



24 January 2017

Market Announcements Office  
ASX Limited  
Level 5, 50 Bridge Street  
Sydney NSW 2000

**Response to Wilson Asset Management**  
**Letter of 18 January 2017**

On 18 January 2017, the board of Hunter Hall Global Value Limited (ASX:HHV or the Company) received the attached letter from Wilson Asset Management (International) Pty Ltd (WAM) requesting that HHV conduct an Equal Access Buy Back (Buy Back) of its securities. At the same time, the letter was released to the media and Mr. Geoff Wilson, Chairman of WAM, participated in media interviews on the contents of the letter. The letter and Mr. Wilson's comments have raised several issues to which the board wishes to respond.

WAM is the Company's largest shareholder and HHV acknowledges that WAM has provided valuable support to the Company since WAM and its related entities became shareholders in 2013. This support has been a contributing factor in the narrowing of the Company's historical share price discount to its net tangible assets (NTA) per share from over 15% to less than 1% in the December quarter of 2016.

The HHV board however does not agree with a number of the assertions made in the WAM letter of 18 January 2017 and certain comments made by Mr. Wilson in that letter.

Firstly, WAM's claim regarding the long-term performance of HHV shares is not correct. HHV's investment performance since inception (14-years) after all fees, expenses and taxes has exceeded the Company's benchmark (MSCI World<sup>1</sup>) by 0.7% for the period to 31 December 2016. The HHV portfolio is concentrated, holding a maximum of 60 stocks and it has an investment style where it is not unexpected that the short-term performance will deviate from the broad market.

Secondly, there is no 'corporate governance crisis', as asserted in the WAM letter, caused by Mr. Hall's resignation as a director of HHV earlier this month. It was appropriate and is in accordance with market practice for Mr. Hall to resign as a director of the Company immediately following his

---

<sup>1</sup> MSCI World Total Return Index, Net Dividends Reinvested, in A\$

3461-2145-3828v1

resignation from the roles of CEO and CIO of the Company's investment manager, Hunter Hall International Limited (ASX:HHL).

HHL has confirmed to the HHV board and the HHV board is satisfied that HHL has the capacity to fulfil its duties and obligations under the Investment Management Agreement governing the services that HHL provides to HHV. HHL's former Deputy CIO, Mr. James McDonald, has taken over Mr. Hall's duties and responsibilities as HHL's interim CIO and has confirmed that the HHV investment strategy remains unchanged.

Importantly for HHV shareholders, Mr. McDonald has been the fund manager responsible for the HHV investment portfolio since 2015. He continues to hold that responsibility, supported by the four portfolio managers who have worked with him in managing the HHV investment portfolio prior to Mr. Hall's resignation.

Thirdly, in requesting the HHV board to implement a Buy Back, the letter from WAM incorrectly implies that the entry and exit feature of a listed investment company (LIC) such as HHV should be the same to those of a unit trust. LIC's and unit trusts each have their own unique characteristics and provide investors with distinct benefits specific to each investment structure.

Because a LIC is publicly listed on the securities exchange, while its share price may trade at a discount or premium to the company's NTA per share at any given time, shareholders enjoy the advantage of being able to enter or exit the investment by buying or selling shares on the securities exchange. In contrast, investors in unit trusts enter or exit from an investment at approximately NTA through a trust investment structure with specific rules and time frames for calculating the unit price for investing or selling those units. This is a fundamental distinction between the two forms of investment vehicles.

The HHV share price has traded in an orderly manner since Mr. Hall's resignation and the board does not accept Mr. Wilson's argument that HHV shareholders should be given the opportunity to exit their investment at NTA as if they are investors in one of Hunter Hall's unit trusts.

Further, the board is conscious of its duty to act in the best interest of the Company and all of its approximately 8,000 shareholders. Our top 10 shareholders account for approximately 21% of shares on issue (approximately 51 million shares) of which WAM owns approximately 28 million. HHV's 10<sup>th</sup> largest shareholder owns fewer than 1 million shares.

The HHV board notes that WAM and its related entities have been selling down their holding in HHV in the December quarter of 2016 and that they began increasing their holding in HHV this year, just prior to making their request for the Buy Back. While a Buy Back at NTA per share may provide WAM with the liquidity required to exit its very large HHV shareholding, the board believes that currently there is sufficient liquidity in HHV shares at acceptable share prices for HHV shareholders to exit their HHV shareholding on market as and if they wish to do so.

Additionally, the HHV board's view is that for the Buy Back to be fair and equitable for all shareholders, it would require the total HHV portfolio to be liquidated to fairly determine the NTA for all shareholders. This potentially would be inequitable for those shareholders that wished to remain

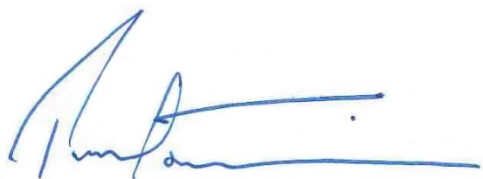
as shareholders. The liquidation to meet WAM's demand would impact the portfolio with transaction costs, potential price liquidity discounts for some stocks and tax consequences. These costs would be borne by all shareholders, not just those that might choose to exit via the Buy Back.

By comparison to the disadvantages inherent in the WAM Buy Back proposal, the HHV board notes that:

- The HHV share price is only slightly lower than it was prior to Mr. Hall's notification of his resignation on 30 December of \$1.235, closing at \$1.218 on 23 January 2017.
- The ability for HHV shareholders to buy and sell their shares on the ASX has improved significantly since the announcement of Mr. Hall's resignation.
- In the period 30 December 2016 to 23 January 2017:
  - 14.9m HHV shares have traded on the market and
  - The daily average turnover of HHV shares traded on the ASX increased from 263,685 per day (30 June to 31 December 2016) to 933,072 per day.
  - The weighted average share price was \$1.1904.
- HHV's share price discount to pre-tax NTA at 23 January 2017 is 2.9%
- By comparison, at 30 June 2016, the NTA per share discount was 6.7% while the average discount over the prior three years was materially wider at 11.6%<sup>2</sup>.

As a result of all the considerations explained in this announcement, the board of HHV firmly believes that the Buy Back proposed by WAM is not in the best interests of HHV shareholders.

If you have any questions regarding the matters addressed in this letter, please do not hesitate to contact the investor relations team on 1800 651 674 or by email at [invest@hunterhall.com.au](mailto:invest@hunterhall.com.au).



Paul Jensen  
Chairman  
Hunter Hall Global Value Limited

---

<sup>2</sup> Bell Potter Listed Investment Companies Indicative NTA 21 November 2016.