



Investor Update

May 2009



AGENDA

- Depth and duration of global recession?
- Strength of the recovery?
- Investment Process Revisited
- Performance

Economic Outlook

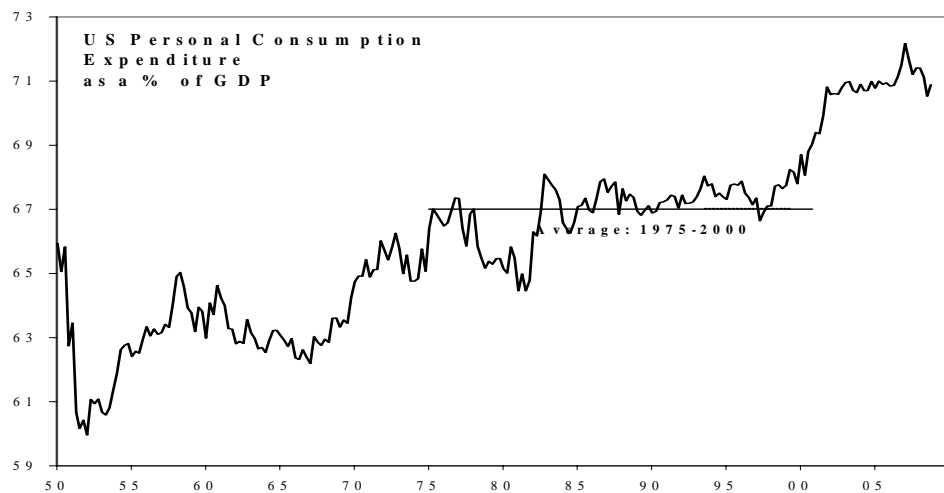
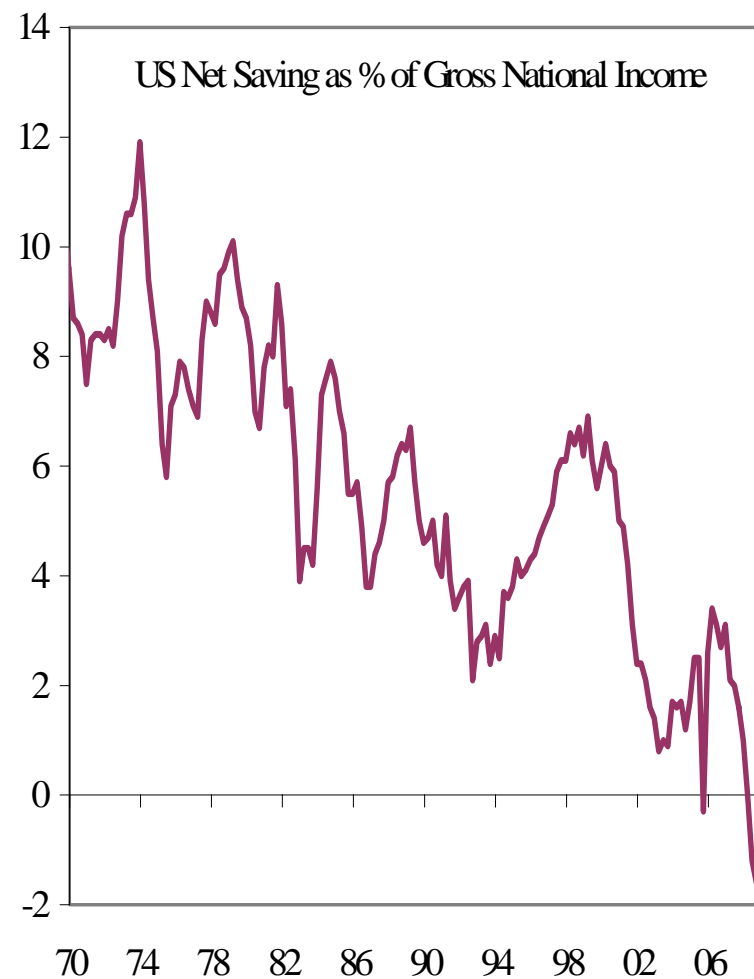
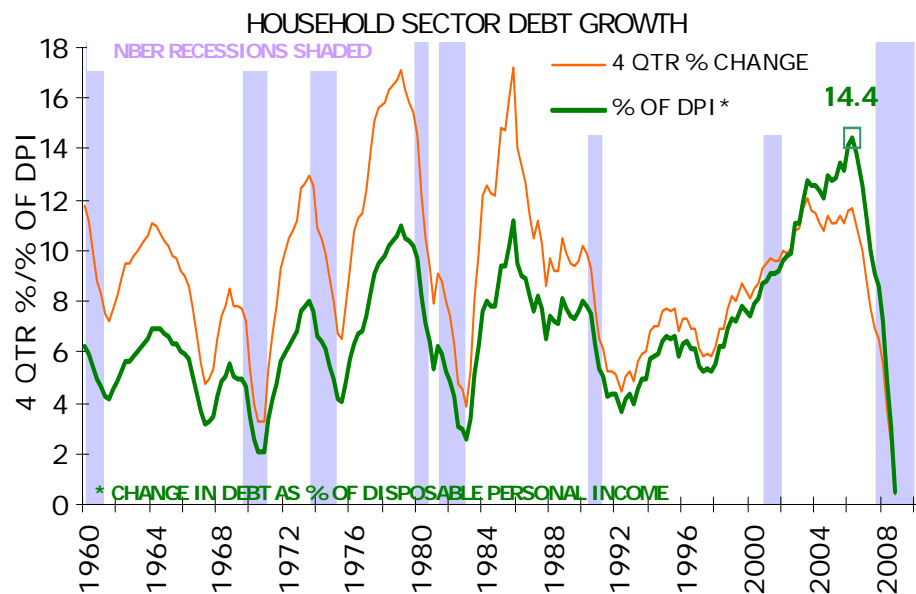
- Leading indicators are improving at the margin
- This reflects a completion of the destocking cycle rather than an improvement in underlying demand
- Public sector spending will at best cushion any further deterioration in private sector demand
- While the contraction in activity has reach a bottom the strength of any recovery is likely to disappoint

Deleveraging ensures a soft recovery

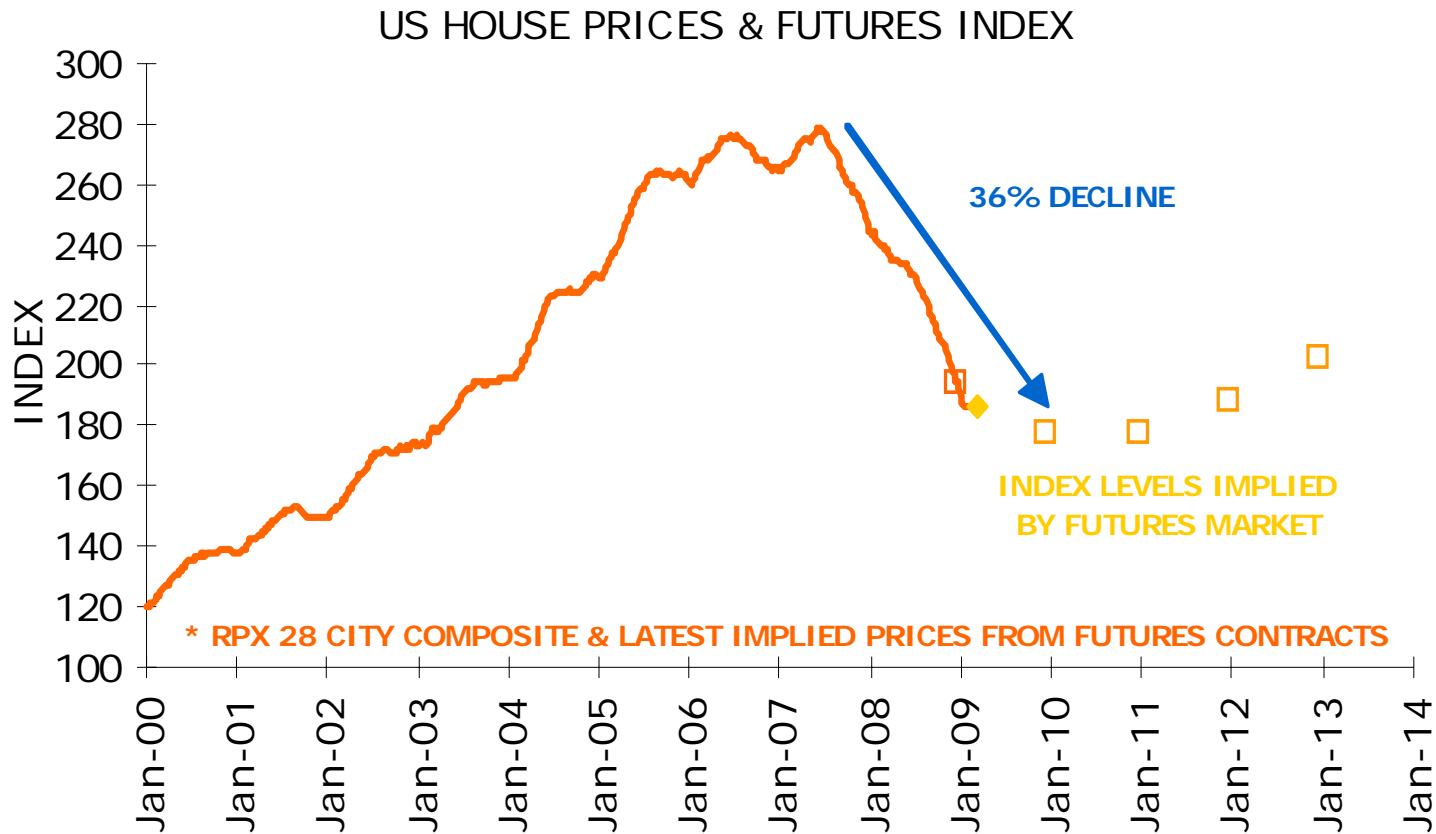
- Financial institutions and households have accumulated unsustainable levels of debt and are looking to reduce leverage.
- This process takes some time and will inevitably result in a softer recovery than previous cycles

Credit growth drove asset prices higher and savings lower

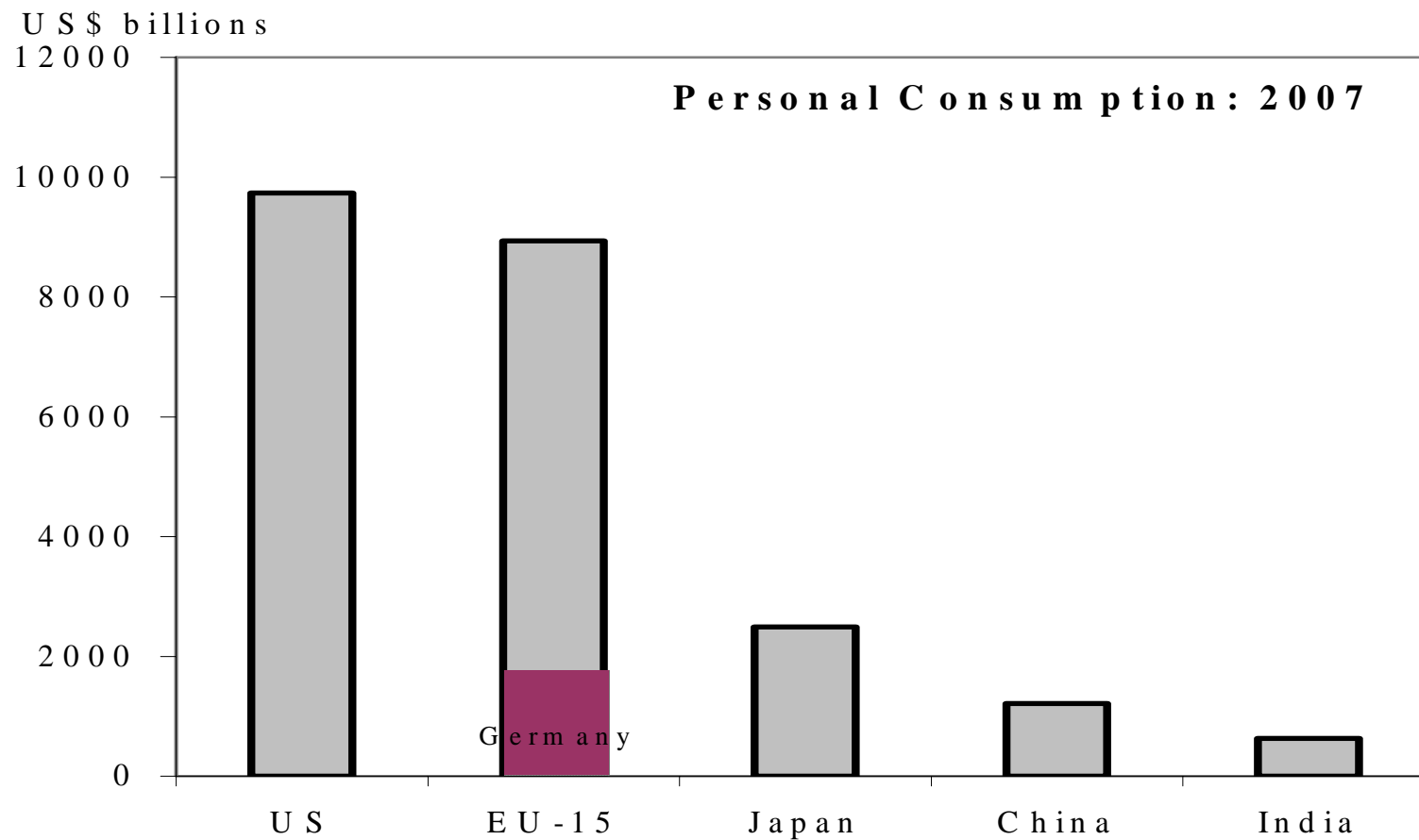
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Asset values have collapsed

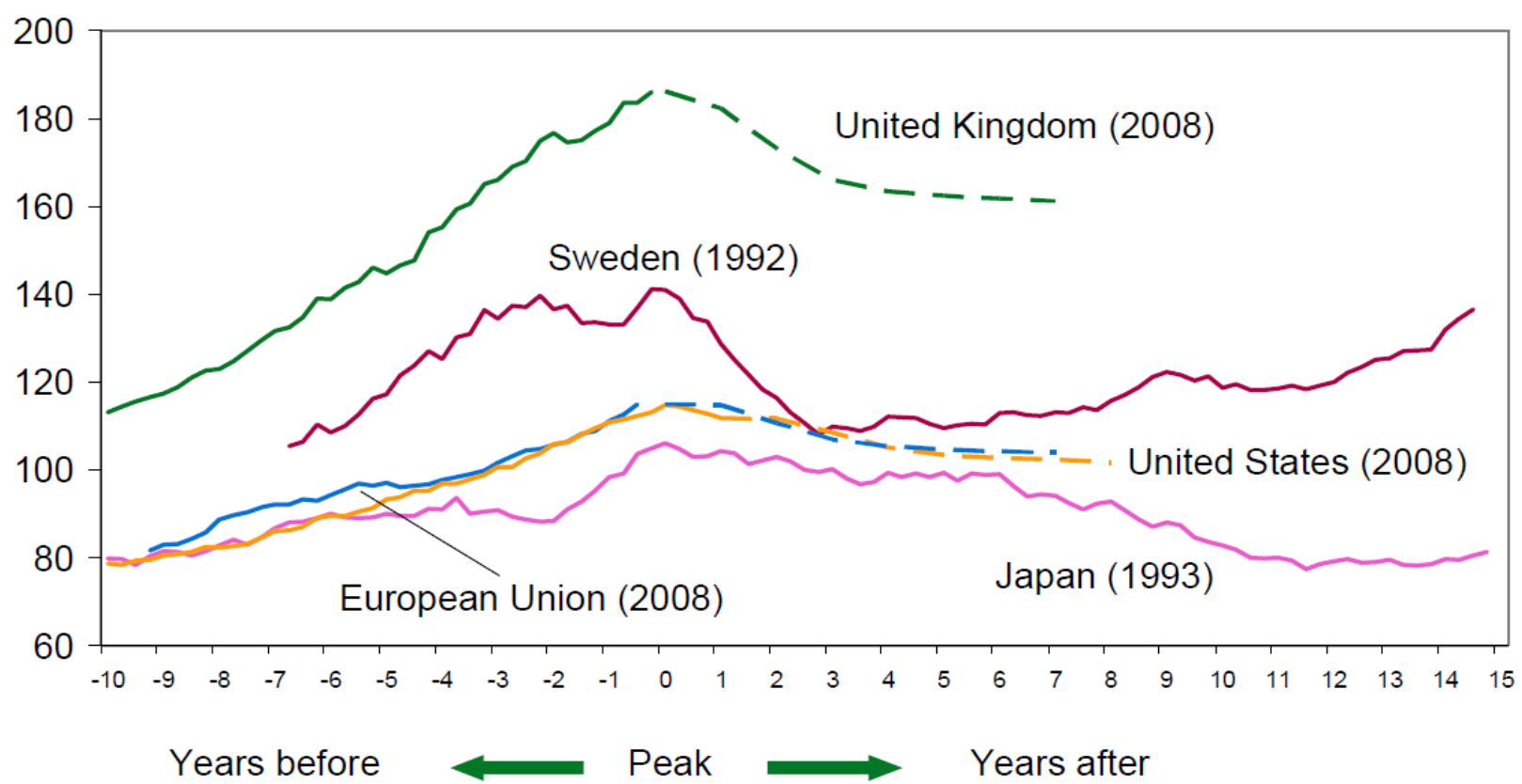


Advanced country consumption dominates global economy



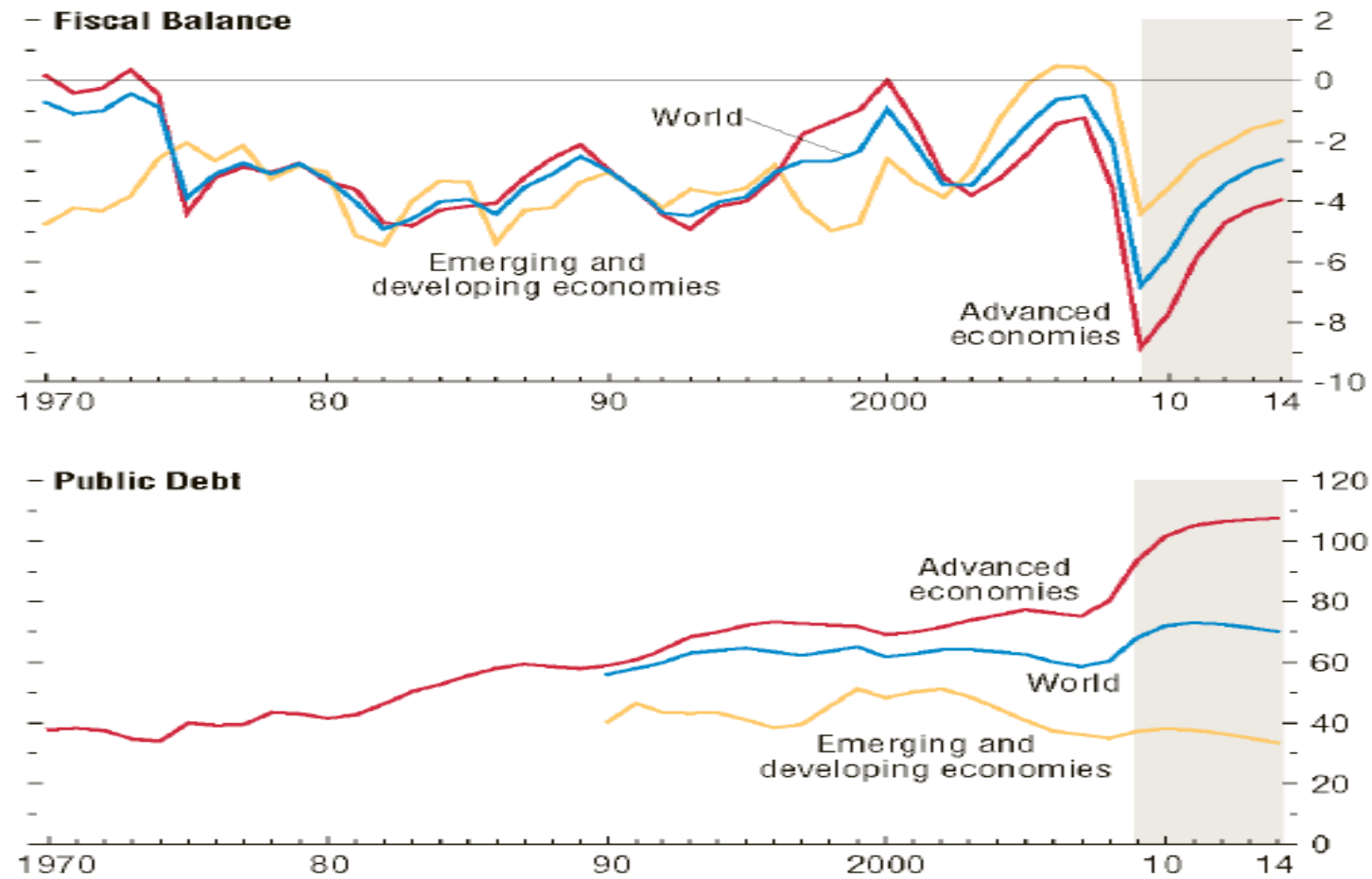
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Bank Credit to the Private Sector (In percent of nominal GDP)



Sources: National authorities; and IMF staff estimates.
Note: Dashed lines are forecasts. Year of credit peak in parentheses.

General Public Fiscal Balances and Public Debt (% GDP)



Source: WEO database projections.

Implications for Equity Markets

- With this economic backdrop in mind corporate profit growth will be subdued and valuations are unlikely to return to previous levels any time soon.
- If we are correct in forecasting a period of softer growth in the years ahead, the market should trade at a lower rating to levels seen in the past and so the upside maybe limited.

Investment Strategy

- Our objective is to participate in any move higher through good security selection while protecting shareholders from any market correction by retaining most of our capital in cash.
- There will inevitably be many false starts and bear market rallies before equities stage a more sustained recovery later in the year.
- With close to 100% of shareholder's funds held in cash at the end of April, the fund is conservatively positioned.



Australian Leaders (ALF) is very different to a traditional fund

- While we employ a similar investment process to a traditional manager, there are two important differences that allow us to target superior returns.
 - *We take advantage of mispricing in all segments of the market not just from buying undervalued securities but from selling (short) overvalued securities as well. This provides us with a much larger pool of mispriced securities to draw our investment ideas from.*
 - *We are leveraging shareholder returns by employing a larger balance sheet funded from both Shareholder's capital and borrowed securities without adding commensurate risk.*
 - *With a dynamic balance sheet structure to work with, we are able to add value through security selection whilst separately managing market risk.*
- This is a highly desirable outcome to be able to increase exposure to a successful manager without having to concentrate positions, add market risk or financial leverage to the structure.

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INVESTMENT UNIVERSE RANKED (1-200)

TARGET 3% OUTPERFORMANCE



Investment Portfolio (Top 10)
AAA
BBB
CCC
DDD
EEE
FFF
GGG
HHH
III
JJJ

Company	Qualitative Score	Management Score	Target Upside
ABC	##	##	##
DEF	##	##	##
GHI	##	##	##
JKL	##	##	##
MNO	##	##	##
PQR	##	##	##
STU	##	##	##
VWX	##	##	##
YZA	##	##	##
BCD	##	##	##
XYZ	##	##	##
ZYX	##	##	##
QSR	##	##	##
RSQ	##	##	##
TVR	##	##	##
RVT	##	##	##
UVP	##	##	##
PVR	##	##	##
LVV	##	##	##
	##	##	##



ASX200
TOP Quartile



ASX 200
Bottom Quartile

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INVESTMENT UNIVERSE RANKED (1-200)



Investment Portfolio (Target 3% outperformance)
AAA
BBB
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Company	Qualitative Score	Management Score	Target Upside
ABC	##	##	##
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PQR	##	##	##
STU	##	##	##
VWX	##	##	##
YZA	##	##	##
BCD	##	##	##
XYZ	##	##	##
ZYX	##	##	##
QSR	##	##	##
RSQ	##	##	##
TVR	##	##	##
RVT	##	##	##
UVP	##	##	##
PVR	##	##	##
LVV	##	##	##
UVX	##	##	##

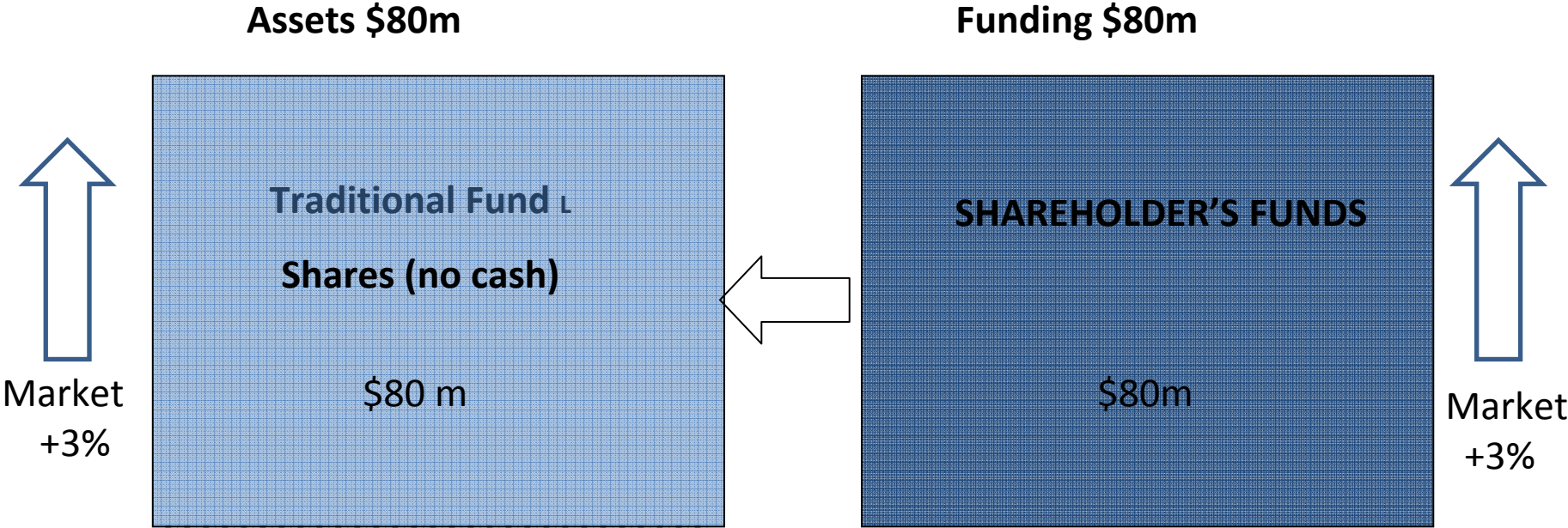
ASX200
TOP Quartile

Funding Portfolio
(Target 3% underperformance)

ZZZ
XXX
YYY
QQQ
UUU
VVV
TTT
SSS
PPP
OOO

ASX 200
Bottom Quartile

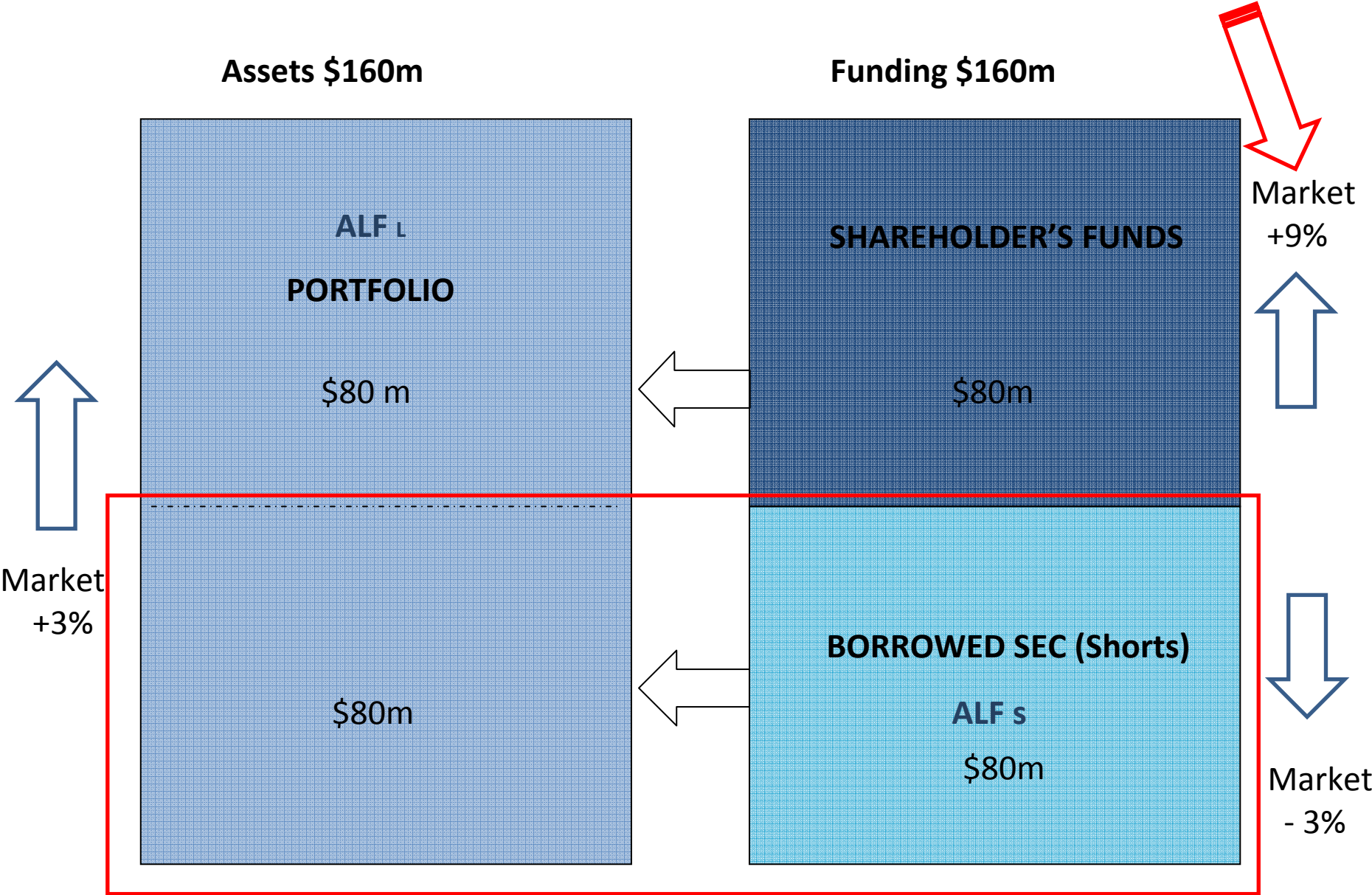
Traditional Fund's Balance Sheet



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ALF Balance Sheet

Same Process delivers 3 times the outperformance

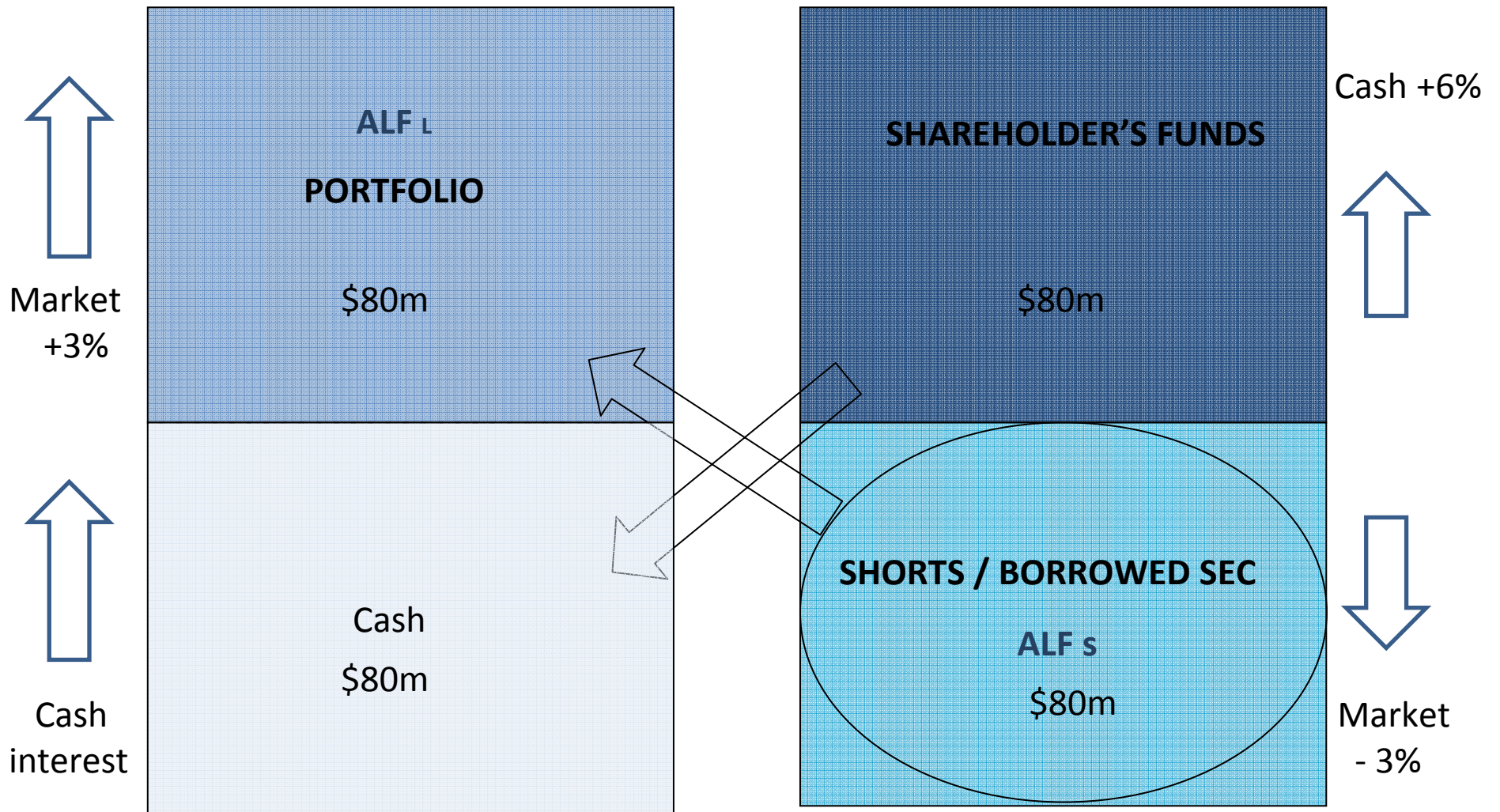


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MARKET NEUTRAL STRUCTURE

-Shareholders funds held in cash

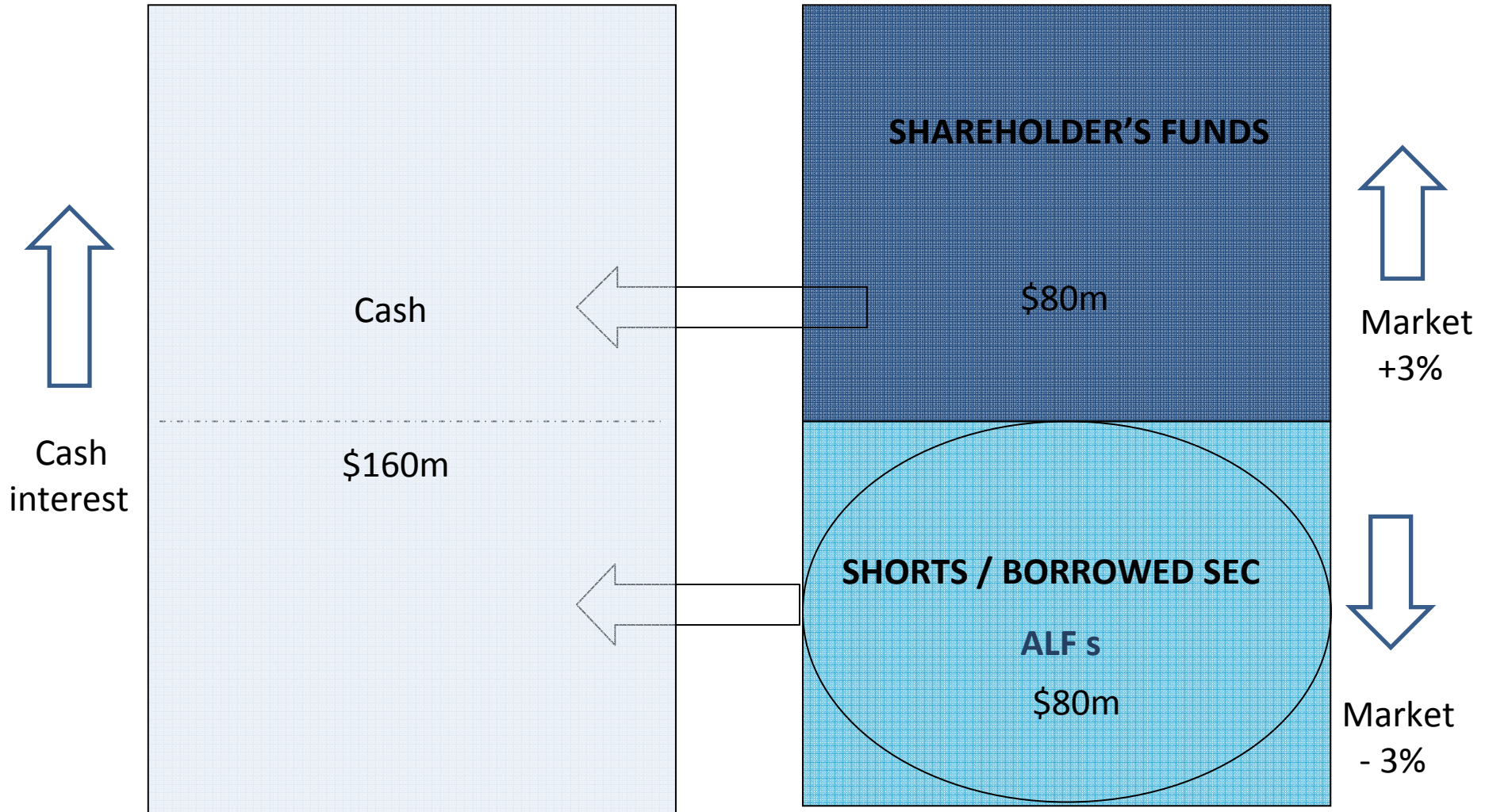
-Return = Interest on cash + 6% (diff. ALF_L-ALF_s)



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SHORT THE MARKET

Return= Cash interest plus decline in the value of borrowed securities



ALF Unaudited Balance Sheet 30th April 2009*

Assets

Cash

(103% of shareholder's funds)

\$79 m

Long Portfolio

RHG Limited	5,231,935	Mirabela Nickel Limited	1,905,992
Primary Health Care Limited	4,697,320	Ausenco Ltd	1,880,226
Rio Tinto Limited. GBP	4,073,159	Flexigroup Limited	1,866,069
Consolidated Media Holdings Ltr	4,055,744	Melbourne It Limited	1,777,452
Incitec Pivot Limited	3,716,090	CFS Retail Property Trust	1,645,000
Mcmillan Shakespeare Limited	3,710,579	Qantas Airways Limited	1,584,000
Crown Limited	3,281,321	Mirvac Group	1,560,037
Graincorp Limited	2,840,802	Aristocrat Leisure Ltd	1,530,000
Tower Australia Group Limited	2,701,164	Babcock & Brown Wind Partners	1,433,699
Mesoblast Limited	2,630,687	Roc Oil Company Limited	1,417,213
Iluka Resources Ltd	2,475,000	Rio Tinto Limited	1,338,018
Virgin Blue Holdings Limited	2,314,021	Transfield Services Ltd	1,250,087
Seek Limited	2,162,448	Entertainment Media & Telecom	1,200,000
Sky City Entertainment Group Lt	2,134,789	AMP Limited	1,141,800
Webjet Limited	2,110,497	Australian Infrastructure Fund Ltr	1,051,993
Henderson Group	2,101,796	Reverse Corp Limited	748,185
CSL Limited	2,065,200	Resmed Inc	540,000
Gunns Limited	2,060,436	Charter Hall Group Limited	530,950
Oil Search Limited	1,983,689	APN News And Media Ltd	260,775
Austereo Group Limited	1,935,478	Connecteast Group	190,943
		Total Long Portfolio	83,134,590
		Net Tax Assets	2,336,878

*Estimated

Total Long Portfolio & Cash 164.5m

Funding

SHAREHOLDER'S FUNDS

(Shares on issue 70,254,409 X Estimated Net Assets after selling costs (1.0872))

\$76.4m

Borrowed Securities/ (Shorts) \$88.1m

AGL Energy Limited	5,972,400	Macarthur Coal Limited	2,120,000
Computershare Limited	6,361,879	Transpacific Industries Group Ltr	1,260,000
Ancor Limited	5,029,500	Crane Group Ltd	2,006,429
Australian Pipeline Trust	4,565,320	Woodside Petroleum Limited	1,919,000
Foster's Group Limited	4,374,100	GWA International Limited	1,591,200
Tatts Group Limited	3,878,000	James Hardie Industries Nv	1,840,000
BHP Billiton Limited	3,992,400	Billabong International Limited	1,575,000
Singapore Telecommunications	3,451,000	Healthscope Limited	1,280,583
Energy Resources Of Aus. Limit	3,454,415	Telstra Limited	1,332,000
Woolworths Limited	3,206,400	Metcash Limited	1,248,000
Coca-Cola Amatil Limited	3,199,000	Sims Group Limited	1,366,760
Boral Ltd	3,272,000	Worley Parsons Limited	913,500
Leighton Holdings Ltd	2,956,711	G.U.D Holdings Limited	934,488
David Jones Limited	2,727,000	Monadelphous Group Limited	897,264
Toll Holdings Limited	2,419,000	JB Hi-Fi Limited	1,023,000
Sigma Pharmaceuticals Limited	2,453,099	Tabcorp Holdings Limited	745,000
Origin Energy Limited	2,443,500	Minara Resources Limited	223,517
Santos Ltd	2,052,500	Felix Resources Limited	36,370
		Total Short Portfolio	88,120,334

Total Short Portfolio & Equity 164.5m

Investment Performance as at 30 April 2009 (Based on NTA movements including dividends)

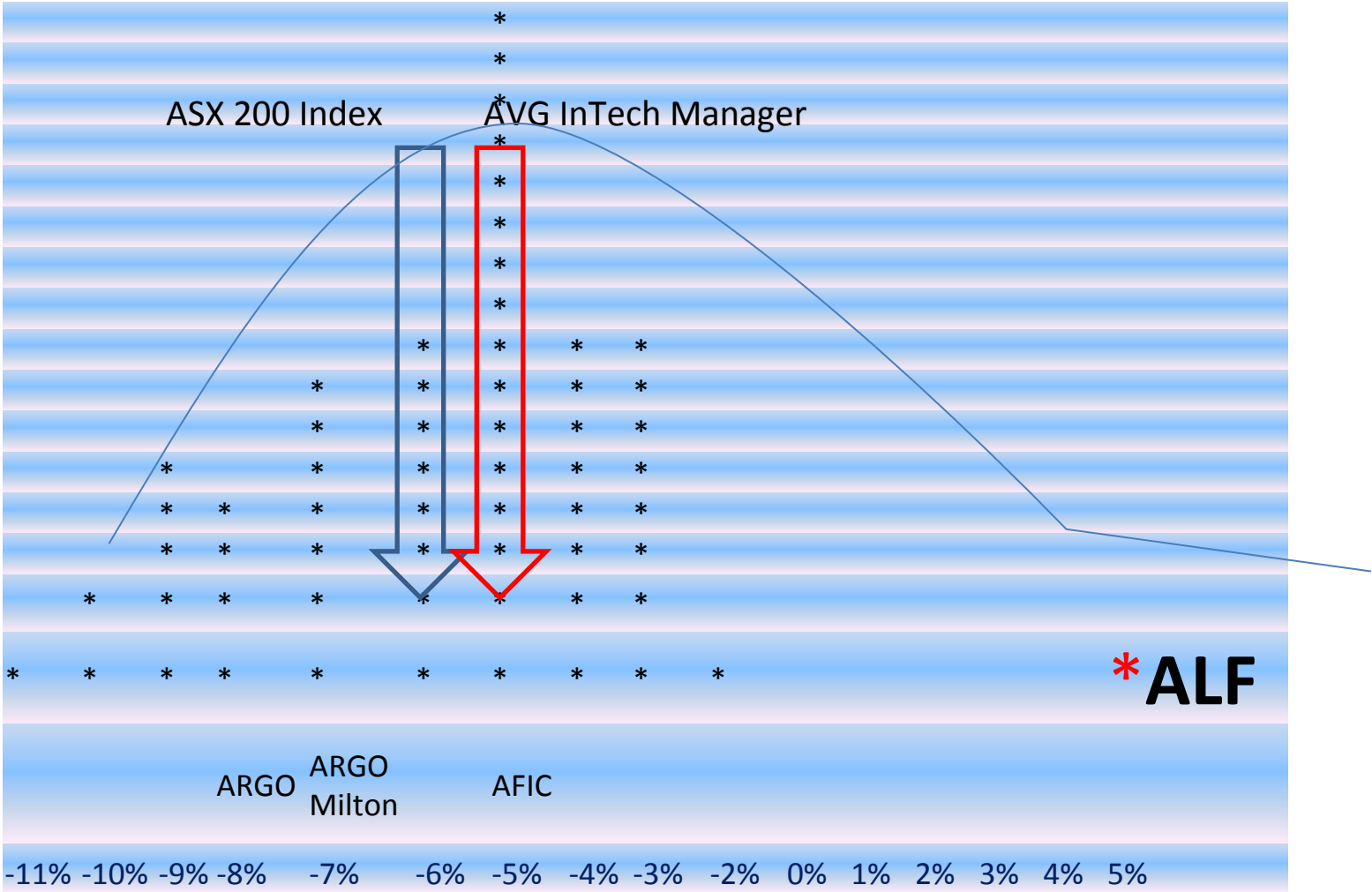
Australian Equity Portfolios

	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	15 Years pa	20 Years pa
Australian Foundation Investment Company Ltd	-23.8%	-3.7%	7.3%	7.2%	7.7%	10.4%	11.4%
Aberdeen Leaders Limited *	-28.5%	-8.4%	6.3%	4.0%	2.0%	6.7%	
AMCIL Limited	-19.4%	0.7%					
Argo Investments	-26.4%	-5.7%	6.1%	6.7%	8.0%	10.1%	11.8%
Australian Leaders Fund Limited *	1 2.5%	1 3.0%	1 9.3%				
Australian United Limited *	-29.5%	-6.3%	8.1%	7.4%	8.3%		
Brickworks Investment Company *	-20.4%	-3.7%	6.9%				
Choiseul Investments *	-20.4%	-4.9%	6.6%	7.2%	8.5%		
Contango MicroCap Limited	-34.2%	-8.1%	6.3%				
Century Australian Investments Limited *	-15.7%	-5.7%	3.9%				
Djerriwarrh Investments Limited	-24.9%	-4.8%	6.1%	5.6%	5.4%	8.4%	
Diversified United Investments Limited *	-29.9%	-6.3%	9.0%	7.5%	7.5%	8.5%	
Emerging Leaders Investments Limited	-33.4%	-12.1%					
Hunter Hall Global Value Limited *	-21.1%	-14.2%	-1.0%				
Ironbark Capital Limited *	-17.0%	-5.1%	1.8%	1.4%	1.0%	4.5%	
Mirrabooka Investments Limited	-28.4%	-5.5%	6.1%	8.0%	8.5%		
Milton Corporation *	-25.0%	-5.5%	5.3%	6.3%	8.0%		
Spider S&P/ASX 50 Fund	-26.1%	-5.6%	6.7%	5.7%			
Spider S&P/ASX 200 Property Fund	-54.9%	-22.9%	-8.8%	-3.2%			
Spider S&P/ASX 200 Fund	-28.7%	-6.5%	6.4%	5.9%			
WAM Capital Limited *	-11.0%	-4.4%	3.8%	5.6%			
Whitefield Limited *	-24.7%	-11.7%	0.0%	-0.2%			
Wilson Investment Fund *	-14.5%	-8.0%	-1.3%				

S&P/ASX All Ordinaries Accumulation Index	-30.4%	-6.5%	6.3%	6.2%	6.3%	8.3%	8.8%
S&P/ASX 50 Leaders Accumulation Index	-26.3%	-5.4%	7.0%	6.0%	6.3%	8.9%	9.5%

3 YR COMPOUND RETURNS TO MARCH'09

(INTECH Managers Vs LIC's)



	1 Year	2 Years	3 Years
Australian Leaders Fund	-23.8%	-12.3%	1.8%
Average Manager	-32.3%	-16.2%	-5.0%
Top Quartile	-29.8%	-14.3%	-3.7%
Best Manager	-24.9%	-10.5%	-1.6%

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Attribution

PORTFOLIO PERFORMANCE INCLUDING ATTRIBUTION

	1 MONTH RETURN (%)			6 MONTH RETURN (%)			FINANCIAL YEAR TO DATE RETURN (%)			2 YEARS ANNUALISED (%)		
	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	13.4	-3.1	24.1	-5.9	-26.4	35.1	-10.6	-18.4	13.6
Short Portfolio	6.2	6.1	-	-8.3	-3.1	9.7	-21.7	-26.4	-1.3	-24.2	-18.4	3.3
Cash			-4.5			-2.5			-0.6			-0.3
Total	7.4	6.1	1.3	28.2	-3.1	31.3	6.8	-26.4	33.2	-1.8	-18.4	16.6

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.