



HUNTER HALL GLOBAL VALUE LIMITED

ACN 107 462 966

9 February, 2017

Dear Shareholder,

I am writing to you to provide an update on changes at our investment manager Hunter Hall International Limited (HHL) (ASX: HHL) and at Hunter Hall Global Value Limited (HHV).

Key Points

While there has been a lot of news involving HHV over the holiday period, your Board reassures shareholders that it remains very much business as usual at HHV.

- The lead investment manager and key team members at HHL responsible for HHV's investment portfolio remain unchanged irrespective of the resignation of Mr Hall
- The HHV Board has experienced directors and appropriate governance to actively protect the interests of shareholders and will continue to monitor the current situation
- The HHV Board remains satisfied that HHL has the capacity and expertise to manage HHV's portfolio
- Both Washington H. Soul Pattinson & Co and Pinnacle Investment Management Group Limited's stated intentions are to continue HHL's existing investment style and philosophy. The HHV Board is supportive of the continuation of HHL's current management of HHV, but will continue to monitor the situation
- An Equal Access Buy Back of HHV shares as proposed by HHV's largest shareholder is likely destructive to shareholder value and therefore not in the best interests of shareholders and has accordingly been rejected by the HHV Board
- HHV has declared an increased dividend for the first half of FY17 compared to the first half dividend for FY16

Business as Usual Following Board and Management Changes

While some shareholders will have followed HHV's announcements to the ASX during the January holiday season, I want to ensure that all HHV shareholders are aware of some recent events.

Peter Hall's Resignation from HHL - Mr Peter Hall AM tendered his resignation, for personal reasons, as CIO of HHL on 27 December 2016. After discussion with the HHL board Mr Hall stepped down as both the Chief Executive Officer (CEO) and the Chief Investment Officer (CIO) of HHL on 9 January 2017, immediately relinquishing his executive responsibilities.

Interim CIO and Interim CEO Appointments at HHL - Mr James McDonald was appointed Interim CIO for HHL. Mr McDonald has been the Deputy CIO at HHL since 2011 and has been HHV's fund manager since 2015.

Ms Paula Ferrao was appointed as Interim CEO for HHL. 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.

Peter Hall's Resignation as a Director of HHV - Having resigned his executive roles and agreed a smooth transition plan with the HHL board, Mr Hall also tendered his resignation as a Director of

HHV on 12 January with immediate effect. The HHV Board was pleased to appoint Mr David Groves as a Director. Mr Groves served as Mr Hall's alternate Director prior to his appointment and is also a Director of HHL.

Independent Board Committee at HHV - Your Board established an Independent Board Committee (comprising Mr Julian Constable and I) to manage the relationship between HHV and HHL under the investment management agreement (IMA). The Independent Board Committee is satisfied that HHL continues to have the capacity and commitment to properly perform its duties and obligations to HHV under the IMA.

Competing Takeover Offers for HHL - No Action Required by HHV Shareholders

Mr Hall was HHL's largest shareholder and decided to exit his shareholding in HHL. As a result HHL is now subject to competing takeover offers from Washington H. Soul Pattinson and Company (WHSP) (ASX:SOL) and Pinnacle Investment Management Group (Pinnacle) (ASX:PNI).

Both WHSP and PNI:

- are established and well regarded investment management organisations
- have indicated that they are supportive of the existing management of HHV and HHL's investment style and philosophy

The take-over offers for HHL from WHSP and Pinnacle require no action from HHV shareholders. The Board will continue to actively monitor the outcome of those offers and any related events and advise shareholders on any implications for HHV.

Equal Access Buy Back Proposal not in Interests of Small HHV Shareholders

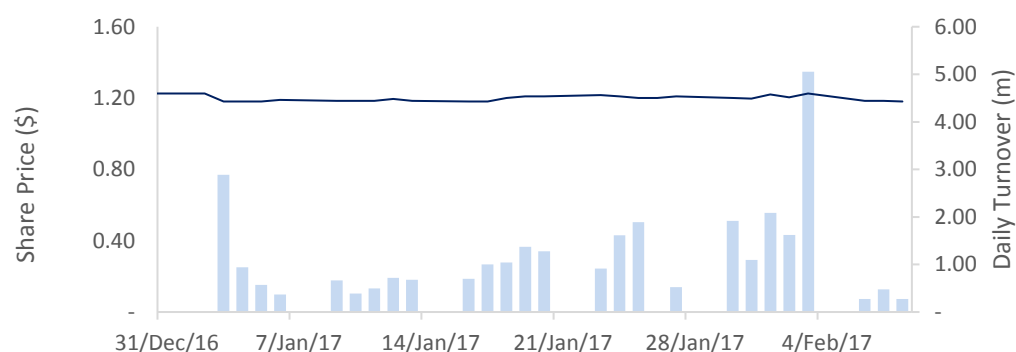
On 18 January 2017, HHV received a letter from Wilson Asset Management (International) Pty Ltd (WAM) requesting that HHV conduct an Equal Access Buy Back (EABB) of its securities.

WAM is yet to provide details regarding its request for an EABB. Nevertheless, your Board, having previously carefully considered the consequences of such a proposal, firmly believes that an EABB as described by WAM will not be in the best interest of HHV shareholders as it would be destructive to shareholder investment value.

There has been strong buying interest of HHV shares and as a result HHV's share price rose from a low of \$1.17 on 4 January 2017 (the first day of trading after Mr Hall's resignation) and has consolidated around \$1.20 per share as at the date of this letter. This compares to the latest (31 January 17) Pre-Tax NTA of \$1.2446 per share.

There continues to be adequate liquidity in HHV shares at acceptable share prices. As such, the HHV Board believes there is a viable market for those HHV shareholders who wish to exit their HHV investment. The average daily turnover of HHV securities traded on the ASX has steadily increased to an average of 1,101,545 for the period from 31 December 2016 to 8 February 2017. This compares to the average daily turnover of 263,658 for the 6-month period to 31 December 2016.

Share Price and Daily Turnover - 31 December to 8 Feb 17¹



The HHV share price has continued to trade at or less than a 5% discount to its Pre-Tax NTA per share since 4 January 2017. By comparison at 30 June 2016, the Pre-Tax NTA per share discount was 6.7% while the average discount over the three years was materially wider at 11.66%.²

Share Price discount to Pre-Tax NTA - 1 July 2015 to 31 January 2017³



Under the prevailing circumstances, a substantial EABB will likely destroy value for shareholders.

Conducting a substantial EABB would require the majority or all of the investment portfolio to be liquidated. The costs of liquidation of the investment portfolio would be significantly greater than the prevailing share price discount to NTA (of less than 5%). As a result, it is highly likely that the net return to shareholders will be less than the price a shareholder can achieve by selling their shares on the market today.

In addition, a substantial reduction in the size of HHV would impact its cost effectiveness of operating going forward materially prejudicing many of our shareholders who wish to remain invested in HHV.

¹ Source: IRESS – 8 February 2017

² Bell Potter Listed Investment Companies Indicative NTA 21 November 2016.

³ Source: IRESS – 8 February 2017, Company announcements; discount for each day has been calculated using the NTA from the most recent ASX NTA announcement as at that date; where reported, Pre-Tax NTA including DTA has been used to calculate discount to NTA, where this is not reported, Pre-Tax NTA has been used

It is interesting that WAM increased its holdings in HHV immediately prior to calling for the EABB. WAM has threatened to requisition a meeting of HHV to remove the current Directors and replace them with their nominated Directors who will then conduct the EABB requested by WAM. WAM's stated intention is to use its 12.23% holding in HHV to push through its buy-back proposal. Such action may serve WAM's own corporate interests, but there is no demonstrated case that such action serves the interests of all HHV shareholders.

The HHV board will keep shareholders advised of developments.

Interim Dividend: 3.5cps Fully Franked Interim Dividend Declared

On 31 January, HHV declared a fully franked interim dividend for the 6 months to 31 December 2016 of 3.5 cents per share (3.00 cents per share for the 6 months to 31 December 2015) in line with HHV's stated dividend policy. The interim dividend is due for payment on 21 April 2017.

On an annualised basis, this represents a fully franked cash dividend yield of 5.8%⁴ and a gross dividend yield of 8.2%⁵.

Your Board remains committed to paying a consistent regular stream of fully franked dividends to our shareholders, provided HHV has sufficient profit reserves and franking credits and it is within prudent business practices.

Your Board recognises that the payment of a reliable stream of fully franked dividends is very important to the great majority of our shareholders. In that regard, the Board expects to declare a final dividend for FY17 in line with the interim dividend of 3.5 cps.

HHV Remains Focused on Shareholders' Long Term Interest

Your Board reiterates that it remains very much business as usual at HHV

- The lead investment management manager and key team members looking after the HHV investment portfolio remain unchanged irrespective of the resignation of Mr Hall.
- The Board has experienced directors and appropriate governance to actively protect the interests of HHV shareholders.
- An Equal Access Buy Back at this stage would likely be destructive to shareholder value
- HHV has declared an increased dividend for the first half of FY17 compared to the first half dividend for FY16.

Your Board will keep shareholders fully informed of any material developments regarding the take-over proposals for HHL.

Yours sincerely,



Paul Jensen
Chairman
Hunter Hall Global Value Limited

⁴ HHV closing share price on 30 January 2016 \$1.20

⁵ Cash dividend yield grossed up with the attached franking credits