



Ethical
Managed Funds

Hunter Hall Global Value Limited

ACN 107 462 966

Monthly Performance Report

July 2014

Date	Pre-Tax Net Tangible Assets Per Share	Post-tax Net Tangible Assets Per Share
31.07.2014	1.2011	1.2011

Absolute and Relative Performance

To 31 July 2014 (%)	1 month	6 months	1 year	Compound Annual Return			
				3 years	5 years	7 years	Since inception
Movement in Net Assets per share	2.3	3.1	15.9	12.6	10.3	1.5	6.3
Benchmark – MSCI World	-0.1	1.8	11.9	18.3	10.3	2.3	4.9
Relative Performance	2.4	1.3	4.0	-5.7	0.0	-0.8	1.4

Source: Hunter Hall. Inception date: 19 March 2004. MSCI refers to the MSCI World Total Return Index, Net Dividend Reinvested, in A\$. Performance figures refer to the movement in net assets per share, including share buy-backs and the reinvestment of dividends, but excluding the effect of option exercises. Past performance is no guarantee of future performance and no guarantee of future return is implied.

Top 10 Holdings

Company	Main Business	Country	Net Assets (%)
Sirtex Medical	liver cancer treatments	Australia	20.2
M2 Telecommunications	telecommunications	Australia	4.8
Gilead Sciences	biopharmaceuticals	USA	3.9
Danieli	metal processing machinery	Italy	3.8
Bank of New York Mellon	financial services	USA	2.5
Take Two Interactive	interactive entertainment	USA	2.4
JDS Uniphase	optical components	USA	2.4
NCR Corporation	consumer transactions	USA	2.2
Apple	consumer electronics	USA	2.1
Citigroup	bank	USA	2.1

Top 5 Contributors

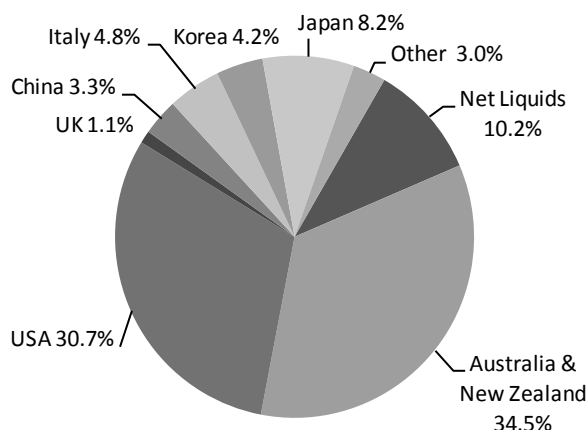
Company	Contribution to Return (%)
Sirtex Medical	2.20
Agrokultura AB	0.39
Gilead Sciences	0.34
M2 Telecommunications	0.24
Bank of Communications	0.21

Top 5 Detractors

Company	Contribution to Return (%)
GI Dynamics	-0.51
GT Advanced	-0.40
NCR Corporation	-0.29
LeoPalace21	-0.23
Danieli	-0.18

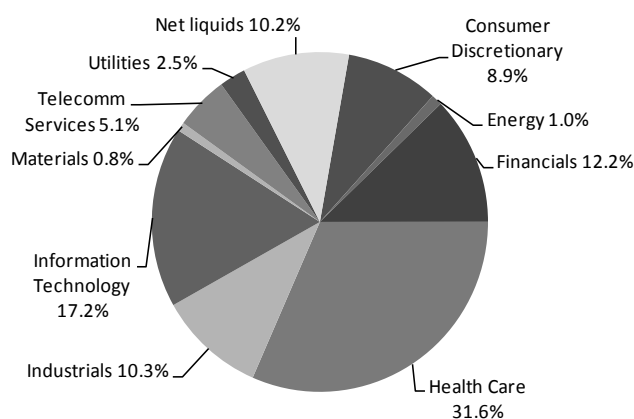
Country Allocation Breakdown

(as a percentage of net assets)



Sector Allocation Breakdown

(as a percentage of net assets)



Commentary

Hunter Hall Global Value Limited's pre-tax net assets per share rose 2.3% in July, outperforming its benchmark, the MSCI World index, by 2.4%. The US S&P500 continued to rally for most of July before a 2% fall on the final day sent it to a loss for the month. Argentina was declared to be in default by Standard & Poor's after it missed a payment on its bonds, a major Portuguese bank (Banco Espírito Santo) was forced to raise capital and earnings in the U.S. and Europe disappointed. The widely followed volatility index, the VIX, spiked 27% on the last day of the month having earlier in the month reached its lowest level since January 2007.

There was divergence in the performance of various equity markets during the month. Europe underperformed with the German DAX Index the worst performer down 4%, while the Emerging and Asian markets strongly outperformed. The Chinese market began its climb out of the doldrums with the Shanghai Composite Index the best performer up 8% as strong PMI data, targeting easing and pro-growth measures, saw all sectors record gains. Our Chinese stocks benefitted with **Bank of Communications** and **ICBC Bank** up 11% and 9% respectively.

Global markets had to contend with heightened geopolitical tensions in July. Firstly, the downing of a civilian airliner over the Eastern Ukraine resulted in increased tension between United States, Western European and Russia and resulted in further sanctions being imposed on the latter. Secondly, the escalation of the Israeli-Hamas conflict in Gaza.

The Company's largest contributor in July was its largest holding, Australian liver cancer treatment company **Sirtex Medical**, up 12%. Sirtex reported a 27% increase in *SIR-Sphere* dose sales during the June quarter 2014. The Americas achieved dose sales growth of 33%, the EMEA (Europe, Middle East and Africa) of 17% and Asia Pacific of 12%. Sirtex has now reported 40 consecutive quarters of dose sales growth, a key measure for the company's business performance. As the stock approached 20% of the portfolio we have reduced our holding as part of a 'portfolio rebalancing' exercise. We remain confident about the future of this company and believe there is significant upside still to come.

We accepted a bid for our holding in Stockholm-listed Ukrainian farmland operator **Agrokultura AB**. The bid represented a 22% premium to the prevailing share price at the time. While this was a pleasing outcome, it ended a disappointing investment in the company.

US biotech, **Gilead Sciences** hit 52-week highs in July, up 10%, after the company beat consensus earnings for the quarter to June 2014. Earnings per share beat 2Q consensus by 32%-driven by the company's once-a-day Hepatitis C cure, *Solvadi*. With the focus on the launch of the *Sovaldi/ledipasvir* combination pill at the end of calendar 2014, a market with a multi-billion potential, and a strong drug pipeline, we believe the market under-appreciates the upside potential of the company. Despite the rally, the stock trades on a 2015 P/E of 10x and an EV/EBITDA of 8x - very cheap for a large-cap pharmaceutical company.

Other contributors over the month included Australian telecommunications company **M2 Telecommunications** (+5%), Australian civil works company **Maca** (+11%), Korean gas utility **Samchully** (+9%) and Korean retailer **Hyundai Home Shopping** (+11%).

Despite the outperformance over the month, a few of our holdings held back further gains. Australian medical device company **GI Dynamics** fell 27%. News that the company's Chief Commercial Officer Mr. Mark Twyman was leaving his position immediately, coupled with challenging business conditions in certain self-pay commercial markets, saw the stock fall. While the company continues to ramp up in sales, it is doing so at a slower rate. Late in the month, GI Dynamics announced that the first patients had been enrolled in its large, randomised, multi-centre, *Endobarrier* trial in France. The trial is expected to complete in 2016.

US diversified technology company **GT Advanced** fell 26% over the month after the stock was downgraded by UBS and Canaccord. UBS cited a slower ramp to its Apple-related sapphire output while Canaccord expressed scepticism regarding the use of sapphire glass in large volumes in the pending iPhone 6. The company is due to report in early August.

At month-end Global Value Limited had unaudited net assets of \$226.4m. The portfolio asset breakdown was 34.5% Australian and New Zealand equities, 8.3% European equities, 16.3% Asian equities, 30.7% North American equities and 10.2% Net Liquids. Hedging was in place for 2.1% of the portfolio's foreign currency exposure.

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