

NTA and Monthly Update – September 2015

Company at a Glance

| | |
|------------------------------|---------------|
| ASX Code | ALF |
| Fund Size | AU\$361m |
| Fund Strategy | Variable Beta |
| Share Price | \$1.44 |
| NTA Before Tax | \$1.42 |
| Shares on Issue | 256.3m |
| Dividend (1H15) | 5 cents |
| Dividend Yield (annualised)) | 7.6 % |

Net Tangible Asset (NTA) Backing

| | Aug 15 | Sept 15 |
|--|---------------|---------------|
| NTA Before Tax | \$1.40 | \$1.42 |
| NTA After Tax | \$1.39 | \$1.41 |
| Dividend Declared | (\$0.05) | (\$0.05) |
| NTA After Tax & Dividend (5¢) | \$1.34 | \$1.36 |

Gross Portfolio Structure

| | Aug 15 | Sept 15 |
|----------------|--------|---------|
| Long Exposure | 88.9% | 85.5% |
| Short Exposure | -78.9% | -99.3% |
| Gross Exposure | 167.7% | 184.7% |
| Cash | 90.0% | 113.8% |

Month in Review

Heightened volatility was again a feature in September, with most global share indices posting losses. The US Fed deferred its decision to lift rates, maintaining a dovish tone in light of concerns around global growth, particularly in emerging markets. On the domestic front, the biggest losses were seen in the mining and energy sectors as commodity prices continued to fall. The devaluation of the Australian dollar against the USD has failed to provide the expected relief to Australia's commodity exporters and the September quarter saw further deterioration in our terms of trade.

The Company's portfolio performed strongly again for the month, delivering a net return of 1.5% as compared with the All Ordinaries Accumulation Index, which fell by 2.5%. Performance attribution was skewed to the short portfolio, with short positions in mining and energy shares making the strongest contributions.

Defensive sectors provided mixed results in the month. Healthcare; a favourite sector in recent years, continues to fall out of favour with investors and divergence between the relative valuations of domestic and international healthcare companies continues to present opportunities both long and short. The telecom and consumer staples sectors fared better.

Financial shares moved lower, with further declines in the banks and insurers. The banks continue to run into weakness on the back of concerns around capital adequacy, asset quality and expectations that the property cycle has reached a peak.

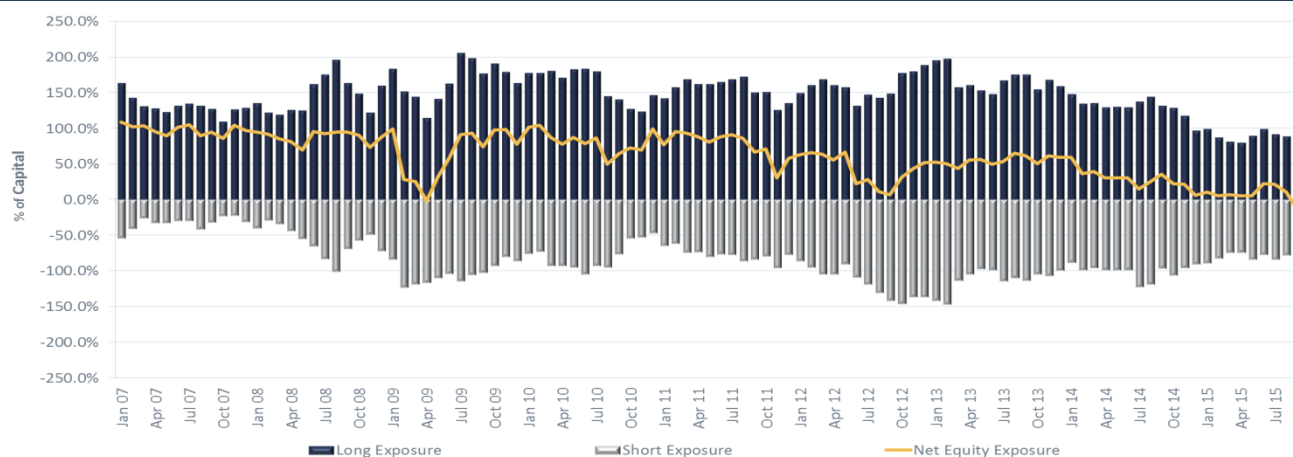
There are clearly multiple forces at play in the domestic economy which are impacting consumer sentiment. Concerns over global growth are weighing on the minds of businesses and consumers alike, while the federal leadership change has boosted confidence locally. Value has clearly emerged in parts of the retail sector. After further falls, Myer presents compelling value on several metrics and is now one of the cheapest department stores in the world.

With some commodity prices having fallen to cash-cost support, there looks to be limited downside for parts of the mining sector. Balance sheet strength will be an increasingly important differentiator for mining companies, as evidenced by the 'flash crash' in the shares of Glencore during the month. The Company has been short Glencore since June.

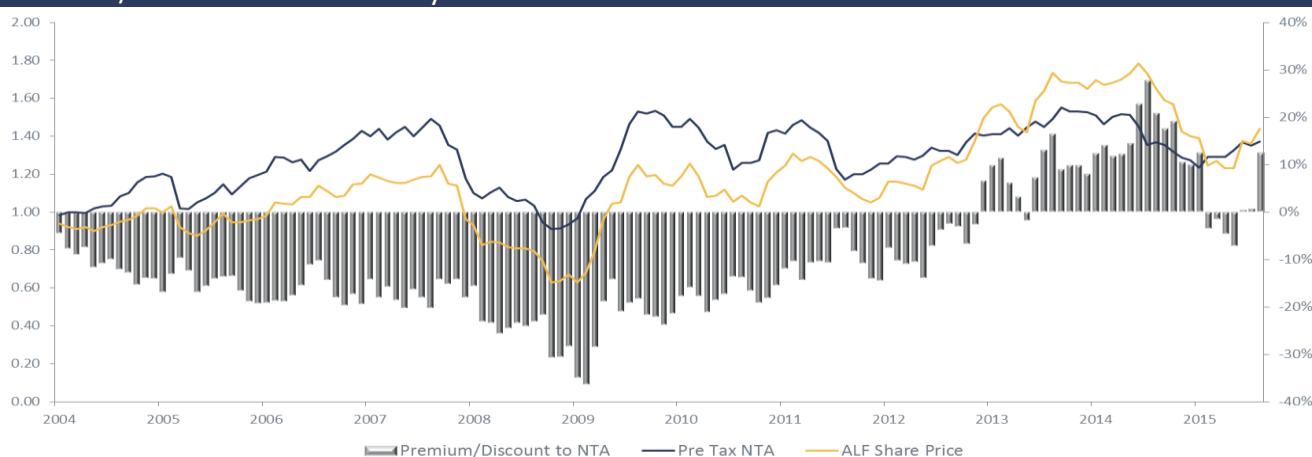
ALF Performance

| | 1 Mth | 6 Mths | 1 Yr | 3 Yrs (pa) | 5 Yrs (pa) | 7 yrs (pa) | S.I. (pa) |
|-----------------------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|
| Portfolio Return (net) | 1.5% | 12.2% | 9.8% | 16.5% | 15.2% | 16.8% | 14.6% |
| All Ords Accum Index | -2.5% | -11.7% | -0.2% | 9.3% | 6.3% | 5.8% | 8.3% |
| Outperformance (net) | 4.0% | 23.9% | 10.0% | 7.2% | 8.9% | 11.0% | 6.3% |

Net Equity Exposure

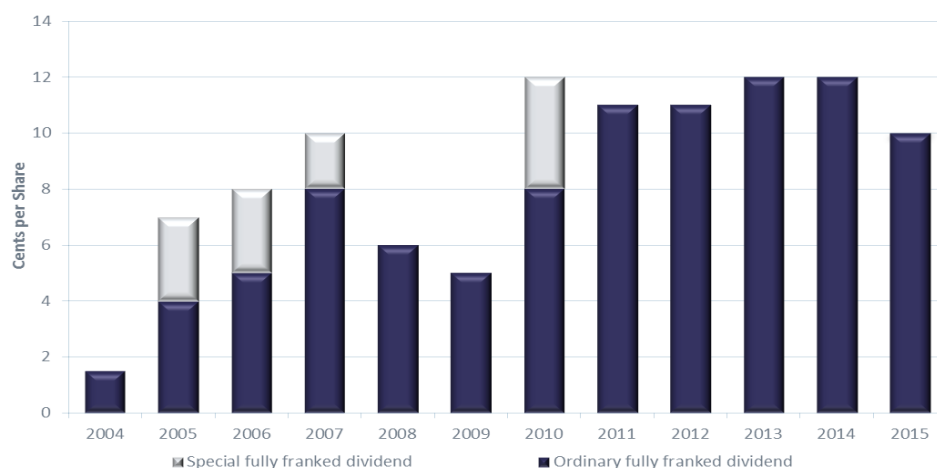


Premium/Discount to NTA History



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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