

CHAIRMAN'S ADDRESS TO SHAREHOLDERS FOR THE  
2015 ANNUAL GENERAL MEETING OF  
ABERDEEN LEADERS LIMITED  
TO BE HELD ON  
FRIDAY 30 OCTOBER 2015 AT 11.00 AM

THE YEAR ENDED 30 JUNE 2015 WAS A POSITIVE ONE FOR THE AUSTRALIAN SHAREMARKET FOR THE THIRD CONSECUTIVE YEAR. THE S&P/ASX200 ACCUMULATION INDEX WHICH IS OUR BENCHMARK, HAD A POSITIVE RETURN OF 5.68 PER CENT FOR THE YEAR. WHILST THE RETURN WAS POSITIVE THE QUANTUM OF THAT RETURN WAS SIGNIFICANTLY LOWER THAN THE TWO PRIOR YEARS AND MARKED BY SIGNIFICANT VOLATILITY THROUGHOUT, PARTICULARLY IN THE LATTER SIX MONTHS.

WE HAVE SEEN MARKET CONDITIONS REMAINING VOLATILE IN THE QUARTER SINCE YEAR END WITH SIGNIFICANT GIRATIONS IN GLOBAL AND LOCAL MARKETS

THE RESERVE BANK OF AUSTRALIA CONTINUED TO CUT INTEREST RATES AND RATES ENDED THE YEAR AT THEIR CURRENT HISTORIC LOW OF 2 PER CENT.

INFLATION HAS REMAINED BENIGN ALLOWING THE RESERVE BANK TO COMFORTABLY MOVE RATES TO HISTORIC LOWS AND POTENTIALLY LOWER IF IT SEES FIT.

CONSUMER DISCRETIONARY SPENDING REMAINED SUBDUED DURING THE YEAR ALTHOUGH THE BUDGET DID GIVE SMALL BUSINESS SOME REASON TO SPEND THROUGH ACCELERATED DEPRECIATION.

DECLINING COMMODITY PRICES WERE A FEATURE THIS YEAR AND HAVE NOW FLOWED THROUGH TO CORPORATE RESULTS.

CASH DEPOSITS REMAIN THE MAJOR SOURCE OF FUNDING FOR THE 4 MAJOR BANKS IN AUSTRALIA.

THE BANKS HAVE SEEN A DIFFICULT PERIOD AND VALUATIONS HAVE RETREATED SIGNIFICANTLY. CAPITAL RAISINGS HAVE TAKEN PLACE AND THE QUESTION THE MARKET WILL BE ASKING GOING

FORWARDS IS WHETHER THE PROFITABILITY AND DIVIDENDS OF THE BANKS IS SUSTAINABLE.

THE RESERVE BANK HAS BEEN PERSISTENT AND SUCCESSFUL IN TALKING DOWN THE AUSTRALIAN DOLLAR AGAINST THE US DOLLAR.

OVER THE YEAR THE AUSTRALIAN DOLLAR FELL 18% FROM ALMOST 94 CENTS TO ALMOST 77 CENTS AT 30 JUNE.

FALLING COMMODITY PRICES AND REDUCED APPETITE FOR RISKIER ASSETS GLOBALLY SAW THE VALUE OF THE DOLLAR FALL AND IT HAS FALLEN LOWER SUBSEQUENT TO YEAR END DOWN TO 71 TO 72 CENTS CURRENTLY.

FEAR AND NEGATIVE SENTIMENT OVER THE LAST FEW MONTHS SAW OUR MARKET FALL OVER 6.5 PER CENT IN THE FIRST QUARTER OF THIS FINANCIAL YEAR.

WE WELCOMED A NEW PRIME MINISTER WHO IS  
LOOKING TO ESTABLISH A MORE POSITIVE OUTLOOK  
AND A BETTER ARTICULATED DIALOGUE WITH THE  
COMMUNITY. IT IS ALSO PERHAPS AN OPPORTUNITY  
FOR SOME NEW IDEAS.

THE PRIME MINISTER HAS A HISTORY OF  
INNOVATION AND HAS SUGGESTED THIS WOULD BE  
A FOCUS.

WHILST ANY IMPACT ON OUR MARKET WOULD BE IN  
THE LONGER TERM, IT IS INTERESTING TO LOOK AT  
THE TOP FIVE COMPANIES IN AMERICA NOW. THREE  
OF THEM ARE APPLE, GOOGLE AND MICROSOFT.

THE AUSTRALIAN TOP FIVE CONSIST OF VERY OLD  
AND ESTABLISHED COMPANIES IN BHP AND THE  
BANKS. PERHAPS IT WILL BE INNOVATION THAT  
PROPELS THE MARKET RATHER THAN SOLELY THE  
SUCCESS STORIES OF THE PAST 100 YEARS. OTHER  
MATTERS OF NOTE ARE CONTINUING GLOBAL

CONFLICTS, US FED ACTION AND GLOBAL GROWTH CONCERNS IN PARTICULAR CHINA.

FOR THE 12 MONTH PERIOD ENDED 30 JUNE 2015 GROSS ASSETS OF ABERDEEN LEADERS OUTPERFORMED THE BENCHMARK BY ALMOST 3.5%.

THE CONSERVATIVE MANAGEMENT STYLE AND OUR UNDERWEIGHT TO THE BANKS, WHICH HAD PREVIOUSLY HURT PERFORMANCE, HAS LED TO THE OUTPERFROMANCE.

DURING THE THREE MONTHS ENDED 30 SEPTEMBER 2015 GROSS ASSETS OUTPERFORMED THE BENCHMARK IN A DECLINING MARKET BY 2.75%, ALBEIT PERFORMANCE WAS NEGATIVE.

AT 30 JUNE THE PRE TAX NTA PER SHARE STOOD AT \$1.19 WHICH WAS 3 CENTS HIGHER THAN THE SAME TIME LAST YEAR.

THE SHARE PRICE CLOSED AT 112 CENTS, REPRESENTING A NEGATIVE RETURN OF 4.9 PER CENT FOR THE YEAR AFTER ADDING BACK DIVIDENDS PAID.

THE COMPANY PAID AN AGGREGATE DIVIDEND OF 5 CENTS PER SHARE (FULLY FRANKED) IN THE YEAR TO 30 JUNE. THIS EQUATES TO A DIVIDEND YIELD OF 4.46% (6.38% AFTER GROSSING UP FOR FRANKING CREDITS).

WE CONTINUE TO SEEK TO DELIVER REGULAR INCOME TO INVESTORS WITHIN THE CONSTRAINTS OF ACCOUNTING CONSIDERATIONS AND THE FINANCIAL POSITION OF THE COMPANY. AS SUCH WE WILL CONTINUE TO REVIEW FUTURE DIVIDENDS CAREFULLY.

ON 24 SEPTEMBER THE COMPANY DECLARED A FIRST INTERIM DIVIDEND OF 1 CENT PER SHARE, FULLY FRANKED, PAYABLE TODAY.

AS AT 30 JUNE WE HAD RETAINED EARNINGS  
EQUATING TO 7.5 CENTS PER SHARE,  
APPROXIMATELY DOUBLE THE AMOUNT WE BEGAN  
THE YEAR WITH.

IN ACCORDANCE WITH STANDARD AASB9 THE  
“PROFIT” FIGURE SHOWN IN THE ACCOUNTS ONLY  
REFLECTS THE ACTUAL DIVIDENDS RECEIVED FROM  
THE PORTFOLIO OF INVESTMENTS AND INTEREST  
RECEIVED LESS THE EXPENSES INCURRED.

ANY GAINS OR LOSSES ON INVESTMENTS SOLD  
DURING THE PERIOD ARE NOT REFLECTED THROUGH  
THE PROFIT AND LOSS ACCOUNT AND INSTEAD ARE  
REFLECTED IN A RESERVE ACCOUNT ON THE  
BALANCE SHEET. AT YEAR END ANY AMOUNTS ARE  
MOVED AND REFLECTED IN RETAINED EARNINGS.

AS PREVIOUSLY NOTED, THE ACTUAL “PROFIT”  
FIGURE SHOWN IN THE ACCOUNTS IS LIKELY TO  
REMAIN RELATIVELY CONSTANT UNDER OUR



CURRENT ARRANGEMENTS. PROFIT AFTER TAX FOR THE CURRENT YEAR OF \$2 MILLION IS SLIGHTLY HIGHER THAN LAST YEAR.

AS A LISTED INVESTMENT COMPANY WE CONSIDER THE COMPANY'S FINANCIAL HEALTH IN THE CONTEXT OF ITS NET TANGIBLE ASSETS, NOT BY ACCOUNTING PROFITS.

THE LEVEL OF REALISED GAINS IN ANY PERIOD SHOULD BE TAKEN INTO ACCOUNT WHEN REVIEWING ACTUAL OR PERCENTAGE CHANGES IN INCOME AND PROFIT IN ANY PERIOD FOR AN INVESTMENT COMPANY.

THE NET TANGIBLE ASSETS ALSO REFLECT UNREALISED POSITIONS IN THE PORTFOLIO.

REALISED GAINS OR LOSSES ARE GENERALLY AN INCIDENTAL CONSEQUENCE OF THE MANAGERS

TRADING ACTIVITY IN THE ORDINARY COURSE OF BUSINESS.

THE PROSPECTS FOR THE AUSTRALIAN ECONOMY WILL CONTINUE TO BE IMPACTED BY MANY UNPREDICTABLE ELEMENTS INCLUDING COMMODITY PRICES, PRESSURE ON THE HIGHLY REGULATED BANKING SYSTEM, THE PROPERTY MARKET, UNEMPLOYMENT, THE RESERVE BANK, GLOBAL SENTIMENT AND THE BROADER GLOBAL ECONOMY. THE ACTIONS OF THE U.S. FEDERAL RESERVE WILL CONTINUE TO BE ANALYSED IN GREAT DETAIL WITH GREAT INTEREST BY ALL AND SUNDRY.

WE WILL CONTINUE TO TAKE A LONG TERM VIEW WITH A FOCUS ON RESEARCH AND INVESTING ONLY IN QUALITY COMPANIES AT REASONABLE VALUATIONS. WE FIRMLY BELIEVE THIS SHOULD, OVER TIME, PRODUCE SOLID RETURNS FOR INVESTORS.