



NTA and Monthly Update - June 2015

Company at a Glance

ASX Code	ALF
Fund Size	AU\$328m
Fund Strategy	Variable Beta
Share Price	\$1.23
NTA Before Tax	\$1.32
Shares on Issue	256.3m
Dividend (1H15)	5 cents
Dividend Yield	8.9%

Net Tangible Asset (NTA) Backing

	May 15	June 15
NTA Before Tax	\$1.29	\$1.32
NTA After Tax	\$1.30	\$1.33

Gross Portfolio Structure

	May 15	June 15
Long Exposure	89.9%	99.6%
Short Exposure	-84.7%	-77.5%
Gross Exposure	174.6%	177.1%
Cash	94.8%	77.9%

Month in Review

The portfolio performed strongly in June, delivering a net return of 3.1% as compared with the All Ordinaries Accumulation Index which fell by 5.4%. Shares sold off heavily in reaction to the failure by EU members to resolve Greece's sovereign debt issues, while Chinese policy makers were also forced into drastic moves to support their own plunging share market. In combination with falling commodity prices, rising bond yields and a sluggish domestic economy, our view on the fragile domestic share market remains unchanged, albeit with pockets of value emerging as prices pull-back.

The Company had no net exposure to the share market going into June and performance was driven overwhelmingly from the short portfolio, with strong contributions coming from a wide range of shares across multiple sectors. Sector positioning in mining and banks made a positive contribution, with individual security selection the biggest contributor to returns. Share price action in recent weeks has presented opportunities to add to existing positions and initiate some new ones.

Having been the darling sector for income oriented investors for many months, defensive shares were weaker in June as bond yields around the world increased. Within the sector, healthcare, consumer staples and utilities suffered losses while telecommunications proved more resilient.

Financial shares fared better than the broader market but also posted losses for the month. After two months of significant underperformance due to capital concerns, shares of the major banks finally appear to be finding a bottom and held up well in June. There were big moves within diversified financials and wealth management, some security specific and some as a result of the weakness in the share market. The Real Estate sector showed some modest strength, which was contrary to trend, given higher bond yields.

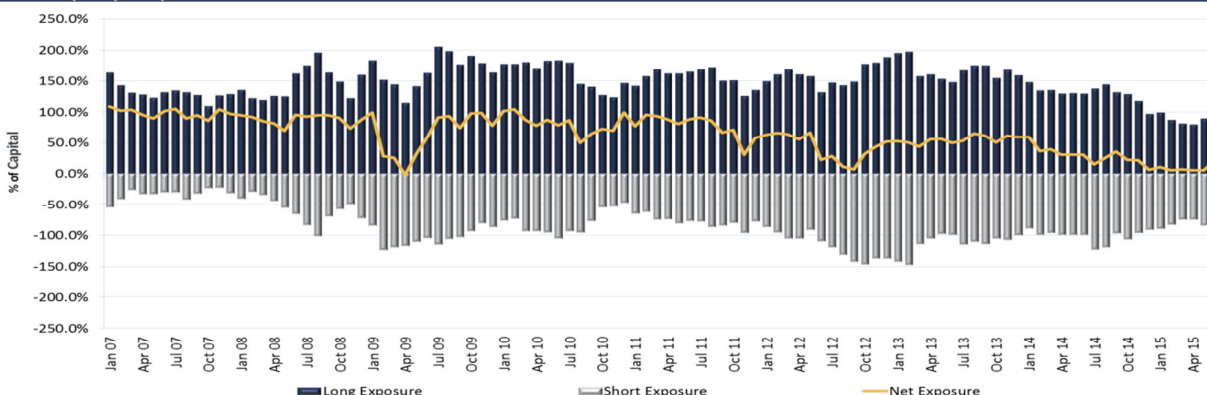
The shares of cyclical companies were weak in June and the Company benefitted from defensive positioning in the sector. Positions in Kathmandu and Burson Group contributed strongly as a result of M&A activity, the former receiving a bid from Briscoe Group at a premium to the current share price and the latter acquiring Metcash's auto business in a highly accretive and deal that will transform the company. We currently hold short positions in a small number of building material companies, reflecting stretched valuations towards the end of what has been a very strong housing cycle. These also contributed to returns in June.

Falling commodity prices weighed on the shares of resource companies again this month and we have taken the opportunity to reduce the Company's net short positioning in the sector following these heavy falls.

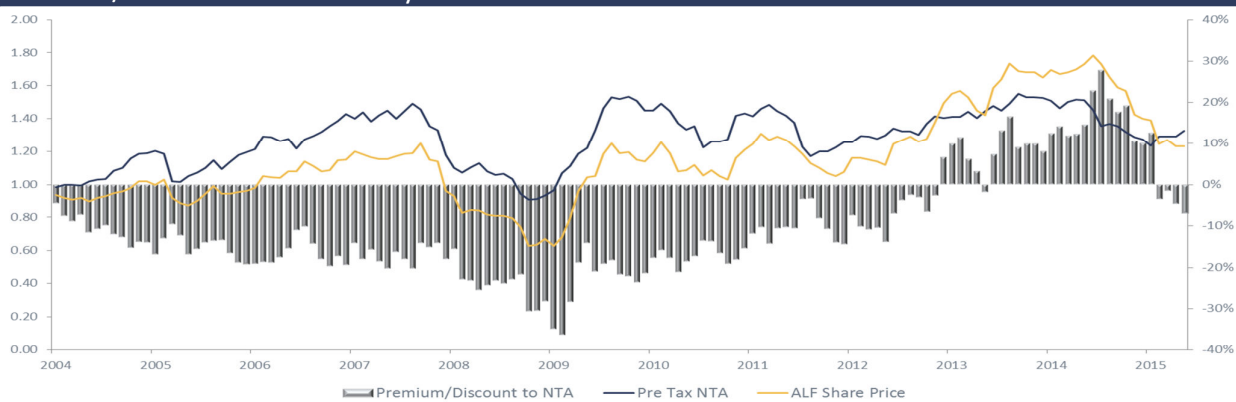
ALF Performance

	1 Mth	6 Mths	1 Yr	3 Yrs (pa)	5 Yrs (pa)	7 yrs (pa)	S.I. (pa)
Portfolio Return (net)	3.1%	6.4%	-3.4%	16.3%	13.6%	15.2%	14.1%
All Ords Accum Index	-5.4%	3.3%	5.7%	14.5%	9.4%	4.8%	9.0%
Outperformance (net)	8.5%	3.1%	-9.1%	1.8%	4.2%	10.4%	5.1%

Net Equity Exposure

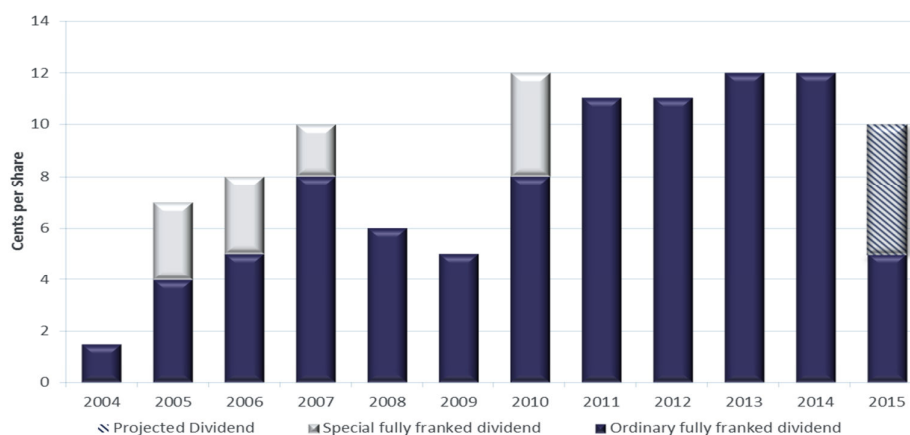


Premium/Discount to NTA History



Dividend History

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.



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