

# **Australian Leaders Fund Limited**

ABN 64 106 845 970

## **Appendix 4D**

### **Half-year report**

**for the half-year ended 31 December 2017**

## Half-year report

This half-year ended report is for the reporting period from 1 July 2017 to 31 December 2017. The previous corresponding half-year ended period was 1 July 2016 to 31 December 2016.

### Results for announcement to the market

Revenue from ordinary activities	Down	85%	from	22,445,836	to	3,262,164
Profit/(loss) before tax for the period	Down	356%	from	4,695,781	to	(12,008,298)
Profit/(loss) from ordinary activities after tax attributable to members	Down	294%	from	4,221,851	to	(8,190,071)

### Dividends

There were no dividends paid or declared during the half-year.

### Return of Capital

	<b>Dividend Rate</b>	<b>Total Amount \$</b>	<b>Record Date</b>	<b>Date of Payment</b>	<b>Percentage Franked</b>
2017 Final	\$0.04	\$10,900,957	30/10/2017	14/11/2017	0%

### Net tangible assets

	<b>31 December 2017</b>	31 December 2016
Net tangible asset backing (per share) after tax	<b>1.20</b>	1.30
Net tangible asset backing (per share) before tax	<b>1.19</b>	1.29

### Further information

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2017 Annual Financial Report.

# **Australian Leaders Fund Limited**

ABN 64 106 845 970

## **Interim Report for the half-year ended 31 December 2017**

# **Australian Leaders Fund Limited** ABN 64 106 845 970

## **Interim Report - for the half-year ended 31 December 2017**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Australian Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## **Corporate Directory**

### **Directors**

Justin Braitling (Chairman)  
Geoffrey Wilson (Non-Executive Director)  
John Abernethy (Non-Executive Director)  
Julian Gosse (Non-Executive Director)

### **Joint secretaries**

Mark Licciardo  
Belinda Cleminson

### **Registered office**

Level 23 Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Telephone: (02) 9252 0225  
Facsimile: (02) 9252 1220  
Email: [info@wfunds.com.au](mailto:info@wfunds.com.au)

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to [www.asx.com.au](http://www.asx.com.au) or call (02) 8262 2800.

### **Share register**

Boardroom Pty Limited  
Level 12  
225 George Street  
Sydney NSW 2000  
Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

### **Auditor**

Pitcher Partners  
Level 22 MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Telephone: (02) 9221 2099  
Facsimile: (02) 9223 1762

### **Securities exchange**

Australian Securities Exchange (ASX)  
The home exchange is Sydney  
ASX code: ALF Ordinary Shares

## **Directors' Report**

The Directors present their report together with the condensed financial report of Australian Leaders Fund Limited ("the Company") for the half-year ended 31 December 2017.

### **Directors**

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Justin Braithling (Chairman)  
Geoffrey Wilson (Non-Executive Director)  
John Abernethy (Non-Executive Director)  
Julian Gosse (Non-Executive Director)

### **Principal activities**

The principal activity of the Company is making investments in listed and unlisted companies. No change in this activity took place during the half-year period or is likely to take place in the future.

### **Review of operations**

Investment operations over the half-year ended 31 December 2017 resulted in an operating loss before tax of \$12,008,298 (2016: \$4,695,781 profit) and an operating loss after tax of \$8,190,071 (2016: \$4,221,851 profit).

The NTA after tax for each share as at 31 December 2017 amounted to \$1.20 per share (2016: \$1.30). The NTA before tax was \$1.19 per share (2016: \$1.29).

### **Significant changes in the state of affairs**

On 24 July 2017, the Company announced the resignation of Sophia Gartzonis as Company Secretary effective 24 July 2017. Following the resignation, Mark Licciardo of Mertons Corporate Services Pty Ltd was appointed as Company Secretary, effective 24 July 2017.

On 15 September 2017, the Company announced the appointment of Belinda Cleminson also of Mertons Corporate Services Pty Ltd as Joint Company Secretary, effective 15 September 2017. This appointment is in addition to Mark Licciardo who remains as Joint Company Secretary.

As a measure to preserve value for shareholders the board announced on 6 November 2017 the approval of an on market buy back of up to 10% of the Company's fully paid ordinary shares up to a maximum of 27,252,392 shares to be bought back in a 12 month period commencing 20 November 2017. As at 31 December no shares have been bought back.

Having flagged at the half-year for FY17 that the Company's payout ratio had become unsustainable, the Board considered a range of capital management options in 1HFY18 that balanced Shareholders' appetite for investment income with the requirement to move dividends to a more sustainable level, and in consideration of the Company's capital and franking positions. In light of these considerations, Directors resolved to pay a Return of Capital to Shareholders of 4.0 cents per share on November 14, 2017. The Board also successfully sought approval at the AGM, to pay a further Return of Capital should it deem it in the best interests of Shareholders to do so.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2017.

### **Rounding of amounts to nearest dollars**

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar, unless otherwise specified.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4.

This report is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'J Braitling', with a stylized flourish at the end.

Justin Braitling  
Chairman

Sydney  
27 February 2018

**Auditor's Independence Declaration**  
**To the Directors of Australian Leaders Fund Limited**  
**ABN: 64 106 845 970**

In relation to the independent auditor's review for the half-year ended 31 December 2017, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Leaders Fund Limited.



S M WHIDDETT  
Partner

PITCHER PARTNERS  
Sydney

27 February 2018



**Australian Leaders Fund Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2017**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
Notes	\$	\$
<b>Investment income from ordinary activities</b>		
Net realised (losses)/gains on investments	(13,286,225)	29,521,648
Net unrealised gains/(losses) on investments	8,385,503	(16,254,970)
Dividends	4,012,289	3,887,671
Trust distributions	439,510	512,598
Interest	4,616,018	4,791,646
Other income	11,636	-
Net foreign exchange (losses)	(916,567)	(12,757)
	<u>3,262,164</u>	<u>22,445,836</u>
<b>Expenses</b>		
Management fees	(1,669,849)	(1,832,409)
Brokerage expense	(1,887,259)	(2,625,282)
Short dividend expense	(7,247,899)	(7,597,941)
Stock loan fees	(892,701)	(2,162,575)
Interest expense	(3,123,502)	(3,151,917)
Accounting fees	(73,501)	(86,499)
Share registry fees	(124,166)	(99,643)
Legal fees	(8,087)	-
Directors' fees	(45,000)	(45,000)
ASX fees	(43,832)	(44,262)
Audit and tax fees	(79,239)	(33,641)
Other expenses	(75,427)	(70,886)
	<u>(15,270,462)</u>	<u>(17,750,055)</u>
<b>(Loss)/profit before income tax</b>	(12,008,298)	4,695,781
Income tax benefit/(expense)	4      3,818,227	(473,930)
<b>(Loss)/profit for the period</b>	<u>(8,190,071)</u>	<u>4,221,851</u>
<b>Other comprehensive income for the period, net of tax</b>	-	-
<b>Total comprehensive (loss)/income for the period</b>	<u>(8,190,071)</u>	<u>4,221,851</u>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		
Basic (losses)/earnings per share	(3.01)	1.56
Diluted (losses)/earnings per share	(3.01)	1.56

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Australian Leaders Fund Limited**  
**Statement of Financial Position**  
**As at 31 December 2017**

	At 31 December 2017	30 June 2017
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	292,641,489	321,558,284
Trade and other receivables	4,065,506	43,041,654
Financial assets at fair value through profit or loss	311,856,576	447,581,769
Current tax assets	11,036,096	-
Other current assets	47,676	36,382
<b>Total current assets</b>	<b>619,647,343</b>	<b>812,218,089</b>
<b>Non-current assets</b>		
Deferred tax assets	6,454,099	8,463,674
<b>Total non-current assets</b>	<b>6,454,099</b>	<b>8,463,674</b>
<b>Total assets</b>	<b>626,101,442</b>	<b>820,681,763</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	2,139,333	23,295,842
Derivative financial instruments	-	1,155
Financial liabilities at fair value through profit or loss	295,034,154	447,022,746
Current tax liabilities	-	2,317,652
<b>Total current liabilities</b>	<b>297,173,487</b>	<b>472,637,395</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	61,352	86,737
<b>Total non-current liabilities</b>	<b>61,352</b>	<b>86,737</b>
<b>Total liabilities</b>	<b>297,234,839</b>	<b>472,724,132</b>
<b>Net assets</b>	<b>328,866,603</b>	<b>347,957,631</b>
<b>EQUITY</b>		
Issued capital	6 340,455,670	351,356,627
Profits reserve	4,880,272	4,476,918
Accumulated losses	(16,469,339)	(7,875,914)
<b>Total equity</b>	<b>328,866,603</b>	<b>347,957,631</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Australian Leaders Fund Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2017**

	Notes	Issued capital \$	Profits Reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2016</b>		<u>353,292,892</u>	<u>14,599,908</u>	<u>(6,144,815)</u>	<u>361,747,985</u>
Profit for the period		-	-	4,221,851	4,221,851
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	7	1,994,382	(13,493,489)	-	(11,499,107)
Costs of issued capital	6	(25,689)	-	-	(25,689)
Transfer to profits reserve		-	8,168,985	(8,168,985)	-
		<u>1,968,693</u>	<u>(5,324,504)</u>	<u>(8,168,985)</u>	<u>(11,524,796)</u>
<b>Balance at 31 December 2016</b>		<u><b>355,261,585</b></u>	<u><b>9,275,404</b></u>	<u><b>(10,091,949)</b></u>	<u><b>354,445,040</b></u>
<b>Balance at 1 July 2017</b>		<u>351,356,627</u>	<u>4,476,918</u>	<u>(7,875,914)</u>	<u>347,957,631</u>
(Loss) for the period		-	-	(8,190,071)	(8,190,071)
<b>Transactions with owners in their capacity as owners:</b>					
Transfer to profits reserve		-	403,354	(403,354)	-
Return of capital	6	(10,900,957)	-	-	(10,900,957)
		<u>(10,900,957)</u>	<u>403,354</u>	<u>(403,354)</u>	<u>(10,900,957)</u>
<b>Balance at 31 December 2017</b>		<u><b>340,455,670</b></u>	<u><b>4,880,272</b></u>	<u><b>(16,469,339)</b></u>	<u><b>328,866,603</b></u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Australian Leaders Fund Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2017**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Purchase of financial assets	(516,217,328)	(741,162,565)
Proceeds from sale of financial assets	675,225,264	791,641,748
Proceeds from short sale of financial liabilities	(693,561,913)	674,742,967
Re-purchase of financial liabilities	531,518,048	(746,522,385)
Interest received	4,506,051	4,907,024
Interest paid	(3,125,681)	(2,919,236)
Dividends and trust distributions received	4,513,480	6,511,084
Dividends paid on short stocks	(7,234,568)	(8,651,872)
Other revenue	11,636	-
Income taxes refunded/paid	(7,551,331)	-
Investment management fees paid	(1,681,790)	(1,857,230)
Performance fees paid	-	(9,053,449)
Brokerage expense	(1,865,112)	(2,592,529)
Stock loan fees	(919,230)	(2,454,820)
Payments for other expenses	(644,427)	(419,254)
<b>Net cash (outflow) from operating activities</b>	<b>(17,026,901)</b>	<b>(37,830,517)</b>
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Share issue and buy-back transaction costs	6 -	(36,699)
Dividends paid to company's shareholders	-	(11,499,107)
Reduction of capital	(10,900,957)	-
Withholding tax paid on dividends	(72,370)	-
<b>Net cash (outflow) from financing activities</b>	<b>(10,973,327)</b>	<b>(11,535,806)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(28,000,228)</b>	<b>(49,366,323)</b>
Cash and cash equivalents at the beginning of the year	321,558,284	404,601,997
Effects of exchange rate changes on cash and cash equivalents	(916,567)	(12,757)
<b>Cash and cash equivalents at end of period</b>	<b>292,641,489</b>	<b>355,222,917</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## **1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity Australian Leaders Fund Limited.

### **(a) Basis of preparation of half-year report**

These interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 by a for profit entity ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Australian Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The interim financial statements were authorised for issue by the Board of Directors on 27 February 2018.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### **(b) Rounding of amounts**

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar, unless otherwise specified.

## **2 Fair value measurements**

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

### **(a) Fair value hierarchy**

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

## 2 Fair value measurements (continued)

### (a) Fair value hierarchy (continued)

#### (i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2017 and 30 June 2017 on a recurring basis.

At 31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Financial assets at FVTPL				
Equity securities Australian	221,512,796	-	-	221,512,796
Equity securities International	90,343,780	-	-	90,343,780
<b>Total financial assets</b>	<b>311,856,576</b>	<b>-</b>	<b>-</b>	<b>311,856,576</b>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL				
Equity securities sold short Australian	(209,854,945)	-	-	(209,854,945)
Equity securities sold short International	(85,154,299)	-	-	(85,154,299)
Unlisted equity securities sold short	-	(24,910)	-	(24,910)
<b>Total financial liabilities</b>	<b>(295,009,244)</b>	<b>(24,910)</b>	<b>-</b>	<b>(295,034,154)</b>
At 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Financial assets at FVTPL				
Equity securities Australian	217,940,851	-	-	217,940,851
Equity securities International	229,640,918	-	-	229,640,918
<b>Total financial assets</b>	<b>447,581,769</b>	<b>-</b>	<b>-</b>	<b>447,581,769</b>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL				
Equity securities sold short Australian	(240,258,069)	-	-	(240,258,069)
Equity securities sold short International	(206,601,934)	-	-	(206,601,934)
Unlisted equity securities sold short	-	(162,743)	-	(162,743)
International swaps	(1,155)	-	-	(1,155)
<b>Total financial liabilities</b>	<b>(446,861,158)</b>	<b>(162,743)</b>	<b>-</b>	<b>(447,023,901)</b>

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the last close prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy is an amount in relation to a private placement in which the company has subscribed to during the period. This investment has not listed on a stock exchange as at period end and therefore represents an investment in an inactive market. In valuing this unlisted investment, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offer.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

## 2 Fair value measurements (continued)

### (a) Fair value hierarchy (continued)

#### (ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables approximate their fair values due to their short-term nature.

## 3 Segment information

The Company has only one reportable segment. The Company operates in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its trading portfolio.

## 4 Income tax expense

Income tax expense is recognised based on management's estimate of the effective income tax rate expected for the financial period. The effective tax rate used for the period to 31 December 2017 is -32% (2016: 10%). The movement in the effective tax rate is due to decreased realised gains from tax free assets as well as a reduction in fully franked dividends received in the period ended 31 December 2017.

## 5 Contingencies

The Company had no contingent liabilities at 31 December 2017 (June 2017: nil).

## 6 Issued capital

### (a) Share capital

	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$	30 June 2017 \$
Ordinary shares	272,523,924	272,523,924	340,455,670	351,356,627

### (b) Movements in ordinary share capital

Details	Number of shares	\$
Opening balance 1 July 2016	269,869,781	353,292,892
Dividend reinvestment plan issues	2,654,143	3,520,112
Dividends paid	-	(5,425,882)
Cost of issued capital	-	(30,495)
Closing balance 30 June 2017	<u>272,523,924</u>	<u>351,356,627</u>
Opening balance 1 July 2017	272,523,924	351,356,627
Return of capital	-	(10,900,957)
Closing balance 31 December 2017	<u>272,523,924</u>	<u>340,455,670</u>

## 6 Issued capital (continued)

### (c) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 3% discount to the market price.

### (d) Return of capital

On 14 November 2017, the Company paid a return of capital of 4.0 cents per share.

### (e) Share buy-back

The Company announced a 12 months on-market share buy-back program on 6 November 2017. Since its commencement on 20 November 2017 the Company has not bought back any shares.

## 7 Dividends

### (a) Ordinary shares

	Half-year ended
31 December	31 December
2017	2016
\$	\$

Final dividend, franked based on tax paid @ 30.0% (2016: 30%)

- 13,493,489

### (b) Dividend rate

Dividends paid fully franked at 30% tax rate

	Dividend Rate	Total Amount	Date of Payment	% Franked
Ordinary shares - final 2016	\$0.05	\$13,493,489	26/10/2016	100

### (c) Dividends not recognised at the end of the reporting period

	Half-year ended
31 December	31 December
2017	2016
\$	\$

There is no interim dividend declared for the half-year ended 31 December 2017  
(2016: \$10,851,764)

- 10,851,764

## 8 Events occurring after the reporting period

No other matter or circumstance has occurred subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial periods.



**Australian Leaders Fund Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2017**

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Justin Braitling  
Chairman  
Sydney  
27 February 2018

**Independent Auditor's Review Report  
To the Members of Australian Leaders Fund Limited  
ABN: 64 106 845 970**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Australian Leaders Fund Limited ("the company"), which comprises the statement of financial position as at 31 December 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Australian Leaders Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Leaders Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



S M WHIDDETT  
Partner

27 February 2018



PITCHER PARTNERS  
Sydney