

# **Australian Leaders Fund Limited**

ABN 64 106 845 970

## **Appendix 4E - Preliminary Final Report for the year ended 30 June 2019**

## Preliminary Final Report

This preliminary final report is for the reporting period from 1 July 2018 to 30 June 2019. The previous corresponding year end was 30 June 2018.

### Results for announcement to the market

Revenue from ordinary activities	Down	92%	from	20,966,587	to	1,667,763
(Loss) before tax for the period	Up	178%	from	(7,402,027)	to	(20,565,704)
(Loss) from ordinary activities after tax attributable to members	Up	96%	from	(6,874,008)	to	(13,491,426)

### Dividends

	<b>Dividend Rate</b>	<b>Total Amount</b>	<b>Date of Payment</b>	<b>% Franked</b>
2018 Final	\$0.02	\$5,352,175	14/09/2018	100
2019 Interim	\$0.02	\$5,053,027	29/03/2019	100

In addition to the above dividends, the Directors intend to declare a final dividend in respect of the Financial Year ending June 30, 2019. The details of this dividend will be announced with the Annual Report in September 2019.

### Net tangible assets

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Net tangible asset backing (per share) before tax	<b>1.15</b>	1.21
Net tangible asset backing (per share) after tax	<b>1.14</b>	1.21

### Audit

This report is based on the financial report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.

### Review of operations

The loss from ordinary activities after income tax amounted to \$13,491,426 (2018: \$6,874,008 loss).

The net tangible asset backing for each ordinary share as at 30 June 2019 amounted to \$1.14 per share (2018: \$1.21 per share). The equivalent asset backing before tax was \$1.15 per share (2018: \$1.21 per share).

The gross portfolio value decreased 5.9% over the financial year (2018: decreased 1.1%) while the All Ordinaries Accumulation Index increased by 11.0% (2018: 13.7%), representing an underperformance of 16.9% (2018: 14.8%). After deducting costs in funding the balance sheet, along with management fees and other expenses, the fund reported a negative 7.2% return for the year (2018: negative 2.3%).

Further information on the operating and financial performance of the Company will be provided in the Annual Report, to be released in September 2019.

### Financial Position

The net asset value of the Company for the current financial year ended was \$276,639,372 (2018: \$325,387,876).

**Australian Leaders Fund Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2019**

**Statement of Comprehensive Income**

	<b>Year ended</b>	
	<b>2019</b>	<b>2018</b>
Notes	<b>\$</b>	<b>\$</b>
<b>Investment income from ordinary activities</b>		
Net (losses)/gains on investments	(12,846,923)	2,973,476
Dividends and trust distributions	7,097,048	9,175,431
Interest	7,417,638	8,806,045
Other income	-	11,636
	<u>1,667,763</u>	<u>20,966,588</u>
<b>Expenses</b>		
Management fees	(2,929,221)	(3,269,471)
Brokerage expense	(3,233,191)	(3,815,191)
Short dividend expense	(9,509,287)	(12,521,451)
Interest expense	(4,320,841)	(6,184,066)
Stock loan fees	(1,500,993)	(1,789,694)
Accounting fees	(122,226)	(133,595)
Share registry fees	(191,284)	(198,202)
Tax fees	(13,750)	(57,970)
Directors' fees	(90,000)	(90,000)
ASX fees	(77,886)	(81,709)
Audit fees	(50,425)	(45,056)
Other expenses	(194,363)	(182,210)
	<u>(22,233,467)</u>	<u>(28,368,615)</u>
<b>(Loss) before income tax</b>	<b>(20,565,704)</b>	<b>(7,402,027)</b>
Income tax benefit	7,074,278	528,019
<b>(Loss) for the year</b>	<b>(13,491,426)</b>	<b>(6,874,008)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) for the year</b>	<b>(13,491,426)</b>	<b>(6,874,008)</b>
	<b>Cents</b>	<b>Cents</b>
<b>(Loss) per share for (loss) attributable to the ordinary equity holders of the Company:</b>		
Basic (loss) per share	(5.26)	(2.53)
Diluted (loss) per share	(5.26)	(2.53)

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

**Australian Leaders Fund Limited**  
**Statement of Financial Position**  
**As at 30 June 2019**

**Statement of Financial Position**

		<b>At</b>	
	<b>2019</b>		<b>2018</b>
	<b>\$</b>		<b>\$</b>
Notes			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	249,034,761	273,626,097
Trade and other receivables		31,604,510	23,507,653
Financial assets at fair value through profit or loss	2	180,883,389	309,152,937
Current tax assets		3,123,540	2,573,217
<b>Total current assets</b>		<b>464,646,200</b>	<b>608,859,904</b>
<b>Non-current assets</b>			
Deferred tax assets		16,795,294	8,415,180
<b>Total non-current assets</b>		<b>16,795,294</b>	<b>8,415,180</b>
<b>Total assets</b>		<b>481,441,494</b>	<b>617,275,084</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		25,676,081	21,178,417
Derivative financial instruments		-	87,300
Financial liabilities at fair value through profit or loss	3	177,769,567	270,570,853
<b>Total current liabilities</b>		<b>203,445,648</b>	<b>291,836,570</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,356,474	50,638
<b>Total non-current liabilities</b>		<b>1,356,474</b>	<b>50,638</b>
<b>Total liabilities</b>		<b>204,802,122</b>	<b>291,887,208</b>
<b>Net assets</b>		<b>276,639,372</b>	<b>325,387,876</b>
<b>EQUITY</b>			
Issued capital		310,809,004	335,660,880
Profits reserve		325,304	4,880,272
Accumulated losses		(34,494,936)	(15,153,276)
<b>Total equity</b>		<b>276,639,372</b>	<b>325,387,876</b>

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

**Australian Leaders Fund Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

**Statement of Changes in Equity**

Notes	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2017</b>	351,356,627	4,476,918	(7,875,914)	347,957,631
Profit for the year	-	-	(6,874,008)	(6,874,008)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	<b>(6,874,008)</b>	<b>(6,874,008)</b>
<b>Transactions with owners in their capacity as owners:</b>				
On market buy back	(4,794,790)	-	-	(4,794,790)
Transfer to profits reserve	-	403,354	(403,354)	-
Return of capital	(10,900,957)	-	-	(10,900,957)
	<b>(15,695,747)</b>	<b>403,354</b>	<b>(403,354)</b>	<b>(15,695,747)</b>
<b>Balance at 30 June 2018</b>	<b>335,660,880</b>	<b>4,880,272</b>	<b>(15,153,276)</b>	<b>325,387,876</b>
<b>Balance at 1 July 2018</b>	335,660,880	4,880,272	(15,153,276)	325,387,876
Loss for the year	-	-	(13,491,426)	(13,491,426)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	<b>(13,491,426)</b>	<b>(13,491,426)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	-	(10,405,202)	-	(10,405,202)
On market buy back	(24,851,876)	-	-	(24,851,876)
Transfer to profits reserve	-	5,850,234	(5,850,234)	-
	<b>(24,851,876)</b>	<b>(4,554,968)</b>	<b>(5,850,234)</b>	<b>(35,257,078)</b>
<b>Balance at 30 June 2019</b>	<b>310,809,004</b>	<b>325,304</b>	<b>(34,494,936)</b>	<b>276,639,372</b>

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

**Australian Leaders Fund Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

**Statement of Cash Flows**

	<b>Year ended</b>	
	<b>2019</b>	<b>2018</b>
Notes	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Purchase of financial assets	(1,214,619,104)	(1,141,516,594)
Proceeds from sale of financial assets	1,341,602,192	1,308,924,569
Payments for settlements of financial liabilities	(1,142,628,866)	(1,229,992,173)
Proceeds from re-purchase of financial liabilities	1,034,621,500	1,046,203,725
Interest received	7,647,180	8,647,575
Interest paid	(4,624,602)	(6,055,830)
Dividends and trust distributions received	7,496,432	8,187,865
Dividends paid on short stocks	(8,953,934)	(11,624,743)
Other revenue	-	11,636
Income taxes paid	(550,323)	(4,350,455)
Investment management fees paid	(2,966,460)	(3,288,005)
Brokerage expense	(3,265,467)	(3,822,654)
Stock loan fees	(1,577,460)	(1,760,438)
Payments for other expenses	(1,030,973)	(1,057,622)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11,150,115</b>	<b>(31,493,144)</b>
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Payments for shares bought back	(24,851,876)	(4,794,790)
Reduction of capital	-	(10,900,957)
Withholding tax paid on dividends	(10,405,202)	(72,370)
<b>Net cash (outflow) from financing activities</b>	<b>(35,257,078)</b>	<b>(15,768,117)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(24,106,963)</b>	<b>(47,261,261)</b>
Cash and cash equivalents at the beginning of the year	273,626,097	321,558,284
Effects of exchange rate changes on cash and cash equivalents	(484,373)	(670,926)
<b>Cash and cash equivalents at end of year</b>	<b>249,034,761</b>	<b>273,626,097</b>

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

## 1 Current assets - Cash and cash equivalents

	2019	At	2018
	\$		\$
<b>Current assets</b>			
Cash at bank	<b>249,034,761</b>		273,626,097

## 2 Current assets - Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2019	At	2018
	\$		\$
International listed equity securities	<b>8,099,225</b>		64,682,775
Australian listed equity securities	<b>172,179,556</b>		244,470,162
Other unlisted equity securities	<b>604,608</b>		-
Total securities	<b>180,883,389</b>		309,152,937

## 3 Current liabilities - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are all held-for-trading and include the following:

	2019	At	2018
	\$		\$
International listed equity securities sold short	<b>5,118,605</b>		68,824,343
Australian listed equity securities sold short	<b>172,650,962</b>		201,746,510
	<b>177,769,567</b>		270,570,853

When the Company sells securities it does not possess, it has to cover this short position by acquiring securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.