatile for some time as the global economy continues to slow. Given supportive valuations we are taking advantage of the mispricing amongst quality industrial names many of which have been sold down to recession levels.

**DIVIDEND**

The final dividend declared for the 2008 financial year is 2.0 cents a share fully franked payable on 28 August 2008. The shares will trade ex dividend on 15 August 2008.

The dividend re-investment plan will be operating at no discount. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 21 August 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 13<sup>th</sup> August 2008 3,149,886 shares have been bought back.

**PORTFOLIO PERFORMANCE**

<b>Gross Performance</b>	<b>1 month</b>	<b>3 month</b>	<b>6 month</b>	<b>Financial YTD 09</b>
Australian Leaders Ltd*	-1.01%	-6.96%	-9.40%	-1.01%
All Ords Accum	-5.23%	-10.01%	-9.47%	-5.23%
Relative Performance	4.22%	3.05%	0.07%	4.22%

\* Includes the contribution from the buyback

**PORTFOLIO STRUCTURE**

<b>Investment Type</b>	<b>As at 30 June 2008</b>		<b>As at 31 July 2008</b>	
	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Listed Securities	128.39	160.70%	135.44	173.96%
Fixed interest and Cash	2.01	2.52%	7.09	9.10%
<b>Gross Assets</b>	<b>130.40</b>	<b>163.22%</b>	<b>142.53</b>	<b>183.06%</b>
Short positions	-50.51	-63.22%	-64.67	-83.06%
<b>Net Assets</b>	<b>79.89</b>	<b>100.00%</b>	<b>77.86</b>	<b>100.00%</b>

The listed securities portfolio is detailed on the following page.

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

<b>Consumer Discretionary</b>			<b>Information Technology</b>		
Aristocrat Leisure Ltd.	2,279,500	1.68%	Computershare Ltd.	1,225,000	0.90%
Crown Ltd.	4,579,363	3.38%		<b>1,225,000</b>	<b>0.90%</b>
David Jones Ltd.	850,000	0.63%	<b>Insurance</b>		
Harvey Norman Holdings Ltd.	2,112,500	1.56%	AXA Asia Pacific Holdings Ltd.	1,890,000	1.40%
Sky City Entertainment Group Ltd.	2,498,500	1.84%	QBE Insurance Group Ltd.	3,960,705	2.92%
TABCorp Holdings Ltd.	1,102,733	0.81%	Suncorp-Metway Ltd.	936,600	0.69%
Wotif.com Holdings Ltd.	3,011,500	2.22%	Tower Ltd.	996,198	0.74%
	<b>16,434,096</b>	<b>12.12%</b>		<b>7,783,503</b>	<b>5.75%</b>
<b>Consumer Staples</b>			<b>Materials</b>		
Coca-Cola Amatil Ltd.	1,930,000	1.42%	BHP Billiton Ltd.	6,353,600	4.69%
Graincorp Ltd.	1,638,823	1.21%	Fortescue Metals Group Ltd.	1,566,000	1.16%
Select Harvests Ltd.	1,147,840	0.85%	Gunns Ltd.	1,614,608	1.19%
Woolworths Ltd.	4,410,000	3.26%	Newcrest Mining Ltd.	1,834,246	1.35%
	<b>9,126,663</b>	<b>6.74%</b>	Rio Tinto Ltd.	3,385,800	2.50%
<b>Diversified Financials</b>				<b>14,754,254</b>	<b>10.89%</b>
ASX Ltd.	3,633,000	2.68%	<b>Media</b>		
BT Investment Management Ltd.	902,082	0.67%	Austereo Group Ltd.	2,440,795	1.80%
Henderson Group PLC	3,338,353	2.46%	APN News & Media Ltd.	2,609,337	1.93%
Platinum Asset Management Ltd.	996,000	0.74%	News Corp.	6,943,884	5.15%
	<b>8,869,435</b>	<b>6.55%</b>	Village Roadshow Ltd Prf A	3,765,734	2.78%
<b>Energy</b>			West Australian Newspapers Holdings Ltd.	1,346,248	0.99%
Oil Search Ltd.	6,107,681	4.51%		<b>17,105,998</b>	<b>12.65%</b>
Queensland Gas Co. Ltd.	1,198,500	0.88%	<b>Real Estate</b>		
Roc Oil Co. Ltd.	1,500,000	1.11%	Goodman Group	765,000	0.56%
WorleyParsons Ltd.	1,919,400	1.42%	Lend Lease Corp. Ltd.	4,438,275	3.28%
	<b>10,725,581</b>	<b>7.92%</b>	Sunland Group Ltd.	474,000	0.35%
<b>Financials</b>			Stockland Australia	1,976,640	1.46%
Australia & New Zealand Banking Group Ltd.	5,721,853	4.23%		<b>7,653,915</b>	<b>5.65%</b>
Macquarie Group Ltd.	1,234,320	0.91%	<b>Telecommunication Services</b>		
National Australia Bank Ltd.	5,309,142	3.92%	Reverse Corp. Ltd.	4,187,639	3.09%
Westpac Banking Corp.	4,585,840	3.39%	Telstra Corp. Ltd.	3,607,907	2.66%
	<b>16,851,155</b>	<b>12.45%</b>		<b>7,795,546</b>	<b>5.75%</b>
<b>Health Care</b>			<b>Utilities</b>		
Primary Health Care Ltd.	5,875,058	4.34%	AGL Energy Ltd.	1,683,360	1.24%
	<b>5,875,058</b>	<b>4.34%</b>		<b>1,683,360</b>	<b>1.24%</b>
<b>Industrials</b>			<b>LONGS</b>	<b>135,438,754</b>	<b>100.00%</b>
Brambles Ltd.	3,712,500	2.73%	<b>SHORT PORTFOLIO</b>	<b>-64,669,361</b>	
Leighton Holdings Ltd.	1,785,000	1.32%	<b>Contact:</b>		
Qantas Airways Ltd.	2,257,600	1.67%	Justin Braitling		
SEEK Ltd.	1,800,090	1.33%	Australian Leaders Fund		
	<b>9,555,190</b>	<b>7.05%</b>	info@braitlinginvestments.com.au		