



**HUNTER HALL  
INTERNATIONAL LIMITED**

ABN 43 059 300 426

11 January 2017

Market Announcements Office  
ASX Limited  
Level 5, 20 Bridge Street  
Sydney NSW 2000

**CHAIRMAN'S LETTER TO SHAREHOLDERS**

Please see below a letter despatched to Hunter Hall International Limited shareholders today.

Yours faithfully,

**Kevin Eley  
Chairman  
Hunter Hall International Limited**

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## SHAREHOLDER UPDATE

### Key points

- Chief Investment Officer and Chief Executive Officer, Mr Peter Hall AM, to leave the business in June this year
- Mr Hall will assist the board and investment management team with a smooth transition plan
- Paula Ferrao has been appointed interim CEO
- James McDonald has been appointed interim CIO
- Leading Australian investment company, Washington H. Soul Pattinson & Co., has become a significant shareholder in Hunter Hall International Limited and has lodged its bidder's statement for an off-market takeover offer to all shareholders of Hunter Hall International Limited
- No action is required at this time but you may wish to seek the opinion of your investment adviser

Dear Shareholder,

The Board of Hunter Hall International Limited is writing to update you of the resignation of Mr Peter Hall from all executive roles at Hunter Hall International Limited and its subsidiaries (ASX:HHL, Hunter Hall or the Company); the appointment of an interim Chief Executive Officer and Chief Investment Officer; and to provide the Board's initial advice on the off-market takeover offer for HHL that has been lodged today by Washington H. Soul Pattinson & Co. Limited (ASX:SOL or Soul Pattinson & Co. or WHSP).

You do not need to take any action at this time, however you may wish to seek the opinion of your investment adviser. In the meantime, we provide the following summary of the ASX announcements for your information.

### Senior Management Changes

Effective from 9 January this year, Mr Hall has stepped down as Chief Executive Officer (CEO) and Chief Investment Officer (CIO). As of that date Mr Hall has relinquished all executive responsibilities but has agreed to work with Directors and management to ensure a smooth transition as he prepares to leave the business in June this year.

Paula Ferrao has been appointed interim CEO. Ms Ferrao has 19 years experience in the funds management industry; has been HHL's Deputy CEO since May 2016; and HHL's Chief Financial Officer since 2010.

James McDonald has been appointed interim CIO. Mr McDonald has 19 years experience in global equity markets. He has been a portfolio manager at Hunter Hall since 2003; Hunter Hall's Deputy CIO since 2011; and the Fund Manager for the Hunter Hall Global Equities Trust (GET) and Hunter Hall Global Value Limited (ASX: HHV) since 2013 and 2015 respectively. He has assumed responsibility for the portions of the various Hunter Hall investment portfolios that have been managed by Mr Hall.

Mr McDonald is supported by seven talented and experienced investment professionals, including Deputy Chief Investment Officer Jonathan Rabinovitz who has extensive experience in the Australian equities markets spanning 31 years. Jonathan is the Fund Manager for the Australian Value Trust

(AVT), having had direct responsibility for this fund since 2013. Hunter Hall funds continue to be managed in line with their respective investment objectives and ethical screens.

The Hunter Hall board will undertake a formal executive search process in order to identify the best possible candidates for both the CEO and CIO roles.

### **New major investor and lodgement of bidder's statement for an off-market takeover**

In conjunction with his decision to leave the business, Mr Hall, who held 43.95 per cent of the issued shares in Hunter Hall, has commenced the process of selling his shareholding in the Company. As announced, on 30 December 2016 Mr Hall sold a 19.9 per cent stake in the Company introducing a leading Australian investment company, Soul Pattinson & Co., to the Hunter Hall share register. This stake was acquired at \$1.00 per share.

Soul Pattinson & Co. has announced that it intends to make an off-market takeover offer (Offer) to all shareholders of Hunter Hall for all Hunter Hall shares that it does not already own, also at \$1.00 per share. Mr Hall has advised the Board that it is his intention to accept that Offer for his remaining shares unless a superior offer eventuates.

Full details of Soul Pattinson & Co.'s Offer to Hunter Hall shareholders have now been disclosed in the bidder's statement which was lodged with the ASX today and which is expected to be despatched to Hunter Hall shareholders in approximately two (2) weeks. The independent Directors on the Hunter Hall Board have formed a committee (Independent Board Committee or IBC) to review the Offer. Together with the assistance of its expert legal and financial advisors, the IBC is now in the process of completing its advice to shareholders on the Soul Pattinson & Co. Offer.

The IBC has appointed Leadenhall Corporate Advisory Pty Ltd (**Independent Expert**) to prepare an Independent Expert Report (**IER**) to advise its assessment of the value of Hunter Hall and whether, in the Independent Expert's opinion, the Offer is fair and reasonable to the shareholders of Hunter Hall (excluding Soul Pattinson & Co.). The IER will be contained in a target statement being prepared by Hunter Hall and its advisors which will be sent to all HHL shareholders as soon as possible, after bidder's statement has been despatched.

The members of the IBC acknowledge that at \$1.00 per share, the Offer is materially below the prevailing trading price for HHL shares both prior to and since the announcement of Mr Hall's resignation and his sale of shares to Soul Pattinson & Co..

Shareholders are advised to wait until they receive the Offer documents and consider carefully all of the information provided in the bidder's and target statements. Based on the current circumstances, shareholders should note that the Board intends to advise against accepting the Offer.

We also advise that after acquiring its 19.9 per cent stake in the Company, representatives of Soul Pattinson & Co. have held a preliminary meeting with the Hunter Hall board to offer assurance that it intends to be a supportive shareholder. Soul Pattinson & Co. has stated that it intends to work with Hunter Hall to continue the investment style and culture which has made the company a success.

Soul Pattinson & Co. has a history of being a long-term investor in companies with a record of outperformance due to its cooperative support of its investee companies. It was first listed on the Sydney Stock Exchange in 1903 and has balance sheet net assets of over \$3.6 billion. The Board of Hunter Hall has stated it welcomes Soul Pattinson & Co. as a shareholder and that it believes Soul Pattinson & Co will be a strong partner to assist in the continued growth of the Hunter Hall business.

The process for the Offer by Soul Pattinson & Co will take some time to proceed and we will keep shareholders updated with the information you require to assess the Offer. Shareholders should wait to receive the bidder's and target statements over the coming weeks in order to fully assess what action to take.

If you have any questions please do not hesitate to contact Hunter Hall Investor Relations team on 1800 651 674 or [invest@hunterhall.com.au](mailto:invest@hunterhall.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Kevin Eley', with a stylized flourish at the end.

**Kevin Eley**  
**Chairman**  
**Hunter Hall International Limited**