

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Listed Managed Investments

March 2009 Quarterly Review

EXTRACT

Environment for equity markets remain challenging
but some positive signs emerge

Contents

This is an extract from the
March 2009 Listed Managed Investments Quarterly Review

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Aberdeen Leaders Ltd (ALR)



LMI Type	Investment Assets	Investment Area	Investment Sectors
Listed Investment Company	Listed Companies	Australia	Diversified

Company Details

ALR is an LIC that manages a portfolio of shares within the S&P/ASX 200 Index. The company is managed by Aberdeen Asset Management Ltd, a global investment group that had £96.3B assets under management worldwide as at 31 March 2009. ALR has a A\$50M gearing facility, drawn to A\$30M as at 1H09-end.

Board

B Sherman (Chairman), D L Elsum, N Miles, M Daniels

Investment Philosophy

Given the inefficiency of markets, Aberdeen believes that superior long-term returns are achieved through identifying good-quality stocks at attractive prices and holding for the long term, with sound fundamentals driving stock prices over time. ALR identifies good companies from first-hand research and adds value through active management, which constitutes intensive and ongoing scrutiny at the company level, and not from portfolio trading.

Style and Process

The manager is an active, bottom-up manager that can adopt either a value or a growth strategy, as conditions dictate. The manager filters the top 200 stocks, initially by factors relating to quality, such as core franchise, earnings growth, management and balance sheet, and then takes into account price considerations, including valuation, industry comparisons and modelling. All inputs are internally generated. The manager focuses on absolute returns rather than a benchmark focus and, thus, stock weightings may not be linked to the index. Portfolio construction has a number of wide guidelines, including stock exposure being held between zero and benchmark +15% and industry exposure between zero and benchmark +20%. Up to 10% of a stock's capital can be held.

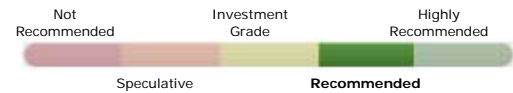
Investment Team

Mark Daniels, BEc: Head of Australian Equities; Natalie Tam, BComm, CFA: Investment Manager; Michelle Casas, BAppFin, BCom & Marketing, CFA: Investment Manager; Andrew Preston, BA, Senior Investment Manager; Camille Brabant, BBus: Investment Analyst
Andrew San, BCom (Hons): Investment Analyst.

Aegis Comments

ALR has a high-conviction, defensively positioned portfolio, comprising 31 stocks at March-end. Around 75% of the portfolio was allocated to companies in the S&P/ASX 50, which tend to be more stable than smaller-cap stocks in a volatile market. The Fund outperformed the market over the quarter, with pre-tax NTA (including dividends) rising 1.0% compared to the market decline of 2.0% (S&P/ASX 200 Accumulation Index). Over a five-year period to 31 March 2009, ALR generated portfolio returns (pre-tax NTA plus dividends) of 5.1% compared with a 5.5% return by the market. At March-end, ALR was still overweight Utilities and Consumer Staples sectors and underweight Financials, Health Care and Materials. ALR remains focussed on its strategy of investing in quality companies underpinned by strong fundamentals and cashflows. ALR was trading at a 6.5% premium to pre-tax NTA as at March quarter end. We would advise prospective investors to enter ALR when it is trading at a discount to pre-tax NTA and to be comfortable with the level of gearing, 30% as at 31 December 2008.

Key investment information



RATING	Recommended
Price (\$)	1.20
As at 29 May 2009	
Market Cap (\$M)	69.3
Shares On Issue (M)	57.8
Shares Traded (\$M p.a.)	3.7
12-month L/H (\$)	0.90/1.84
Listing Date	September 1987

Fees

Management Fee (%)	1.05
Performance Incentives* (%)	20.0

*When returns exceed S&P/ASX 200 Acc. and returns must be positive

Pre-Tax NTA Performance Analytics (including dividends)

	S&P/ASX 200 Acc		All Ords Acc	
	1 Yr	3 Yr (p.a.)	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(3.06)	(2.63)	(1.28)	(2.31)
Beta	1.14	1.10	1.06	1.05
TE (%)	9.11	6.37	8.98	6.38
IR	(0.34)	(0.41)	(0.14)	(0.36)

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and will understate portfolio performance.

Dividend Yield (%)

FY06	FY07	FY08
6.96ff	7.83ff	8.70ff

Substantial Shareholders (%)

B M Sherman	21.3
Argo Investments	19.8

As at 31 March 2009

Company contact

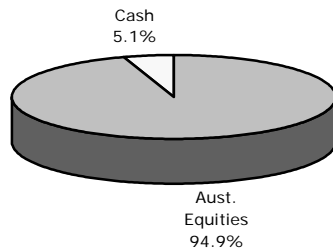


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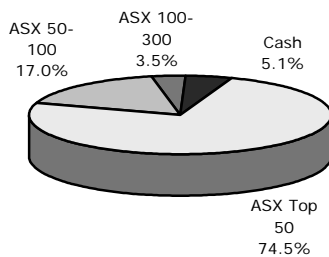
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Sector	Industry Group	Industry	Sub Industry
Financials	Diversified Financials	Capital Markets	Asset Management & Custody Banks

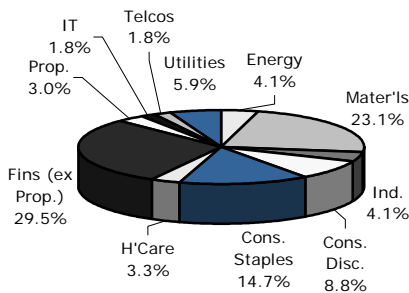
Asset Weighting



Size Weighting



Sector Weighting (Equities Component)



Other Data

Options	None on issue.
Dividend policy	ALR intends paying an aggregate dividend of 10 cents per share (fully franked) for the 2008/09 year, subject to the availability of profits (2007/08: 10cps).
Capital management policy	ALR is currently buying back up to 10% of issued shares, at the discretion of the board.
LIC tax concessions	No
DRP available	Yes

ALR's Portfolio (Top 10)

Code	Weighting		2009 Aegis Forecasts			Prem/Disc to Aegis Target (%)
	Portfolio (%)	S&P/ASX 200 (%)	PE (x)	Yield (%)	EPS Gth (%)	
BHP	14.5	13.9	9.4	2.9	13.1	(13.9)
QBE	7.9	2.5	10.2	6.5	22.3	(30.8)
WBC	6.5	7.2	9.6	7.4	0.4	(23.6)
RIO	6.2	2.1	11.2	3.5	(49.3)	1.0
WOW	5.9	4.0	17.1	4.1	10.3	(23.3)
ANZ	5.3	4.4	14.0	5.9	(27.5)	0.5
CBA	4.6	6.6	10.2	7.3	(4.8)	(15.9)
AGK	4.3	0.9	17.3	3.5	7.2	0.7
WPL	4.1	2.3	27.0	1.8	(47.1)	(23.1)
LNN	3.8	0.3	13.6	0.0	13.3	(33.9)
	63.1	43.9	12.8	4.4	(2.5)	

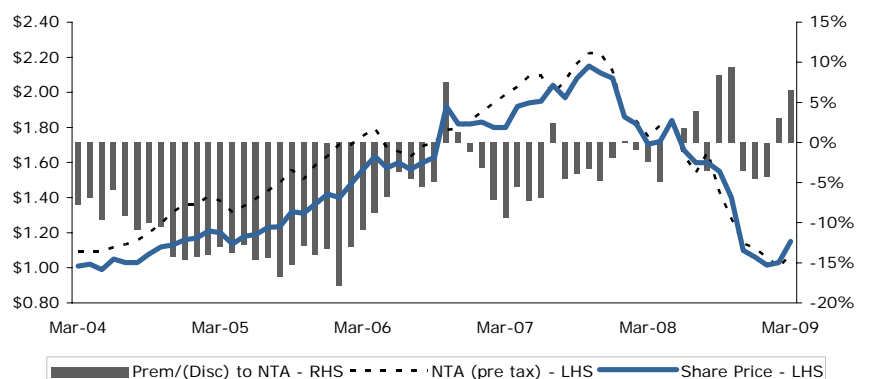
Tax-Based Returns on Share Price and Dividends

Fund	S&P/ASX 200 Acc		All Ords Acc	
	1Yr Rtn (%)	3Yr Ann (%)	1Yr Rtn (%)	3Yr Ann (%)
No Tax (0%)	(24.1)	(2.1)	(28.3)	(6.0)
Super Fund (15%)	(25.5)	(3.2)	(29.1)	(6.8)
AWOTE* (31.5%)	(26.9)	(4.5)	(29.8)	(7.6)
Max Tax Rate (46.5%)	(28.1)	(5.7)	(30.6)	(8.5)

* Marginal Tax Rate for worker on the Average Wage OTE rate + Annualised

** Max Tax Rate of 46.5% used from July 2006 (48.5% used prior to July 2006)

NTA & Share Price Performance



Source all figures:
ALR/Aegis Equities Research/IRESS

All data as at 31 March 2009 unless otherwise specified



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