Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 31 January 2015

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]	3.45	3.04	12.25	11.09	5.24
Benchmark[2]	3.28	1.98	12.48	14.48	8.83
NAV pre-tax (dividends reinvested)	5.18	3.07	13.07	14.39	4.72
NAV post-tax (dividends reinvested)	4.07	2.45	10.81	11.38	4.27
Share Price (dividends reinvested)	3.67	-1.29	-10.83	10.33	2.96

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 3.45% in January (net of fees), outperforming the benchmark by 0.17%.

Holdings which contributed to Fund performance include:

Resmed (RMD) – The developer and manufacturer of medical equipment for sleep disordered breathing conditions was our top performer over the month. Resmed released a good set of results that saw sales up 10% on 2013 on the back of a suite of new products, including the Airsense 10 and Astral products, which continue to gain traction in competitive US and global markets. Resmed is an attractive proposition given its leverage to a structurally growing market underpinned by increasing trends of global obesity, and its relationship to sleep disordered breathing conditions. The business continues to innovate, and has market leading products, a strong balance sheet which has seen continued shareholder returns, and a stable management team delivering growth on growth.

Singapore Telecommunications (SGT) – The integrated communications service provider was one of our strongest performers during the month. There was no stock specific news out during the period, however the company was likely a significant beneficiary of the search for yield in the Australian marketplace on the back of an expected interest rate cut by the RBA. 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.

Holdings which detracted from Fund performance include:

Woodside Petroleum (WPL) – The oil and gas explorer and developer was our biggest detractor from performance during the month. Quarterly production figures were released to the market, revealing annual production up 9.3% on 2013, coupled with annual sales revenue up 11% on the previous record set in 2012. Despite these strong production and sales results Woodside continued to perform poorly on weakness in the oil price and the perception that lower prices may be here for a prolonged period of time. The strengths of Woodside continue to make it an attractive investment proposition, given substantial reserves as well as long-term contracts underpinning production of Pluto and the North West Shelf. We are also encouraged by management's focus on improving cash flow and dividends.

Telstra (TLS) – The predominantly Australian-focused telecommunication service provider was a significant detractor to performance during the month. Telstra performed very strongly during the period, and despite being a holding was a significant detractor from performance given our underweight position to the benchmark. Telstra rose as expectations of a rate cut in the Australian market continued to accentuate a chase for yield among many investors. We are attracted to the company's dominant market position in both fixed line and mobile services, as well as its proven focus on delivering shareholder returns.

Net tangible assets

NTA[3]	$75.9 million
Shares on Issue	61.6 million
NTA per Share (pre tax)	1.23
NTA per Share (post tax)	1.16
Share Price	1.125
(Discount)/Premium to NTA (pre tax)	-8.54%
(Discount)/Premium to NTA (post tax)	-3.0%
Dividend Yield (100% franked)[4]	4.89%

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	8.9	6.7
Commonwealth Bank	6.8	10.4
ANZ	6.3	6.6
SingTel	5.7	0.0
CSL	5.2	3.0
Westfield Group	4.9	1.4
ASX	4.8	0.5
AusNet Services	4.7	0.2
Rio Tinto	4.7	1.8
AMP	4.5	1.2
Total	**56.5**	**31.8**

Sector breakdown (%)

	Fund	Index
Financials ex Property	30.0	40.3
Materials	16.3	14.6
Health Care	10.9	5.8
Utilities	8.6	2.0
Property	8.1	7.2
Teleco Services	7.3	6.2
Consumer Staples	6.4	7.4
Energy	5.8	4.6
Information Technology	1.9	0.7
Consumer Discretionary	1.7	3.9
Industrials	0.0	7.2
Cash	3.0	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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Market review

Economic data continued to be mixed in January, with data surprising on three fronts. Firstly, the labour market was the clear bright spot as employment increased by 37,400 in December, more than offsetting a +0.1% increase in the participation rate and sending the unemployment rate down to 6.1%. Secondly, Australia's headline CPI inflation outcome for the fourth quarter of +0.2% was slightly below expectations, and was a flag for the Reserve Bank to cut interest rates (lowered in early February by 0.25%). Thirdly, building approvals continued to be strong rising 7.5% in November 2014, the strongest monthly performance since records began in the 1980s and leaving approvals up 10.1% against a year ago.

Outlook

We remain cautiously optimistic over the next 12 months. Driving this outlook is a supportive macro backdrop of low interest rates, weaker AUD, stable unemployment and falling fuel costs which benefit the consumer. 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 key risk that we see is lack of consumer and corporate confidence which is required for the economy's next phase of growth. The prospects for finding value in this market remains particularly encouraging in 2015, 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.

Important information

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