



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

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

As at 30 June 2009

	NTA before tax on unrealised gains	NTA after tax
Before Dividend	\$1.2393	\$1.1942
Dividend Provision*	(\$0.02000)	(\$0.02000)
After Dividend	\$1.2193	\$1.1742

*The Ex-Date for the dividend is 3rd July 2009 and payment will be made on the 17th July 2009.

MONTH IN REVIEW

The fund finished the year on a solid note exceeding the modest gains achieved by the index in June. We are very pleased to be able to report to you that Shareholders Funds have increased by 26.5% over the year to June 30, 2009. A challenging period when the broader market fell sharply. Since the financial crisis began two years ago, Shareholders Funds have grown at a compound rate of 4.3% while the broader market has fallen on an annualised basis by 21.5%. A full review of performance for the 12 month period will be provided with the Annual report in September.

We would expect equity markets to consolidate recent gains in the months ahead before staging another advance later in the year as further evidence of an economic recovery emerges.

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 9th July 2009 4,394,294 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	8.2	3.9	6.2	29.1	12.6	21.4	36.4	10.8	35.9	9.6	-21.9	54.3
Short Portfolio	7.2	3.9	-3.9	12.9	12.6	0.4	-2.9	10.8	20.0	-16.8	-21.9	-2.4
Cash			1.3			-7.2			-9.9			-3.5
Total	7.5	3.9	3.6	27.2	12.6	14.6	56.8	10.8	46.0	26.5	-21.9	48.4

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 June, the Investment Portfolio increased in value by 8.2% outperforming the All Ordinaries Index, which increased by 3.9%. The portfolio of securities that ALF has borrowed and sold (short) increased by 7.2% to the detriment of overall performance.

Given our expectation that the market will track sideways for a period of time consolidating recent gains, we have 45% of Shareholders Funds invested in equities at the end of June with the balance retained in cash. This is a conservative position as illustrated in the portfolio structure table below.

On balance, Shareholders Funds grew by 7.5% on a gross basis in June well ahead of the Index which increased by 3.9%.

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	25.4%	2.1%
Boart Longyear Ltd	115.6%	1.1%
Austar United Communications Ltd	19.3%	0.7%

The following 3 portfolio investments detracting from overall performance.

Stock	Total monthly return %	Attribution Effect %
James Hardie Industries N.V	-7.4	-0.5%
News Corp	-7.6%	-0.6%
Transfield Services Ltd	-11.6%	-0.6%

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 %
Energy Resources of Australia Ltd	-5.1%	0.6%
TABCorp Holdings Ltd	-0.7%	0.3%
Toll Holdings Ltd	-9.2%	0.3%

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 %
Macquarie Group Ltd	36.6%	-0.6%
Sigma Pharmaceuticals Ltd	17.2%	-0.7%
David Jones Ltd	31.5%	-1.3%

PORTFOLIO STRUCTURE

At the end of June, just under half of the company's shareholders funds were invested. Shareholder's Funds are modestly protected from any correction in the broader market.

Investment Type	As at 31 May 2009		As at 30 June 2009	
	\$m	%	\$m	%
Listed Securities – Long	102	123	133	153
Listed Securities - Short	-106	-128	-94	-108
NET EXPOSURE	-4	-5	39	45
Fixed interest and Cash	87	105	48	55
Shareholder Funds	83	100	87	100

The listed securities portfolio is detailed on the following page

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

Consumer Discretionary

Billabong International Ltd.	3,737,606	2.82%
Webjet Ltd.	2,685,533	2.03%
Crown Ltd.	727,000	0.55%
Aristocrat Leisure Ltd.	966,450	0.73%
	8,116,589	6.13%

Media

News Corp.	4,602,943	3.47%
Consolidated Media Holdings Ltd.	1,193,600	0.90%
Austar United Communications Ltd.	4,587,289	3.46%
Austereo Group Ltd.	2,393,500	1.81%
	12,777,332	9.64%

Consumer Staples

Graincorp Ltd.	2,404,149	1.81%
Elders Ltd.	1,646,623	1.24%
	4,050,772	3.05%

Energy

Santos Ltd.	1,054,080	0.80%
Roc Oil Co. Ltd.	1,105,249	0.83%
Oil Search Ltd.	2,244,060	1.69%
Centennial Coal Co. Ltd.	1,968,000	1.49%
Beach Petroleum Ltd.	1,422,000	1.07%
Aquila Resources Ltd.	576,000	0.43%
	8,369,389	6.31%

Financials

Westpac Banking Corp.	2,025,000	1.53%
RHG Ltd.	12,080,746	9.13%
National Australia Bank Ltd.	5,414,323	4.09%
Bank of Queensland Ltd.	1,547,205	1.17%
Australia & New Zealand Banking Group Ltd.	2,912,085	2.20%
Henderson Group PLC	5,136,141	3.88%
HFA Holdings Ltd.	851,268	0.64%
FlexiGroup Ltd.	4,685,094	3.54%
	34,651,862	26.18%

Insurance

Tower Australia Group Ltd.	3,941,395	2.97%
QBE Insurance Group Ltd.	3,383,000	2.55%
	7,324,395	5.52%

Real Estate

Macquarie Office Trust	1,365,000	1.03%
Macquarie Leisure Trust Group	495,250	0.37%
Mirvac Group	864,000	0.65%
Lend Lease Corp. Ltd.	701,000	0.53%
Goodman Group	481,000	0.36%
FKP Property Group	624,000	0.47%
	4,530,250	3.41%

Health Care

ResMed Inc. (CDI-10CDI/1SHS)	1,038,000	0.78%
Primary Health Care Ltd.	2,558,677	1.93%
Mesoblast Ltd.	3,623,575	2.73%
CSL Ltd.	2,572,000	1.94%
	9,792,252	7.38%

Industrials

Boart Longyear Ltd.	39,000	0.03%
AJ Lucas Group Ltd.	2,202,109	1.66%
Transfield Services Ltd.	3,668,678	2.77%
McMillan Shakespeare Ltd.	2,306,012	1.74%
	8,215,799	6.20%

Transportation

Virgin Blue Holdings Ltd.	6,780,195	5.12%
Australian Infrastructure Fund Ltd.	101,250	0.08%
Asciano Group	2,088,015	1.58%
	8,969,460	6.78%

Information Technology

Melbourne IT Ltd.	1,309,956	0.99%
	1,309,956	0.99%

Materials

Rio Tinto PLC	4,759,727	3.59%
Rio Tinto Ltd.	1,957,500	1.48%
PanAust Ltd	1,433,547	1.08%
OneSteel Ltd.	1,548,000	1.17%
Newcrest Mining Ltd.	915,300	0.69%
Mount Gibson Iron Ltd.	720,000	0.54%
Mirabela Nickel Ltd.	1,195,885	0.90%
James Hardie Industries N.V.	5,040,000	3.80%

Gunns Ltd.	3,088,608	2.33%
Alumina Ltd.	722,500	0.55%
Adelaide Brighton Ltd.	1,001,250	0.76%
	22,382,317	16.89%

Utilities

AGL Energy Ltd.	2,017,500	1.52%
	2,017,500	1.52%

TOTAL LONG PORTFOLIO	132,507,873	100.00%
TOTAL SHORT PORTFOLIO	-94,000,209	

Contact:

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