

# Aberdeen Leaders Limited

Monthly factsheet - performance data and analytics to 30 September 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>	-1.86	-4.02	3.12	7.05	4.28
Benchmark <sup>2</sup>	-2.96	-6.58	-0.68	9.35	6.55
NAV pre-tax (dividends reinvested)	-3.70	-7.39	-0.31	7.03	2.72
NAV post-tax (dividends reinvested)	-2.58	-4.88	2.59	6.67	3.28
Share Price (dividends reinvested)	-1.90	-7.59	-6.82	5.54	2.18

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 -1.86% in September (net of fees), outperforming the benchmark by 1.10%.

Holdings which contributed to Fund performance include:

Incitec Pivot (IPL) – The fertiliser manufacturer and supplier was the Fund's biggest contributor during the month after it painted an attractive picture at its recent investor day of the company's free cash flow profile post completion of its US Louisiana ammonia plant. Management guided for a stable second half result, which is pleasing given the step-down in US coal production we have seen. The stock also continues to benefit greatly from the depreciation of the AUD against the USD given its geographical operating locations.

Coca-Cola Amatil (CCL) – The drinks manufacturer and distributor was another big contributor to the Fund's performance during the month, as more investors continue to gain comfort in the company's ability to execute a successful turnaround in its Australian carbonated soft-drink strategy. Whilst competition in the sector remains high, the company is working hard to optimise its domestic product suite, improve its operating footprint, and compete more intelligently against its low-cost rivals in Indonesia.

Holdings which detracted from Fund performance include:

BHP (BHP) – The diversified miner was the fund's largest detractor for the month, after being dragged down with the broad global commodity sell-off. The company has also come into the spotlight regarding its desire to transfer profits made in its Australian listed business to its UK listed business, in order to cover potential dividend shortfalls. While we acknowledge that a large proportion of companies in the resource sector are going through sharp cyclical down-swing, we remain confident that companies who have globally efficient low-cost, long-life assets, will survive and flourish in the long-term.

Woodside (WPL) – The oil and gas explorer and producer was another large detractor from the fund's monthly performance, which was due to the global commodity sell-off, along with the market's concerns that it may substantially increase its take-over offer for Australian rival Oil Search. A big reason why we like this company is because of its very strong (low debt) balance sheet, whose benefits aren't fully appreciated by the market until oil and gas prices remain persistently low. While we agree that this balance sheet strength can result in opportunistic purchases of assets, we are also comforted in management's history of not destroying shareholder value by over-paying for these assets.

Portfolio update: During the month we decreased our exposure to ANZ, reinvesting the proceeds into Westpac. This is due to ANZ's higher exposure to the Australian resources and mining services sectors, as well as its over-exposure to the NZ dairy sector. We also think that slowing growth in Asia will impact ANZ more than other domestic banks. Westpac valuations have improved given the broad sector sell-off over the past 2 months, and we remain confident with Westpac's domestic loan book in

## Net tangible assets

NTA <sup>3</sup>	\$68.0 million
Shares on Issue	61.6 million
NTA per Share (pre tax)	1.10
NTA per Share (post tax)	1.08
Share Price	1.035
(Discount)/Premium to NTA (pre tax)	-5.91%
(Discount)/Premium to NTA (post tax)	-4.55%
Dividend Yield (100% franked) <sup>4</sup>	4.83%

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	5.9	5.5
Rio Tinto	5.9	1.6
CSL	5.9	3.2
Commonwealth Bank	5.9	9.6
ASX	5.3	0.6
Westpac	4.8	7.4
ANZ	4.8	6.1
Westfield Group	4.8	1.5
AGL Energy	4.5	0.8
Telstra	4.4	5.3
<b>Total</b>	<b>52.2</b>	<b>41.6</b>

## Sector breakdown (%)

	Fund	Index
Financials ex Property	30.3	39.7
Materials	19.4	13.9
Health Care	12.6	6.4
Property	8.5	7.6
Utilities	7.7	2.3
Energy	5.2	4.1
Teleco Services	4.4	5.8
Consumer Staples	4.4	7.1
Consumer Discretionary	1.8	4.4
Industrials	1.5	7.9
Information Technology	0.0	0.8
Cash	4.2	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

# Aberdeen Leaders Limited

## Monthly factsheet - performance data and analytics to 30 September 2015

a softening economic environment. We also exited our position in Computershare during the month, and re-invested these proceeds into Amcor. Our decision to exit Computershare comes off the back of continuing discomfort with the revenue transparency of the company, along with its future anaemic organic growth opportunities. We are confident with Amcor's business model, and continue to see future value in a number of their technology-based projects. Valuations were also more attractive for Amcor than Computershare.

### Market review

The challenging market environment we saw in August continued into September, with the Australian equity market posting a negative return. The month started off softly, with global markets reacting to worse-than-expected Chinese and US manufacturing PMIs (Purchasing Managers' Index), and the US Federal Reserve also postponed raising interest rates from near-zero, leading many investors to question the health of the global economy. This led to a broad equity sell-off, with commodity and resource stocks falling particularly heavily.

On the economic front, it was an interesting month in Australia, with perhaps the biggest news being Malcolm Turnbull being sworn in as Australia's 29th Prime Minister following the country's 5th leadership challenge in 5 years. The former Communications Minister ousted former Prime Minister Tony Abbott as leader of the Liberal Party 54 votes to 44 and re-elected Julie Bishop as his deputy leader. We are cautiously optimistic that future policies should boost what's been a relatively benign business and consumer environment.

Other economic news-flow remained fairly downbeat. Retail sale figures for July came in below expectations at -0.1% behind market expectations for 0.4% and against previous growth of 0.7%. The Australian unemployment rate for August dropped slightly from 6.3% to 6.2%, however the participation rate also dropped 0.1% to 65.0% for the month. The AUD dropped below US70c early in the month, which was the lowest levels seen in six years, and the Reserve Bank of Australia (RBA) left the cash rate unchanged at 2.0%. Real GDP for the second quarter rose a weaker-than-expected 0.2%, which is the slowest rate of growth in 4 years.

Additionally, news-flow out of New Zealand (NZ) saw them cut their official cash rate from 3.00% to 2.75%. The Reserve Bank of New Zealand (RBNZ) materially lowered forecasts on construction capex and took a more cautious stance on forecast net migration numbers. The NZ economy is expecting growth to slow from here with RBNZ now forecasting GDP growth in FY16 of 2.1% from 3.2% and unemployment to rise from 5.3% to 6.1%.

### Outlook

We expect market volatility to continue over the next 12 months, driven mainly by macro events and sovereign concerns. Specifically for Australian equities, however, we remain cautiously optimistic as lower interest rates spur on consumption and employment stabilises. Following the recent reporting season, we are encouraged that the balance sheets of our holdings remain in solid shape with many having taken the difficult decisions to cut costs earlier into this economic transition. We remain up beat on tourism, which will be aided by the lower domestic currency, housing, healthcare, education and information technology. Meanwhile, those sectors we remain more cautious on include mining, mining services and banks. The key risk remains the lacklustre consumer and corporate confidence, although we are starting to see some positive sentiment arise from the recent change in leadership. We expect greater privatisation and infrastructure spend to stimulate the economy, as supported by an upward revision in the government's capital expenditure plans for the coming year.

### Important information

This report has been prepared for information purposes only and should not be considered as an offer or solicitation, to deal in any of the investments mentioned. Aberdeen Asset Management Limited ABN 59 002 123 364 (Aberdeen) is the investment manager of Aberdeen Leaders Limited ABN 25 003 236 173. Neither Aberdeen, Aberdeen Leaders Limited nor any member of the Aberdeen Group, nor any of its officers, employees or agents guarantees the repayment of capital, the performance or any distribution by Aberdeen Leaders Limited. Information contained in this document is based on sources believed to be reliable, and all opinions expressed are honestly held. Information in this document is of a general nature only and is not intended to provide investment or financial product advice. This document has not been prepared taking into account the particular objectives, financial situation or needs of any investor, so it is important that before acting investors should consider their own circumstances and consult their Financial and/or Tax adviser. Aberdeen shall not be held liable for any loss or damage caused to any person in respect of any representation, except as required by law. Aberdeen Asset Management Limited holds an Australian Financial Services Licence, No. 240263.

ABDNFSALR\_0915

### Contact us

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

Email:  
[client.service.aust@aberndeen-asset.com](mailto:client.service.aust@aberndeen-asset.com)

Website:  
[aberndeenasset.com.au](http://aberndeenasset.com.au)