



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

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

As at 30 September 2008

NTA before tax	1.0335c*
NTA after tax and before tax on unrealised gains	1.0335c*
NTA after tax	1.0204c*

*The above figures are after the payment of the final dividend of 2.0 cents a share fully franked which was paid on 28 August 2008.

MONTH IN REVIEW

Australian equities moved sharply lower again in September as the financial crisis deteriorated further. As the full impact of the crisis on economic growth became evident the shares of mining companies were aggressively sold. The fund which has an underweight exposure to the large miners BHP and Rio performed well in a relative sense. Other key holdings also performed well with Aristocrat and QBE Insurance making an important contribution to performance.

Short Selling:

On 21st of September the Australian Securities and Investments Commission (ASIC) introduced a 30 day ban on covered short selling. ASIC has not yet clarified its intentions regarding short selling but should make an announcement in the next week whether or not it will reopen covered short sales for non-financial stocks.

ASIC have suggested that these measures are necessary to maintain fair and orderly markets in these exceptional times of global crises in financial markets.

ASIC emphasised that it sees a legitimate place for short selling in markets (eg to assist with price discovery). Mr D'Aloisio went onto say: 'However, in the current climate and, in light of the actions taken by other regulators, we need a circuit breaker to assist in maintaining and restoring confidence. Our measures do that as they will operate for a limited time and in the case of non-financial stocks, will be reviewed in 30 days. In the case of financial stocks, the review will be in line with the time limits imposed by other international regulators such as the US and UK'.

Australian Leaders Fund Limited employs short selling as a supplementary source of funding for the company's Balance Sheet. I would encourage investors to read the preliminary final report released to the stock exchange on 12 August 2008 for a full review of short selling.

The ASIC decision does not impact existing positions which are grandfathered. The fund is not able to increase existing short positions for the 30 day period. It is our expectation that given these extreme measures are seen as a "circuit breaker" the ban will be lifted after 30 days. In future we are likely to see further regulatory oversight of short selling requiring further disclosure of positions which we are not opposed to.

In the event the ban is extended further we may look to cover our positions in an orderly process and move to a more typical funding structure. We would not expect this to have a material impact on performance.

DIVIDEND

The final dividend declared for the 2008 financial year is 2.0 cents a share fully franked and was paid on 28 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 10th October 2008 5,070,020 shares have been bought back.

PORTFOLIO PERFORMANCE

Gross Performance	1 month	3 month	6 month	Financial YTD 09
Australian Leaders Ltd*	-5.12%	-0.96%	-2.15%	-0.96%
All Ords Accum	-10.62%	-11.89%	-12.45%	-11.89%
Relative Performance	5.5%	10.93%	10.30%	10.93%

* Includes the contribution from the buyback

PORTFOLIO STRUCTURE

Investment Type	As at 31 August 2008		As at 30 September 2008	
	\$m	\$m	\$m	%
Listed Securities	155.84	193.82%	126.58	168.36%
Fixed interest and Cash	5.42	6.74%	0.47	0.63%
Gross Assets	161.26	200.56%	127.05	168.99%
Short positions	-80.85	-100.56%	-51.87	-68.99%
Net Assets	80.41	100.00%	75.18	100.00%

The listed securities portfolio is detailed on the following page.

As at 30 September 2008 the equity portfolio gave exposure to:

Consumer Discretionary			Health Care		
Billabong International Ltd.	959,000	0.76%	Primary Health Care Ltd.	5,944,032	4.69%
Sky City Entertainment Group Ltd.	1,788,527	1.41%	CSL Ltd.	1,492,000	1.18%
Crown Ltd.	2,161,950	1.71%		7,436,032	5.87%
Wotif.com Holdings Ltd.	3,515,000	2.78%	Industrials		
Harvey Norman Holdings Ltd.	1,390,500	1.10%	SEEK Ltd.	2,311,958	1.83%
Graincorp Ltd.	1,850,108	1.46%	Brambles Ltd.	2,618,347	2.07%
Goodman Fielder Ltd.	4,170,000	3.29%	Qantas Airways Ltd.	3,548,609	2.80%
	15,835,085	12.51%		8,478,914	6.70%
Media			Information Technology		
News Corp.	7,159,941	5.65%	Melbourne IT Ltd.	1,209,300	0.96%
Austereo Group Ltd.	1,146,598	0.91%	IRESS Market Technology Ltd.	2,019,500	1.59%
	8,306,539	6.56%		3,228,800	2.55%
Energy			Materials		
WorleyParsons Ltd.	1,363,500	1.08%	Rio Tinto Ltd.	3,430,700	2.71%
Roc Oil Co. Ltd.	1,097,309	0.87%	Orica Ltd.	2,304,500	1.82%
Queensland Gas Co. Ltd.	810,000	0.64%	Mount Gibson Iron Ltd.	1,735,937	1.37%
Oil Search Ltd.	3,480,008	2.74%	Mincor Resources N.L.	861,816	0.68%
Origin Energy Ltd.	1,288,800	1.02%	Mirabela Nickel Ltd.	736,835	0.58%
	8,039,617	6.35%	James Hardie Industries N.V.	2,733,500	2.16%
Financials			Iluka Resources Ltd.	2,462,800	1.95%
Westpac Banking Corp.	3,745,468	2.96%	Gunns Ltd.	3,409,508	2.69%
St. George Bank Ltd.	2,175,659	1.72%	Fortescue Metals Group Ltd.	932,000	0.74%
National Australia Bank Ltd.	3,686,186	2.91%	EQUINOX MINERALS CDI NPV	748,077	0.59%
Australia & New Zealand Banking Group Ltd.	6,994,669	5.53%	BHP Billiton Ltd.	6,503,800	5.14%
	16,601,982	13.12%		25,859,473	20.43%
Diversified Financials			Telecommunication Services		
Platinum Asset Management Ltd.	758,100	0.60%	Telstra Corp. Ltd.	2,926,000	2.31%
Macquarie Group Ltd.	3,776,109	2.99%	Reverse Corp. Ltd.	1,908,600	1.51%
Henderson Group PLC	1,948,106	1.54%		4,834,600	3.82%
BT Investment Management Ltd.	979,897	0.77%	Utilities		
ASX Ltd.	3,751,263	2.96%	AGL Energy Ltd.	1,131,976	0.89%
	11,213,475	8.86%		1,131,976	0.89%
Insurance					
Tower Ltd.	700,263	0.55%	LONG PORTFOLIO	126,582,042	100.00%
QBE Insurance Group Ltd.	4,107,500	3.25%	SHORT PORTFOLIO	-51,872,173	
AXA Asia Pacific Holdings Ltd.	2,464,700	1.95%			
	7,272,463	5.75%			
Real Estate					
Stockland Australia	1,943,568	1.54%	Contact:		
Lend Lease Corp. Ltd.	3,052,350	2.41%	Justin Braitling		
Australand Property Group	3,347,168	2.64%	Australian Leaders Fund		
	8,343,086	6.59%	info@braitlinginvestments.com.au		