



6 June 2017

Market Announcements Office
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Tuesday, 6 June 2017: Following on from the shareholder vote at the Hunter Hall International Limited (ASX: HHL) Extraordinary General Meeting on 1 June, 2017, Pengana Capital Group Limited (ASX: PCG) today announced updates to the Hunter Hall international equities investment portfolios, including **Hunter Global Value Limited (ASX: HHV)**, **Hunter Hall Value Growth Trust (VGT)** and the **Hunter Hall Global Equities Trust (GET)**. Attached are the announcement letters that will be sent to investors today, detailing the changes.

ENDS

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HUNTER HALL GLOBAL VALUE LIMITED

ACN 107 462 966

Managed by Pengana Capital Group

6 June, 2017

Dear Shareholder,

Re: Release of the Hunter Hall Global Value Limited (HHV) Plan

Last week, following a shareholder vote at the Hunter Hall International Limited (HHL) General Meeting on 1 June, HHL and Pengana Holdings (Pengana) merged to create Pengana Capital Group Limited (ASX: PCG). The combination of HHL and Pengana creates a more substantial business, with significant expertise in funds management and, most importantly to HHV shareholders, significant expertise in the international equities arena.

Pengana is a well-respected funds management business that has a long history of delivering positive investment outcomes across multiple funds. The HHV directors have the utmost confidence that PCG is well placed to do an excellent job in managing HHV.

Since the HHV General Meeting on 6 April, we have been in a process of consultation and dialogue with our key stakeholders in order to move forward on our commitment to deliver value to our shareholders and confirm our future plans ('the Plan'). We are now pleased to confirm details of the Plan, which, in summary, is:

- **Board renewal:** Mr Frank Gooch has agreed to become an independent non-executive director (NED) effective immediately, and it is planned for him to become Chairman after the next HHV Annual General Meeting (AGM). Frank brings over 31 years' experience in the finance and investment industries including as Managing Director of Milton Corporation Limited, a highly regarded Australian Equities listed investment company (LIC) with a market capitalization of \$2.9 billion. Russel Pillemer, CEO of PCG will also join the HHV Board as a NED
- **Compensation of Board members:** There has been a substantial reduction in compensation levels for Board members.
- **Investment team:** HHV will now be managed by a vastly experienced team of six, including investment professionals from both Pengana and Hunter Hall, with over 90 years of combined industry experience. This team will be led by Jordan Cvetanovski (Chief Investment Officer & Portfolio Manager) and Steven Glass (Head of Research & Portfolio Manager). Jordan and Steven have been successfully managing the Pengana International Equities Fund ('PIEF') since 2015.
- **Investment mandate:** The investment strategy for HHV will change effective immediately, replicating the strategy and process of the PIEF. In line with the PIEF strategy, the ultimate aim of HHV will now be to generate long-term consistent returns whilst reducing volatility and the risk of losing capital. Importantly, the successful execution of this new strategy will support HHV's objective to pay consistent and growing dividends in the future.
- **Dividend policy:** HHV has reviewed its stated dividend objective and has decided to adopt a revised objective. The revised objective is to deliver "regular **and growing**" dividends.
- **Bonus options issuance:** In recognition of the support from our shareholders, HHV wishes to advise that it intends to undertake a one-for-one bonus issue of options (for nil consideration) to all shareholders with an address in Australia or New Zealand.
- **Fee Restructure:** The Independent Board Committee has been successful in negotiating with PCG a proposed future restructuring of the HHV investment management fees. This restructuring will require approval from HHV shareholders, which we will seek at the next AGM.
- **Roadshow:** HHV's investment manager will continue to visit major cities twice per year for our roadshow. The next roadshow will take place at the beginning of August where shareholders will have the opportunity to meet and hear from Jordan Cvetanovski and Russel Pillemer.

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Details of the Plan are outlined below.

Board renewal

Over the past several weeks, HHV has undertaken a process to identify and recruit a suitably qualified independent non-executive director (NED). We are very pleased to announce that Mr Frank Gooch has agreed to become an HHV NED effective immediately. Frank will formally stand for election by HHV shareholders at the Company's next AGM which is scheduled for November this year. It is planned that Frank will become Chairman of HHV after the AGM.

Frank brings over 31 years' experience in the finance and investment industries – and specifically in the management of Listed Investment Companies (LIC). He is currently Managing Director of Milton Corporation Limited (since 2004) and Chief Executive (since 1999). Milton is a highly regarded Australian Equities LIC that has been listed since 1958, with a market capitalization of \$2.91 billion.

As part of the Board renewal process, Mr Rob Millner will leave the HHV Board. Rob (Chairman of Washington H. Soul Pattinson) temporarily joined the Board following the General Meeting on 6 April to support the development of the Plan and we thank him for his considerable contribution over this short period.

Existing Non-executive Directors Julian Constable and I will remain on the Board and we will be joined by Russel Pillemer, CEO of PCG.

Russel co-founded the Pengana business in 2003 and has been the CEO since that time. Prior to founding Pengana, Russel worked in the Investment Banking Division of Goldman Sachs in New York, providing advice to funds management businesses, and prior to that was responsible for leading Goldman Sachs' Australian Financial Institutions Group.

Compensation of Board Members

HHV has reviewed the compensation of Board members and will reduce the Chairman's compensation from \$96,000 (inclusive of superannuation) to \$60,000 (exclusive of superannuation) and Director compensation from \$60,000 (inclusive of superannuation) to \$40,000 (exclusive of superannuation). It should be noted that due to his role as CEO of PCG, Russel Pillemer will not be paid any compensation for his role as a NED of HHV.

Investment team expertise

Your investment will now be managed by a vastly experienced team of six, including investment professionals from both Pengana and Hunter Hall, with over 90 years of combined industry experience. This team will be led by Jordan Cvetanovski (Chief Investment Officer & Portfolio Manager) and Steven Glass (Head of Research & Portfolio Manager). Jordan and Steven have been successfully managing the Pengana International Equities Fund ('PIEF') since 2015.

Jordan is a highly regarded international equities fund manager with extensive experience acquired in Europe and Australia. Prior to joining Pengana, Jordan was a Partner at Carmignac Gestion (a Paris based fund manager with in excess of EUR50bn of funds under management) where he managed three international equity funds. Prior to Carmignac, Jordan worked at Robeco (in the Netherlands), Platinum and BT Funds Management. At Pengana, Jordan employs the same approach to stock selection and portfolio construction that he used successfully over many years in Europe.

Steven is a proven international investor with considerable experience in managing international investments from Australia. Steven started his international investment career at Platinum Asset Management and prior to joining Pengana, spent seven years working as a Portfolio Manager at Hunter Hall. At Pengana, Steven is responsible for the investment research process.

The team will also include James McDonald (Portfolio Manager) who was Hunter Hall's CIO and Ryan Fisher who recently joined Pengana from Goldman Sachs, where he was Managing Director within the Global Investment Research division and a highly-rated sell-side analyst specialising in Financials.

Investment mandate

The investment strategy for HHV will change effective immediately, replicating the strategy and process of PIEF.

PIEF's focus is on investing in a well-constructed portfolio of growing businesses at reasonable valuations. It employs a 'benchmark-unaware' strategy with freedom to invest across all international equity markets and company sizes.

An integral element of the portfolio construction process is the division of stocks into three segments: Core, Cyclical and Opportunistic. Core stocks, which will always represent 60-80% of the Fund, provide stability, while stocks that the investment team classify as Cyclical or Opportunistic provide the opportunity for material upside.

In line with PIEF's strategy, the ultimate aim of HHV will now be to generate long-term consistent returns whilst reducing volatility and the risk of losing capital. Importantly, the successful execution of this new strategy will support HHV to pay consistent and growing dividends in the future.

Finally, we understand that many of our shareholders are aligned to HHV due to the ethical approach to investing, and we assure you that the current ethical screen will be retained **in its entirety**.

Dividend policy

HHV has reviewed its stated dividend objective and has decided to adopt a revised objective. Previously, the stated objective was to deliver "consistent and regular fully franked dividends provided HHV has sufficient profit reserves and franking credits and it is within prudent business practices". In the revised objective "consistent and regular" has been replaced with "regular **and growing**". Whilst there is no guarantee that this objective will be met, we nevertheless think it is important to make this revision in order to align HHV more closely with the aspirations of our shareholders.

We anticipate that our final 2017 dividend will be 3.5 cents per share, which we will confirm to the market in July. We aim to be able to deliver growth in dividends from year to year.

Bonus options issuance

In recognition of the support from our shareholders, HHV wishes to advise that it intends to undertake a bonus issue of options (for nil consideration) to all shareholders with an address in Australia or New Zealand. The exercise period will be within 18 months from the issue of the options and the exercise price will be set at the net asset value per share on the date at which the options are issued. A prospectus setting out the terms of issue and the timetable will be made available when the securities are offered.

Fee Restructure

The Independent Board Committee (comprised of Robert Millner and Julian Constable, Chair) have been successful in negotiating with PCG a proposed future restructuring of the HHV investment management fees. This restructuring will require approval from HHV shareholders, which we will seek at the next AGM.

The restructuring will include a reduction in base fees from 1.5% to 1.2% and the 'resetting' of the performance fee high watermark. The historical performance of HHV has been substantially below its benchmark and therefore, it could be some years until the investment manager would be able to generate any performance fees. Resetting the performance fee high watermark, will enable PCG to earn performance fees by outperforming the benchmark in the future without having to make up for the historical underperformance.

In the view of your HHV Board, this restructure is beneficial for shareholders as it aligns the investment manager with HHV shareholders by paying them the combination of a lower base fee with an increased chance of earning outperformance fees.

Roadshow

HHV's investment manager will continue to visit major cities twice per year for our roadshow, to provide you with a detailed performance update and, importantly continue to meet regularly a number of our shareholders face-to-face. The next roadshow will take place at the beginning of August, where you will have the opportunity to meet and hear from Jordan Cvetanovski and Russel Pillemer. Confirmation of dates in various cities will follow soon.

We appreciate the loyalty and support you have demonstrated through this process. We are excited about the future of HHV and its relationship with PCG, and have the utmost confidence that we are well placed to deliver strong investment returns and dividends for the benefit of our shareholders. We commit to communicate with you on a regular basis and to keep you informed as the Plan is implemented.

Should you have any questions, please don't hesitate to contact us at clientservice@pengana.com or +61-2-8524-9900.



David Groves
Chairman

6 June, 2017

Dear investor,

Re: Important changes to your investment in the Hunter Hall Value Growth Trust (VGT)

Last week, following a shareholder vote at the Hunter Hall International Limited (HHL) Extraordinary General Meeting on 1 June, HHL and Pengana Holdings (Pengana) have merged to create Pengana Capital Group Limited (PCG). The combination of HHL and Pengana creates a substantial business with in excess of \$3 billion in funds under management. PCG is a highly regarded fund manager with wide ranging expertise. Most importantly to VGT investors, PCG has significant expertise and experience in the area of international equities funds management.

Investment team expertise

Your investment will now be managed by a vastly experienced team of six, including investment professionals from both Pengana and Hunter Hall, with over 90 years of combined industry experience. This team will be led by Jordan Cvetanovski (Chief Investment Officer & Portfolio Manager) and Steven Glass (Head of Research & Portfolio Manager). Jordan and Steven have been successfully managing the Pengana International Equities Fund ('PIEF') since 2015.

Jordan is a highly regarded international equities fund manager with extensive experience acquired in Europe and Australia. Prior to joining Pengana, Jordan was a Partner at Carmignac Gestion (a Paris based fund manager with in excess of EUR50bn of funds under management) where he managed three international equity funds. Prior to Carmignac, Jordan worked at Robeco (in the Netherlands), Platinum and BT Funds Management. At Pengana, Jordan employs the same approach to stock selection and portfolio construction that he used successfully over many years in Europe.

Steven is a proven international investor with considerable experience in managing international investments from Australia. Steven started his international investment career at Platinum Asset Management and prior to joining Pengana, Steven spent seven years working as a Portfolio Manager at Hunter Hall. At Pengana, Steven is responsible for the investment research process.

The team will also include James McDonald (Portfolio Manager) who was Hunter Hall's Acting CIO and Ryan Fisher who recently joined Pengana from Goldman Sachs, where he was Managing Director within the Global Investment Research division and a highly-rated sell-side analyst specialising in Financials.

Investment mandate

The investment strategy for VGT will change effective immediately, replicating the strategy and process of PIEF.

PIEF's focus is on investing in a well-constructed portfolio of growing businesses at reasonable valuations. It employs a 'benchmark-unaware' strategy with freedom to invest across all international equity markets and company sizes.

An integral element of the portfolio construction process is the division of stocks into three segments: Core, Cyclical and Opportunistic. Core stocks, which will always represent 60-80% of the Fund, provide stability, while stocks that the investment team classify as Cyclical or Opportunistic provide the opportunity for material upside.

In line with PIEF's strategy, the ultimate aim of VGT will now be to: generate long-term consistent returns whilst reducing volatility and the risk of losing capital.

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Finally, we understand that many of our shareholders are aligned to VGT due to the ethical approach to investing, and we assure you that the current ethical screen will be retained in its entirety.

Fee reductions

We are pleased to advise that, effective 6 June, 2017, we will be reducing the fees applicable to your investment. Your management fee will be reduced from 1.64% to 1.35% (including GST and RITC).

This covers all expenses, with further reimbursable expenses previously estimated to be 0.16% also removed. In addition, your performance fee of 15.38% has been eliminated.

The table below demonstrates how the management fee reductions can affect your investment over a one year period for an investment amount of \$10,000.

	Current fee	Reduced fee	Saving per \$10,000 invested
Management fee	1.64% = \$164	1.35% = \$135	\$29
Reimbursable expenses	0.16% = \$16	Nil	\$16
Total	\$180	\$135	\$45

More significant is the potential effect of compounding this 0.45% fee differential, over the life of your investment. When coupled with the removal of your performance fee, these fee reductions have the potential to significantly enhance your investment value.

A copy of the updated PDS detailing all changes can be found here: <link>.

Distributions

The repositioning of the investments in the Fund to align with the investment mandate and objectives detailed above, is expected to generate significant distributable income for investors, which will be paid in July. Should you wish to retain your full economic interest in the Fund, we have attached a form which enables you to change your distribution preference to reinvest any distributions.

We appreciate the patience and support you have demonstrated through this process, and we are excited about the future of Pengana Capital Group. Our intention is to deliver a best-in-class investment strategy with a focus on sustainable wealth creation and stability. We commit to communicate with you on a regular basis, as a supporter of our business, to keep you informed.

Should you have any questions, please don't hesitate to contact us at clientservice@pengana.com or +61-2-8524-9900.

Kind regards,



Russel Pillemer
 Chief Executive Officer
 Pengana Capital Group &
 Hunter Hall Investment Management

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6 June, 2017

Dear investor.

Re: Important changes to your investment in the Global Equities Trust investment (GET)

Last week, following a shareholder vote at the Hunter Hall International Limited (HHL) Extraordinary General Meeting on 1 June, HHL and Pengana Holdings (Pengana) merged to create Pengana Capital Group Limited (PCG). The combination of HHL and Pengana creates a substantial business with in excess of \$3 billion in funds under management. PCG is a highly regarded fund manager with wide ranging expertise. Most importantly to GET investors, PCG has significant expertise and experience in the area of international equities funds management.

Investment team expertise

Your investment will now be managed by a vastly experienced team of six, including investment professionals from both Pengana and Hunter Hall, with over 90 years of combined industry experience. This team will be led by Jordan Cvetanovski (Chief Investment Officer & Portfolio Manager) and Steven Glass (Head of Research & Portfolio Manager). Jordan and Steven have been successfully managing the Pengana International Equities Fund ('PIEF') since 2015.

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The team will also include James McDonald (Portfolio Manager) who was Hunter Hall's Acting CIO and Ryan Fisher who recently joined Pengana from Goldman Sachs, where he was Managing Director within the Global Investment Research division and a highly-rated sell-side analyst specialising in Financials.

Investment mandate

The investment strategy for GET will change effective immediately, replicating the strategy and process of PIEF.

PIEF's focus is on investing in a well-constructed portfolio of growing businesses at reasonable valuations. It employs a 'benchmark-unaware' strategy with freedom to invest across all international equity markets and company sizes.

An integral element of the portfolio construction process is the division of stocks into three segments: Core, Cyclical and Opportunistic. Core stocks, which will always represent 60-80% of the Fund, provide stability, while stocks that the investment team classify as Cyclical or Opportunistic provide the opportunity for material upside.

In line with PIEF's strategy, the ultimate aim of GET will now be to: generate long-term consistent returns whilst reducing volatility and the risk of losing capital.

Finally, we understand that many of our shareholders are aligned to GET due to the ethical approach to investing, and we assure you that the current ethical screen will be retained **in its entirety**.

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Further information on the Fund's return objective and investment strategy can be found on our website.

The GET tax position

In recent years, investors in GET have suffered economic losses, resulting in GET having capital losses of \$27.75m and revenue losses of \$22.5m (as at end April 2017). This Fund reorganisation is proposed in order to create the most effective structure to enable future investment returns.

In broad terms, the capital losses may defer the income year in which GET investors are ultimately taxed on future realised gains, improving after-tax investment returns. This benefit could be significant so please discuss it with your tax adviser.

As the value of tax losses are not booked in the unit price, any investors redeeming units would forfeit their share of the tax losses. Conversely, new investors who have not borne the economic losses would automatically acquire the tax losses when investing in the Fund. To maintain the interests of existing investors, GET will be closed to new investments until such time as the capital losses have been equitably recouped. Existing investors can make additional investments or redeem their investments as per normal.

The extent of the recoupment benefit of tax losses to each investor will depend on numerous factors and personal circumstances.

The revenue losses are subject to additional recoupment tests, which may depend on the continuity of majority underlying beneficial ownership of GET. Assuming these losses can be recouped, and currently they can, they may be applied against the future assessable income of the fund.*

Fee structure

The management fee structure of GET will remain unchanged, however your performance fee of 15.38% will be removed.

We appreciate the patience and support you have demonstrated through this process, and we are excited about the future of Pengana Capital Group. Our intention is to deliver a best-in-class investment strategy with a focus on sustainable wealth creation and stability. We commit to communicate with you on a regular basis, as a supporter of our business, to keep you informed.

Should you have any questions, please don't hesitate to contact us at clientservice@pengana.com or +61-2-8524-9900.

Kind regards,



Russel Pillemer

Chief Executive Officer
Pengana Capital Group &
Hunter Hall Investment Management

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