Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 31 July 2014

Aberdeen

Investment objective

Aberdeen Leaders Limited is a geared listed investment company, which invests primarily in companies within the S&P/ASX 200 Accumulation index.

Performance (%)

				Per annum	
	1 Month	3 Months	1 Year	3 Years	5 Years
Portfolio (net)[1]	4.13	2.95	9.70	8.65	6.50
Benchmark[2]	4.40	3.54	16.54	13.50	10.59
NAV pre-tax (dividends reinvested)	5.51	3.69	11.61	10.22	6.19
NAV post-tax (dividends reinvested)	4.04	2.86	8.66	7.88	5.44
Share Price (dividends reinvested)	-0.41	-1.22	1.82	10.73	6.42

1. Calculated based on the change in the value of the total portfolio (excluding the loan and tax liabilities), after standard fees.
2. S&P/ASX 200 Accumulation Index. Prior to 1 April 2004 the portfolio had a composite index - 95% S&P/ASX 50 Leaders and 5% UBSA Bank Bill Index.
Past performance is not a reliable indicator of future results.

Performance review

The Portfolio returned 4.13% in July (net of fees), underperforming the benchmark by 0.27%.

Holdings which contributed to Fund performance include:

Rio Tinto (RIO) – The diversified global miner was our strongest performer in July. Rio delivered strong second quarter production results across its business units. The market reacted favourably as they are on track to meet full-year guidance of 300mt of iron ore production, and 330mt next year. We remain attracted to Rio Tinto given its low cost production, strong operational performance, and its diversification across metals, minerals and geographies.

Orica (ORI) – The diversified manufacturing and explosives company was one of our top performers during the month, although there was no specific news during the period. We continue to be confident in Orica's longer term prospects given its geographical reach in explosives, and strong market share in significant mining geographies that should see it benefit from a significant recovery in mining sentiment.

Holdings which detracted from Fund performance include:

AGL Energy (AGK) – The energy generator and distributer was our biggest detractor in July. Management guided for lower forecast earnings given the announced removal of the carbon tax by the Abbott government. We remain confident in the attractions of this business given its defensive revenue streams within electricity and gas, its vertically integrated nature and stable management team.

Coca-Cola Amatil (CCL) – The Coke bottler and distributor of ready-to-drink beverages was our weakest performer in July. There was no stock specific news out in the month. We remain confident in CCL's long term prospects, given its iconic brands, distribution network and significant exposure to structurally growing markets in South East Asia.

Market review

Major Australian news in July was the repealing of the carbon tax. The removal of the tax is seen as net positive for many businesses in Australia, and the Australian economy. During the month we started to see the effects of this year's tighter proposed budget, with May retail sales down 0.5% on the previous month (below market expectations, which were flat). In more positive news, building approvals were up 10% on the previous month, well ahead of expected approvals growth of 3.2%. This brings building approvals up 14.3% over the previous year and continues to add weight to an expected recovery in the building materials sector. Inflation figures came in at 3% for the second quarter, broadly in line with the market. Unemployment figures were slightly higher than expected at 6.4%, however this was partially driven by a higher labour participation rate of 64.7% versus the

Net tangible assets

NTA[3]	$75.3 million
Shares on Issue	61.5 million
NTA per Share (pre tax)	1.22
NTA per Share (post tax)	1.15
Share Price	1.225
(Discount)/Premium to NTA (pre tax)	0.41%
(Discount)/Premium to NTA (post tax)	6.52%
Dividend Yield (100% franked)[4]	7.76%

3. before provision for tax on unrealised gains.

4. based on dividends paid over previous 12 months and using share price at period end.

Top ten holdings (%)

	Fund	Index
BHP Billiton	11.4	8.9
Rio Tinto	6.9	2.1
Commonwealth Bank	6.4	9.8
ANZ	6.1	6.7
Woolworths	5.5	3.3
SingTel	4.9	0.0
ASX	4.5	0.5
AMP	4.3	1.2
SP AusNet	4.1	0.2
CSL	4.0	2.3
Total	**58.1**	**35.0**

Sector breakdown (%)

	Fund	Index
Financials ex Property	29.6	39.0
Materials	22.2	17.4
Consumer Staples	9.2	8.0
Utilities	7.9	1.7
Health Care	6.2	4.5
Energy	6.1	6.2
Property	6.1	6.5
Teleco Services	5.1	5.3
Information Technology	3.0	0.7
Consumer Discretionary	1.5	3.9
Industrials	0.0	6.8
Cash	3.1	0.0
Total	**100**	**100**

Figures may not always sum to 100 due to rounding.

Key information

ASX Code	**ALR**
Benchmark	**S&P / ASX 200 Accumulation Index**
Date of Launch	**July 1987**

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Important information overleaf

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64.6% seen the previous month.

Outlook

Looking to the second half of 2014, after a somewhat contractionary budget, we remain cautiously optimistic despite weaker-than-expected retail sales and indications of weak consumer sentiment. Our more optimistic view comes as we are seeing early signs of a recovery in certain non-resource sectors (such as housing), and we are buoyed by the strength of our highly profitable and adequately capitalised banking sector (compared to both Europe and the US). The prospects for finding good value companies remains encouraging in 2014, as many of our companies have been able to successfully deleverage their balance sheets, implement cost efficiency programs and consolidate market share. We remain firm in our belief that Australian investors will benefit in the long-term by sticking to well-managed companies, which are underpinned by the strength of their balance sheets and strong cash flows.

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