



Ethical
Investments

Hunter Hall Global Value Limited

Monthly NTA and Performance Report

ACN 107 462 966

February 2017

At a Glance

Inception Date	19 March 2004
ASX Code	HHV
Investment Manager	Hunter Hall Investment Management Limited
Benchmark	MSCI World ¹
Asset Class	Global equities
Sector	Small to mid-cap
Management Fee	1.50%
Performance Fee	15.38% of any return greater than the MSCI World, payable yearly (inclusive of GST)
DRP	Yes
Ethical Policy	Negative screen

Net Tangible Assets (NTA)

CPS	Feb-17	Jan-17
Net tangible asset value before tax ³	126.45	124.46
Provision for tax on unrealised income and gains ³	(0.77)	(0.40)
Net tangible asset value after tax ³	125.68	124.06

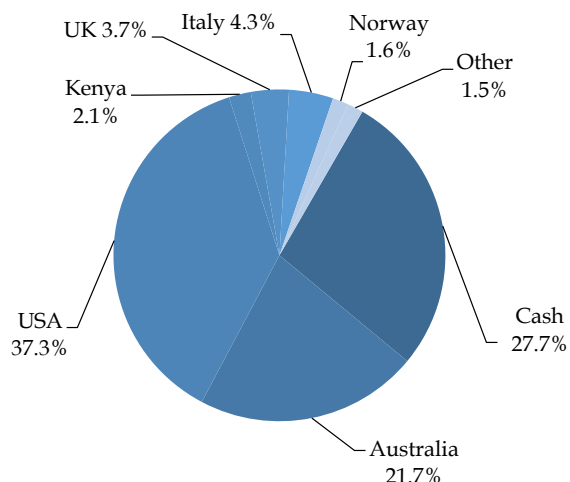
Company Information

	Feb-17	Jan-17
Premium/Discount to pre-tax NTA	-5.9%	-3.7%
Market Capitalisation	\$289.8m	\$291.8m
Share Price	\$1.190	\$1.198
Ordinary Shares on Issue	243.5m	243.5m

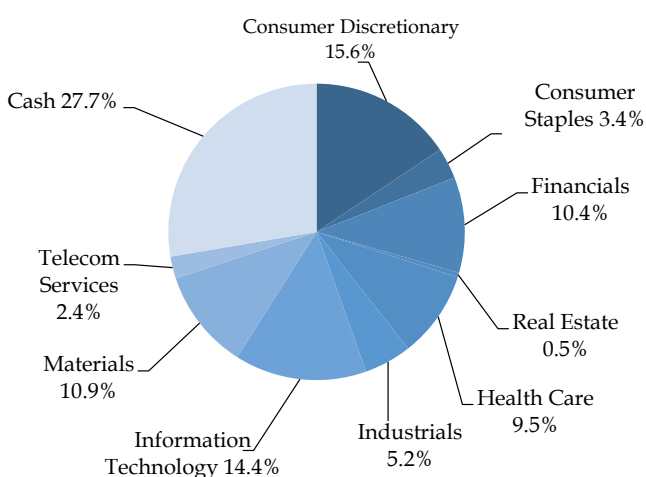
Performance % (after all fees & expenses)

	1 month	6 months	1 year	Compound Annual Return				
				3 years	5 years	7 years	10 years	Since inception
Absolute Performance ²	0.5	-12.9	0.1	9.3	13.7	9.5	4.9	7.1
MSCI World ¹	1.5	5.4	12.7	10.7	17.1	11.8	4.5	6.4
Relative Performance	-1.0	-18.3	-12.6	-1.4	-3.4	-2.3	0.4	0.7

Country Allocation



Sector Allocation



As at 28 February 2017 the portfolio was invested 50.6% in International Equities, 21.7% in Australian Equities and 27.7% in Cash. The portfolio had an exposure to foreign cash and investments of A\$198m, with 4.6% of the foreign equity exposure hedged back into Australian Dollars by forward foreign exchange contracts.

Note: Figures in this report have been rounded to the nearest appropriate decimal place. For Country and Sector Allocations the aggregate weights for the fund may not equal 100%.

1. MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

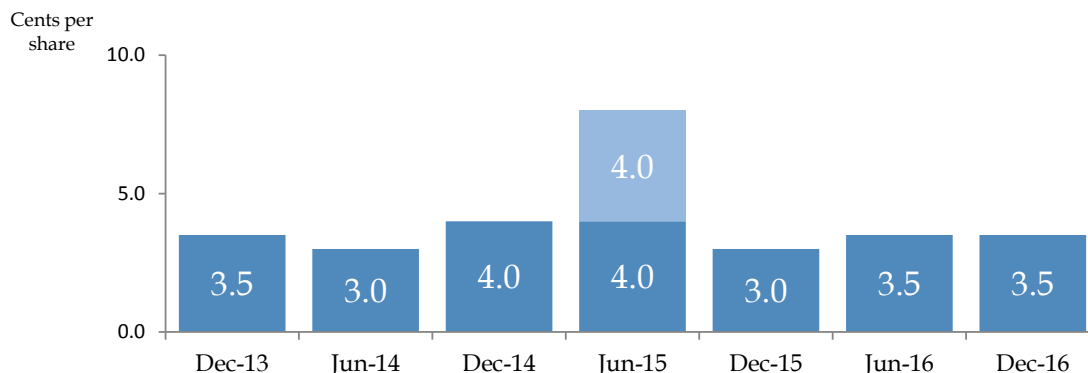
2. Performance figures refer to the movement in net assets per share, including share buy-backs and the reinvestment of dividends, excluding tax accrued but unpaid. Source: Hunter Hall.

3. The figures are unaudited.

Top 10 Holdings

Company	Business Description	Country of Listing	Area of Principal Economic Activity	Net Assets (%)
Sirtex Medical	liver cancer treatments	Australia	USA	6.0
Lumentum	optical components	USA	USA	4.7
Prada	luxury goods	Hong Kong	Italy	4.3
Genworth Financial	insurer	USA	USA	2.6
Finisar	communication equipment	USA	USA	2.6
Howard Hughes	real estate	USA	USA	2.6
SRG Ltd	engineering services	Australia	Australia	2.5
Vocus	telecommunications	Australia	Australia	2.4
KKR	alternative asset management	USA	USA	2.2
Blackham Resources	gold producer	Australia	Australia	2.2

Recent Dividend History



The Board is committed to paying a consistent regular stream of fully franked dividends to our shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends from December 2013 to December 2014 were partly franked, the final and the special June 2015 dividends were unfranked, the December 2015 and June 2016 dividends were fully franked. The December 2016 dividend will be fully franked and will be paid on 21 April 2017. For more information please visit www.hunterhallglobalvalue.com.au.

Month in Review

The GVL portfolio rose a modest 0.5% in the month after fees and expenses and did not manage to keep up with the MSCI World Index which rose 1.5%. However, the portfolio rose by 2% before factoring in a tax payment of \$4.7 million. We continue to hold a significant portion of HHV's assets in cash (27.7%) as we expect market headwinds from the likely Federal Reserve rate rise in March. We will selectively deploy our cash when opportunities present themselves.

Very pleasingly SoftBank Group of Japan acquired portfolio holding Fortress Investment Group (Fortress) for approximately \$3.3 billion in cash, representing a 38.6% premium to the prior day's closing price and approximately 70% above our average entry price. Whilst we think the acquisition price undervalues the company, the deal was a friendly merger whereby the three remaining founders of Fortress – that collectively own more than 40% of the company – supported the deal and hence we took the opportunity to exit the stock.

Long standing portfolio holding Lumentum (up 21%) reported Q4 results and reacted positively to management's comments regarding the potential for their 3D sensors to be used in the next model of iPhone. Tim Cook has spoken glowingly about the potential for augmented reality (think of something akin to the Pokémon Go game) in the upcoming iPhone which requires 3D sensors. Management stated on their earnings call that 3D sensing products could add between \$400 million and \$1 billion in revenue to the company's top line, which is very significant given the total company revenue last year was \$900 million. It is still unclear whether Apple will proceed with 3D sensors, but if they do then substantial upside exists in the shares.

A positive contribution was also recorded by Sirtex Medical (+11%) which began what we hope will be a long road to recovery after a torrid 2016 when the company downgraded revenue forecasts and the CEO was forced out after an insider trade probe. We feel very excited by the prospect for the company over the coming three months as it will report the results of three major phase 3 clinical studies that have been ongoing for more than ten years. Although there could be some negative headlines, we feel confident that at least some sub segments of the patients in the trial will experience a benefit from using Sirtex SIR-Sphere products which on balance will be positive for the share price. Currently the company has just 2% of the liver cancer market. The clinical studies have the potential to significantly boost that number over the coming year.

Genworth Financial (up 22%) rallied on the improving prospect of the takeover bid by China Oceanwide Holdings being approved by regulators, however the shares are still trading at a 34% discount to the \$5.43 offer price. We continue to believe the deal will proceed but even if it does not, the downside is limited given the attractive valuation of the company.

Australian junior telco **Vocus Group** (+8.4%) benefited from the market's collective sigh of relief upon reporting an interim result in line with expectations but more importantly reiterating full year guidance as well as confirming the smooth and ongoing integration of its last major acquisition, NextGen. The latter plugs the glaring gap in Vocus's infrastructure puzzle by giving it 17,000 km of backhaul which now makes it a serious contender as a NBN service provider as evidenced by the 10% of new connections it is gaining, adding to its existing 7.1% market share. There is no doubt that the local telco sector is highly competitive but Vocus is well positioned to continue to grow its earnings organically as its innovative product offering (which includes energy) benefits from the burgeoning demand for data, cloud and internet services. We continue to have faith in CEO Geoff Horth and his management team.

On the negative side of the ledger Australian gold producers fell sharply toward the end of the month of February over renewed fears of interest rate increases in the US which pressured the gold price. Although the fall in the gold price was modest, dropping from a peak on US\$1,257 on 24 February to US\$1,249 on 1 March, a mere 0.7%, the selloff in gold shares was savage with the VanEck Vectors Junior Gold Miners ETF of small gold stocks dropping 10% over the same period. Gold miners now represent around 5% of HHV after we substantially reduced the holdings in January.

Doray Minerals (-22%), fell sharply after reporting quarterly results, which highlighted ongoing mining problems at its Andy Well mine, which were somewhat ameliorated by gold sales and a continuing production ramp at the Deflector Mine.

Blackham Resources (-14.5%) weakened after implementing a discounted placement to raise \$35 million of new equity. These funds are earmarked to accelerate plans to grow the Matilda gold operation from the current 100,000 oz pa to 200,000+ oz pa within the next two years.

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