

# The Leading Edge

In this addition of *The Leading Edge* we outline why investors should temper return expectations for shares in the medium term. While we are confident the global recovery will continue, bolstered by rapid expansion in the developing world, growth in advanced economies will be sluggish and fragile as legacy issues from the GFC continue to play out.

**Australian Leaders Fund**

Level 5, 139 Macquarie Street NSW Sydney 2000

TEL (02) 9252 0225 FAX (02) 9252 1220

info@wffunds.com.au | www.australianleaders.com.au

## COMPANY PARTICULARS

### Australian Leaders Fund Limited

A.B.N. 64 106 845 970

Australian Leaders Fund Limited (ALF) is a listed investment company focusing on the largest 200 listed Australian companies. ALF has a long standing agreement with Watermark Funds Management Pty Ltd as the external manager of the investment portfolio (formerly Braitling Investments Pty Ltd).

**DIRECTORS:** J. Braitling (Chairman)  
G. Wilson  
J. Abernethy  
J. Gosse

**SECRETARY:** P. Roberts

**AUDITORS:** MNSA Pty Limited

**COUNTRY OF INCORPORATION:** Australia

**REGISTERED OFFICE:** Australian Leaders Fund Limited  
Suite 4,  
Level 5, 139 Macquarie Street  
Sydney NSW 2000

**CONTACT DETAILS:**

Mail Address:	Suite 4 Level 5, 139 Macquarie Street Sydney NSW 2000
Telephone:	(02) 9252 0225
Fax:	(02) 9252 1220
Email:	info@wfunds.com.au

For enquiries regarding net asset backing  
(as advised each month to the Australian Securities Exchange)  
call (02) 8236 7701.

**SHARE REGISTRAR:** Registries Limited  
Level 7, 207 Kent Street Sydney NSW 2000  
Telephone: (02) 9290 9600  
Fax: (02) 9279 0664  
For all enquiries relating to shareholdings, dividends  
(including participation in the Dividend Reinvestment Plan)  
and related matters, please contact the share registrar.

**STOCK EXCHANGE:** Australian Securities Exchange (ASX)  
The home exchange is Sydney.  
ASX code: ALF Ordinary shares  
ALFO Options

In this addition of The Leading Edge we outline why investors should temper return expectations for shares in the medium term. While we are confident the global recovery will continue, bolstered by rapid expansion in the developing world, growth in advanced economies will be sluggish and fragile as legacy issues from the GFC continue to play out.

This has been the trend of the last few years, reflected in a local share market that has broadly moved sideways since the end of 2009. There is good reason to believe this poor momentum will continue.

Eventually the share market will move higher along with corporate profits as the current expansion phase continues. However, there are a number of risks to financial stability that may undermine confidence and threaten the duration of this cycle. Given these structural shortcomings, we are cautious on the outlook and expect modest returns from equity markets in the medium term.

### The Economic Outlook

With fears of a double dip recession passing, confidence and activity levels are gradually recovering. As the global economy moves into the second phase of this expansion we would expect to see business investment, job creation and consumption improve even as fiscal stimulus is withdrawn.

We can only be encouraged by the remarkable resilience of this recovery given the spate of exogenous shocks over the past year. Together, the European Sovereign debt crisis, disruptions in the Middle East, surging oil prices, and the earthquake in Japan have failed to derail this expansion.

While these events have unfolded, industrial production worldwide has grown by a remarkable 9% this year. US Factory output in the first quarter increased at the fastest pace in 14 years and solid employment growth has finally resumed.

Advanced economies are looking to “hand off” growth from the public sector to the private sector as stimulus is withdrawn. The US recovery will only become self sustaining in the absence of further policy support if we see real momentum building in employment, housing and fiscal reform.

In reviewing the recent US data, employment growth has been strong since the beginning of the year which is particularly encouraging. In Fig01 we can see how closely correlated employment is to business profitability. As profits have snapped back companies are hiring again and there is still some way to go for employment to catch up.



The housing data is more troublesome, with weak new home sales and lower housing starts in the spring selling season providing little relief. With one in every three mortgagees now in a position of negative equity, a recovery in property is essential to a sustained recovery in private sector demand. The good news is affordability is now at record levels as can be seen from any simple comparison with Australian property. Financial conditions have also improved as banks are more willing to lend against property. The housing market is unlikely to stage a meaningful recovery until the shadow inventory of properties held by banks in various stages of foreclosure is reduced. This overhang will ensure a long protracted work out for US housing.

With the US Congress barely avoiding a government shutdown in April; Standard and Poor placing US Sovereign debt on negative watch and the Congressional debt ceiling fast approaching, the focus of investors has shifted squarely on budget reform.

The public wrangle over the US budget deficit which at 10.75% of GDP is the largest among advanced economies is just the first round of an ongoing debate about fiscal tightening. From mid-year the stimulus funding to the states rolls off along with the completion of QE2 (asset repurchases) presenting a significant drag on growth for the second half.

Despite renewed financial turbulence, the recovery in Europe has regathered some momentum, yet with considerable divergences across regions. The damage to economic activity from the sovereign debt crisis year has been confined to the effected countries following unprecedented liquidity support from the European Central Bank (EBC).

The crisis has revealed deep seated weaknesses within the European Union around fiscal and financial stability. The monetary union is clearly disadvantaged in dealing with a crisis without a single decision making body. Consider the hurdles facing the new European Stability Mechanism (ESM) designed to replace existing rescue facilities. The funding package has to be authorised by a range of minority governments across Europe, many of which are facing popular resistance to further bailouts.

These inherent weaknesses have left the EU in a fragile position with a host of destabilising issues yet to be resolved including: The real prospect of Greece defaulting; A rescue package for Portugal; Ratification of the ESM by reluctant including German, Finish and Dutch parliaments; Additional austerity measures for Greece; and the recapitalisation of Spanish Banks, just to name a few.

Fiscal sustainability and banking losses present an ongoing risk to growth and confidence in the region. The banks are particularly vulnerable, given concerns around asset quality, capital needs and the “wall” of wholesale debt to be refinanced in the short term.

In sharp contrast to the moribund growth of advanced economies, the developing world continues to experience a broad based recovery lead by exports and capital inflows. However as they move back to full production, some countries are showing clear signs of overheating as capacity constraints are reached.

As developing regions now consume a larger share of raw materials, their rapid growth has pushed many commodity markets into deficit. Energy and food prices have also moved higher following disruptions in the Middle East and poor weather in key cropping areas. These essential items are driving up living costs in developing countries where inflation is far more sensitive to movements in commodities and basic staples.

With real interest rates still well below pre-crisis levels, strong credit growth and capital flows are fuelling asset speculation, further feeding inflation. Governments in the developing world are tightening policy to avoid a hard landing down the track. With interest rates and reserve requirements continuing to increase, commodity prices and mining shares are likely to be under pressure in the short term.

### The uneven pace of recovery

In the previous quarterly newsletter we highlighted the uneven pace of recovery not just here in Australia but offshore as well. Advanced economies are struggling to achieve their full growth potential as deleveraging trends continue, meanwhile growth in developing economies continues unabated.

Governments everywhere are challenged by this asynchronous growth. The Reserve Bank ‘s decision to continue raising interest rates locally in response to the surging terms of trade is weighing heavily on households and manufacturers already challenged by a high Australian dollar.

The surplus liquidity created from accommodative monetary settings in the west has inadvertently driven commodity prices higher as speculators hoard physical commodities. Along with higher fuel and food prices we are seeing social unrest throughout the developing world threatening the sustainability of the recovery as governments move to contain inflation.

As the outlook for growth becomes more closely aligned with developing regions, new risk factors emerge as many of these countries are challenged by capacity constraints, higher commodity prices and inflation.

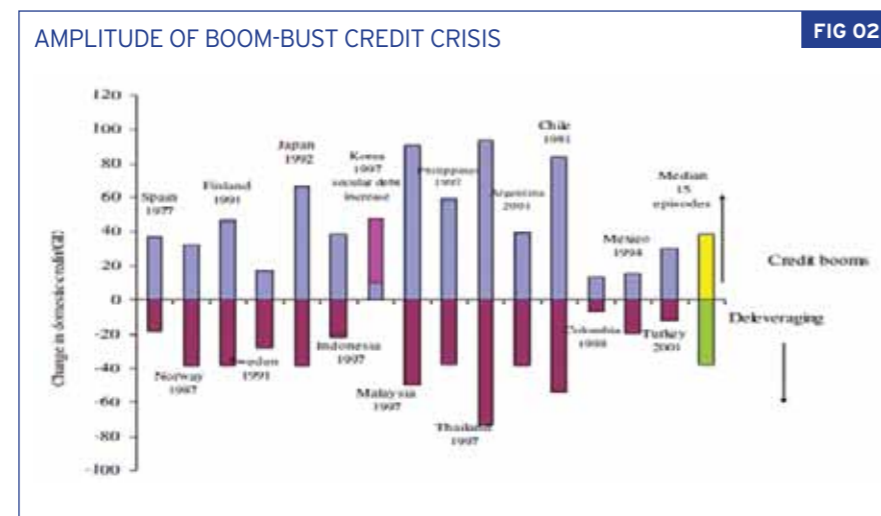
Europe with a single currency is also being tested. The ECB is looking to raise interest rates as production in core Euro-zone countries strengthens even as the crisis embroiling troubled countries in the European periphery continues. At one end of the spectrum, industrial production in Germany is very strong while at the same time banks in Greece, Portugal and Ireland remain highly dependent on central bank liquidity.

Carmen M. Reinhart in her paper "After the Fall" has completed a detailed study of each financial crisis of the last 100 years and concludes that advanced economies are in for a protracted period of soft growth and high unemployment.

"The period of relative prosperity prior to the crisis, fuelled by credit and rising leverage is generally followed by a lengthy period of retrenchment that lasts almost as long as the credit surge".

Fig02 shows how in the 15 episodes examined the duration and size of the contraction in credit is commensurate with the period of expansion.

Not every financial crisis results in lost decades, like those that followed the depression of the 1930s, the Latin

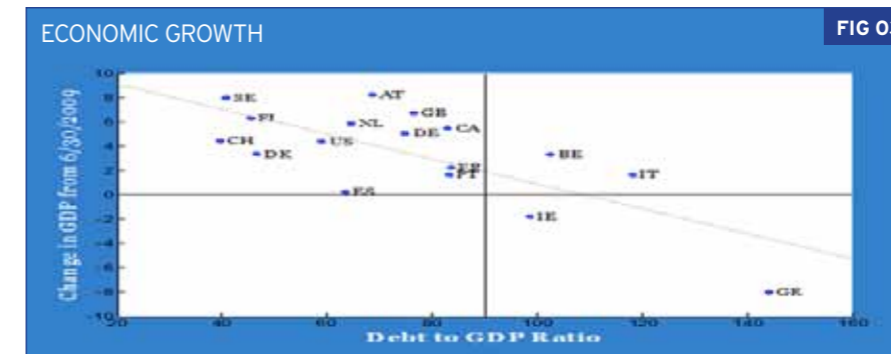


America Credit crisis of the 1980's or the post bubble years in Japan. Reinhart finds that economies almost always grow more slowly for many years following a credit crisis.

Unemployment rates are also on average 5 percentage points higher in the decade following each crisis. In ten of the fifteen post-crisis episodes, unemployment never gets back to pre-crisis levels during the study period.

In fig03 we can see how countries with the highest debt levels are also experiencing the weakest recoveries. Countries that entered the crisis in a solid fiscal position like Australia haven't had to issue debt to prop up their banks and now have more flexibility and are generally experiencing healthier recoveries.

Many of the countries that experienced the strongest credit growth leading up to the crisis such as Ireland, having bailed out their banks, are now encumbered with high structural deficits and public sector indebtedness. These countries are contemplating a decade of weak growth and high structural unemployment.

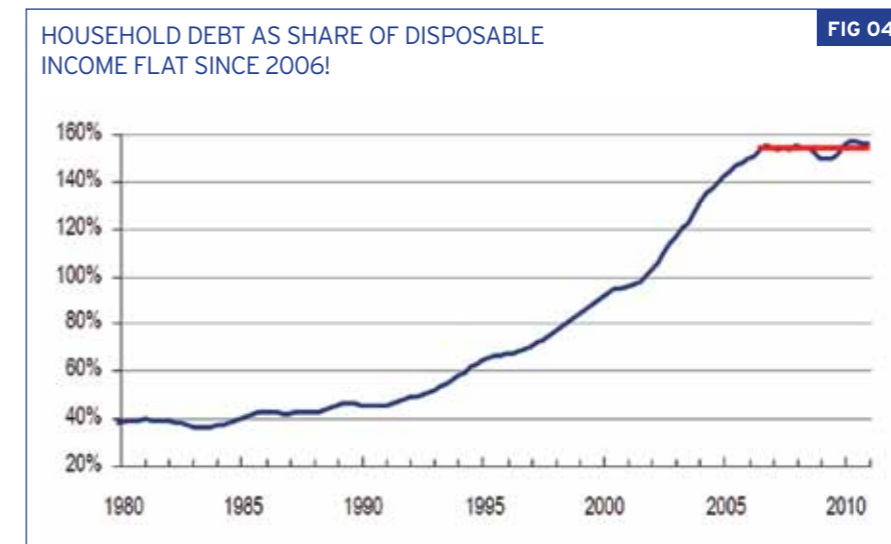


Much of the developed world is now saddled with high debt loads, slower economic growth and stubborn unemployment. These macro-economic risks translate directly to stock market risk.

### The Australian Economic Outlook

While the Australian economy has emerged from the financial crisis in relatively good shape consistent with Reinhart's thesis, Australian households continue to reduce debt levels, a trend that actually started well before the crisis began.

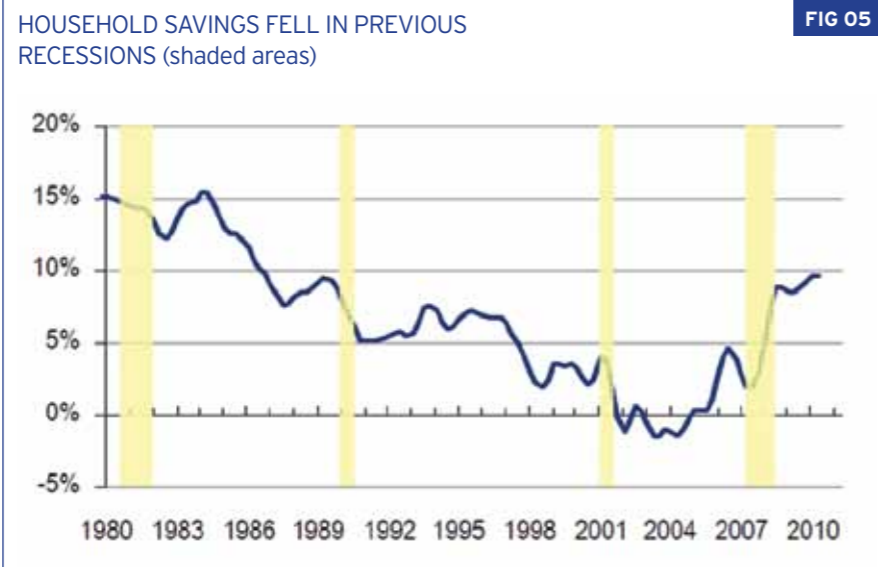
Fig04 would suggest household debt peaked back in 2005 at 160% of income having quadrupled over the previous 25 years.



Australia emerged from the 1980's with lower inflation and interest rates, and banking deregulation made credit more freely available. Consequently asset prices moved higher as households were willing to carry a higher debt burden.

Spending behaviour broadly matched this pattern, as households borrowed to support spending as property values appreciated. For three decades spending and credit grew faster than disposable income and in 2005 the savings rate fell to a low point of negative saving (fig05).

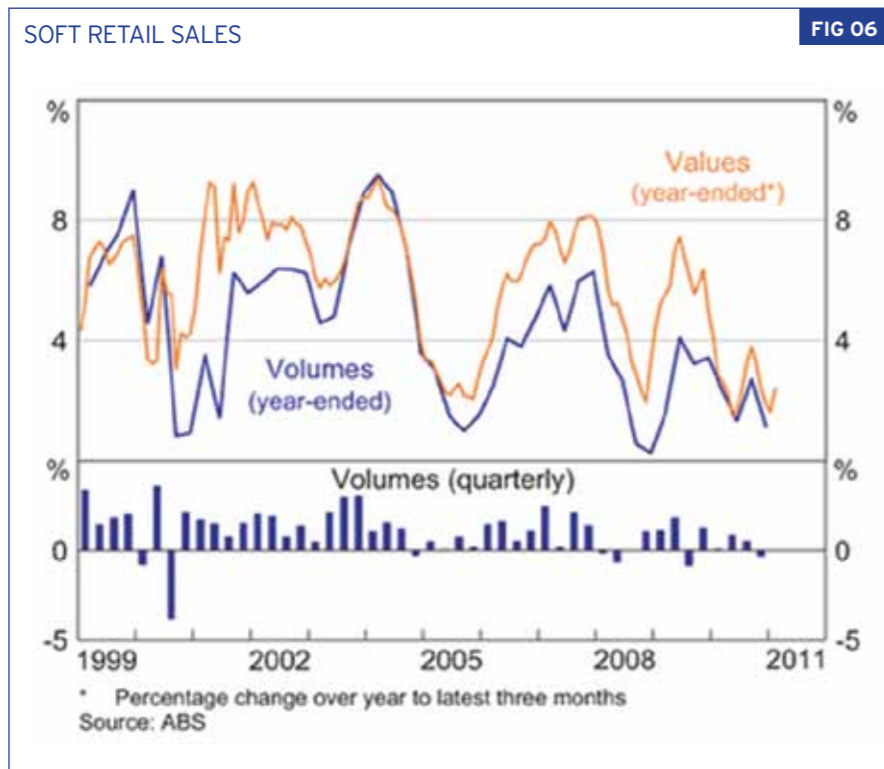
Interestingly, the savings rate declined in previous recessions as consumers dipped into their reserves in tough times. In this recent downturn, while Australia avoided recession, households actually saved more in spite of higher unemployment, which is unusual.



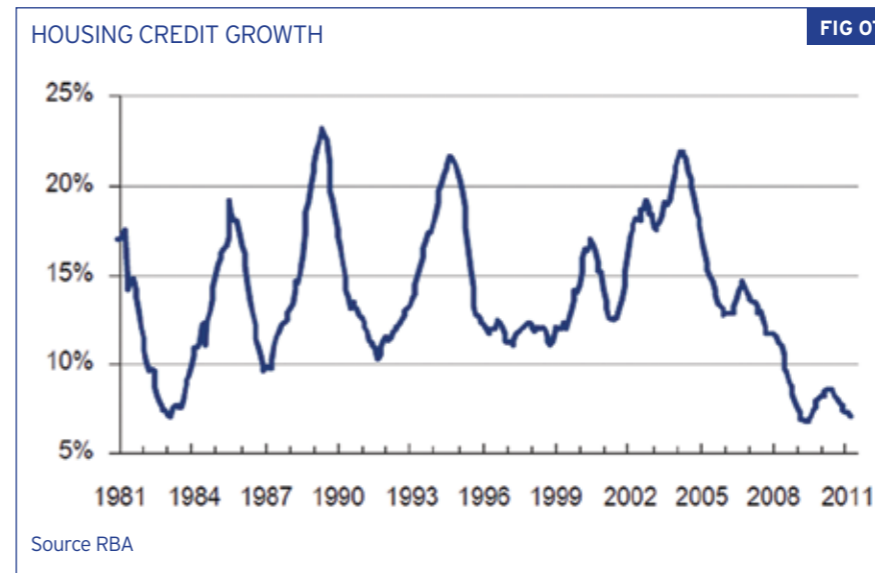
The financial crisis merely accelerated a trend that was well established. Ongoing post crisis shocks have further reinforced this tendency to save more and spend less.

While there has been a healthy lift in savings in recent years, leverage is still only marginally below its natural ceiling (fig04). Along with the risks to financial stability noted above, we suspect household's will reduce debt levels for some time to come.

This behaviour is having a profound impact on activity across the economy as households spend less and reduce their borrowings. Retailers in particular are feeling the impact, with weaker sales (fig06) only made worse by the shift to on-line transactions as shoppers take advantage of a stronger Australian dollar.



As we have noted previously the banking sector has grown rigorously over the last 30 years along with household leverage. As this process reverses the banks are looking at much weaker balance sheet growth than the level they have become accustomed to (fig07).



This is flowing through to weaker residential property markets as well. You may recall in our last Quarterly Report we suggested property was overvalued by some 30% when compared with other western countries, so as leverage is reduced property prices are likely to move back towards fundamental value.

As households look to reduce risk they are changing their asset allocation choices as well, taking money out of real estate and shares while increasing deposits and reducing mortgage balances. Retail equity flows and investment surveys reveal this cautious behaviour (fig08).



Even though soft household spending is likely to continue, overall economic activity has been underpinned by strong demand for Australian commodities and resurgent business investment. In real terms GDP increased by 2.7% in 2010, but in nominal terms the growth was a record 9.6% reflecting the steep change in terms of trade (real GDP only captures volume growth in exports and not the increase in prices).

With nominal GDP surging, unemployment at 5% and business investment set to take off, it is obvious why the RBA has moved pre-emptively on interest rates. While many sectors of the economy are not participating in this growth, that is the nature of this uneven recovery.

## Outlook for Australian Shares

As noted, these imbalances are having a profound impact on Australian industry. Businesses exposed to household spending such as retail, residential construction and media are all struggling. The high Australian dollar is undermining the profits of manufacturers and industrial companies with operations offshore.

In sharp contrast, the mining sector continues to move from strength to strength as demand for commodity market tighten and prices move higher. Even though credit growth is soft, the Australian banks are performing well as margins have improved in a benign competitive environment post the GFC.

The strong performance of mining shares over the last 12 months has masked the underlying weakness of industrial shares. Industrial companies are battling with softer consumer demand, poor productivity, escalating costs and a strong Australian dollar.

A year ago analysts were forecasting profit growth of 15% for industrial companies for this year. Now as we approach June, profits are more likely to be flat for the year. The underperformance of industrial shares when compared with offshore markets broadly matches the size of these downgrades. Conversely, analysts have raised profit expectations for 2012, in effect pushing the recovery out a year. With margin pressures continuing and the currency moving higher we see considerable risk to the 15%+ profit growth forecasts for next year. You can see why international investors are selling Australian shares, having profited nicely in foreign currency terms with the rise in the Australian dollar, they are now sellers given the poor profit momentum. Unless these dynamics change, Australian Industrials are likely to struggle with the headwinds of weak private sector demand, higher costs and ongoing currency strength.

While the profit outlook is not particularly encouraging, valuations are still reasonable, particularly given the underperformance of our market where the economic fundamentals are arguably stronger. With many of these trends already priced in, we sense there is considerable value in industrial companies, in particular deep cyclical shares, which we highlight in this edition.

The currency is now the single focal point for investors, particularly those domiciled offshore. The direction of the Australia dollar will most likely determine the direction of Australian shares in the short term.

So in summary, unless we see some reversal in the trends noted above, industrial companies will continue to be under pressure and the share market will struggle to advance further.

## AN OPPORTUNITY TO INVEST IN DEEP CYCLICALS

History has shown us that the best time to invest in a deep cyclical is when prices are depressed and companies are struggling to make money. We highlight Bluescope Steel, Qantas, Paperlinx and CSR as companies that we believe warrant closer inspection. While the tough operating environment may deteriorate further, we feel now is the time to selectively start investing.

### BLUESCOPE STEEL (BSL)

BlueScope is struggling with record raw material costs, tepid demand and a strong Australian dollar. Together these adverse events have pushed the Australian operations into losses. In recent years BlueScope have invested heavily offshore, in Asia and the US, in a range of downstream fabrication businesses of which some are growing quickly.



While the outlook for the domestic steel mill at Port Kembla is clearly challenging, we believe that the share price is not appropriately capturing the value in these international operations.

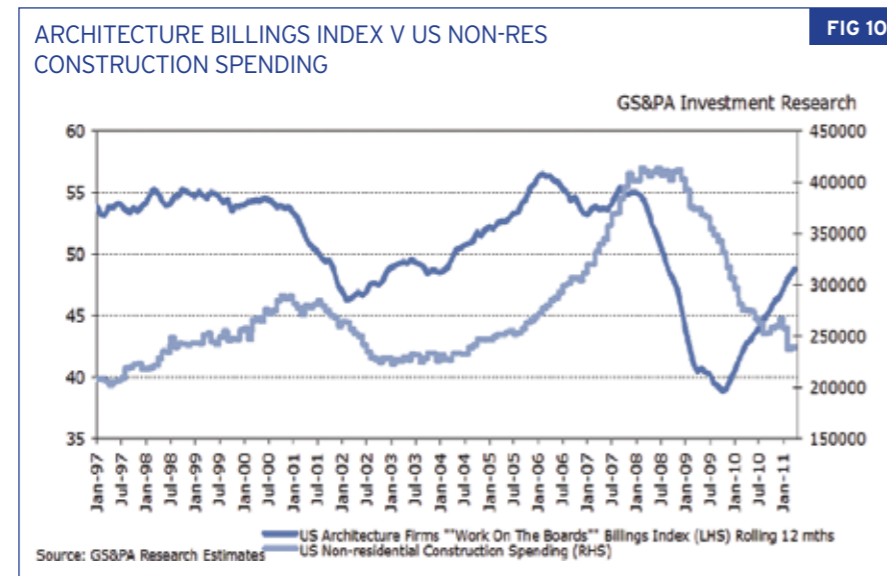
The Port Kembla Steel Works (PKSW) produces roughly 5 million tonnes of steel each year. Half of this is sold into the domestic market, and the other half is exported. With key inputs such as coking coal and iron ore at record prices and global steel utilisation at depressed levels, margins for steel makers around the globe are under considerable pressure. Furthermore, the appreciation in the currency has pushed the PKSW well up the global cost curve, making it less competitive and loss making on export volumes. A carbon tax, if imposed would further dampen the prospects for this business.

Management are actively considering a range of options to reduce steelmaking losses including refocussing the mill on the domestic market. If they were to shut blast furnace number 5, cutting the steel make by 50%, reducing costs and focusing exclusively on the domestic market the plant should be profitable even under the most, challenging of circumstances.

With the current environment not conducive to domestic steel production, we turn our attention to valuing the downstream operations and the significant offshore investments.

Since the late 1960's, BlueScope, through Lysaght, have operated downstream plants in Thailand and Malaysia. Investment in the region accelerated when the company was spun out of BHP in 2002 with new plants in China, Indonesia and Vietnam. Having invested \$60 million in a new plant in western China, BlueScope is well positioned as the growth in China moves further westward. With many of the Asian operations still operating below capacity, BlueScope expect the Asian business to deliver significant growth in the years ahead.

BlueScope have been in the US for over 20 years extending back to the North Star JV with Cargill. With the acquisition of Butler Manufacturing in 2004 Bluescope moved downstream into fabrication, expanding further in 2007 with the US\$730 million purchase of IMSA Steel. In hindsight, this was an inopportune time to be acquiring steel assets in the US. Nonetheless, a great deal of work has been undertaken to rationalise the manufacturing footprint ensuring strong leverage to a recovery when volume improves (Fig10).



The New Zealand business has performed consistently well as a result of its vertical integration. External sales of iron sands and vanadium have contributed to the results and will continue to benefit from high iron ore prices.

**Investment Case for BlueScope Steel**

*BlueScope Steel is a deep cyclical operating under tough conditions. PKSW is uncompetitive in the current environment and this has driven the share price lower. We believe the value of BlueScope's downstream and international assets can justify the current market value, and as such consider the PKSW a free option. We are not paying for an asset that contributed \$990 million to group profits in 2008.*

**QANTAS (QAN)**

A number of significant events have led to what could only be described as 'annus horribilis' for Qantas. Operational failures, natural disasters and a soaring oil price have resulted in a significant de-rating of this business. We believe the weak share price undervalues the growth opportunities available to Qantas outside of the mainline carrier which is underperforming.



In November 2010, Qantas was forced to ground its A380 aircraft after an engine failure. While Qantas are currently in negotiation with Rolls Royce and the insurers over appropriate claims, the impact on Qantas has been significant. The Queensland floods, the Christchurch earthquake and the terrible events in Japan are set to impact profits by a further \$140 million. While these events have highlighted the risks in owning an airline, they are non-recurring in nature and do not impact the longer term value of the business.

The rapid rise in the oil price has further dampened the outlook for the broader airline sector. Qantas's fuel bill is expected to increase by \$500 million this year alone. While we are concerned by the escalation in fuel costs, we are confident fuel surcharges will be passed on to consumers and that the demand impact will be limited. Furthermore, Qantas is in a stronger position than it's international peers with a high Australian dollar and a superior hedging profile.

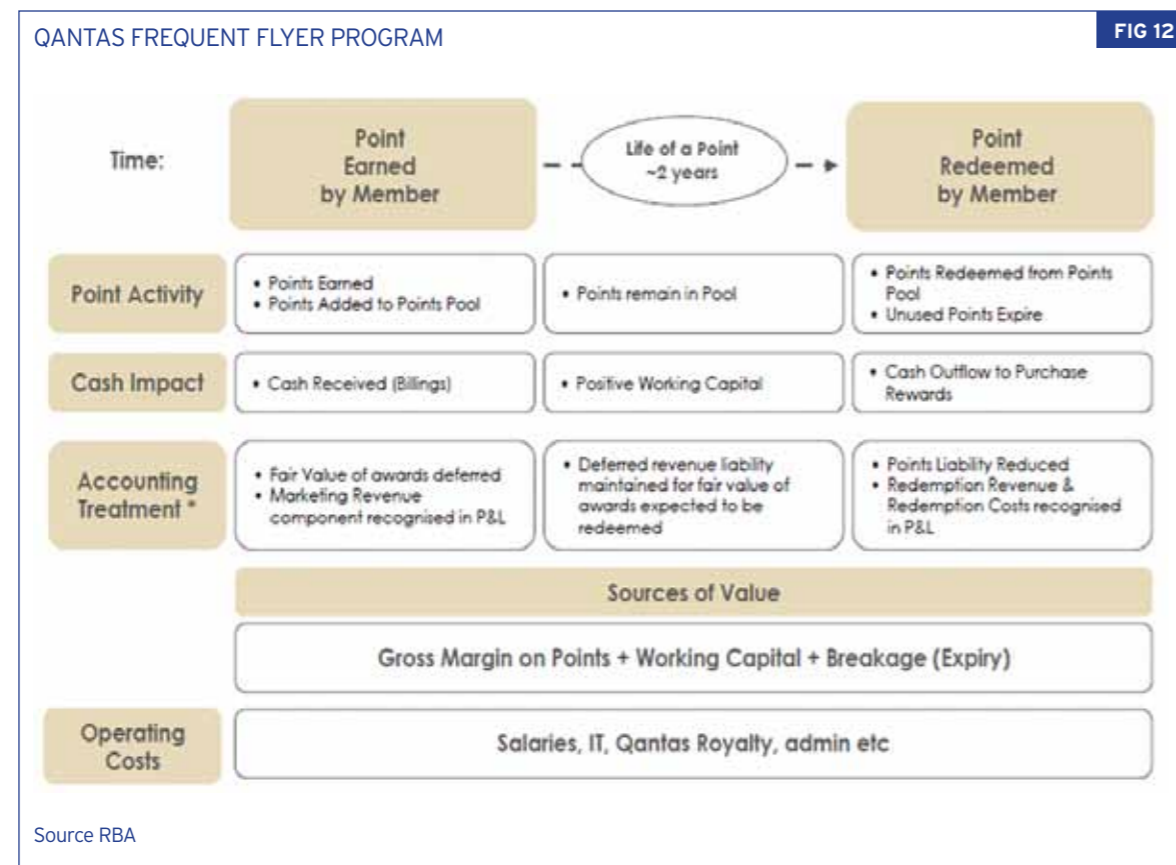
While not disclosed in the financial accounts, we suspect the international mainline carrier is currently unprofitable. Qantas international has been losing market share for many years as Asian and Middle Eastern carriers have directed capacity to Australian shores. Management are conducting a full review of this loss making division to be released later this year. We believe this will be supportive for earnings, as they rationalise loss making routes and restructure the airline.

While these losses garner much attention from the investment community, the current share price does not capture the opportunity we see in other segments of the business.

Qantas adopted a dual brand strategy with the creation of the low-cost-carrier (LCC) Jetstar back in 2003. This strategy has been successful with Jetstar targeting the leisure market and Qantas servicing business customers. The highly profitable domestic business is very valuable with the two brands commanding a 65% share of domestic passenger movements.

We see an opportunity for Qantas to grow earnings and create shareholder value through the Jetstar brand in Asia. Given the absence of low cost carriers in Asia, Jetstar is attempting to replicate the achievements of Ryanair in Europe and Southwest Airlines in the US. LCC's currently account for only 20% of flights in Asia compared to 40% in Europe and the US. Although operating in Asia can be difficult at times, Jetstar Asia has a recognised brand and will look to partner with local airlines as the business expands. While there is a land-grab for terminal slots, Jetstar Asia holds a first-mover advantage alongside Air Asia, Tiger Airways and Cebu Pacific Air. This business is still quite small operating 12 aircraft in the region, but the opportunity is large, and we suspect Jetstar Asia could have a fleet of up to 200 aircraft by the end of the decade.

The Qantas Frequent Flyer (QFF) program is a successful business in its own right. In 2008, Qantas tried to sell 40% of the business for \$1 billion. While the sale was unsuccessful due to soft market conditions, QFF has grown significantly since then. A major overhaul of the program has created new benefits for members with a greater range of products and partners, seeing membership grow from just over 5 million in 2008 to nearly 8 million today. QFF profit from the margin between the points sold to external partners and the rewards cost, as well as the interest on billings for the period. QFF have grown earnings through the addition of members and partners. We believe the outlook for this business is strong and not appropriately reflected in the Qantas share price.



#### Investment Case for Qantas

*As an international airline, Qantas operates in a deeply cyclical industry. This creates challenges for management in creating and preserving shareholder value. We believe the portfolio of businesses is strong, and while the international mainline carrier is loss making, the domestic business along with QFF and Jetstar Asia are very valuable.*

#### PAPERLINX Preference Securities (PXUPA)

Paperlinx is a very different business to the one that demerged from Amcor back in 2000. With the sale of Australian Paper in 2009 and the closure of its Tasmanian paper manufacturing operations, Paperlinx is now simply a global paper merchant. As a stock and debtors business, we believe the share price, trading at a steep discount to book value, does not adequately reflect the highly liquid balance sheet that has emerged from this restructure.



As a global merchant, paper is bought in bulk from mills around the world and sold in smaller quantities to local customers. However, with a large exposure to weak economies such as the UK and Ireland, Paperlinx is struggling to recover the overhead costs of running its sales and warehousing network. Earnings are under pressure with low demand for paper products, compounded by the acceleration of electronic reading devices. Management are repositioning the business for this new environment and streamlining the cost structure.

We are impressed with the tough decisions made by the new management team in restructuring the European operations. They have collapsed the overhead structure and extensively rationalised warehouses, with the group set to benefit from these cost initiatives. At the same time the company is successfully manoeuvring away from the structurally challenged paper market into diversified products such as sign and display.

In May 2010, Paperlinx strengthened its balance sheet by replacing its syndicated bank loans and US notes with regional asset backed facilities. These changes have reduced interest costs and increased flexibility to match cash requirements. They are no longer beholden to the large banks, and now have the autonomy to pay dividends in the future.

In 2007, Paperlinx raised \$285 million through the issuance of Preference Securities. The securities have a face value of \$100, pay semi-annual coupons and have a term of 5 years. However, as the company struggled with a large debt burden through the GFC, coupon payments ceased. Although coupon payments have since been reinstated, the preference securities still trade at a significant discount to face value. At the first remarketing date of 30 June 2012, there will either be an increase in the coupon rate or the securities will be redeemed at face value. We believe the risk of default is low and the securities are mispriced.

### Investment Case for Paperlinx Preference Securities

Paperlinx management have restructured the business and reshaped the balance sheet. While economic weakness has dragged down returns, we believe the highly liquid tangible assets on the balance sheet adequately cover the face value of preference securities holders which we have bought at a substantial discount.

### CSR

CSR is one of the oldest companies in Australia having started life as a sugar refiner back in 1860. In the 1970's it diversified heavily into resources; at one stage owning interests in Mt Newman Iron Ore and Delhi Petroleum - the cornerstone assets of BHP and Santos.

The company was restructured during the late 1980's, selling off most of its mining ventures and investing the proceeds into building materials in Australia and the US. In 2007 CSR bought the Pilkington glass business in Australia. This proved to be a poor acquisition and led to a further round of restructuring and the eventual sale of the sugar assets.

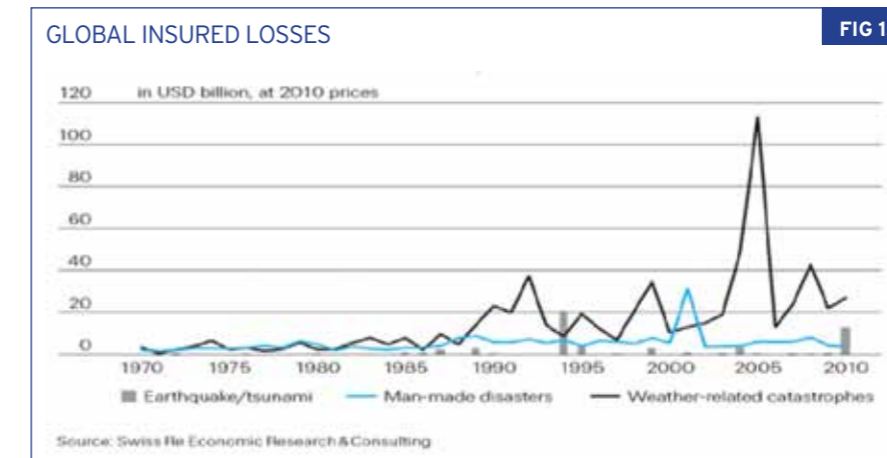
We are left with a building materials company in Australia with strong market positions in roof tiles, plasterboards, insulation, glass and fibre cement along with the controlling interest in the Tomago aluminium smelter. Weak commercial building activity and a high Australian dollar have worked against the Pilkington glass business. However, new management have made operational improvements and commercial activity looks to have stabilised. While the smelter is less competitive with the strong currency, we are excited about the prospects for aluminium which has lagged other base metals.

The new board and management team are mindful of the company's history and are very focused on preserving shareholder value. Having sold the sugar business and returned \$800m to shareholders, CSR is left with a strong balance sheet providing flexibility to pursue either accretive acquisitions or capital management options. Even adopting conservative forecasts for aluminium and the Australian dollar, and marking down the value of the troubled Pilkington business, our break up valuation comfortably exceeds the current share price (Fig 14).

	A\$m	% total
Aluminium	499	22%
Building Products	1,133	49%
Property	240	10%
Glass	422	18%
<b>Total</b>	<b>2,294</b>	<b>100%</b>
Asbestos	(406)	
Corporate costs	(104)	
Net Debt	191	
Equity value	1,974	
Shares on issue	506	
Per share	3.90	
Share price	2.90	
Upside	35%	

### Insurance Industry Overview

The global insurance industry remains overcapitalised. This excess capital, a proxy for insurance competition, places downward pressure on premium rates and returns. In order for this "soft" insurance cycle to "harden," the industry needs to experience a period of sustained losses before the pricing environment can improve. Past loss events of such size include Hurricane Katrina in 2005 and the World Trade Centre in 2001 (fig15).



The Japanese earthquake and Tsunami have been devastating, with estimates of commercial insurance losses ranging between \$20bn and \$40bn. Coupled with the Christchurch earthquake, Australian floods and other global catastrophes, the losses incurred should lead to a tightening in reinsurance pricing (fig16).

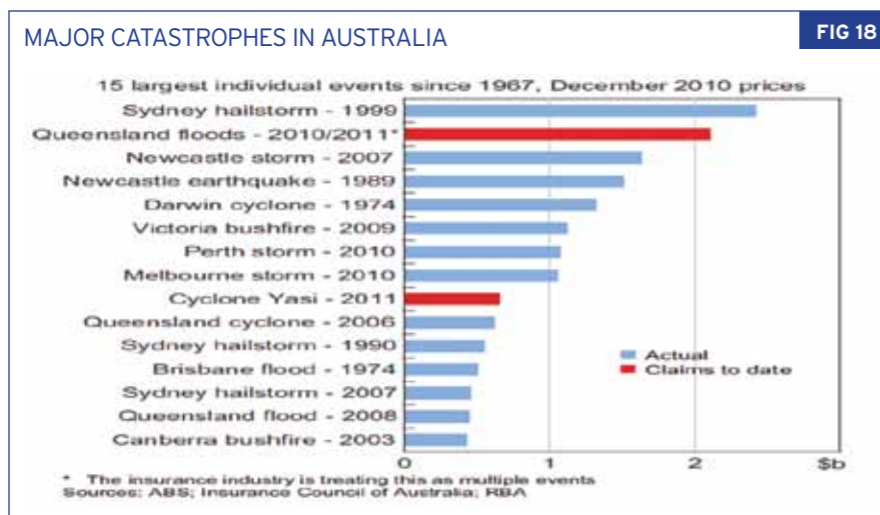
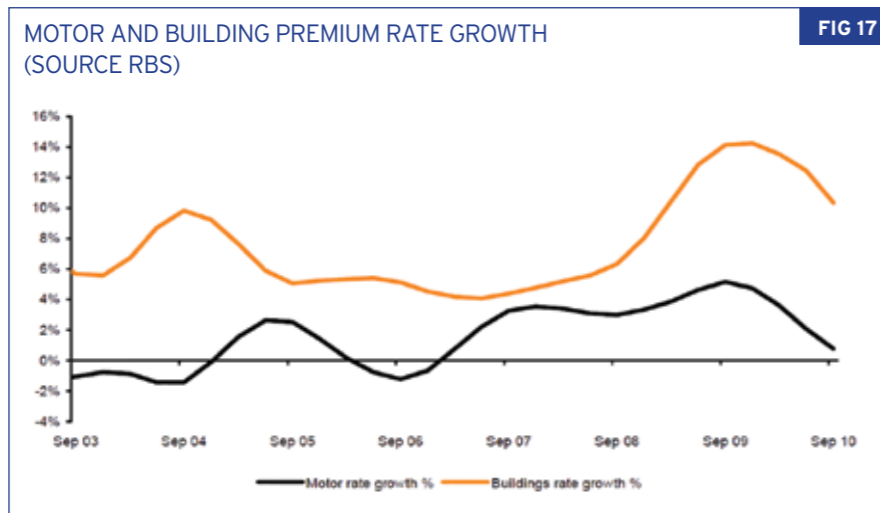
	Insurance industry losses (estimated US\$bn)	Source
Australian Floods	4-6	Moody's
Cyclone Yasi	2	Moody's
New Zealand Earthquake	6-12	Swiss Re
Japanese Earthquake and Tsunami	21-34	RMS
<b>Total estimated insurance industry losses</b>	<b>33-54</b>	

Source: UBS Research and noted sources

In spite of these global trends, the Australian insurance industry has seen solid premium rate increases in recent years (fig17). However profitability has been impaired by natural catastrophe claims which have been acute by historical standards. The industry has experienced a sustained period of significant natural peril events, with 9 of Australia's worst 15 insurance events occurring in the past 5 years (fig18). Despite insurers doubling allowances for weather related events, the severity and frequency of the natural disasters has overwhelmed the improvement in premiums.

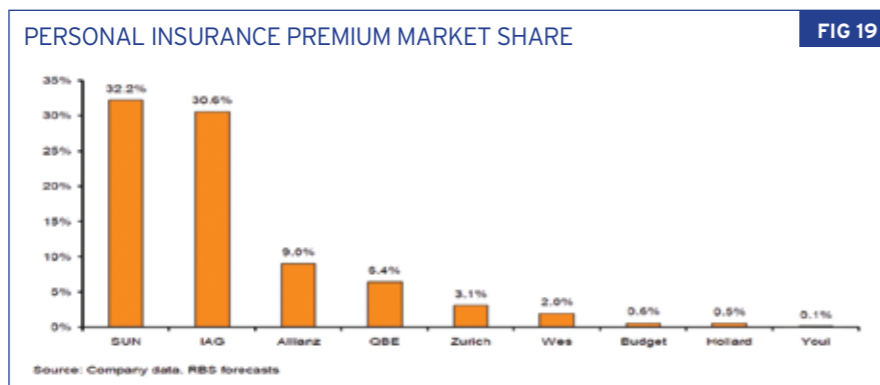
Following this recent spate of adverse weather events, increased demand for reconstruction resources will place pressure on the cost of claims (otherwise known as claims inflation). In the short term this will impede margins, as will the increase in reinsurance pricing. However, over the medium term, these costs will be passed on to consumers providing a profitable uplift as policies are renewed.

Irrefutably the value of insurance has been reinforced by recent disasters and we would expect participation and coverage to increase. We now see scope for outperformance by the Australian insurers following an unprecedented period of claims with regional pricing trends to provide a positive backdrop for a period of strong growth.



Australia's insurance industry is effectively a duopoly (fig19) with Insurance Australia Group (IAG) and Suncorp (SUN) writing over 60% of personal insurance lines through brands such as NRMA, CGU, AAMI, and GIO.

We have accumulated a position in IAG. Given the strong pricing environment, diligent cost control and solid reinsurance protection, the company should deliver solid profit growth in the medium term.



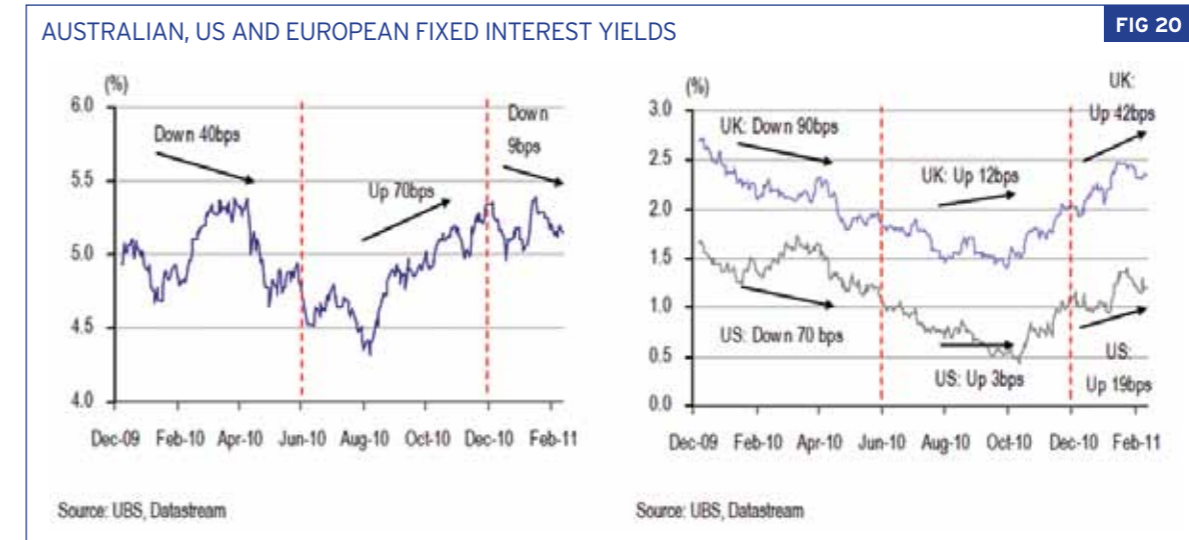
**QBE Insurance Limited**

QBE is a leading global insurer having started as an underwriter of commercial insurance in Australia 125 years ago. More recently QBE has grown through a series of astute acquisitions offshore. While we are typically wary of companies that have grown through acquisition, QBE has established a track record of adding value. In the past 5 years alone, the group has acquired 48 companies of various sizes, in an effort to increase premium income, diversify product classes and broaden geographic distribution.

QBE underwrites specialised insurance, with strong market positions in niche insurance markets. Recent acquisitions have consolidated QBE's presence in the US in crop, agribusiness, and lenders home insurance. QBE also operates in 16 countries across Europe and is a top 5 provider of capacity at Lloyds. Acquisitions of specialist reinsurance businesses Renaissance (US) and Secura (Europe) will add capacity to QBE's captive reinsurer Equator Re. Currently some 75% of the group's premium income is written in foreign currencies.

The past year has been disappointing for shareholders. The company has completed a number of value accretive deals and has grown underlying earnings, however macroeconomic factors beyond the company's control have pushed investment returns lower.

In order to cover potential future claims, QBE must retain policy holder funds in low risk liquid securities in the currency in which the policy is written. With over half of QBE's policies written in US Dollars and Pounds Sterling, QBE's investment returns are beholden to these low interest rates regimes (fig20). Although these factors have been unfavourable recently, QBE is well placed to benefit when interest rates revert to more normal levels. We expect to see global interest rates improve as supportive liquidity measures are withdrawn. A 1% increase in interest rates adds roughly \$300m to QBE's bottom line.



A testament to the strength of management at QBE has been their ability to write profitable business and grow through a soft cycle. Underwriting and reinsurance margins achieved during this period are industry leading and management know how to correctly price risk ensuring attractive returns for their shareholders.

QBE looks to be well positioned to benefit from an upturn in the insurance cycle, and having astutely locked in reinsurance protection for the next three years, management have insulated the business from impending increases in reinsurance rates. This will reduce reinsurance expenses while increasing earnings protection, a direct benefit of the group's scale and geographic diversification. Furthermore, with 10% of QBE's earnings derived from its wholly-owned captive reinsurance subsidiary Equator Re, any increase in reinsurance rates will impact QBE in a positive manner.

### Investment Case for QBE

We believe QBE is a high quality diversified insurer that has been adversely impacted by falling investment returns. An unprecedented spate of natural catastrophes in an overcapitalised insurance market has led to weaker profitability. Management have strategically acquired through the bottom of the cycle avoiding exposure to low return, high risk insurance markets. As weak global insurance fundamentals begin to normalise QBE is well positioned to capitalise on improving trends.

### Mesoblast and QRxPharma: Two promising healthcare investments that have created substantial value for ALF shareholders.

#### Mesoblast (MSB)

##### A brief understanding of stem cells

Stem cells have unique attributes in that they can divide through mitosis, renew to produce more stem cells and differentiate into specialised cells (bone, cartilage or muscle tissue). Stem cells can be categorised into two types, the first being the highly controversial embryonic stem cells (which are potentially carcinogenic), and the second being adult stem cells which can be extracted from bone marrow. These cells produce cytokines that induce endogenous tissue repair or cell proliferation. Fortunately, MSB deals in the second and less controversial type.

The ability for stem cells to differentiate into specialised cells makes them a potentially lucrative treatment for a broad spectrum of diseases. By directing the necessary stem cells to the right part of the body, they can replace the cells that are lacking and alleviate the disease and symptoms.

MSB is attempting to commercialise its patented Mesenchymal Precursor Cell (MPC) platform technology. Through its patent protected separation process, MSB more or less owns the use of MPC's. These stem cells are extracted from the bone marrow of donors and expanded into therapeutic quantities for patients. A simple donation can be augmented to 10,000 doses. As MPC's are an allogeneic biologic like blood plasma, they are safe and don't incite an immune system response.

MSB's strategy is to develop the platform for stem cell manufacture, and partner for distribution and commercialisation of specific treatments. In line with this strategy MSB has partnered with US Biotech Cephalon for its two most advanced treatments including cardiovascular disease and bone marrow transplantation.

#### Cardiovascular

The two key opportunities are Congestive Heart Failure (the inability of the heart to pump properly due to weak heart muscle) and Acute Myocardial Infarction (AMI) - commonly known as a heart attack. Interim results from the Phase II heart failure trial for "Revascor" suggest MSB may have a blockbuster on their hands if validated by a successful pivotal trial next year.

The interim results for Revascor have demonstrated a 54% reduction in adverse cardiac events over time and an 84% reduction in cardiac death. Also, those that received treatment had a 48% reduction in cardiac hospitalisations and ejection fraction improved significantly. No cell-related adverse events occurred as a result of the dosage.

#### Bone marrow transplantation

MSB has developed a therapy for bone marrow transplantation which is relevant to cancers such as leukaemia or myeloma. Current treatments are expensive, hard to source via donated cells and often retain cancerous cells. The high incidence of graft-versus-host disease (GVHD) also makes transplantation very dangerous. The risk of GVHD with MPC's is significantly reduced. Trial results show:

Engraftment times occur 15 days earlier than expected. Patient neutrophil recovery occurred over 16 days, indicating that patient's immune systems were improving faster.

MSB reported that of the patients in the bone marrow transplant trial, 80% had survived 100 days with successful engrafting. This is double the ordinary survival rate.

A current issue regarding bone marrow transplants is the difficulty in finding a perfect match. MSB is aiming to source unrelated donor bone marrow cells which don't require perfect matching yet don't incite GVHD.

#### Orthopaedic

MSB has retained full ownership of all orthopaedic treatments which can be used for conditions like spinal fusion and disk repair. MSB is planning to displace Bone Morphogenetic Protein, the current best in class treatment, as a bone graft material. The clinical results to date are encouraging.

Disk repair and arthritis are both attractive areas for MSB. MPCs can repair damaged intervertebral discs and achieve a similar outcome to total disc replacement. MSB has achieved exceptional preclinical results whereby a single injection of RepliCart into knee joints can prevent further deterioration and regenerate and regrow cartilage tissue.

#### Commercial Viability

A key milestone in the commercial advancement of MSB's platform is the partnership deal struck with US specialty pharmaceutical company Cephalon which now owns 20% of MSB. Cephalon will receive exclusive worldwide commercialisation rights for cardiovascular and bone marrow products. In exchange MSB has received an upfront fee of US\$130m and will receive up to US\$1.7bn in milestone payments following successful trials and regulatory approvals. Cephalon acquired its stake in MSB at a 45% premium, and subsequently MSB has moved into the ASX200 index with broad institutional ownership.

The Cephalon deal has materially lowered the financial risk of MSB as Cephalon will fund the pivotal trials through to regulatory approval. Cephalon also contributes a well established distribution platform for products as they gain regulatory approval.

#### Investment case for MSB

MSB's is developing a biologic platform for stem cell manufacture. Cephalon's endorsement is an important validation. MSB has now fully funded its pivotal trials and holds roughly \$300m on the balance sheet to fund orthopaedic and other programmes. The success in the clinic and the size of the targeted markets suggest further upside for MSB.

MESOBLAST PRICE CHART

FIG 21



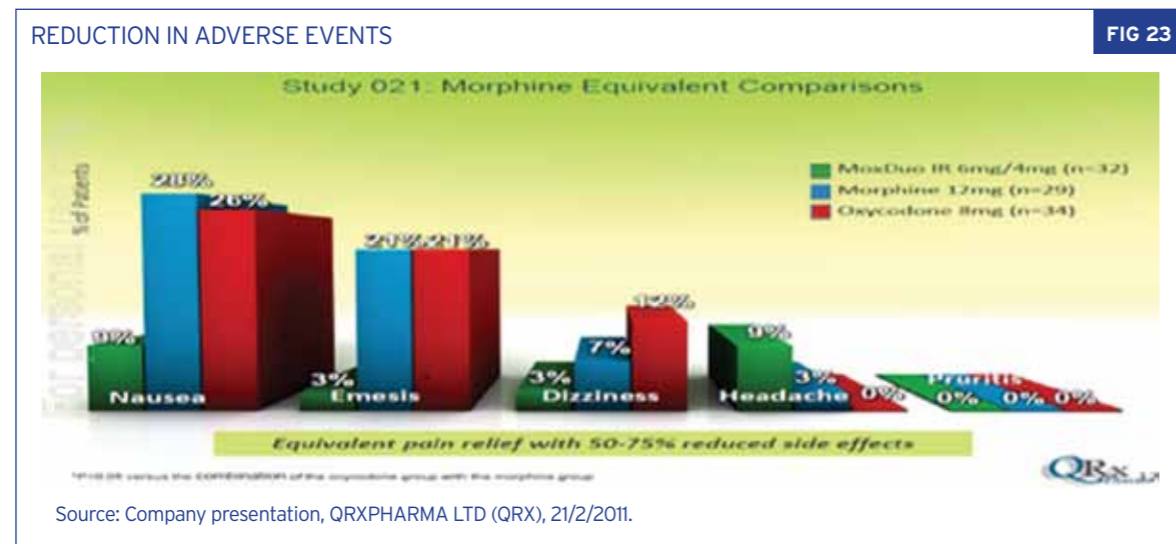
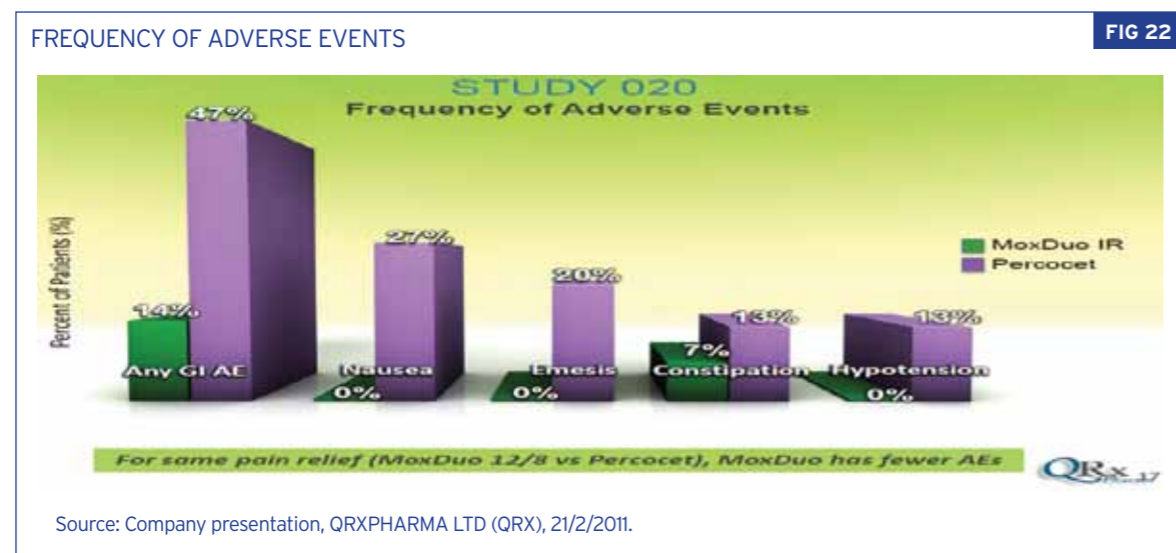
### QRxPharma (QRX)

QRX is developing a portfolio of biopharmaceutical products for pain management and central nervous system disorders. Opioid drugs derived from opiets such as morphine and codeine dominate the analgesic market. There have been very few new drugs developed in this pharmaceutical class over the past 30 years. A major drawback of opioids is the debilitating side effects including respiratory depression, nausea, vomiting, somnolence and constipation.

QRX has discovered that combining morphine and oxycodone at prescribed and patented doses can significantly reduce side effects. Both oxycodone and morphine are safe drugs that have been in use for decades. QRX's most imminent drug "MoxDuo" is patent protected as a combination drug.

QRX is currently conducting a marketing study that will allow them to put a label claim of reduced side effects on their packaging. This would make them the first and only drug in this class to feature a label claim.

Figure 22 and 23 illustrate the advantages of MoxDuo IR. It has far fewer adverse events with significant reductions in the occurrences of nausea, emesis, constipation and hypotension. A label claim illustrating these advantages would be a significant competitive advantage in what is generally viewed as a highly competitive drug class.



MoxDuo will also be available in 'immediate release' and 'controlled release' versions. QRX have completed their pivotal Phase III trial successfully and have lodged data with the FDA. MoxDuo IR is the most imminent of QRX's products with FDA approval expected in 2012.

### Enticing markets

The global market for MoxDuo is approximately US\$11bn. The market has been growing at approximately 8%pa in recent years due to increases in occurrences of chronic pain, cancer prevalence and increased usage of oxycodone.

The United States Patent and Trademark Office has renewed QRX's MoxDuo IR patent so that it now extends to 2029. QRX's recent meeting in March regarding a pre-New Drug Application with the United States FDA is supportive of regulatory approval.

### Investment case for QRX

QRX is very close to having a commercial drug in MoxDuo. If all goes well, in a few years QRX will have secured a meaningful share of the large analgesic drug market. QRX has successfully conducted eleven clinical trials, including three pivotal Phase III studies. Consistent results have illustrated MoxDuo achieves similar pain relief with significantly fewer side effects compared to competing drugs. We believe QRX will be re-rated by the market post regulatory approval.



## Sector Allocation (ASX) All positions as % of shareholder's funds

Company Name	Investment	%Long	%Short	Net Weight	ALL Ords Weight
<b>DEFENSIVES</b>	<b>13,104,415</b>	<b>34%</b>	<b>-21%</b>	<b>13%</b>	<b>18%</b>
Infrastructure	OR NATIONAL LIMITED	-2,052,000	0%	-2%	0.6%
Infrastructure	ASCIANO GROUP	3,948,137	4%	0%	0.4%
Infrastructure	CONNECTEAST GROUP	-2,481,153	0%	-2%	0.1%
Utilities	ORIGIN ENERGY LIMITED	1,883,280	2%	0%	1.1%
Utilities	AGL ENERGY LIMITED	2,893,540	3%	0%	0.5%
Utilities	HASTINGS DIVERSIFIED UTILITIES FUND	855,250	1%	0%	0.1%
Telecom	TELSTRA CORPORATION LIMITED	7,868,000	8%	0%	2.5%
Retailing Staples	WOOLWORTHS LIMITED	4,200,078	4%	0%	2.4%
Retailing Staples	WESFARMERS LIMITED	3,894,000	4%	0%	2.4%
Healthcare	CSL LIMITED	1,896,731	2%	0%	1.4%
Healthcare	COCHLEAR LIMITED	-4,138,000	0%	-4%	0.3%
Healthcare	PRIMARY HEALTH CARE LIMITED	1,152,000	1%	0%	0.1%
Healthcare	ANSELL LIMITED	-3,411,601	0%	-3%	0.1%
Healthcare	RESMED INC	870,000	1%	0%	0.3%
Healthcare	RAMSAY HEALTH CARE LIMITED	-2,779,500	0%	-3%	0.3%
Gaming	CROWN LIMITED	5,889,600	6%	0%	0.4%
Food Beverage	DOMINO'S PIZZA ENTERPRISES LIMITED	-1,266,000	0%	-1%	0.0%
Food Beverage	COCA-COLA AMATIL LIMITED	-4,294,800	0%	-4%	0.6%
Food Beverage	GOODMAN FIELDER LIMITED	-1,823,147	0%	-2%	0.6%
<b>FINANCIALS</b>	<b>46,692,091</b>	<b>51%</b>	<b>-6%</b>	<b>45%</b>	<b>32%</b>
Banks	COMMONWEALTH BANK OF AUSTRALIA	9,232,928	9%	0%	5.9%
Banks	WESTPAC BANKING CORPORATION	7,443,585	7%	0%	5.3%
Banks	ANZ	4,437,266	4%	0%	4.5%
Banks	BANK OF QUEENSLAND LIMITED	-1,964,000	0%	-2%	0.2%
Diversified Financials	MACQUARIE GROUP LIMITED	4,040,548	4%	0%	0.9%
Diversified Financials	ASX LIMITED	1,720,000	3%	0%	0.4%
Diversified Financials	COMPUTERSHARE LIMITED	-1,392,000	0%	-1%	0.4%
Diversified Financials	HENDERSON GROUP PLC	997,500	1%	0%	0.1%
Insurance	QBE INSURANCE GROUP LIMITED	5,664,000	5%	0%	1.4%
Insurance	AMP LIMITED	2,493,000	2%	0%	1.1%
Insurance	INSURANCE AUSTRALIA GROUP LIMITED	4,327,960	4%	0%	0.5%
Real Estate	LEND LEASE GROUP	3,837,552	4%	0%	0.4%
Real Estate	DEXUS PROPERTY GROUP	-3,268,000	0%	-3%	0.3%
Real Estate	MIRVAC GROUP	3,921,751	4%	0%	0.3%
Real Estate	WESTFIELD RETAIL TRUST	5,200,000	5%	0%	0.6%
<b>INDUSTRIAL CYCLICALS</b>	<b>9,755,152</b>	<b>35%</b>	<b>-25%</b>	<b>9%</b>	<b>12%</b>
Media	NEWS CORPORATION	3,600,020	3%	0%	1.0%
Media	SEEK LIMITED	2,169,433	2%	0%	0.2%
Media	TEN NETWORK HOLDINGS LIMITED	2,822,250	3%	0%	0.1%
Consumer Services	BRAMBLES LIMITED	2,053,200	2%	0%	0.7%
Consumer Services	TRANSPACIFIC INDUSTRIES GROUP LTD	-555,000	0%	-1%	0.1%
Consumer Services	NAVITAS LIMITED	-1,545,886	0%	-1%	0.1%
Contractors	LEIGHTON HOLDINGS LIMITED	-949,120	0%	-1%	0.6%
Contractors	UGL LIMITED	-3,032,400	0%	-3%	0.2%
Contractors	RCR TOMLINSON LIMITED	1,613,328	2%	0%	0.0%
Contractors	TRANSFIELD SERVICES LIMITED	1,340,000	1%	0%	0.1%
Contractors	AUSTRAL LIMITED	968,419	1%	0%	0.0%
Contractors	SEDMEN LIMITED	1,056,000	1%	0%	0.0%
Contractors	SERVICE STREAM LIMITED	874,380	1%	0%	0.0%
Contractors	WORLEY PARSONS LIMITED	-1,825,551	0%	-2%	0.5%
Contractors	DOWNER EDI LIMITED	1,319,500	1%	0%	0.1%
Discretionary Retail	HARVEY NORMAN HOLDINGS LIMITED	1,495,000	1%	0%	0.2%
Discretionary Retail	MYER HOLDINGS LIMITED	1,799,950	2%	0%	0.1%
Discretionary Retail	MCPHERSON'S LIMITED	-652,000	0%	-1%	0.0%
Discretionary Retail	SPECIALTY FASHION GROUP LIMITED	-512,476	0%	-1%	0.0%
Transport	QANTAS AIRWAYS LIMITED	4,825,134	5%	0%	0.4%
Transport	FLIGHT CENTRE LIMITED	-2,279,000	0%	-2%	0.2%
Transport	TOLL HOLDINGS LIMITED	2,118,000	2%	0%	0.3%
Steel	BLUESCOPE STEEL LIMITED	987,500	1%	0%	0.3%
Steel	BRADKEN LIMITED	-2,536,800	0%	-2%	0.1%
Building Materials	BORAL LIMITED	3,549,000	3%	0%	0.3%
Building Materials	JAMES HARDIE INDUSTRIES SE	2,714,260	3%	0%	0.2%
Building Materials	CSR LIMITED	-2,961,000	0%	-3%	0.1%
Paper/Chem/Agric	AMCOR LIMITED	-3,816,750	0%	-4%	0.6%
Paper/Chem/Agric	INCITEC PIVOT LIMITED	-2,598,000	0%	-2%	0.5%
Paper/Chem/Agric	ORICA LIMITED	-1,314,500	0%	-1%	0.7%
Paper/Chem/Agric	GRAINCORP LIMITED	1,038,260	1%	0%	0.1%
Paper/Chem/Agric	DULUXGROUP LIMITED	-2,010,000	0%	-2%	0.1%
<b>RESOURCES AND ENERGY</b>	<b>13,360,041</b>	<b>33%</b>	<b>-20%</b>	<b>13%</b>	<b>28%</b>
Diversified Miners	BHP BILLITON LIMITED	9,192,786	9%	0%	11.2%
Precious Metals	NEWCREST MINING LIMITED	1,206,000	1%	0%	2.2%
Precious Metals	ALACER GOLD CORP	1,800,000	2%	0%	0.0%
Precious Metals	KINGSGATE CONSOLIDATED LIMITED	-3,094,000	0%	-3%	0.1%
Precious Metals	RESOLUTE MINING LIMITED	625,000	1%	0%	0.0%
Precious Metals	ST BARBARA LIMITED	1,030,039	1%	0%	0.1%
Base Metals	EQUINOX MINERALS LIMITED	1,256,200	1%	0%	0.4%
Base Metals	OZ MINERALS LIMITED	-2,782,500	0%	-3%	0.4%

Sector Allocation (ASX) table continued on next page

Company Name	Investment	%Long	%Short	Net Weight	ALL Ords Weight
Base Metals	MIRABELA NICKEL LIMITED	1,305,498	1%	0%	0.1%
Base Metals	MINARA RESOURCES LIMITED	-2,029,022	0%	-2%	0.1%
Base Metals	PERILYA LIMITED	2,235,587	2%	0%	0.0%
Base Metals	MINCOR RESOURCES NL	-730,365	0%	-1%	0.0%
Base Metals	TIGER RESOURCES LIMITED	835,364	1%	0%	0.0%
Bulk Commodities	ATLAS IRON LIMITED	-1,665,000	0%	-2%	0.2%
Bulk Commodities	GINDALBIE METALS LTD	1,837,159	2%	0%	0.1%
Bulk Commodities	GUJARAT NRE COKING COAL LIMITED	1,676,305	2%	0%	0.0%
Bulk Commodities	COCKATOO COAL LIMITED	-2,082,500	0%	-2%	0.0%
Bulk Commodities	CARABELLA RESOURCES LIMITED	951,716	1%	0%	0.0%
Other Resources	GREENLAND MINERALS AND ENERGY LIMITED	-1,013,250	0%	-1%	0.0%
Other Resources	PALADIN ENERGY LTD	1,300,909	1%	0%	0.2%
Energy	WOODSIDE PETROLEUM LIMITED	-948,000	0%	-1%	2.7%
Energy	SANTOS LIMITED	2,552,000	2%	0%	1.0%
Energy	OIL SEARCH LIMITED	3,650,560	3%	0%	0.7%
Energy	CALTEX AUSTRALIA LIMITED	-3,991,234	0%	-4%	0.3%
Energy	NEXUS ENERGY LIMITED	-2,993,636	0%	-3%	0.0%
Energy	TEXON PETROLEUM LTD	3,234,425	3%	0%	0.0%
<b>SMALL CAPS</b>	<b>16,166,978</b>	<b>15%</b>	<b>0%</b>	<b>15%</b>	<b>10%</b>
<b>CASH</b>	<b>5,555,401.81</b>				
NET SHAREHOLDERS FUNDS BEFORE PERIOD END ADJUSTMENTS	<b>104,634,077.387</b>				
All positions as % of Shareholders Funds					

## Sector Exposure

Sector	Long	%	Short	%	Net	%	ALL Ord Weight
<b>DEFENSIVES</b>							<b>INDEX</b>
Infrastructure	3,948,137	4%	4,533,153	-4%	585,017	-1%	2.2%
Utilities	5,632,070	5%		0%	5,632,070	5%	2.3%
Telecom	7,868,000	8%		0%	7,868,000	8%	2.8%
Retailing Staples	8,094,078	8%		0%	8,094,078	8%	4.9%
Healthcare	3,918,731	4%	10,329,101	-10%	6,410,370	-6%	3.0%
Gaming	5,889,600	6%		0%	5,889,600	6%	1.3%
Food Beverage		0%	7,383,947	-7%	7,383,947	-7%	1.6%
	35,350,616	34%	22,246,201	-21%	13,104,415	13%	18%
<b>FINANCIALS</b>							
Banks	21,113,779	20%	1,964,000	-2%	19,149,779	18%	20.1%
Diversified Financials	6,758,048	6%	1,392,000	-1%	5,366,048	5%	2.6%
Insurance	12,484,961	12%		0%	12,484,961	12%	3.9%
Real Estate	12,959,303	12%	3,268,000	-3%	9,691,303	9%	5.8%
	53,316,091	51%	6,624,000	-6%	46,692,091	45%	32%
<b>INDUSTRIAL CYCLICALS</b>							
Media	8,591,704	8%		0%	8,591,704	8%	2.2%
Consumer Services	2,053,200	2%	2,100,886	-2%	47,686	0%	1.1%
Contractors	7,171,627	7%	5,807,071	-6%	1,364,556	1%	2.2%
Discretionary Retail	3,294,950	3%	1,164,476	-1%	2,130,474	2%	1.2%
Transport	6,943,134	7%	2,279,000	-2%	4,664,134	4%	1.0%
Steel	987,500	1%	2,536,800	-2%	1,549,300	-1%	0.8%
Building Materials	6,263,260	6%	2,961,000	-3%	3,302,260	3%	1.3%
Paper/Chem/Agric	1,038,260	1%	9,739,250	-9%	8,700,990	-8%	2.1%
	36,343,634	35%	26,588,482	-25%	9,755,152	9%	12%
<b>RESOURCES AND ENERGY</b>							
Diversified Miners	9,192,786	9%		0%	9,192,786	9%	13.9%
Precious Metals	4,661,039	4%	3,094,000	-3%	1,567,039	1%	3.0%
Base Metals	5,632,649	5%	5,541,886	-5%	90,763	0%	1.9%
Bulk Commodities	4,465,179	4%	3,747,500	-4%	717,679	1%	2.6%
Other Resources	1,300,909	1%	1,013,250	-1%	287,659	0%	1.4%
Energy	9,436,985	9%	7,932,870	-8%	1,504,114	0%	5.3%
	34,689,547	33%	21,329,507	-20%	13,360,041	13%	28%
<b>Small Caps</b>	<b>16,166,978</b>	<b>15%</b>	<b>0</b>	<b>0%</b>	<b>16,166,978</b>	<b>15%</b>	<b>10%</b>
<b>Total</b>	<b>\$175,866,865</b>	<b>168%</b>	<b>76,788,190</b>	<b>-73%</b>	<b>99,078,675.58</b>	<b>95%</b>	<b>100%</b>
					<b>Cash</b>		
					<b>\$5,555,402</b>		
					<b>Total</b>		
					<b>\$104,634,077.577</b>		
All positions as % of Shareholder Funds *There will be minor differences to NTA							
* There will be minor differences to NTA							

## Attribution To March 2011\*

1 MONTH			1 YEAR			3 YEARS (ANNUALISED)		
PORTFOLIO	BENCHMARK	VALUE ADD	PORTFOLIO	BENCHMARK	VALUE ADD	PORTFOLIO	BENCHMARK	VALUE ADD
4.55%	0.64%	3.90%	15.39%	4.80%	10.59%	26.36%	1.22%	25.14%
* March results are preliminary and may differ slightly from NTA reported.								

NOTES:



Level 5, 139 Macquarie Street NSW Sydney 2000

**TEL** (02) 9252 0225 **FAX** (02) 9252 1220  
info@wfunds.com.au | www.australianleaders.com.au



**AUSTRALIAN  
LEADERS**  
FUND

Level 5, 139 Macquarie Street NSW Sydney 2000

TEL (02) 9252 0225 FAX (02) 9252 1220  
info@wffunds.com.au | www.australianleaders.com.au