
Australian Leaders Fund Limited (ALF)

ASX Announcement / Media Release



August 28, 2018

ALF declares a fully franked final dividend of 2 cents per share

Highlights

- A strong start in FY19, with the Fund's portfolio increasing by 2.6% after fees
- Final dividend declared in respect of FY18 of 2 cents per share, fully franked
- Changes to Watermark's investment team a catalyst for improved performance
- ALF's absolute return approach increasingly relevant in a risky share market

Today, the Board of Australian Leaders Fund Limited (ALF, the 'Company') announced that it has declared a final dividend in respect of the financial year ending June 30, 2018 of 2 cents per share fully franked. The Company reported an after-tax loss for the year, of \$7 million and a net tangible asset backing (NTA) at the end of the period of \$1.22 per share.

Commenting on the result, ALF's Chairman, Justin Braitling said "while FY18 presented numerous challenges for the Company, we have made a strong start to the new financial year and feel confident that ALF's investment strategy is more relevant than ever at this point in the cycle".

The Investment Manager, Watermark Funds Management highlighted a number of important changes it has made to address recent underperformance. Firstly, it has reduced ALF's exposure to international shares, refocussing the Company's portfolio on the Australian share market, while retaining some exposure to the best international ideas. Secondly, it has appointed a Head of International Equities to take over management of Watermark's international portfolios. This has allowed Justin Braitling to return to working exclusively on the Australian share market, a key reason for the improved results we are seeing.

The Board also announced that as at market close on August 23, 2018, it had bought back 4,915,173 ALF shares through the on-market buy-back. Buying back shares at a discount to the Company's NTA is immediately accretive to shareholder value and the Board reaffirmed its intention to continue with the buy back, for so long as the Company's shares are trading at a material discount to NTA.

Mr Braitling said that "we have passed the sweet spot in the cycle, where easy monetary conditions and synchronised growth have pushed share markets higher. The ultimate risk in holding any asset is in the price you pay, and this market is red hot". Given the extent to which valuations have stretched, it is more important than ever for investors to include strategies that will protect them should markets fall. ALF is well positioned to offer such protection.

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About ALF

Australian Leaders Fund Limited (ASX:ALF) is a Listed Investment Company managed by Watermark Funds Management Pty Limited. Listed in January 2004, ALF provides investors with exposure to Watermark's experience as a long/short equity investors, with the objective of delivering attractive absolute returns while reducing the risk of capital loss when risks in share markets are elevated. ALF holds a mixture of Australian and International shares. For more information visit www.wfunds.com.au