

# Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 30 June 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) <sup>1</sup>	-5.71	-6.35	8.21	11.01	6.57
Benchmark <sup>2</sup>	-5.30	-6.55	5.68	15.06	9.69
NAV pre-tax (dividends reinvested)	-7.65	-9.00	6.74	12.56	6.12
NAV post-tax (dividends reinvested)	-5.67	-5.76	7.44	10.34	5.71
Share Price (dividends reinvested)	-2.61	-4.24	-4.91	10.31	4.46

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 -5.71% in June (net of fees), underperforming the benchmark by 0.41%.

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 during the month, and the active performance generated for the Fund was more a function of its stock price holding up reasonably well despite broad weak markets. The attraction to the ASX remains given its quasi-monopoly in equity securities, a strong market proposition in derivatives and fixed income securities, and advanced computer systems for both trading and settlement.

**AGL Energy (AGL)** – The energy generator and distributor was one of our strongest performers during the month. The market reacted well to AGL's strategy day at the end of May which helped deliver positive stock performance during June. We remain confident in the attractions of this business given its defensive revenue streams within electricity and gas, its vertically-integrated nature, and an effective customer service, billing platform and stable management team.

Holdings which detracted from Fund performance include:

**AMP Limited (AMP)** – The diversified financial services company was a significant detractor from performance during the month. There was minimal stock-specific news out, but given AMP's exposure to fund flows and the broader equity markets, the indiscriminate sell-off in the equity market would have contributed to the underperformance. We remain attracted to the company's vertically integrated platform, strong capital position and exposure to the long-term growth expected in the superannuation industry.

**Rio Tinto (RIO)** – The diversified global miner detracted from performance during the month. While there was no stock-specific news out, iron ore prices slid during the period and this continued into early July. The attractions for us in Rio remain unabated, given its significant ore reserves, low cost mines with significant mine lives, and diversification across metals, minerals and geographies. This should see it continue to benefit from global urbanisation and development trends driven by emerging market growth.

## Market review

We saw a significant sell-off in equity markets globally towards the end of June, as a collapse in bailout talks intensified fears that Greece would be the first to exit the Eurozone. The Greek saga came to a head late in the month following the failure of the Greek government and its creditors to reach agreement around extending Greece's bailout program in exchange for reforms of the Greek economy. Greece failed to make a €1.6 billion payment due to the International Monetary Fund (IMF) on June 30, and announced that a referendum on July 5 would decide whether to accept the terms

## Net tangible assets

NTA <sup>3</sup>	\$73.4 million
Shares on Issue	61.6 million
NTA per Share (pre tax)	1.19
NTA per Share (post tax)	1.14
Share Price	1.12
(Discount)/Premium to NTA (pre tax)	-5.71%
(Discount)/Premium to NTA (post tax)	-1.75%
Dividend Yield (100% franked) <sup>4</sup>	4.46%

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	6.9	6.3
Commonwealth Bank	6.6	10.0
ANZ	6.3	6.4
ASX	5.7	0.6
CSL	5.5	2.9
Rio Tinto	5.4	1.6
Telstra	4.5	5.4
AMP	4.4	1.3
AGL Energy	4.4	0.8
Westfield Group	4.3	1.3
<b>Total</b>	<b>54.0</b>	<b>36.6</b>

## Sector breakdown (%)

	Fund	Index
Financials ex Property	32.0	40.5
Materials	18.2	14.9
Health Care	11.8	6.0
Property	7.7	7.1
Utilities	7.6	2.0
Energy	5.7	5.0
Teleco Services	4.6	6.0
Consumer Staples	4.4	6.6
Information Technology	1.9	0.7
Consumer Discretionary	1.7	4.0
Industrials	1.6	7.0
Cash	2.7	0.0
<b>Total</b>	<b>100</b>	<b>100</b>

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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of the bailout (subsequently, the Greek people have voted 'no', rejecting the bailout conditions). The other big story affecting Australian equities was the plunge in the Chinese stock market, following its very strong rally. We believe there is further downside to come, which will affect (in particular) the Materials and Energy sectors in Australia.

Domestically the macroeconomic backdrop remained mixed with April's retail sales report coming out a touch below market expectations, along with a sizeable increase in the trade deficit to \$3.9 billion driven by sharply lower bulk commodity prices and a subsequent fall in export values. On a positive note, the unemployment rate fell to 6.0% (against market expectations of 6.2%), down on the previous month's 6.2% figure. A good set of full-time jobs were added, up 14,700 against prior month job losses of 21,900, however the participation rate slipped back to 64.7%. The Reserve Bank of Australia (RBA) left interest rates unchanged at 2.0%, as they attempt to balance the need to help stimulate consumer confidence and housing construction with perceived exuberance in the investment property market.

### Outlook

We continue to be defensively positioned in our portfolio, while investing in companies that provide sustainable earnings growth over the longer term. Given the low interest rate environment and the quantitative easing programmes we are seeing across many countries, we believe yield will continue to 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 will continue to look for opportunities to take profits from company valuations that have become stretched, and to add to positions in those companies where valuations appear reasonable. We will take advantage of any further indiscriminate sell-offs in the broader market to add to our positions if fundamentals remain unchanged.

### Important information

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