



HUNTER HALL
INTERNATIONAL LIMITED
ABN 43 059 300 426

21 March 2017

ASX Market Announcements
Australian Securities Exchange
Level 4
20 Bridge Street
Sydney NSW 2000

Shareholder Update

Attached is a presentation to be given at update meetings for shareholders in Hunter Hall Global Value Limited (**ASX:HHV**) which includes previously announced information on the proposed merger between Hunter Hall International Limited and Pengana Holdings Pty Ltd.

GPO Box 3955, Sydney NSW 2001,
Australia

Telephone: +61 2 8224 0300

Email: invest@hunterhall.com.au

Website: www.hunterhall.com.au



Hunter Hall Global Value Limited and Investment Portfolio Update

March 2017



Ethical
Managed Funds



1. / Hunter Hall and Pengana Proposed Merger

Kevin Eley

Non Executive Chairman, Hunter Hall International Limited

Russel Pillemer

Founder & CEO, Pengana

Warwick Negus

Chairman, Pengana &
Non-Executive Director WHSP

2. / Investment Portfolio Update

James McDonald

Chief Investment Officer

3. / Hunter Hall Global Value Limited Update

Paul Jensen

Independent Non-Executive Chairman
Hunter Hall Global Value Limited



Hunter Hall and Pengana Proposed Merger

Creation of best in class funds management business
with a strong platform for growth

Kevin Eley, Chairman, Hunter Hall International Limited

Russel Pillemer, Founder & CEO, Pengana

Warwick Negus, Chairman, Pengana & Non-Executive Director WHSP



Ethical
Managed Funds



Executive Summary

- ✓ Hunter Hall International Limited (“HHL”) and Pengana Holdings Pty Ltd (“Pengana”) propose a merger to create a best-in-class funds management business with more than \$3 billion of retail funds under management
- ✓ Transaction integrates two highly complementary businesses with a strong platform for growth
- ✓ Merged business creates a significantly enhanced investment management platform for HHL investors and delivers superior value for HHL shareholders compared to either of the current standalone offers from Washington H. Soul Pattinson (“WHSP”) and Pinnacle Investment Management (“PNI”)
- ✓ HHL Directors believe the merger proposal is materially superior to both the standalone WHSP and Pinnacle (expired 15/03/2017) takeover offers
- ✓ Proposed that the merged business will trade as Pengana Capital Group

Hunter Hall’s Board of Directors unanimously recommends that shareholders vote in favour of the merger, subject to no superior offer and subject to an Independent Expert concluding that the proposed merger is fair and reasonable to Hunter Hall shareholders





Hunter Hall International Limited

Prior to Pengana Merger - \$1 Billion FUM

Hampshire Assets & Services Pty Ltd
(100% owned by Peter Hall)
44% Ownership

Other Shareholders
56% ownership

Hunter Hall International Limited
(Listed on ASX) 100% ownership

Hunter Hall Investment Management Limited

High Conviction
Equities Trust

Value Growth Trust

Global Value Limited
(LIC)

Global Equities Trust

Global Deep Green
Trust

Australian Value Trust



Pengana Capital Group Shareholders After Merger - \$3 Billion FUM



Hunter Hall Investment Management Limited

Pengana Capital Limited



High Conviction Equities Trust

Value Growth Trust

Australian Equities

Emerging Companies

Australian Value Trust

Global Value Limited (LIC)

Absolute Return Asia Pacific

PanAgora AR Global Equities

Global Equities Trust

Global Deep Green Trust

International Equities

Global Small Companies



Significantly Enhanced Offering for Hunter Hall Fund Investors

- Investors in the HHL vehicles will benefit from:
 - ✓ The combined strength of the Pengana and HHL international equities investment teams – which are highly complementary
 - ✓ Continuation of HHL's highly regarded ethical investment framework
 - ✓ Strength of best in class funds management platform and a more diverse, growing range of investment options

- Pengana and HHL are uniquely placed to merge their international equities investment teams:
 - ✓ Similar investment styles and philosophies; fundamental stock-picking with a focus on finding undervalued companies; benchmark-unaware investing with expertise across the full market cap range
 - ✓ Key investment team members have worked together before and have excellent relationships with each other
 - ✓ Both adhere to similar ethical investment frameworks and the merged team will adopt the HHL ethical framework in its entirety
 - ✓ Leverage Pengana's strong portfolio construction capabilities, utilising a highly advanced methodology that is consistent with HHL's strategy
 - ✓ Smooth integration process with senior executives and investment managers committed to the merged business



Hunter Hall and Pengana Proposed Merger

Creation of best in class funds management business
with a strong platform for growth

Russel Pillemer, Founder & CEO Pengana

Warwick Negus, Chairman, Pengana & Non-Executive Director WHSP



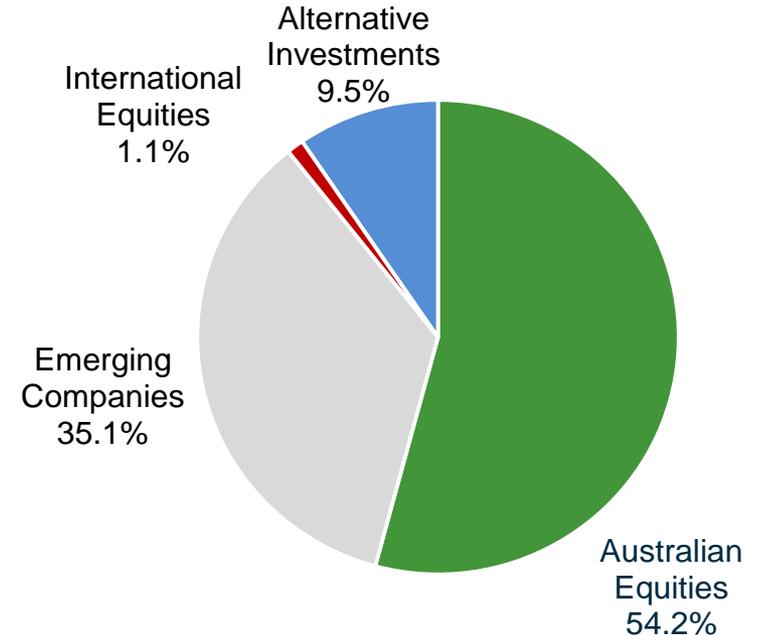
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Summary of Pengana

- ✓ Pengana is a diversified funds management business founded in 2002
- ✓ Funds include:
 - Australian Equities
 - Australian Small Caps
 - International Equities
 - International Small Caps
 - Global Absolute Return and Asian Absolute Return
- ✓ Provider of premium products; all funds employ active strategies with non-benchmark mandates
- ✓ Focused on the retail and HNW market predominantly through financial planners with large sophisticated clients
- ✓ All strategies are managed within capacity constraints in order to maximise potential for outperformance
- ✓ Employs a unique business model facilitating growth
- ✓ Well recognised brand with long-term performance over multiple product

Product Breakdown by Funds Under Management (FUM) as at 31 Dec 2016

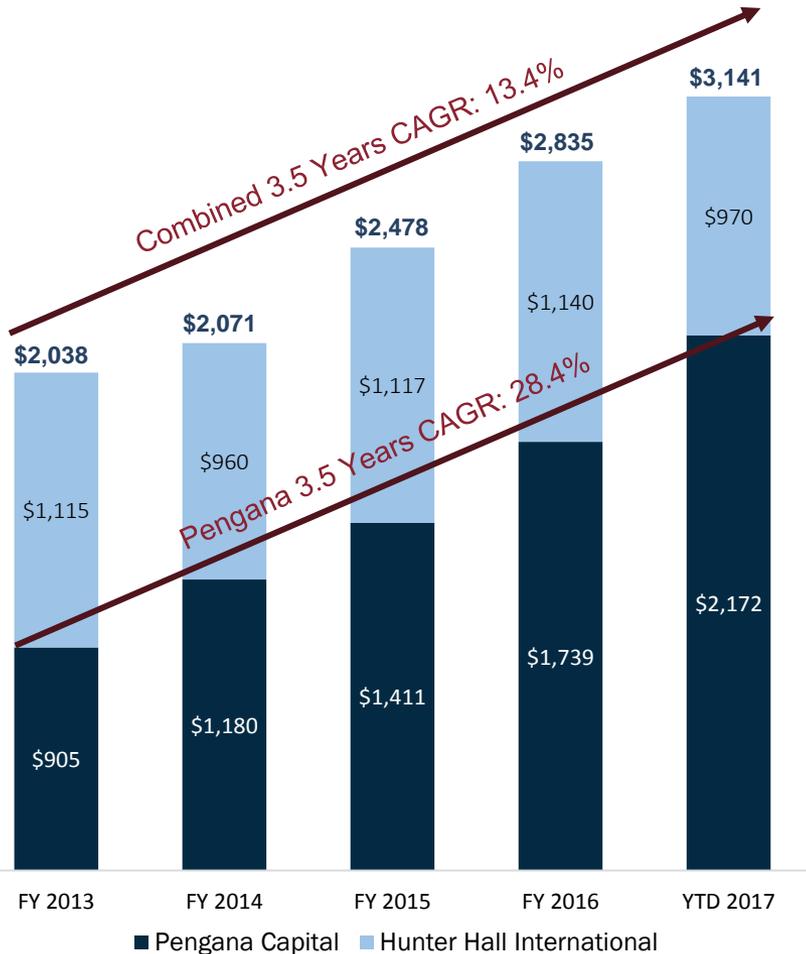


FUM = \$2.17 billion

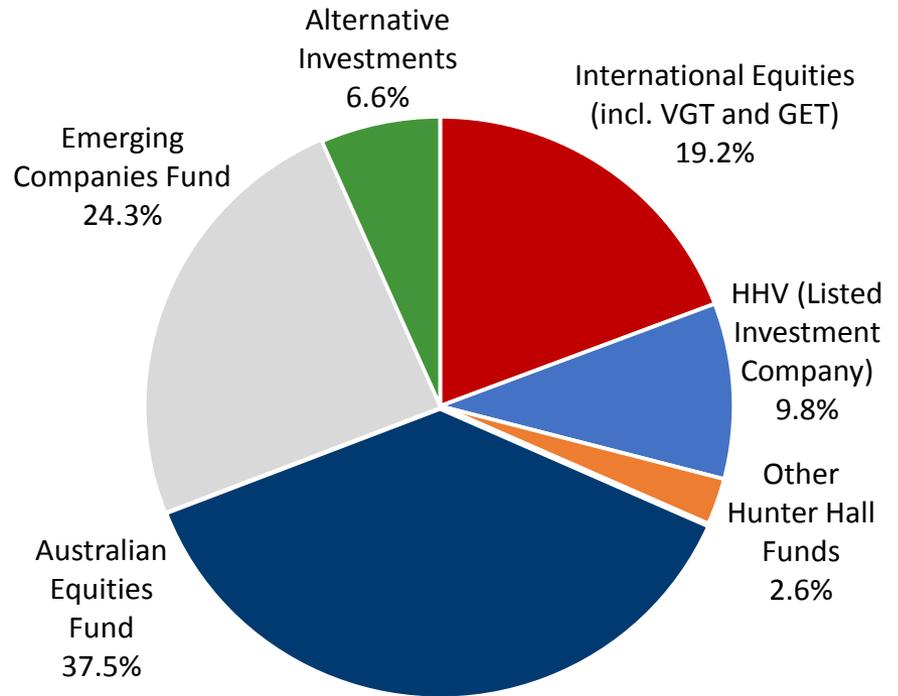


Strong Growth in Funds Under Management

Growth in Funds under Management



FUM Strategy Breakdown (31 Dec 16)



Total Combined FUM = \$3.1 billion



Pengana business model incorporates “best elements of both boutique and institutional models”

- ✓ Success in attracting and retaining leading funds management teams
- ✓ Unique “shadow equity” program promotes alignment of interests between fund managers, investors and shareholders
- ✓ Separation of business and funds management responsibilities; non-investment functions centralised enabling fund oversight to provide an extra layer of protection for investors

Highly Scalable Infrastructure

- ✓ Enables growth within funds as well as addition of new funds
- ✓ Built to manage significantly larger asset base

Strategic Partnership Model

- ✓ Unique strategies otherwise unavailable in Australia
- ✓ Significant growth potential at low cost



Combined Entity Highlights



\$3bn in FUM

- Diversified investment strategies including Australian Equities, Australian Small Caps, International Equities, Global Small Caps, Asian Absolute Return and Global Market Neutral



Best in Class Operating Model

- Unique operating model incorporates the best elements of a boutique and of a large institution
- PMs solely focused on managing portfolios; incentives are directly aligned with investment outcomes
- Institutional infrastructure to support and oversee investment operations



Experienced Board & Management Team

- Each director on the Board brings extensive experience in the funds management industry
- Highly capable and experienced Executive Leadership Team with proven track records and significant tenure



Strength in Investment Management

- Each strategy managed by proven investment team
- Excellent history of long term outperformance
- Enhanced capability in international equities



Distribution

- Diverse retail distribution network with strong support from advisers, dealer groups, platforms, direct HNW and SMSF clients



Synergies

- Highly synergistic merger creates opportunity for increased growth across the business
- Cost synergies of circa \$6m p.a. due to be realised from FY18



James McDonald, Chief Investment Officer
Hunter Hall Global Value Limited



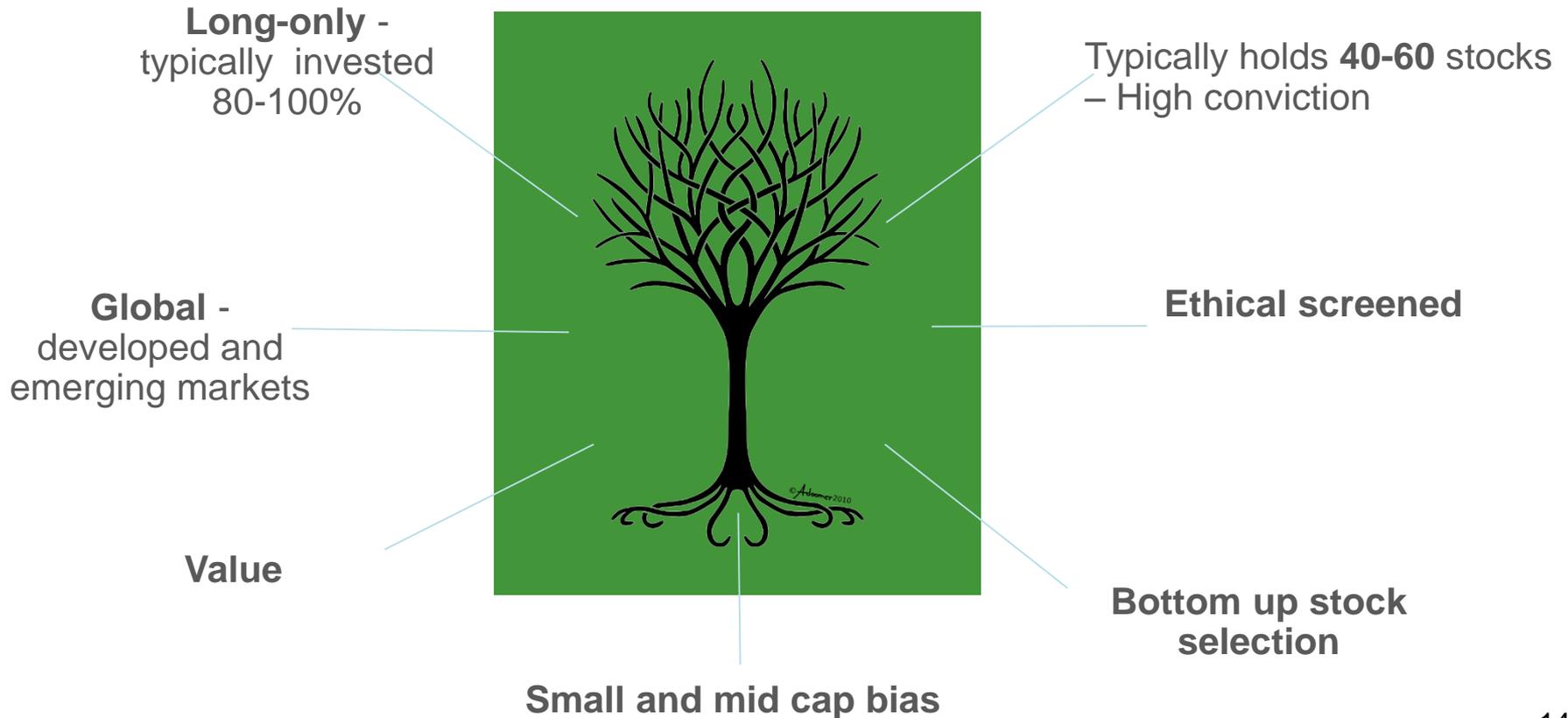
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Investment Objective & Portfolio Characteristics

Investment Objective

To generate positive absolute returns in excess of the investment portfolio's benchmark over an investment horizon of five years





Investment Objective and Process

Investment Process

- ✓ Idea generation – market data screening, company watch lists
- ✓ In depth research including company meetings
- ✓ Valuation – DCF, EV/EBITDA, PB, P/NTA, free cash flow yield
- ✓ Large discount to intrinsic value based on the above metrics
- ✓ Portfolio construction based on risk and upside potential
- ✓ Risk is loss of capital not benchmark relative risk



Tobacco



Fossil Fuels



Gambling

Ethical Filter



Uranium &
Nuclear



Unremediated
Environment
Destruction



Weapons



About Lumentum

- US listed, leading global producer of optical components for telecom networks – main products are lasers and optical switches
- Lumentum and Finisar have a duopoly in optical switches. China to start deploying this year
- Growth from internet companies building data centres, China network build

Why we like it?

- Optionality from Apple potentially using 3D sensors in new iPhone8 due this year.
- Apple 3D sensors could add 30% to revenues and double profits in FY18.

Risk

- Apple doesn't use 3D sensors in this years Iphone.
- China spending lumpy.



About Sirtex

- Australian small cap biotech company, listed on ASX
- Producer of radioactive microspheres to treat liver cancer
- Market cap \$1bn. Strong balance sheet. Steady revenue growth over 10 years. We have been invested since 2003



Why we like it?

- Trading at a substantial discount to its intrinsic value. Potential to double in medium term. three major phase three studies due over next three months.

Risks

- Potential failure of all three trials. Even if all fail, positive details are likely. Very unlikely all bad news.



What is it?

- High quality US real estate company with assets in four key cities:
 - Honolulu
 - New York
 - Las Vegas and
 - Houston.

Why we like it?

- High quality management team with significant ownership (27%).
- Underfollowed and not well understood due to limited sell-side research despite \$4.7 billion Market cap; only one major broker covers.
- We estimate NAV at US\$170 per share (+45%) Hunter Hall has visited major assets and met local management.

Risks

- Real Estate Investment Trusts don't perform well in rising rate environments.



Portfolio Investment Performance

After all management fees, corporate expenses and tax paid

Sirtex, Vocus and Trump win, wrong footed Gold and Cash

Compound Annual Returns At 28 February 2017

	1 Year	3 Years	5 Years	10 Years	Since Inception 2004
Hunter Hall Global Value Limited	0.1%	9.3%	13.7%	4.9%	7.1%
MSCI World ¹	12.7%	10.7%	17.1%	4.5%	6.4%
Outperformance	-12.6%	-1.4%	-3.4%	0.4%	0.7%

Source: Hunter Hall, Bloomberg.

¹ 'MSCI World' refers to the MSCI World Total Return Index, Net Dividends Reinvested in Australian Dollars.

Performance figures refer to the movement in NTA per share after all fees, charges and tax paid and including share buy-backs and the reinvestment of dividends, excluding tax accrued but unpaid.



Top 10 Portfolio Holdings

14 March 2017

Portfolio holds 60 stocks in total

Top 10 Holdings	Main Business	Country	%
Sirtex Medical	liver cancer treatments	USA	6.5
Prada	luxury goods	Italy	4.5
Lumentum	optical components	USA	4.1
Finisar	optical components	USA	3.0
Howard Hughes	real estate	USA	2.6
Genworth Financial	insurer	USA	2.5
SRG Ltd	engineering services	Australia	2.4
KKR	alternative asset management	USA	2.4
Alphabet	web-based search engine	USA	2.3
Huntsman	chemical products	USA	2.2
Other			48.3
Cash			19.2

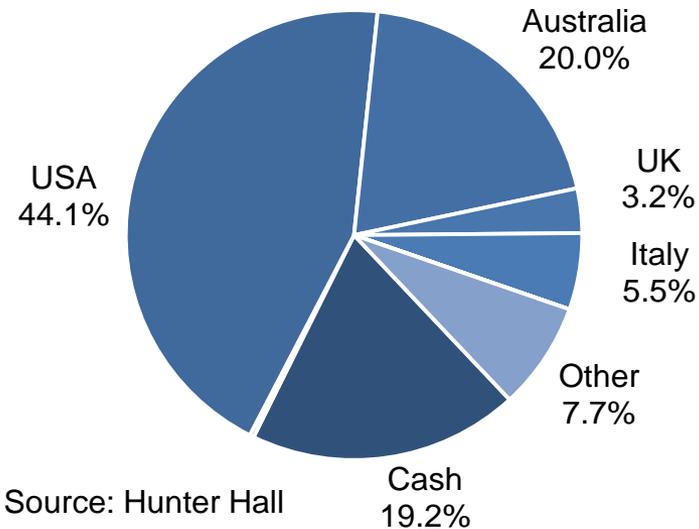
Source: Hunter Hall



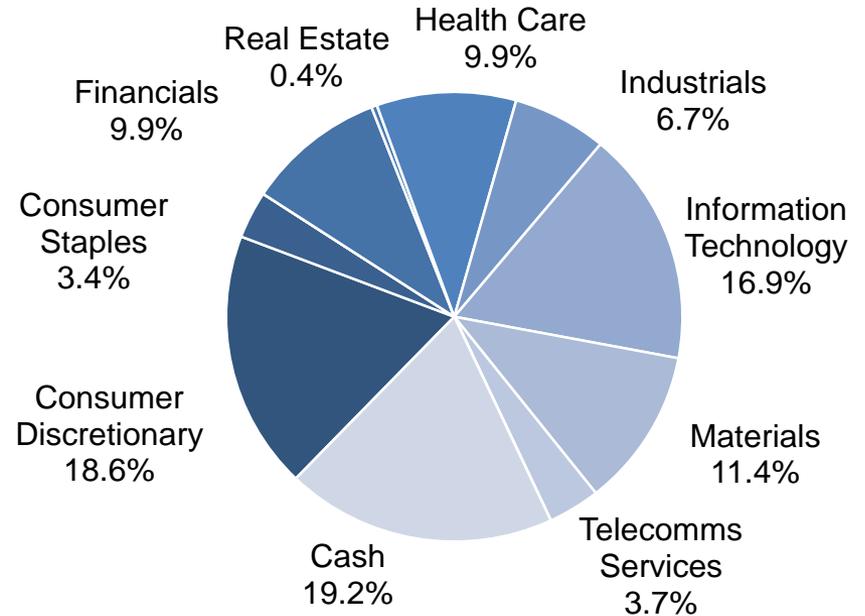
Country and Sector Allocation

14 March 2017

Country Allocation



Sector Allocation



- 3.8% of international exposure hedged in AUD
- Total AUD exposure is 33.0%



Global Outlook and Positioning

Global Outlook

- Global economic sentiment indicators have improved in all major regions
- However, there are material risk factors:
 - Rising US interest rates
 - Long term market valuations expensive
 - European political uncertainty although Le Pen trails much more than Trump or Brexit in polls

Currency

- Actively manage currency. Cash mostly held in USD. No hedges in place. 33% exposed to the AUD in the portfolio.

Positioning

- Gold mining positioned reduced – 17% gold miners 1 September. 3% now.
- Cash will be deployed as opportunities arise.
- Global opportunities likely to outnumber Australian opportunities. Australian weighting 30.5% 1st of September to 20% now.



Paul Jensen, Independent Non-Executive Chairman Hunter Hall Global Value Limited



Ethical
Managed Funds



Hunter Hall Global Value Limited (ASX:HHV)

Hunter Hall Global Value Limited is Australia's only ethically screened global equities listed investment company





Investment Objective & Portfolio Characteristics

HHV Investment Objective

To generate positive absolute returns in excess of the investment portfolio's benchmark over an investment horizon of five years

- Global equities
- Ethically screened
- Small to mid-cap bias
- Concentrated
- Value investor
- Bottom up stock selection



Tobacco



Fossil Fuels



Gambling



Uranium &
Nuclear



Unremediated
Environment
Destruction



Weapons



HHV Dividend Policy

“To pay 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” October 2015

- Fully franked 3.5 cps dividend declared for half year to 31 December 16
 - Payment date: 21 April 2017
 - Annualised cash dividend yield 5.9% and gross dividend yield: 8.4%
- Expect to declare a final dividend for FY17 in line with the fully franked 3.5cps interim dividend
 - Profit Reserve of 44.2 cents per share as at 28 February 2017
- Franking Account
 - FY2017, continued to realise profits in the portfolio
 - Crystallised tax payments and a current tax liability
 - Objective is to maintain a positive franking account balance

Source: Hunter Hall

Note: HHV's share price was \$1.19 on 15 March, 2017



Portfolio Investment Performance

After all management fees, corporate expenses and tax paid

- HHV's portfolio underperformed in December quarter 2016
- The portfolio was positioned for a negative reaction to the Trump Victory in US election with a high allocation to cash and gold
- Two specific stocks with large positions were downgraded – Vocus and Sirtex

Compound Annual Returns At 28 February 2017

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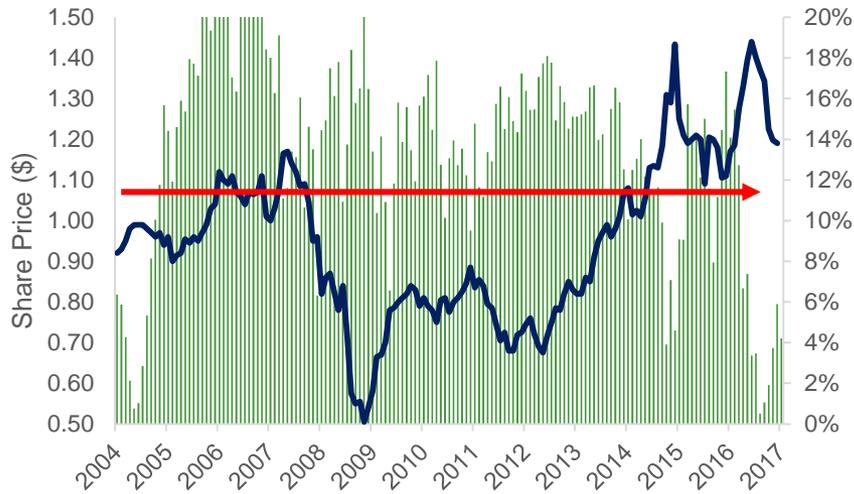


HHV's Share Price Discount to NTA

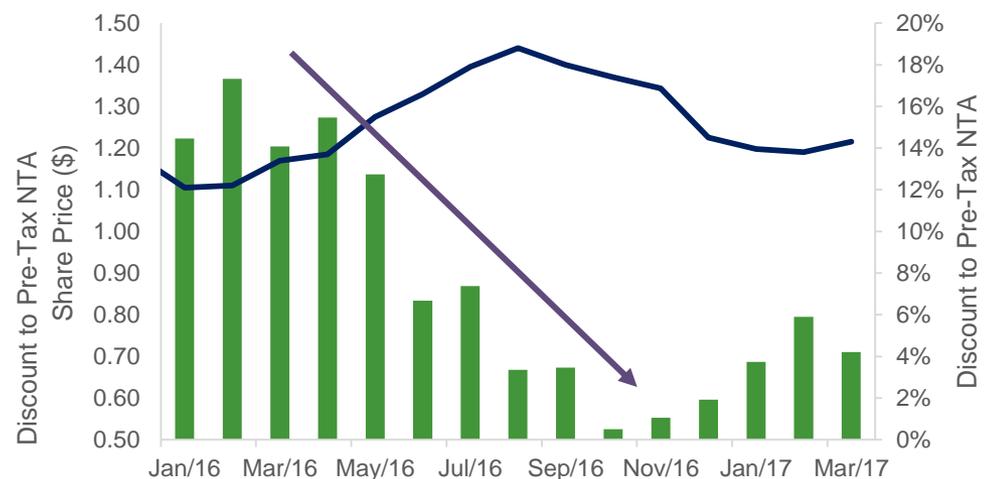
The HHV share price discount to NTA has decreased significantly since January 2016, partly as a result of initiatives taken by the HHV board, including:

- Constructive relationship with the investment manager
- Committed to effective shareholder communication
- Committed to value creative capital management strategies
- Disciplined management of the Company's expenses

Historical Share Price Discount to NTA Per Share



Recent Share Price Discount to NTA Per Share



— HHV Share price — Discount to Pre-Tax NTA — Historical average discount to NTA per share



HHV General Meeting on 6 April 2017

The HHV Board maintain, that an equal access buy back (“EABB”) is not in the best interests of shareholders that are not associated with Wilson Asset Management (WAM)

The HHV Board strongly recommends shareholders vote AGAINST the WAM resolutions

- 27 December 2016, Peter Hall resigned as:
 - Chief Investment Officer of Hunter Hall International Limited (“HHL”) and subsequently
 - as a director of Hunter Hall Global Value Limited (“HHV”).

- 18 January 2017, WAM requested the HHV Board implement an EABB
 - The HHV Board considered the request and concluded that an EABB was not in the best interests of all shareholders because there:
 - would be no material benefit for shareholders
 - is ample liquidity for shareholders to sell their shares on market at an acceptable price

- 14 February 2017, WAM requisitioned a General Meeting of shareholders, set for 6 April 17
 - The HHV Board has issued a notice of meeting, to be held on 6 April 2017
 - If WAM’s resolutions are successful, WAM intends to implement an EABB



HHV Board Strongly Recommend Shareholders Vote AGAINST ALL Resolutions

#1 Current HHV Board best qualified

- Each Board member has extensive relevant experience and a proven track record of achieving results that are in the best interests of Shareholders.

#2 Nominated directors not suitable

- The WAM nominees have limited experience in investment management in a listed investment company, or as public company directors.
- If elected, the Board would solely comprise WAM nominees who, in the opinion of the Board, lack sufficient independence from WAM.

#3 EABB not in Shareholders' interests

- The costs of an EABB are likely to be greater than the discount to NTA that Shareholders would incur if they were to sell their shares on market at this time.
- It is your Board's view that an EABB is not in the best interests of all Shareholders compared to continuing business as usual.

#4 WAM could gain control of HHV

- If WAM does not participate in any EABB, it could gain control over HHV, without paying a control premium to existing Shareholders.



HHV Board Strongly Recommend Shareholders Vote AGAINST ALL Resolutions

RESOLUTION 1:	Removal of Mr David Groves as a director of HHV	X
RESOLUTION 2:	Removal of Mr Julian Constable as a director of HHV	X
RESOLUTION 3:	Removal of Mr Paul Jensen as a director of HHV	X
RESOLUTION 4:	That any director appointed between the time of delivery of the Notice to HHV (14 February 2017) and the start of the Meeting (6 April 2017) be removed from office with effect from the close of the Meeting	X
RESOLUTION 5:	Appointment of Mr Kym Evans as a director	X
RESOLUTION 6:	Appointment of Mr Glenn Burge as a director	X
RESOLUTION 7:	Appointment of Ms Emma Davidson as a director	X



1. Experienced & Highly Competent HHV Directors

HHV's Board comprises three highly experienced and skilled public company directors who continue to adhere to best practice corporate governance procedures in governing HHV.

- **Paul Jensen: Independent Chairman, Fellow AICD**
 - Served on the HHV Board since Oct 2015, Chair since Jan 2016
 - Investment management experience, 20 years
 - Public company director experience, 13 years
 - Listed investment company experience, 13 years
 - Finance and accounting experience, 30 years

- **Julian Constable: Independent non-executive director, member AICD**
 - Served on the HHV Board since May 2010
 - Stock broking experience, 33 years
 - Public company director experience, 20 years
 - Listed investment company experience, 7 years

- **David Groves: Independent non-executive director, Fellow AICD, Chartered Accountant**
 - Served on the HHV Board since May 2016
 - Investment management experience, 30 years
 - Public company director experience, 25 years
 - Finance and accounting experienced, 40 years





2. Wilson Asset Management's Nominated Directors are not Suitable

WAM's intention to implement an EABB was decided without the benefit of access to all relevant information (e.g. the assets in the HHV investment portfolio and the expert advice provided to the Board).

- Wilson Asset Management has nominated all 3 directors.
- WAM has stated in its member's statement that it intends to implement an EABB.
- The WAM nominated directors do not appear to have the capabilities or experience required to govern HHV.
- If the WAM nominated directors are elected:
 - the Board would solely comprise WAM nominees who, in the opinion of the Board, lack sufficient independence from WAM
 - WAM's nominees would have complete control of the HHV Board.



3. EABB Not in the Best Interests of Shareholders

A substantial EABB would provide no material benefit to shareholders not associated with WAM, as the cost to shareholders of an EABB is likely to be greater than the discount to NTA.

- Board taken external advice: to implement substantial EABB would likely cost shareholders in excess of 5% of NTA.
- Average share price discount to NTA per share for January and February 2017: 4.8%.
- Typically EABB are not undertaken unless there is a substantial discount to NTA.
- The HHV share price is not trading at a substantial discount to its NTA per share

HHV Discount to Pre-Tax NTA





3. EABB Not in the Best Interests of Shareholders

HHV Share Price Liquidity

There is no need for an EABB when shareholders can exit their shareholding on market without the increased cost of an EABB.

- There is adequate liquidity in the HHV shares for shareholders to sell their HHV shares on market if they wish.
- The average daily turnover of HHV shares on the ASX for the first two months of 2017 has been approximately 800,000 shares.
- HHV has ~7,500 shareholders, HHV's 14th largest shareholder has fewer than 800,000 shares

All but HHV's largest shareholders could easily exit their HHV holding on market, without incurring the substantial cost of an EABB



4. WAM Could Gain Control of HHV

If WAM does not participate it will obtain greater control of HHV without paying a control premium to the existing HHV shareholders

- WAM has not confirmed whether it intends to participate in the EABB
- The HHV Board believes that if WAM wishes to increase its shareholding and control of HHV, it should:
 - Buy HHV shares on market to increase its shareholding, where all shareholders can benefit from the demand for HHV shares.
 - Pay a premium to HHV's share price, if it wants control



Panel Q & A



Ethical
Managed Funds



Thank you for Attending



Ethical
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