



Australian Leaders Fund Limited (ALF) **ASX ANNOUNCEMENT/MEDIA RELEASE**

29th November 2019

Chairman's Address to Annual General Meeting

Good morning ladies and gentlemen. My name is Justin Braithling and I am the Company's Chairman. It is my pleasure to welcome you to the 2019 Annual General Meeting of Australian Leaders Fund Limited (ALF) and to thank you for your support for the Company. It is now 10:00 am, the time appointed for the meeting, and as we have a quorum, I declare the meeting open.

I would now like to introduce my fellow Directors: Geoff Wilson, John Abernethy and Julian Gosse. Also present today is Michael Beaumont our legal representative from Mont Lawyers and Elizabeth McGregor a representative from our Company Secretary team.

The Company's auditor Pitcher Partners are represented here by Chris Chandran and John Taouil, whom I also have pleasure of welcoming today. The auditors will be available to answer questions on the conduct of the audit and the Audit Report for the year ended 30 June 2019.

Performance in 2019

The last 12 months have marked an important period in the life of Australian Leaders Fund. The Company has faced a myriad of challenges in the last few years, challenges that have arisen from within and external to the business. In a difficult period for active fund managers generally, we attempted to undertake the ambitious task of developing a global equities capability, to complement our Australian business. This was a task that ultimately proved too difficult and clearly weighed on our performance in recent years.

In 2019 the Company has refocused on its core strategy and, as I stand here today, I can tell you that I am excited about the Company's prospects for the future. The changes we made in the business at the end of 2018 have had a significant impact and the new investment team we have put together are starting to hit their stride. Furthermore, with each month that passes, we draw closer to the inevitable end for this economic cycle. History has shown that it is around these turning points for asset markets, that ALF can deliver its best results.

Many of you who have been with us on ALF's journey over the years will remember the very strong results that the Company generated prior to our foray into international shares. I am confident that with our focus now back on the local market where we have a long track record and decades of experience, ALF can return to form and deliver the results that the Board, and our shareholders expect.

The Board acknowledges the feedback it has received from Shareholders in respect of the Company's recent performance and shares concerns over the discount to NTA at which ALF shares have been trading. Unfortunately, the losses suffered by some investors have arisen primarily due to ALF shares moving from a significant premium to NTA, to a discount.

Your Board has been amongst the most active of any LIC in managing the Company's capital over the years. In the last 12 months, we purchased over 24 million ALF shares on-market, at a discount to the Company's NTA. This delivered an uplift to the NTA of 2 cents per share for remaining shareholders. This is in addition to the 7 previous on-market buybacks that the Board has undertaken in the years since ALF was launched, to purchase around 20% of all ALF shares that have been issued. The on-market buyback has been renewed, providing the Board with scope to buy additional shares, should a deep discount persist. This Board has a long history of active capital management and will continue to take any steps that it feels are prudent.

To that end, the Board has proposed a further off-market buyback of up to 20% of ALF shares, at a price that better reflects the liquidated value of the Company's assets. The details of this proposal were included with the Notice of Annual General Meeting, lodged with the ASX on October 29 and it is the subject of a vote by shareholders at this meeting.

The proxy voting we have received to date would suggest there is very strong support for this Board and a near unanimous endorsement of the capital management initiative that it has proposed. Support for the Board has also

been indicated through the strong majority of proxy votes cast against the resolution to hold a spill meeting.

While active capital management may have an impact on the Company's share price, it will ultimately be the performance of the Company's investment portfolio, and the dividend yield that can be sustained by the profits from our investment activities, that will have the biggest impact on the ALF share price.

So far in the 2020 financial year, the performance of the fund has been strong, laying the foundation for a positive full-year result. The gross value of the portfolio has increased by 5.5%, outperforming the All Ordinaries Accumulation index by over 3%. This can be attributed to our renewed focus on Australian shares and the new talent we have brought together in the investment team. We look forward to continuing this strong performance in the months ahead.

We have undertaken an extensive investor outreach program in recent weeks, canvassing feedback from a broad range of investors, large and small. We acknowledge the concerns that some investors hold in respect of recent performance and the change of strategic direction for ALF. However, we have been pleased to find that the majority of Shareholders contacted are supportive of the Board's plans and are focused on the long-term benefits of ALF's investment strategy, particularly in light of the uncertain outlook for the global economy.

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