

Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 30 April 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 (%)

	1 Month	3 Months	1 Year	Per annum	
				3 Years	5 Years
Portfolio (net) ¹	-1.56	5.83	12.45	11.35	5.59
Benchmark ²	-1.70	5.00	10.23	14.62	8.52
NAV pre-tax (dividends reinvested)	-2.31	6.26	12.61	12.88	5.02
NAV post-tax (dividends reinvested)	-0.85	6.19	11.76	10.64	4.78
Share Price (dividends reinvested)	0.84	7.57	-0.68	10.92	4.41

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 -1.56% in April (net of fees), outperforming the benchmark by 0.14%.

Holdings which contributed to Fund performance include:

Australian Stock Exchange (ASX) – The primary national stock exchange and equity derivatives market was a top performer during the month. There was minimal stock-specific news out. The attraction to the ASX remains given its quasi-monopoly in equity securities, a strong market proposition in derivatives and fixed income securities, as well as advanced computer systems for both trading and settlement.

QBE Insurance (QBE) – The global insurer was one of our strongest performers during the month. There was minimal news flow out during the month, however the market is starting to become confident of a return to earnings stability, as well as the prospect of increasing shareholder returns, and this is being reflected in its valuation. We remain confident in the longer-term story of QBE, given the company's diversified product and geographic exposures as well as its disciplined global underwriting standards.

Holdings which detracted from Fund performance include:

Resmed (RMD) – The developer and manufacturer of medical equipment for sleep-disordered breathing conditions was one of our biggest detractors from performance during the month. Results for RMD's third quarter were released during April, showing strong sales growth in flow generators, however this was accompanied by negative sales growth in the higher-margin masks. Despite this, longer term Resmed is an attractive proposition given its leverage to a structurally growing market underpinned by increasing trends of global obesity, and the company's 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.

Cochlear (COH) – The hearing implant specialist was a significant detractor to performance during the month. There was no stock specific news out. The many strengths of Cochlear remain given a structurally growing market, significant IP, continued research and development, a strong distribution network and an embedded relationships with surgeons.

Market review

The month of April was surprisingly volatile. This included a three day share market sell-off at month end, led by the big four banks. The period also saw a rally in the iron ore price and a temporary rise in the Australian dollar back over the US80c mark. The move in the Aussie dollar looks to be the result of weaker-than-expected US economic growth in the first quarter, which has pushed back expectations of the first US Federal Reserve (Fed) rate hike. This weighed on businesses with offshore earnings. On

Net tangible assets

NTA ³	\$80.1 million
Shares on Issue	61.6 million
NTA per Share (pre tax)	1.30
NTA per Share (post tax)	1.22
Share Price	1.20
(Discount)/Premium to NTA (pre tax)	-7.69%
(Discount)/Premium to NTA (post tax)	-1.64%
Dividend Yield (100% franked) ⁴	4.17%

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	8.8	7.0
Commonwealth Bank	6.6	10.0
ANZ	6.3	6.5
ASX	6.0	0.6
Rio Tinto	5.7	1.7
CSL	5.6	2.9
AMP	4.5	1.3
Telstra	4.4	5.2
Westfield Group	4.3	1.2
Westpac	4.3	7.9
Total	56.5	44.3

Sector breakdown (%)

	Fund	Index
Financials ex Property	32.4	40.6
Materials	17.9	14.8
Health Care	11.6	5.8
Property	7.4	6.9
Utilities	6.9	2.0
Energy	6.0	5.1
Consumer Staples	5.4	6.7
Teleco Services	4.4	5.8
Information Technology	1.9	0.7
Consumer Discretionary	1.7	4.2
Industrials	1.5	7.3
Cash	2.8	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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a slightly more positive note, retail sales numbers came out for February and were encouragingly up +0.7%, which was ahead of market expectations of +0.4% and the prior period +0.5%. Meanwhile, in the background there was lingering uncertainty about future interest rate plans from the Reserve Bank of Australia (RBA), after the RBA left the cash rate unchanged at 2.25% during the month.

Outlook

We remain cautiously optimistic over the next 12 months. Underpinning this outlook is an accommodative macro backdrop of low interest rates, cheaper AUD (relative to the USD), lower fuel costs which benefit the consumer, and strong corporate balance sheets. Sectors we expect to outperform include tourism, housing, healthcare, education and information technology. Meanwhile, those we are more cautious on include mining, mining services and consumer discretionary. The key risk that we see is political uncertainty which has hampered consumer and corporate confidence and is required for the economy's next phase of growth. We remain optimistic that once resolved, privatisation and infrastructure spending may spur further growth. China's outlook and its reduced demand for resources also remains a risk to the Australian economy, but we expect the lower growth will be managed by the Chinese authorities.

We continue to be defensively positioned in our portfolio, while invested in companies that provide sustainable earnings growth over the longer term. Given the low interest rate environment and the quantitative easing programs we are seeing across many countries, we believe yield will be a significant driver of equities over the next 12 months, and hence our focus remains on cash generative companies with solid balance sheets. However, we will not be chasing yield at any expense and as such we will continue to look for opportunities to take profits from those companies where valuations have become stretched, and to add to positions in those companies where valuations appear reasonable.

Important information

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