Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 31 August 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]	0.44	3.37	8.61	9.71	5.69
Benchmark[2]	0.62	3.48	14.41	14.47	9.32
NAV pre-tax (dividends reinvested)	0.22	3.96	10.72	11.78	5.19
NAV post-tax (dividends reinvested)	0.19	2.89	7.76	8.92	4.70
Share Price (dividends reinvested)	-0.41	-1.23	-0.93	13.32	6.17

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 0.44% in August (net of fees), underperforming the benchmark by 0.18%.

Holdings which contributed to Fund performance include:

Cochlear (COH) – The hearing implant specialist was a top performer over the month. Cochlear announced very strong results for the second half of 2014, with unit sales up 22% for their Cochlear Implant on the back of FDA approval in the United States. Pleasingly all regions saw strong growth in the second half. The many strengths of Cochlear remain, given a structurally growing market, their significant IP, continued research and development, distribution network, and embedded relationships with surgeons.

AMP Limited (AMP) – The diversified financial services company was one of our strongest performers during the month. AMP reported positive results in the quarter, with the highlight being a better-than-expected performance in their Wealth Protection division. Conditions had been difficult for some time, but flat lapse rates and decreasing claims lead to a better result than expected. We remain attracted to AMP's vertically integrated platform, strong capital position and exposure to the long-term growth expected in the superannuation industry.

Holdings which detracted from Fund performance include:

Rio Tinto (RIO) – The diversified global miner was a notable detractor from performance during the month. A positive set of results were released during the quarter in which they broadly beat expectations across all divisions. Despite this continued weakness in the iron ore price (down 30% since April) drove negative sentiment given Rio's exposure. The long term attractions for us in Rio remain unabated given its significant ore reserves, low cost mines with long mine lives, and its diversification across metals, minerals and geographies. This should see it continue to benefit from global urbanisation and development trends driven by emerging market growth.

Singapore Telecommunications (SGT) – The integrated communications service provider was a significant detractor to performance during the month. SingTel's digital advertising division Amobee entered into an agreement to acquire Adconion Media, which was not well received by the market. SingTel released a set of fairly resilient results, with profits up 5% on an underlying basis versus the previous year. We remain attracted to the defensive nature of cash flows that are underpinned by very strong market positions across Singapore and Australia, along with significant exposure to emerging market growth trends through its associate companies.

Market review

August data for the Australian economy was mixed. July retail sales growth of 0.6% came in well ahead of the 0.3% expected by the market, and building approvals rose 9.4% from the same time last

Net tangible assets

NTA[3]	$75.6 million
Shares on Issue	61.5 million
NTA per Share (pre tax)	1.23
NTA per Share (post tax)	1.15
Share Price	1.22
(Discount)/Premium to NTA (pre tax)	(0.81)%
(Discount)/Premium to NTA (post tax)	6.09%
Dividend Yield (100% franked)[4]	5.74%

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	10.8	8.5
Rio Tinto	6.3	2.0
Commonwealth Bank	6.2	9.5
ANZ	6.0	6.6
Woolworths	5.3	3.3
AusNet Services	5.0	0.2
CSL	4.7	2.6
SingTel	4.7	0.0
AMP	4.6	1.2
ASX	4.6	0.5
Total	**58.2**	**34.4**

Sector breakdown (%)

	Fund	Index
Financials ex Property	29.7	39.0
Materials	20.1	16.7
Utilities	9.4	1.7
Consumer Staples	8.3	8.1
Health Care	8.3	4.9
Energy	6.3	6.3
Property	6.2	6.4
Teleco Services	4.8	5.3
Information Technology	2.0	0.7
Consumer Discretionary	1.4	3.9
Industrials	0.0	6.9
Cash	3.6	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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year. However, the unemployment rate, which is one of the key indicators of the health of the Australian economy, and used by the Reserve Bank of Australia (RBA), increased 0.4% to 6.4%. Despite this, the RBA kept the cash rate at 2.5% for the eleventh consecutive meeting. This is in contrast to the employment market in New Zealand which continued to perform strongly, with the second quarter unemployment rate falling 0.4% to 5.6%.

Outlook

We remain cautiously optimistic investors. Despite our sense that the Australian equity market is well-priced, future corrections will provide us with an opportunity to further accumulate good quality companies. We're starting to see very early signs of a recovery in certain non-resource sectors (such as housing), and 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 value in this market remains particularly encouraging for the remainder of 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 balance sheet strength and strong cash flows.

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