



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

AUSTRALIAN LEADERS FUND LIMITED (ALF) – NOVEMBER 2010
INVESTMENT UPDATE & NTA

As at 30th November 2010

NTA before tax on unrealised gains and losses	\$1.28
NTA after tax	\$1.27

MONTH IN REVIEW

The Australian market finished modestly lower in November following market strength leading up to the quantitative easing announcement by the US Government. Sovereign debt fears re-emerged toward the end of the month with the Irish government forced to take a bailout from their European peers. The fund performed well following strong full year results from Tower Limited and the ongoing strength of Mesoblast which announced a strategic alliance with US Biotech Cephalon worth \$1.7 billion.

With the merger of Angioblast Systems and Mesoblast Limited on the 7th December, ALF's holding in Angioblast Systems convertible notes will convert into Mesoblast shares (MSB). The uplift in the company's NTA based on the MSB share price on 8th December is in the order of 10c per share.

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 on market share buyback 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 share buyback for up to 6,555,538 shares or approximately 10% of issued capital commenced on 14 March 2010 for a 12 month duration.

As at close of market on 10th December 2010 1,455,784 shares had been bought back.

OPTIONS ISSUE

On 21st August 2009, the Directors of Australian Leaders Fund Limited announced a 1 for 1 bonus issue of options to its shareholders. The options were allotted to shareholders on 11th September 2009 and have been issued at no cost to shareholders. The options have an exercise price of \$1.25 per option and can be exercised any time up until the expiry date of 30th November 2010.

As at the 10th December 2010 860,690 options have been exercised for a total consideration of \$1,075,863 with a remaining balance of outstanding options being 66,279,891.

As at 30th November 2010, 66,279,891 options expired.

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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	1.9	-0.7	3.3	9.0	6.6	2.9	8.8	7.4	1.0	11.4	10.3	0.4
Short Portfolio	-0.6	-0.7	-0.1	8.0	6.6	-0.7	11.1	7.4	-2.9	13.9	10.3	-2.8
Cash			0.3			-3.1			-2.7			-3.0
Total	2.8	-0.7	3.5	5.7	6.6	-0.9	2.8	7.4	-4.6	4.9	10.3	-5.4

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.

²Attribution 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 November, the Long Portfolio increased in value by 1.9% outperforming the All Ordinaries Index, which decreased by 0.7%.

The portfolio of securities that ALF has borrowed and sold (short) decreased by 0.6% outperforming the All Ordinaries Index, and detracting from performance.

At the end of November ALF has 68% of net Shareholders Funds invested in equities with the balance retained in cash.

On balance, Shareholders Funds increased by 2.8% on a gross basis in November outperforming the market by 3.5%

Individual stock contributions:

A/ Investment Portfolio (Long):

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

Stock	Total monthly return %	Attribution Effect %
Mesoblast Ltd.	46.4	0.9
Tower Australia Group Ltd.	10.9	0.4
Discovery Metals Ltd.	23.9	0.4

The following 3 portfolio positions detracting from overall performance.

Stock	Total monthly return %	Attribution Effect %
News Corp.	-3.0	-0.1
Harvey Norman Holdings Ltd.	-11.0	-0.2
SEEK Ltd.	-7.2	-0.2

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 %
TABCorp Holdings Ltd.	-5.5	0.2
Leighton Holdings Ltd.	-11.4	0.2
Metcash Ltd.	-6.5	0.2

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 %
Paladin Energy Ltd.	17.5	-0.3
Bendigo & Adelaide Bank Ltd.	13.1	-0.3
Caltex Australia Ltd.	12.0	-0.3

GROSS PORTFOLIO STRUCTURE

Investment Type	As at 31 st October 2010		As at 30 th November 2010	
	\$m	\$m	\$m	%
Listed Securities – Long	109	124%	104	121%
Listed Securities - Short	-47	-53%	-46	-53%
NET EXPOSURE	62	71%	58	68%
Fixed interest and Cash	26	29%	28	32%
Gross Assets	88	100%	86	100%

The listed securities portfolio is detailed on the following page

As at 30th November 2010 the equity portfolio gave exposure to:

Consumer Discretionary

Billabong International Ltd.	591,500	0.57%
Crown Ltd.	4,433,400	4.25%
	5,024,900	4.82%

Media

News Corp.	3,708,158	3.56%
Ten Network Holdings Ltd.	1,596,850	1.53%
	5,305,008	5.09%

Retailing

David Jones Ltd.	1,679,600	1.61%
Harvey Norman Holdings Ltd.	1,556,343	1.49%
Myer Holdings Ltd.	788,480	0.76%
	4,024,423	3.86%

Consumer Staples

Woolworths Ltd.	2,090,400	2.01%
Foster's Group Ltd.	2,514,250	2.41%
	4,604,650	4.42%

Energy

Woodside Petroleum Ltd.	2,240,088	2.15%
Origin Energy Ltd.	2,200,800	2.11%
Oil Search Ltd.	1,994,360	1.91%
AWE Ltd.	807,500	0.78%
	7,242,748	6.95%

Financials

Westpac Banking Corp.	6,943,968	6.67%
National Australia Bank Ltd.	5,106,941	4.90%
Commonwealth Bank of Australia	3,234,760	3.11%
Australia & New Zealand Banking Group Ltd.	2,266,000	2.18%
	17,551,669	16.86%

Diversified Financials

FlexiGroup Ltd.	4,630,674	4.45%
Macquarie Group Ltd.	2,481,500	2.38%
	7,112,174	6.83%

Insurance

QBE Insurance Group Ltd.	3,606,670	3.47%
Tower Australia Group Ltd.	2,775,692	2.66%
Insurance Australia Group Ltd.	1,654,581	1.59%
	8,036,943	7.72%

Real Estate

Lend Lease Group	2,300,795	2.20%
GPT Group	672,568	0.65%
	2,973,363	2.85%

Health Care

ResMed Inc. (CDI-10CDI/1SHS)	2,129,400	2.04%
Sigma Pharmaceuticals Ltd.	1,912,176	1.84%
CSL Ltd.	2,773,146	2.66%
Mesoblast Ltd.	718,687	0.69%
ANGIOBLAST SYSTEMS LIMITED	2,425,000	2.33%
QRxPharma Ltd.	1,259,041	1.21%
	11,217,450	10.77%

Industrials

Austal Ltd.	316,162	0.30%
	316,162	0.30%

Commercial & Professional Services

SEEK Ltd.	3,177,627	3.05%
Transfield Services Ltd.	2,494,000	2.39%
Brambles Ltd.	1,425,142	1.37%
	7,096,769	6.81%

Transportation

Toll Holdings Ltd.	1,878,600	1.81%
Qantas Airways Ltd.	1,315,000	1.26%
	3,193,600	3.07%

Materials

BHP Billiton Ltd.	7,036,373	6.76%
James Hardie Industries SE	2,314,306	2.22%
Rio Tinto Ltd.	1,703,802	1.64%
Boral Ltd.	1,492,200	1.43%
Discovery Metals Ltd.	991,915	0.95%
Gindalbie Metals Ltd.	955,800	0.92%

Macarthur Coal Ltd.

Macarthur Coal Ltd.	836,500	0.80%
PanAust Ltd	779,579	0.75%
Ivanhoe Australia Ltd.	676,056	0.65%
	16,786,531	16.12%

Utilities

Spark Infrastructure Group	2,460,964	2.37%
Hastings Diversified Utilities Fund	869,000	0.83%
Infigen Energy	345,000	0.33%
	3,674,964	3.53%

TOTAL LONG PORTFOLIO	104,161,354	100.00%
TOTAL SHORT PORTFOLIO	-46,208,885	

For prospectus