



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

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

As at 31 December 2008

NTA before tax on unrealised gains	\$0.9155*
NTA after tax	\$0.9033

\*This includes a tax asset of 10.68 cents per share.

**MONTH IN REVIEW**

The market moved sideways in December despite stronger moves offshore as a number of companies raised equity before the markets closed for the holiday period. With tight credit conditions continuing, listed companies in need of capital have been forced to turn to shareholders to shore up balance sheets. There was a general rotation out of defensive sectors in favour of cyclical companies providing investors exposure to a recovery in 2009.

The recent rally in shares has been driven by the expectation that the global economy should stage a recovery in the second half of 2009 on the back of the sizable stimulus packages being announced around the world. We would caution investors not to expect too much from government intervention, the contraction in the private sector in 2009 will be severe and recovery could well be pushed out to 2010.

We continue to maintain a sizable cash position which has increased since year end.

**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 13<sup>th</sup> January 2009 7,139,516 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*	3.35%	-18.53%	-19.32%	-19.32%
All Ords Accum	-0.08%	-20.20%	-29.69%	-29.69%
Relative Performance	3.43%	1.67%	10.37%	10.37%

\* Includes the contribution from the buyback

**PORTFOLIO STRUCTURE**

<b>Investment Type</b>	<b>As at 30 November 2008</b>		<b>As at 31 December 2008</b>	
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Listed Securities	68.49	121.54%	92.09	155.29%
Fixed interest and Cash	15.07	26.75%	9.10	15.35%
<b>Gross Assets</b>	<b>83.56</b>	<b>148.29%</b>	<b>101.19</b>	<b>170.64%</b>
Short positions	-27.21	-48.29%	-41.89	-70.64%
<b>Net Assets</b>	<b>56.35</b>	<b>100.00%</b>	<b>59.30</b>	<b>100.00%</b>

The listed securities portfolio is detailed on the following page.

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

<b>Consumer Discretionary</b>				<b>Real Estate</b>		
Billabong International Ltd.	1,772,907	1.93%		Mirvac Group	1,152,000	1.25%
Webjet Ltd.	772,000	0.84%		Lend Lease Corp. Ltd.	1,067,926	1.16%
Sky City Entertainment Group Ltd.	514,000	0.56%		GPT Group	920,000	1.00%
Crown Ltd.	4,348,231	4.71%		Dexus Property Group	1,517,000	1.65%
Aristocrat Leisure Ltd.	873,000	0.95%			<b>4,656,926</b>	<b>5.06%</b>
Wotif.com Holdings Ltd.	1,299,040	1.41%		<b>Health Care</b>		
	<b>9,579,178</b>	<b>10.40%</b>		Primary Health Care Ltd.	3,793,487	4.12%
<b>Media</b>					<b>3,793,487</b>	<b>4.12%</b>
News Corp.	2,530,845	2.75%		<b>Industrials</b>		
Fairfax Media Ltd.	1,045,497	1.14%		Transfield Services Ltd.	3,185,000	3.46%
Consolidated Media Holdings Ltd.	3,472,644	3.76%		SEEK Ltd.	2,494,883	2.71%
Austereo Group Ltd.	898,588	0.98%		McMillan Shakespeare Ltd.	1,666,170	1.81%
	<b>7,947,574</b>	<b>8.63%</b>		Virgin Blue Holdings Ltd.	2,213,057	2.40%
<b>Consumer Staples</b>				Toll Holdings Ltd.	1,234,000	1.34%
Graincorp Ltd.	2,344,493	2.55%			<b>10,793,110</b>	<b>11.72%</b>
Goodman Fielder Ltd.	2,553,780	2.77%		<b>Information Technology</b>		
	<b>4,898,273</b>	<b>5.32%</b>		Melbourne IT Ltd.	1,028,360	1.12%
<b>Energy</b>				IRESS Market Technology Ltd.	2,459,104	2.67%
WorleyParsons Ltd.	2,614,050	2.84%		Computershare Ltd.	425,100	0.46%
Roc Oil Co. Ltd.	628,980	0.68%			<b>3,912,564</b>	<b>4.25%</b>
Oil Search Ltd.	2,352,575	2.55%		<b>Materials</b>		
0.07	<b>5,595,605</b>	<b>6.07%</b>		Rio Tinto Ltd.	1,028,584	1.12%
<b>Financials</b>				OneSteel Ltd.	1,230,000	1.34%
Westpac Banking Corp.	3,224,300	3.50%		Orica Ltd.	1,048,500	1.14%
RHG Ltd.	1,759,513	1.91%		Nufarm Ltd.	2,347,787	2.54%
National Australia Bank Ltd.	3,776,322	4.10%		Mirabela Nickel Ltd.	403,834	0.44%
Commonwealth Bank of Australia	3,901,500	4.25%		Incitec Pivot Ltd.	847,603	0.92%
Australia & New Zealand Banking Group Ltd.	2,947,805	3.20%		Iluka Resources Ltd.	1,249,009	1.36%
	<b>15,609,440</b>	<b>16.96%</b>		Gunns Ltd.	2,045,149	2.22%
<b>Diversified Financials</b>				Fortescue Metals Group Ltd.	772,000	0.84%
Macquarie Group Ltd.	1,008,350	1.10%		Equinox Minerals Limited	752,653	0.82%
Henderson Group PLC	2,072,306	2.24%		BlueScope Steel Ltd.	775,317	0.84%
ASX Ltd.	1,831,500	1.99%			<b>12,500,436</b>	<b>13.58%</b>
	<b>4,912,156</b>	<b>5.33%</b>		<b>Telecommunication Services</b>		
<b>Insurance</b>				Telstra Corp. Ltd.	1,532,000	1.66%
QBE Insurance Group Ltd.	1,547,000	1.68%		Reverse Corp. Ltd.	1,399,640	1.52%
AMP Ltd.	3,409,180	3.70%			<b>2,931,640</b>	<b>3.18%</b>
	<b>4,956,180</b>	<b>5.38%</b>				
				<b>TOTAL LONG PORTFOLIO</b>	<b>92,086,569</b>	<b>100.00%</b>
				<b>TOTAL SHORT PORTFOLIO</b>	<b>(41,890,684)</b>	
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