

Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 31 August 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	-7.06	-7.79	1.19	8.34	5.60
Benchmark ²	-7.79	-8.84	-3.16	11.25	8.16
NAV pre-tax (dividends reinvested)	-9.81	-11.19	-2.93	8.69	4.71
NAV post-tax (dividends reinvested)	-6.87	-7.90	0.64	7.66	4.74
Share Price (dividends reinvested)	-7.05	-8.26	-9.69	7.42	3.96

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 -7.06% in August (net of fees), outperforming the benchmark by 0.73%.

Holdings which contributed to Fund performance include:

AGL Energy (AGL) – The energy generator and distributor was a top performer over the month, after delivering a set of full-year results that were ahead of market expectations. The company's recent acquisitions are performing well and it continues to release value from asset restructurings. We remain confident in the attractions of this business given its defensive revenue streams within electricity and gas, its vertically integrated nature, its effective customer service and billing platform, and the stable management team.

Rio Tinto (RIO) – The diversified global miner was one of our strongest performers during the month. The company released a good set of results at the operating level with continued cost reductions and increasing production, helping to partially offset the weak commodity price environment which continues to put pressure on revenues. The market reacted favourably after the result. 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.

Holdings which detracted from Fund performance include:

Australian Stock Exchange (ASX) – The primary national stock exchange and equity derivatives market was a significant detractor from performance during the month. It had performed particularly well year to date so gave up some of these gains relative to the market, despite delivering results that were largely in line with expectations. The attractiveness of 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.

Computershare (CPU) – The share registrar detracted from performance during the month. The company's result came in a touch behind market expectations, however the main driver behind the weak stock performance was guidance around lower earnings in 2016. The lower guidance was predominantly as a result of interest income likely to come in behind market expectations given the low interest rate environment globally. We continue to hold Computershare in our portfolio because of its strong market position, recurring income, and sticky client base.

Portfolio update: There were no significant portfolio changes during the month.

Market review

August was a challenging month for equity markets globally, and Australia proved unable to avoid the market turmoil. The main driver was China, where a shock currency devaluation together with

Net tangible assets

NTA ³	\$70.6 million
Shares on Issue	61.6 million
NTA per Share (pre tax)	1.14
NTA per Share (post tax)	1.11
Share Price	1.06
(Discount)/Premium to NTA (pre tax)	-7.64%
(Discount)/Premium to NTA (post tax)	-5.21%
Dividend Yield (100% franked) ⁴	4.74%

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	6.6	6.0
Commonwealth Bank	6.0	9.5
ANZ	5.6	5.8
CSL	5.6	3.2
ASX	5.5	0.6
Rio Tinto	5.2	1.6
Westfield Group	4.6	1.4
AGL Energy	4.6	0.9
AMP	4.5	1.3
Telstra	4.4	5.3
Total	52.6	35.6

Sector breakdown (%)

	Fund	Index
Financials ex Property	30.6	39.7
Materials	17.5	14.4
Health Care	12.3	6.4
Property	8.3	7.4
Utilities	7.7	2.3
Energy	5.5	4.5
Teleco Services	4.5	5.7
Consumer Staples	4.2	7.0
Consumer Discretionary	1.7	4.3
Information Technology	1.7	0.7
Industrials	1.5	7.5
Cash	4.4	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 faltering economy and plunging stock market impacted markets. Domestically, companies and investors were preoccupied with reporting season. Although the majority of companies met our expectations, the guidance provided for the coming financial year 2016 (FY16) fell short of market expectations.

Economic news released over the period was subdued, with second-quarter private new capital expenditure falling more than expected, down 4% quarter-on-quarter, although the estimate of capex intentions for FY16 was raised to \$115 billion (previously \$105 billion). The unemployment rate increased to 6.3% (previous 6.1%) but we saw a pick up in retail sales of + 0.7% month-on-month, ahead of expectations of +0.4%. Interest rates were kept on hold at 2%, with the Reserve Bank of Australia (RBA) acknowledging that economic activity had generally been more positive in recent months.

Outlook

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. We will take advantage of any further indiscriminate sell off in the broader market to add to our positions if fundamentals remain unchanged.

Important information

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