



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

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

As at 31 October 2008

NTA before tax	0.9443c*
NTA after tax and before tax on unrealised gains	0.9443c*
NTA after tax	0.9235c*

*This includes a tax asset of 12.19 cents per share.

MONTH IN REVIEW

Equity markets fell sharply in October as investors contemplated the implications of a global recession. The Australian equity market did not escape the carnage and finished the month down 13.9%; its worst monthly performance since the October '87 crash (-45%).

Volatility hit new record highs during October resulting in risk aversion with investors switching out of equities and into defensive positions. Commodity prices came under significant pressure on the back of increasing concerns over China's economic growth and from the continued deleveraging of hedge funds. Resource and Energy stocks were major casualties as investors continued to switch out of these sectors. REIT's were impacted by a number of large fund raisings, combined with concerns around refinancing and asset sales.

The portfolio underperformed as we have been covering short positions that had been oversold leaving a style bias in the portfolio. Our preference is to hold cash rather than expensive so called "defensive securities" that are now overvalued in the context of a cheap market. It is our expectation that in the short term the markets may re-test lows before recovering as we move into next year. For those investors who are willing to be patient there are some outstanding opportunities on offer.

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.

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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 13th November 2008 5,871,184 shares have been bought back.

PORTFOLIO PERFORMANCE

Gross Performance	1 month	3 month	6 month	Financial YTD 09
Australian Leaders Ltd*	-15.93%	-15.90%	-21.32%	-16.74%
All Ords Accum	-13.92%	-19.97%	-27.98%	-24.16%
Relative Performance	-2.01%	4.07%	6.66%	7.42%

* Includes the contribution from the buyback

PORTFOLIO STRUCTURE

Investment Type	As at 30 September 2008		As at 31 October 2008	
	\$m	\$m	\$m	%
Listed Securities	126.58	168.36%	92.42	150.45%
Fixed interest and Cash	0.47	0.63%	6.01	9.78%
Gross Assets	127.05	168.99%	98.43	160.23%
Short positions	-51.87	-68.99%	-37.00	-60.23%
Net Assets	75.18	100.00%	61.43	100.00%

The listed securities portfolio is detailed on the following page.

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

Consumer Discretionary			Health Care		
Webjet Ltd.	239,737	0.26%	Primary Health Care Ltd.	5,309,233	5.74%
Tatts Group Ltd.	1,135,695	1.23%	CSL Ltd.	1,456,000	1.58%
Crown Ltd.	3,539,925	3.83%		6,765,233	7.32%
Wotif.com Holdings Ltd.	2,501,580	2.71%	Industrials		
Harvey Norman Holdings Ltd.	645,000	0.70%	SEEK Ltd.	1,163,045	1.26%
	8,061,937	8.73%	McMillan Shakespeare Ltd.	625,650	0.68%
Media			Brambles Ltd.	1,588,000	1.72%
News Corp.	6,949,355	7.52%	Virgin Blue Holdings Ltd.	2,708,891	2.93%
Austereo Group Ltd.	1,006,418	1.09%	Qantas Airways Ltd.	713,259	0.77%
	7,955,773	8.61%		6,798,845	7.36%
Consumer Staples			Information Technology		
Graincorp Ltd.	2,074,653	2.24%	Melbourne IT Ltd.	900,720	0.97%
Goodman Fielder Ltd.	1,893,649	2.05%	IRESS Market Technology Ltd.	1,506,482	1.63%
	3,968,302	4.29%		2,407,202	2.60%
Energy			Materials		
WorleyParsons Ltd.	2,466,750	2.67%	Rio Tinto Ltd.	2,643,677	2.86%
Roc Oil Co. Ltd.	773,645	0.84%	Orica Ltd.	2,128,500	2.30%
Oil Search Ltd.	2,546,685	2.76%	Nufarm Ltd.	218,200	0.24%
	5,787,080	6.27%	Mount Gibson Iron Ltd.	307,192	0.33%
Financials			Mirabela Nickel Ltd.	733,403	0.79%
Westpac Banking Corp.	1,041,784	1.13%	James Hardie Industries N.V.	1,700,000	1.84%
St. George Bank Ltd.	759,008	0.82%	Imdex Ltd.	258,556	0.28%
National Australia Bank Ltd.	5,300,471	5.74%	Iluka Resources Ltd.	1,743,829	1.89%
Australia & New Zealand Banking Group Ltd.	4,214,886	4.56%	Gunns Ltd.	3,795,742	4.10%
	11,316,149	12.25%	Fortescue Metals Group Ltd.	1,939,625	2.10%
Diversified Financials			EQUINOX MINERALS CDI NPV	557,041	0.60%
Macquarie Group Ltd.	1,781,963	1.93%	BHP Billiton Ltd.	4,052,952	4.38%
Henderson Group PLC	1,382,738	1.50%		20,078,717	21.71%
BT Investment Management Ltd.	661,695	0.72%	Telecommunication Services		
ASX Ltd.	1,767,688	1.91%	Telstra Corp. Ltd.	1,442,000	1.56%
	5,594,084	6.06%	Reverse Corp. Ltd.	1,647,758	1.78%
Insurance				3,089,758	3.34%
Tower Ltd.	689,927	0.75%			
QBE Insurance Group Ltd.	3,187,500	3.45%	TOTAL LONG PORTFOLIO	92,422,253	100.00%
AXA Asia Pacific Holdings Ltd.	1,408,000	1.52%	TOTAL SHORT PORTFOLIO	(36,996,541)	
	5,285,427	5.72%			
Real Estate			Contact:		
Stockland Australia	1,304,800	1.41%	Justin Braitling		
Lend Lease Corp. Ltd.	1,907,500	2.06%	Australian Leaders Fund		
GPT Group	306,007	0.33%	info@braitlinginvestments.com.a		
Australand Property Group	1,795,439	1.94%			
	5,313,746	5.74%			