



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

AUSTRALIAN LEADERS FUND LIMITED (ALF) – APRIL 2009
INVESTMENT UPDATE & NTA

As at 30 April 2009

NTA before tax on unrealised gains	\$1.1105
NTA after tax	\$1.0872

MONTH IN REVIEW

Equity markets continued to rally through April as further evidence of economic stability emerged. Leading indicators are stabilising following the precipitous fall of the last two quarters.

Australian shares followed the lead set offshore with the index increasing by 6.1% in the period. The fund performed well outperforming the index by 1.3%.

We are particularly pleased with the fund's performance in April for a number of important reasons.

1/ A lot went wrong in the month, with a number of important positions moving against us. In particular our largest short position- Lion Nathan increased in value by 40% following the bid from Kirin of Japan detracting 2.5% from attribution.

We felt Lion Nathan and Fosters for that matter were both overvalued. Both companies were benefiting from unusual trading conditions with beer volumes increasing in 2009 for the first time in a decade (hot weather and Alco-Pops legislation).

These companies were also seen as highly defensive in a difficult economic climate and were over owned as institutional investors. As "expensive defensives" benefiting from unusual trading conditions we considered these shares attractive to short sell.

You can never account for irrational behaviour though. We did not expect the Japanese would pay what to us seemed a ridiculous price for these shares. It was a risk we were well aware of though given Japanese companies had been throwing their money around buying consumer staples for some time (Cadbury Schweppes (Aust), National foods).

2/ Our cyclical exposure is heavily exposed to Airlines through VBA and QAN. The Swine Flu epidemic has resulted in these shares underperforming in April.

3/ Shareholders capital has been retained in cash through most of this period. The fund is neutrally positioned (refer Balance Sheet), while this is a highly defensive position, protecting shareholders from any broader market correction it is also a significant drag on performance in a rising market.

Together our short position in beverages and cash weighting detracted over 7% from fund attribution.

To have so many things go against us, as well as carrying the burden of a defensive balance sheet and still outperform in a rising market is particularly pleasing.

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 second buyback for up to 10% of issued capital commenced on 13 March 2009 for a 12 month duration.

As at close of market on 13th May 2009 1,607,340 shares have been bought back.

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PORTFOLIO PERFORMANCE INCLUDING ATTRIBUTION

	1 MONTH RETURN (%)			3 MONTH RETURN (%)			6 MONTH RETURN (%)			FINANCIAL YEAR TO DATE RETURN (%)		
	Total Portfolio ¹	Total All Ords	Attribution ²	Total Portfolio	Total All Ords	Attribution	Total Portfolio	Total All Ords	Attribution	Total Portfolio	Total All Ords	Attribution
Long Portfolio	10.7	6.1	5.8	20.3	9.8	14.0	13.4	-3.1	24.1	-5.9	-26.4	35.1
Short Portfolio	6.2	6.1	-	-1.0	9.8	14.4	-8.3	-3.1	9.7	-21.7	-26.4	-1.3
Cash			-4.5			-9.2			-2.5			-0.6
Total	7.4	6.1	1.3	29.0	9.8	19.2	28.2	-3.1	31.3	6.8	-26.4	33.2

¹ The "Total Portfolio" column displays the return achieved in the period from the Investment Portfolio (long) and from the Borrowed Securities portfolio (short) separately. The Total Portfolio performance, representing the underlying return achieved on Shareholder's Funds is a weighted return of the long and short portfolios as well as cash. As such this column will not sum.

² Attribution shows the contribution to the outperformance of Shareholder's Funds in the period coming from the Investment Portfolio (long) and the portfolio of Borrowed Securities (Short) as well as from the cash retained on the Balance Sheet. Each contribution sums to the overall outperformance of shareholders funds.

Fund Attribution:

In April, the Investment Portfolio increased in value by 10.7% outperforming the All Ordinaries Index, which increased by 6.1%. The portfolio of securities that ALF has borrowed and sold (short) increased by 6.2% also outperforming the index, detracting modestly from overall performance.

The Fund is defensively positioned as illustrated in the portfolio structure table below with greater than 100% of shareholders funds held in cash. In a rising market, this is a significant drag on overall performance with our cash weight detracting 4.5% from the funds april attribution.

On balance, Shareholders Funds grew by 7.4% on a gross basis comfortably ahead of the Index which increased by 6.1%.

Individual stock contributions:

A/ Investment Portfolio (Long):

The overall portfolio returns were supported during the month by strong contributions from the following 3 investments

Stock	Total monthly return %	Attribution Effect %
RHG Ltd	22.0%	0.94%
Ausenco Ltd	25.3%	0.93%
Infigen Energy	37.3%	0.83%

The following 3 portfolio investments did poorly during the period detracting from overall performance.

Stock	Total monthly return %	Attribution Effect %
Tower Australia Group Ltd.	-10.4%	-0.53%
McMillan Shakespeare Ltd.	-4.6%	-0.53%
Mesoblast Ltd.	-10.6%	-0.68%

B/ Funding Portfolio (Short):

We are expecting companies that have been sold short to perform poorly. Positive attribution is achieved when borrowed securities (shorts) underperformed the benchmark.

Overall portfolio returns were supported during the month by the poor relative performance of the following securities which have been sold short.

Stock	Total monthly return %	Attribution Effect %
Newcrest Mining Ltd.	-21.94%	0.52%
Energy Resources of Australia Ltd.	-2.81%	0.49%
Singapore Telecom SGD0.15 (Chess Unit)	-2.06%	0.40%

Shares of the following securities that have been sold short performed well in the period detracting from overall performance.

Stock	Total monthly return %	Attribution Effect %
Felix Resources Ltd.	91.32%	-0.39%
Sims Metal Management Ltd.	25.78%	-0.70%
Lion Nathan Ltd.	45.11%	-2.46%

PORTFOLIO STRUCTURE

At the end of April, the company's overall exposure to the market was neutral with greater than 100% of the company's Shareholder's Funds retained in cash. This is a very conservative position. Shareholder's Funds are well protected from any correction in the broader market.

Investment Type	As at 31 March 2009		As at 30 April 2009	
	\$m	%	\$m	%
Listed Securities – Long	90	129	83	110
Listed Securities - Short	-92	-132	-88	-116
NET EXPOSURE	-2	-3	-5	-6
Fixed interest and Cash	72	103	81	106
Shareholder Funds	70	100	76	100

The listed securities portfolio is detailed on the following page

As at 30 April 2009 the equity portfolio gave exposure to:

Consumer Discretionary			Industrials		
Webjet Ltd.	2,110,497	2.54%	Ausenco Ltd.	1,880,226	2.26%
Sky City Entertainment Group Ltd.	2,134,789	2.57%	Transfield Services Ltd.	1,250,087	1.50%
Crown Ltd.	3,281,321	3.94%	SEEK Ltd.	2,162,448	2.60%
Aristocrat Leisure Ltd.	1,530,000	1.84%	McMillan Shakespeare Ltd.	3,710,579	4.47%
	9,056,607	10.89%		9,003,340	10.83%
Media			Transportation		
Consolidated Media Holdings Ltd.	4,055,743	4.88%	Virgin Blue Holdings Ltd.	2,314,021	2.77%
APN News & Media Ltd.	260,775	0.31%	Qantas Airways Ltd.	1,584,000	1.91%
Austereo Group Ltd.	1,935,478	2.33%	ConnectEast Group	190,943	0.23%
	6,251,996	7.52%	Australian Infrastructure Fund Ltd.	1,051,993	1.27%
Consumer Staples				5,140,957	6.18%
Graincorp Ltd.	2,840,802	3.42%	Information Technology		
	2,840,802	3.42%	Melbourne IT Ltd.	1,777,452	2.14%
Energy				1,777,452	2.14%
Roc Oil Co. Ltd.	1,417,213	1.70%	Materials		
Oil Search Ltd.	1,983,689	2.39%	Rio Tinto PLC	4,073,157	4.91%
	3,400,902	4.09%	Rio Tinto Ltd.	1,338,018	1.61%
Financials			Mirabela Nickel Ltd.	1,905,992	2.29%
RHG Ltd.	5,231,934	6.30%	Incitec Pivot Ltd.	3,716,090	4.47%
Henderson Group PLC	2,101,796	2.53%	Iluka Resources Ltd.	2,475,000	2.98%
FlexiGroup Ltd.	1,866,069	2.24%	Gunns Ltd.	2,060,436	2.48%
	9,199,799	11.07%		15,568,693	18.74%
Insurance			Telecommunication Services		
Tower Australia Group Ltd.	2,701,164	3.25%	Reverse Corp. Ltd.	748,185	0.90%
AMP Ltd.	1,141,800	1.37%	Entertainment Media & Telecoms Corp. Ltd.	1,200,000	1.44%
	3,842,964	4.62%		1,948,185	2.34%
Real Estate			Utilities		
Mirvac Group	1,560,037	1.88%	Infigen Energy	1,433,699	1.72%
Charter Hall Group	530,950	0.64%		1,433,699	1.72%
CFS Retail Property Trust	1,645,000	1.97%			
	3,735,987	4.49%	TOTAL LONG PORTFOLIO	83,134,590	100.00%
Health Care			TOTAL SHORT PORTFOLIO	(88,120,334)	
ResMed Inc. (CDI-10CDI/1SHS)	540,000	0.65%			
Primary Health Care Ltd.	4,697,320	5.66%	Contact:		
Mesoblast Ltd.	2,630,687	3.16%	Justin Braitling		
CSL Ltd.	2,065,200	2.48%	Australian Leaders Fund		
	9,933,207	11.95%	info@braitlinginvestments.com.au		