Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 31 October 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]	3.55	0.16	4.13	9.42	4.89
Benchmark[2]	4.43	-0.57	6.39	13.76	8.20
NAV pre-tax (dividends reinvested)	5.51	-0.84	3.69	10.99	4.20
NAV post-tax (dividends reinvested)	4.31	-0.12	3.08	8.58	3.91
Share Price (dividends reinvested)	0.00	-5.30	-10.20	11.69	3.90

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 Fund returned 3.55% in October (net of fees), underperforming the benchmark by 0.88%.

Holdings which contributed to Fund performance include:

Caltex Australia (CTX) – The diversified oil refining and distribution business was our top performer during the month. Caltex announced that their project to transform the Kurnell refinery remains on time and on budget, ceasing refinery operations and commencing import terminal operations in October. The market reacted positively to what is seen as a significant milestone in Caltex's strategy to transform and adapt the business since 2012. We continue to hold the stock given its extensive infrastructure providing significant barriers to entry, logistics expertise, and the cash generative nature of the business.

AMP Limited (AMP) – The diversified financial services company was one of our strongest performers during the month, after announcing an agreement to acquire a 19.99% stake in China Life Pension Company Limited, the largest pension company in China. The acquisition provides AMP with a strategic foothold in the rapidly growing enterprise annuity segment of China's pension market and extends its relationship with China Life. 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:

Singapore Telecommunications (SGT) – The integrated communications service provider was our biggest detractor to performance during the month, even though there was no stock specific news. We remain attracted to the defensive nature of SingTel's 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.

AusNet Services (AST) – The electricity distribution, transmission and gas distribution company was a significant detractor to performance during the month. They agreed in principle to settle an outstanding tax dispute with the Australian Tax Office (ATO), which will result in a negative profit impact in 2015 due to the cancellation of some prior year tax losses and a cash tax payment of $25 million. AusNet has subsequently decided to enter into a review to simplify its corporate structure, to avoid any similar outcomes in the future. We remain attracted to Ausnet's strong market position and the regulated nature of the majority of its revenue.

Market review

The Australian market continued its weak run into the beginning of October, before recovering towards month end. The S&P/ASX 200 rose 4.4%, led by financials (+6.9%), real estate (+6.8%) and healthcare (+6.4%). Energy (-3.6%) was the only sector to decline, while materials posted a flat

Net tangible assets

NTA[3]	$74.2 million
Shares on Issue	61.6 million
NTA per Share (pre tax)	1.20
NTA per Share (post tax)	1.14
Share Price	1.15
(Discount)/Premium to NTA (pre tax)	-4.17%
(Discount)/Premium to NTA (post tax)	0.88%
Dividend Yield (100% franked)[4]	5.43%

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	10.1	7.9
Commonwealth Bank	6.2	9.6
ANZ	6.1	6.7
Woolworths	5.3	3.3
CSL	5.0	2.8
SingTel	5.0	0.0
Rio Tinto	5.0	1.9
AMP	4.7	1.2
AusNet Services	4.7	0.2
ASX	4.5	0.5
Total	**56.6**	**34.1**

Sector breakdown (%)

	Fund	Index
Financials ex Property	29.4	39.6
Materials	18.2	15.7
Health Care	10.4	5.2
Utilities	8.5	1.7
Consumer Staples	8.5	8.1
Energy	6.5	6.0
Property	6.5	6.5
Teleco Services	5.2	5.5
Information Technology	2.0	0.8
Consumer Discretionary	1.6	3.9
Industrials	0.0	6.9
Cash	3.2	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**

Client Services: 1800 636 888
aberdeenasset.com.au

Important information overleaf

Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 31 October 2014

return.

In economic news unemployment remained flat at 6.1%, in line with expectations, although this was coupled with a lower-than-expected participation rate of 64.5%, down from 65.2% the previous month. What was more encouraging was seeing an increase in the level of full time employed, which increased by 22k on the previous month. Amidst this fairly flat economic backdrop the RBA kept rates flat at 2.5%, with more rhetoric circling in the media over the use of unconventional policy tools – including potential loan-to-value ratio (LVR) restrictions – to try and cool the property market.

Outlook

We remain cautiously optimistic investors. With the recent corrections in stock markets we continue to view the economic environment as a good opportunity to accumulate further on a portfolio of high-quality companies. We continue to see positive signs of a recovery in certain non-resource sectors (such as housing, health, tourism and education), 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 remain 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.

Contact us

Telephone:
1800 636 888 or +61 2 9950 2853
if calling from outside Australia

Email:
client.service.aust@aberdeen-asset.com

Website:
aberdeenasset.com.au

ABDNFSALR_1014