



# HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

27 August 2014

Market Announcements Office  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
Sydney NSW 2000

## HUNTER HALL INTERNATIONAL LIMITED

### 30 June 2014 Annual Report and Final Dividend Announcement

As required by ASX Listing Rule 4.3A, 4.5.1 and 4.7.1, I attach the following documents in relation to the financial year ended 30 June 2014:

- Appendix 4E – Preliminary Final Report
- Hunter Hall International Limited 2014 Annual Report

The Directors have declared an interim dividend of 6.4 cents per share, 6.3 cents per share of which is franked and 0.1 cents per share of which is unfranked and is conduit foreign income, with record date of Thursday 11 September 2014 and payment date of Thursday 25 September 2014. The Company Dividend Reinvestment Plan is open for participation for this dividend.

Yours faithfully,

**Paula Ferrao**  
**Company Secretary**

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## Appendix 4E

Preliminary final report  
Current period ended 30 June 2014  
Previous period ended 30 June 2013

ENTITY: HUNTER HALL INTERNATIONAL LIMITED  
ABN: 43 059 300 426

The following information is given to the ASX under listing rule 4.3A.

### Item 1:

This preliminary final report is for the reporting period to 30 June 2014 and the previous corresponding period is 30 June 2013, for Hunter Hall International Limited (the Company) and its controlled entities (the Consolidated Entity).

### Item 2: Results for announcement to the market

	2014 \$'000	2013 \$'000		Change %
<b>2.1:</b>				
Revenue attributable to:				
continuing operations	18,968	21,449	Down	12%
discontinued operations	60	210	Down	71%
Total revenue	19,028	21,659	Down	12%
<b>2.2:</b>				
Profit for the year from:				
continuing operations	3,785	4,713	Down	20%
discontinued operations	(77)	196	Down	139%
Total profit for the year	3,708	4,909	Down	24%
<b>2.3:</b>				
Profit for the year from continuing and discontinued operations:				
Attributable to the parent company	3,715	4,812	Down	23%
Attributable to non-controlling interest	(7)	97	Down	107%
Total profit for the year from continuing and discontinued operations	3,708	4,909	Down	24%

- 2.4:** The amount of dividends for the period amounted to 13.4 cents per share, of which 13.3 cents per share was franked. This is made up of a final substantially franked dividend of 6.4 cents per share declared by the Board on 27 August 2014 and an interim dividend of 7.0 cents per share, fully franked.

	Amount per share	Franked amount per share
Final dividend (resolved, not yet provided for at 30 June 2014) <sup>(1)</sup>	\$0.064	\$0.063
Interim dividend	\$0.070	\$0.070

(1) The whole of the unfranked portion of the dividend will be Conduit Foreign Income

- 2.5:** Final dividend dates:
- |              |                   |
|--------------|-------------------|
| Record date  | 11 September 2014 |
| Payment date | 25 September 2014 |

## Appendix 4E

Preliminary final report  
Current period ended 30 June 2014  
Previous period ended 30 June 2013

ENTITY: HUNTER HALL INTERNATIONAL LIMITED  
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### Item 3: Net tangible assets per security

	2014 \$	2013 \$
Net Tangible Asset backing per ordinary share	0.7087	0.7216

#### Details of entities over which control has been gained or lost

Due to its closure, control was lost of the Hunter Hall Global Ethical - Hedged Trust effective 5 September 2013.

### Item 4: Dividends

Final dividend	Date dividend is payable	Amount per share	Franked amount per share	Amount per share of foreign source dividend
Current year	25 September 2014	\$0.064	\$0.063	\$0.001
Previous year	25 September 2013	\$0.100	\$0.075	\$0.025

### Item 5: Dividend reinvestment

Hunter Hall operates a Dividend Reinvestment Plan (DRP) whereby the shareholders can elect that all or part of their dividends be used to apply for fully paid ordinary shares in the Company.

Copies of the Hunter Hall International Dividend Reinvestment Plan and DRP Election forms may be obtained by contacting the Registrar. (Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000. Investor Enquiries 1300 855 080.)

The last date for acceptance of an election form for this dividend payment is the record date, 11 September 2014.

### Item 6: Details of foreign entities

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Item 7: Audit Status

This report is based on accounts which have been audited without dispute or qualification.

### Item 8: Attachments forming part of Appendix 4E

Hunter Hall International Limited 2014 Annual Report.



Wayne Hawkins  
Lead Non-Executive Director

Dated this 27th day of August 2014



**HUNTER HALL  
INTERNATIONAL  
LIMITED**

ABN 43 059 300 426

**30 June 2014  
ANNUAL REPORT**

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# Chairman's Report

Dear Fellow Shareholders,

I am pleased to present the 14th Annual Report of Hunter Hall International Limited.

This year also marks the 20th anniversary of the foundation of the Hunter Value Growth Trust which was established on 2 May 1994. The Trust has had its ups and downs but it is pleasing to note that as at 30 June 2014 it was the top performing investment fund in Australia over the previous twenty years, delivering a 13.1% compound annual return as compared with the All Ordinaries Accumulation Index (All Ords) which returned 9.3% per annum and the MSCI World Total Return Index, Net Dividends Reinvested, in Australian Dollars (MSCI World) which returned 5.7%.

I will provide a high level overview of the Company's performance coupled with observations on our investment performance and conclude with some remarks on the outlook for the Company.

Our Managing Director, David Deverall, will in his report provide an overview of our strategy, progress on its implementation and a more detailed review of our key operational metrics.

## Financial Results

Hunter Hall International Limited recorded a net profit after tax of \$3.715m for the year to 30 June 2014, 22.8% lower than that recorded in the previous comparable period.

We continue to manage our cost base, with Ongoing Operating Expenses down 6.4% to \$9.976m and Total Operating Expenses down 11.7% to \$10.489m as compared with a decline in Revenue from Investment Management down 12.7% to \$16.042m.

Funds under management decreased 13.8% from \$1.114b at 30 June 2013 to \$0.960b at 30 June 2014 with good investment performance offsetting to a significant extent net outflows, share buy backs and distributions.

Our balance sheet is strong with net cash and investments of \$17.9m at 30 June 2014, prior to payment of dividends and tax.

## Dividend

A final dividend of 6.4 cents per share has been declared by the Board, of which 6.3 cents per share is fully franked and the remaining 0.1 cent per share is unfranked. The record date for the dividend is Thursday 11 September 2014 and the dividend will be paid on Thursday 25 September 2014.

In conjunction with the interim dividend of 7.0 cents per share (of which 7.0 cents per share was franked), the total dividend for the year is 13.4 cents per share of which 13.3 cents is franked, compared with 18.6 cents per share paid in 2013, of which 12.6 cents was franked.

We expect the level of franking for our dividends to continue to be in excess of 90% in future periods.

## Summary Profit & Loss Statement

(\$'000)	30-Jun-14	30-Jun-13	30-Jun-12
Funds Under Management	960.0m	1,114.5m	1,254.1m
Revenue from Investment Management	16,042	18,373	22,964
Ongoing Operating Expenses	-9,976	-10,655	-11,365
<b>Operating Profit from Investment Management</b>	<b>6,066</b>	<b>7,718</b>	<b>11,453</b>
One-off and strategy expenses	-513	-1,230	-
<b>Total Operating Profit from Investment Management</b>	<b>5,553</b>	<b>6,488</b>	<b>11,599</b>
Net Investment and Other Income	83	253	-85
Charitable Donations	-307	-371	-576
<b>Pre-tax Profit</b>	<b>5,329</b>	<b>6,370</b>	<b>10,938</b>
Tax	-1,681	-1,845	-3,242
<b>Post-tax Profit</b>	<b>3,648</b>	<b>4,525</b>	<b>7,696</b>
Movement in value of seeded funds	67	287	-585
<b>Net Profit after Tax Attributable to HHL</b>	<b>3,715</b>	<b>4,812</b>	<b>7,111</b>
Dividends Per Share	13.4	18.6	32.0

# Chairman's Report

## Remuneration

The Company's Ongoing Operating Expenses (the bulk of which relate to remuneration) declined by a relatively modest 6.4% during the year to June 2014. Included in our cost structure are the costs of our wholesale product, the Australian Equities Fund, which is an investment in the future. In addition we have maintained a full investment team comprising six portfolio managers and four analysts which is a rich endowment for our current size of funds.

Because of my dissatisfaction with our performance during the GFC, in 2009 I voluntarily reduced my salary by 20% and by a further 9% in 2010. With our largest funds, the Value Growth Trust and Global Value Limited reaching their all time high net asset values per unit/share respectively, my remuneration package has been increased towards industry norms. Effective April 2014 I will be paid \$275,000 for my role as Chief Investment Officer and \$100,000 for my role as Chairman of Hunter Hall International.

In light of the continued decline in the profitability of Hunter Hall International, your three non-executive directors elected to voluntarily reduce their combined fees by 10% from \$225,000 to \$202,500. Your Managing Director, David Deverall, also voluntarily elected to reduce his base remuneration from \$450,000 per annum to \$434,000 per annum. These changes will take effect for the 2015 financial year. Senior Key Management Personnel have also received no increases in base remuneration in the year to June 2014.

## Investment Performance

Our flagship product, the Hunter Hall Value Growth Trust (VGT) recorded a 19.6% return for the twelve months to 30 June 2014. This compares with a 20.3% return by the MSCI World and a 17.6% return by the All Ords.

Between inception on 2 May 1994 and 30 June 2014 the VGT generated a compound annual return of 13.1% and has outperformed the MSCI World and All Ords in 14 and 13 of 20 fiscal years, respectively. Since inception the VGT has outperformed the MSCI World and All Ords by a compound annual average of 7.4% and 3.9%, respectively. According to Morningstar data, the VGT was the top-performing fund of 902 managed funds registered in Australia over the 20 year period to 30 June 2014.

At the time of writing the unit price of the VGT is at an all-time high, when adjusted for distributions. It is pleasing to be able to have fully recovered losses, at the unit price level, sustained in the GFC and to be pushing into new unit price territory.

The following table displays the performance of the VGT relative to the MSCI World and the All Ords to 30 June 2014.

Relative Performance of the Value Growth Trust (VGT) to 30 June 2014					
Compound Annual Returns	VGT (1)	MSCI World (2)	Relative Performance (1-2)	All Ords (3)	Relative Performance (1-3)
1 Year	19.6%	20.3%	-0.7%	17.6%	1.9%
3 Years	8.4%	16.6%	-8.2%	9.7%	-1.2%
5 Years	9.8%	11.5%	-1.7%	11.0%	-1.2%
7 Years	1.2%	1.9%	-0.6%	2.0%	-0.8%
10 Years	7.5%	4.0%	3.5%	8.8%	-1.3%
15 Years	10.7%	1.7%	9.0%	8.3%	2.4%
Since inception (02.05.1994)	13.1%	5.6%	7.4%	9.2%	3.9%

The All Ordinaries Accumulation Index is the benchmark used for Performance Fee calculation for the VGT.

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

## Chairman's Report

The Hunter Hall Global Equities Trust (GET) recorded a 17.4% return for the twelve months to 30 June 2014. This compares with a 20.3% return by the MSCI World over the same period. Between its inception on 29 November 2001 and 30 June 2014 the GET recorded a compound annual return of 5.0%, compared with a 1.7% return by the MSCI World over the same period.

Relative Performance of the Global Equities Trust (GET) to 30 June 2014			
Compound Annual Returns	GET (1)	MSCI World (2)	Relative Performance (1-2)
1 Year	17.4%	20.3%	-2.9%
3 Years	8.7%	16.6%	-7.9%
5 Years	7.0%	11.5%	-4.4%
7 Years	-1.2%	1.9%	-3.1%
Since inception (29.11.2001)	5.0%	1.7%	3.4%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Hunter Hall Australian Value Trust (AVT) recorded a 14.8% return for the twelve months to 30 June 2014. This compares with a 13.1% return by the Small Ordinaries Accumulation Index (Small Ords) over the same period. Between its inception on 29 November 2001 and 30 June 2014 the AVT recorded a compound annual return of 7.0%, compared with a 5.6% return by the Small Ords over the same period.

Relative Performance of the Australian Value Trust (AVT) to 30 June 2014			
Compound Annual Returns	AVT (1)	Small Ords (2)	Relative Performance (1-2)
1 Year	14.8%	13.1%	1.7%
3 Years	-1.7%	-2.9%	1.2%
5 Years	6.9%	3.4%	3.5%
7 Years	-1.0%	-5.5%	4.5%
Since inception (29.11.2001)	7.0%	5.6%	1.4%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Global Deep Green Trust (GDG) recorded an 18.3% return for the twelve months to 30 June 2014. This compares with a 20.3% return by the MSCI World over the same period. Between its inception on 31 October 2007 and 30 June 2014 the GDG recorded a compound annual return of 1.4%, compared with a 2.5% return by the MSCI World over the same period.

Relative Performance of the Global Deep Green Trust (GDG) to 30 June 2014			
Compound Annual Returns	GDG (1)	MSCI World (2)	Relative Performance (1-2)
1 Year	18.3%	20.3%	-2.0%
2 Years	15.4%	26.4%	-11.0%
3 Years	6.2%	16.6%	-10.4%
Since inception (31.10.2007)	1.4%	2.5%	-1.1%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Hunter Hall Australian Equities Fund (AEF) recorded a 14.1% return between its inception on 16 July 2013 and 30 June 2014. This compares with a 12.9% return by the S&P/ASX 300 Accumulation Index (S&P/ASX 300) over the same period.

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.



# Chairman's Report

## Hunter Hall Global Value Limited

The Company, through its subsidiary Hunter Hall Investment Management Limited (HHIML) is the Investment Manager for Hunter Hall Global Value Limited (HHV), a listed investment company. HHV's NTA per share recorded a 21.5% return for the twelve months to 30 June 2014. This compares with a 20.3% return by the MSCI World over the same period. Between its inception on 19 March 2004 and 30 June 2014 the HHV recorded a compound annual return of 6.2%, compared with a 4.9% compound annual return by the MSCI World over the same period.

At 30 June 2014, the Hunter Hall Global Value Limited (HHV) net asset backing was \$1.1745 per share compared to a net asset backing of \$1.0185 for 30 June 2013. Over the twelve months, the Company bought back and cancelled 10.797m shares at an average cost of \$0.9323 for a total consideration of \$10.065m and paid dividends of 6c a share.

## Current state of investment markets

Since the GFC the world has experienced extraordinary stimulus in the form of very low interest rates, widespread quantitative easing and fiscal deficits. These stimulatory policies have led to strong performance from many western stockmarkets and, in recent months, an increase in economic activity in the United States and the United Kingdom, among others.

However, there are significant risks present that markets do not appear to be pricing in. Among the risks we see are increasing interest rates (after thirty years of declining or flat rates), the weak structural foundations of sovereign balance sheets and of course the perennial issue of geopolitical instability in the Middle East and East Asia.

Hunter Hall's strategy is to invest in a portfolio of stocks trading at a substantial discount to our assessment of intrinsic value which we define as the net present value of future cashflows. However, the stimulatory policies sketched out above have pushed up valuations. Despite this we believe our superior investment strategy will enable us to find undervalued stocks on a medium to long term horizon.

We have been finding some opportunities in the biomedical area, most notably Sirtex Medical, have a high weighting in Australia which we believe to be in a relatively stronger position than most developed economies and about index weightings in China, Japan and Korea. We are underweight in the United States because there are few bargains in that well-picked over market, even though we believe its economy is now on a growth path.

## Outlook

The new financial year has started well with outperformance of benchmarks by all funds at the date of writing. As at 25 August our funds under management were \$986 million, a slight increase on the level of 30 June 2014.

The professionalisation of Hunter Hall being driven by our Chief Executive David Deverall is well underway and our investment team has never been stronger. It is difficult to forecast our profit for the coming year but we are reducing our operational expenses further. If investment markets remain buoyant we would expect that investment performance would cancel out some or all of the effect of outflows which we expect to continue, albeit at a lower level. It is probable that 2015 profit will be below that of 2014. However, we are hopeful that the strategic initiatives discussed in the Managing Director's report below will bear fruit in 2015 and beyond and allow us to resume growth.

## Annual General Meeting

The Annual General Meeting of Hunter Hall International Limited will be held on Thursday 27 November 2014 at 10.00am at the Mint, 10 Macquarie Street, NSW, 2000. This will be followed by the Hunter Hall Investment Management Annual Investors and Advisors meeting, commencing at 12.30pm, to which Company Shareholders are also invited.



**Peter Hall**  
Executive Chairman

# Managing Director's Review

Dear Shareholders,

As mentioned in the Chairman's Statement, Hunter Hall International Limited (HHIL) continues to experience a downward trajectory in terms of its revenue and profit growth. At face value this makes for unpleasant reading. However, there has been a significant amount of activity going on behind the scenes to implement our strategy to arrest this decline and to provide cause for optimism for the future.

## Strategy

The strategy for Hunter Hall is to offer a range of responsibly-invested equities funds with a value and a small-mid caps bias to Australian superannuation funds, financial planners, and investors. Hunter Hall will win the competition for value creation because value investing is a proven approach for the creation of excess returns, small and mid caps outperform large caps over time, and we are a thought leader in responsible investing.

In order to achieve this strategy we have been implementing the following during 2014:

1. Re-invest in our strengths
  - a. Stay true to label as a value investor
  - b. Maintain our small-mid cap investment bias
  - c. Reinforce our position as a thought leader in ethical investing
  - d. Build our investment team capability
2. Implement the plan for change
  - a. Strengthen our risk management
  - b. Continue to build new distribution channels
  - c. Manage our cost base and balance sheet prudently

I will comment on the status of a few of these strategic initiatives below:

### **1c) Reinforce our position as a thought leader in responsible investing.**

In May 2014 we decided to widen the negative ethical screen for our retail funds to include fossil fuel stocks. Our negative ethical screen seeks to avoid investments in companies that are involved in activities that are harmful to people, animals, and the environment. We know from climate science that burning fossil fuels is having a powerful and accelerating impact on climate and the environment. After observing the gathering momentum of fossil fuel divestment campaigns and consulting a number of our supporters, it became clear that climate change was also a very important issue to many of our investors.

Our new fossil fuel screen excludes companies with a Global Industry Classification Standard (GICS) 101020 titled "Oil, Gas, and Consumable Fuels". This classification accounts for 8% of the MSCI World Index and represented 2.2% of Hunter Hall's overall portfolio. Hunter Hall's investment portfolios have always been underweight fossil fuel companies but our decision to end fossil fuel investments outright enables Hunter Hall to focus on new investment opportunities.

### **1d) Build our investment team capability**

The strength and stability of our investment team is a predictor of future investment returns. It is also an important criteria used by research houses when assessing our investment capabilities.

During the year we promoted two of our analysts to the more senior role of portfolio manager. Both of the new portfolio managers made strong contributions to the performance of the funds during 2014. As a result of these promotions we appointed two new analysts to the team one of whom was a senior analyst with one of our major competitors.

We now have an effective balance of retention and performance incentives in place for our investment team. Our team is well resourced, stable, and extremely experienced.

# Managing Director's Review

## 2a) Strengthen our risk management.

During the year we made a number of important enhancements to our approach to risk management both for our investment portfolios and for the business. We believe that an effective risk management system is the bedrock of trust that exists between our company and both our shareholders and investors in our funds.

We adopted an enhanced approach to the allocation of capital among the portfolio managers. The new approach is more objective and transparent through a quarterly process of capital adjustments based upon the historic returns on invested capital for each portfolio manager.

Our risk management function now reports directly through to me as Managing Director and to the Audit Risk and Compliance Committee which is comprised solely of independent non-executive directors.

During the year Peter Hall resigned his directorship and chairmanship on the board of Hunter Hall Global Value Limited (HHGVL) for which Hunter Hall Investment Management Limited (HHIML) has a long-term investment management contract. This change is consistent with best practice corporate governance.

We also improved our disclosure practices to shareholders. We now publish investor packs and release them to the ASX following our half-year and full-year reporting in February and August of each year. We will also be releasing our funds under management to the ASX at the end of each quarter for the 2015 financial year onwards.

## 2b) Build new distribution channels.

The seeding of the new Australian Equities Fund in July 2013 marked not only the introduction of a new fund. It is also the first move by Hunter Hall in its twenty year history into the Australian institutional market.

The Australian institutional market is a huge and growing market. It is also very competitive. Therefore, in order to compete successfully in this important market, Hunter Hall invested in the development of a new fund and in a new sales capability.

The Hunter Hall Australian Equities Fund is not a negatively screened fund. Instead it integrates ESG (Environment, Social, and Governance) factors into its investment process. It is managed by a team of dedicated investment specialists with experience at managing money for Australian institutional clients. It is sold to the market by an institutional sales specialist who was hired in January 2014 and who has many years of experience and success in the Australian institutional market.

## 2c) Manage our cost base and balance sheet prudently.

Our lease at 60 Castlereagh St, Sydney expired in June 2014. We used the prevailing soft leasing conditions in the Sydney office market to sign a favourable long term lease at 56 Pitt St, Sydney. The new lease will reduce our occupancy costs in Sydney by approximately 25% per annum.

We closed the Global Equities Trust -Hedged (GEH) during the year. The fund, which had a very low level of funds under management, was being run at a loss on both a marginal and fully recovered basis.

While we continue to maintain our subsidiary in Singapore, we no longer have any staff or office space in Singapore. The affected staff members have relocated to our Sydney office and the lease has been returned to the Singapore landlord.

We continued to make efficiency savings in our administration functions during 2014 and in the first part of 2015. As a result of these changes, our staff numbers declined. The full impact of those savings will occur during the 2015 financial year and beyond.

Offsetting these savings has been additional spending on our investment capabilities and our institutional distribution capabilities mentioned earlier in my report. The net impact of cost savings and investments has been a reduction in ongoing operating expenses from \$11.4m in 2012 to \$10.7m in 2013 to \$10.0m in 2014. We expect that ongoing operating expenses will decline further in 2015 to approximately \$9.0-9.5m.

The total one-off cost of implementing our various cost saving initiatives during 2014 was \$0.5m. These costs have been separately identified in the profit and loss statement presented to shareholders in the Chairman's report.

Our balance sheet remains strong with net cash and investments of \$17.9m at 30 June 2014. This gives us the flexibility to pursue investment opportunities if they arise.

# Managing Director's Review

## Fund Flows

Market conditions improved during the 2014 financial year. There is growing appetite among investors to embrace risk assets such as equities-based managed funds. With cash rates at historic lows many investors have no choice other than to invest in equities if they hope to achieve their long-term financial goals.

Hunter Hall's 2014 was consistent with this trend. As performance in our funds continued to improve fund net outflows slowed. Net fund outflows in 2014 were approximately \$300m of which approximately 70% were experienced in the first half and 30% were experienced in the second half. Subject to continued improvements in investment performance it is hoped that monthly net outflows reduce further during the 2015 financial year.

Despite this improving trend, our number one priority is to stem the net outflows and return to net inflows. We will achieve this goal if our investment performance continues to improve and if our ratings with the various research houses improve.

Unfortunately, some of our funds were downgraded by some research houses during 2014. The primary reasons cited by the research houses were our high levels of turnover among our investment team, most of which occurred in calendar year 2012 and our poor investment performance relative to benchmark in calendar year 2013.

As a result of the downgrades our funds were put "on hold" by some of the financial planning groups and wrap platforms that support Hunter Hall's managed funds. While the actions by the financial planning groups and platforms did not result in an increase in outflows they acted to reduce inflows. As a result our net outflows have stayed higher than had they not been placed "on hold".

At the time of writing the one year investment performance for almost all of our managed funds was ahead of benchmark. We believe this is the result of the lower level of turnover among our investment team in 2014 and improvements in the risk management processes both of which I discussed earlier in my Report. It is hoped that this improvement continues throughout 2015. If it does then we are optimistic that our ratings will improve, our funds will be taken off "hold", and our net flows will improve further.

## Profitability

Given that both FUM and revenues declined during 2014 it was inevitable that operating profits declined too. FUM of \$960 million was 14% lower, revenues of \$16.0 million were 13% lower, and ongoing profit from investment management of \$6.1 million was 21% lower than the prior corresponding period. Net profit after tax of \$3.7 million was 23% below the prior corresponding period.

## The Hunter Hall Team

The Hunter Hall team have been extremely loyal and dedicated despite the significant changes imposed upon them since my arrival as CEO in July 2012. No matter how well planned and communicated are the various changes it is always an unsettling experience for the team. I thank them for their patience and support.



**David Deverall**  
Managing Director

# Directors' Report

Your Directors present their report on Hunter Hall International Limited (the Company, HHL) and its controlled entities (the Consolidated Entity) for the year ended 30 June 2014.

## Directors

The names of Directors in office at any time during or since the end of the year are:

Peter Hall AM	Executive Chairman and Chief Investment Officer
David Deverall	Managing Director and Chief Executive Officer
Wayne Hawkins	Lead Non-Executive Director
Mark Forstmann	Non-executive Director
Naomi Edwards	Non-executive Director

All Directors have been in office since the start of the financial year to the date of this report.

## Information on Directors

### **Peter James MacDonald Hall AM - B.A.**

*Executive Chairman and Chief Investment Officer*

Mr Hall is Executive Chairman and Executive Director of Hunter Hall International Limited, a publicly listed entity. He is Chief Investment Officer of Hunter Hall Investment Management Limited and Executive Chairman and Executive Director of Hunter Hall International (UK) Limited. With regards to Hunter Hall International Limited, he is a Trustee of the Charitable Trust and a member of the Charities Committee.

Mr Hall is also a Patron of the Asian Rhino Project and Sea Shepherd UK, a Director of the International Rhino Foundation and a member of the Sydney Film Festival Council.

Mr Hall has 31 years experience in investment markets. Previously he was Investment Manager of Hancock & Gore Limited, Portfolio Manager and Analyst with Mercantile Mutual Holdings Limited, Industrial Analyst with Pembroke Securities Limited, Investment Analyst with New Zealand South British Insurance Limited and a journalist with John Fairfax & Sons Limited.

Mr Hall completed the Harvard Business School Owner/President Management Program in 2003.

Mr Hall was awarded Member (AM) of the Order of Australia in 2010 for his philanthropic contributions to society and his service to the finance management industry.

### **David Michael Deverall - B.E. (Hons), MBA**

*Managing Director and Chief Executive Officer*

Mr Deverall is Managing Director and Chief Executive Officer (CEO) of Hunter Hall International Limited. He is also Managing Director and CEO of Hunter Hall Investment Management Limited.

Mr Deverall has extensive experience in financial services, funds management, and strategy. Prior to joining Hunter Hall, Mr Deverall was Managing Director and CEO of Perpetual Limited and during this time was also Chairman of the peak wealth management industry body, The Financial Services Council.

Mr Deverall was also previously Group Head of Funds Management and Head of Strategy at Macquarie Group.

Since May 2012, Mr Deverall has also been a Non-executive Director at Charter Hall Group, a listed property group.

Mr Deverall has an extensive background in strategy having been Head of Strategy at Macquarie Group from 1997-2000 and having worked as a consultant for Bain and Company and The LEK Partnership from 1988-1996.

Mr Deverall holds an MBA from Stanford University, Graduate School of Business, Palo Alto, California and a Bachelor of Engineering (Mechanical) (Honours) from University of Sydney.

## Directors' Report

### **William Wayne Hawkins - B.Ec., F.Fin., FAICD**

#### *Lead Non-Executive Director*

Mr Hawkins is Deputy Chairman and Lead Non-Executive Director of Hunter Hall International Limited. He is also Chairman and Non-executive Director of Hunter Hall Investment Management Limited. He is Chairman of the Hunter Hall Group Nomination and Remuneration Committee and a member of the Hunter Hall Group Audit, Risk and Compliance Committee.

Mr Hawkins has over four decades of experience in investment management. Previously he was Funds Manager and Investment Analyst with City Mutual Life Assurance Society Limited, Group Investment Manager with New Zealand South British Insurance, Chief Executive of NZI Investment Services Limited and Chief Investment Officer and Managing Director (Funds Management) with Oceanic Capital Corporation Group.

### **Mark Benedict Forstmann - B.Sc., B.A. (Comm.)**

#### *Non-executive Director*

Mr Forstmann is a Non-executive Director of Hunter Hall International Limited. He is also Non-executive Director of Hunter Hall Investment Management Limited. He is Chairman of the Hunter Hall Group Audit, Risk and Compliance Committee and a member of the Hunter Hall Group Nomination and Remuneration Committee.

Mr Forstmann has 26 years experience in investment markets including equities, currencies and fixed interest. Between 1986 and 1994 he worked at Bank America and Banque Indosuez in Sydney and Paris. At Banque Indosuez he was primarily involved in proprietary trading of bonds and currencies in Australian and European markets. Since 1995 he has focused on film and television production.

In December 2009, Mr Forstmann was appointed to the board of the Nature Conservation Trust of NSW.

### **Naomi Jane Edwards - B.Sc. (Hons), FIA, FIAA, FNZSA, MAICD**

#### *Non-executive Director*

Ms Edwards is a Non-executive Director of Hunter Hall International Limited. She is also Non-executive Director of Hunter Hall Investment Management Limited and is a member of the Hunter Hall Group Audit, Risk and Compliance Committee and of the Hunter Hall Group Nomination and Remuneration Committee.

Ms Edwards is Chair of Tasplan, one of Australia's leading public offer industry superannuation funds. She was Director of Australian Ethical Investments from 2005 to 2011, and Chairman from 2007 to 2011. Previously, she was a Partner at Deloitte, running its financial services industry group, a Director at Trowbridge Consulting, and worked as an actuarial consultant with firms in London, New Zealand and Australia. Ms Edwards has also worked as an economics advisor to the Australian Greens.

Ms Edwards holds a first class honours degree in mathematics from the University of Canterbury and is a Fellow of The Institute of Actuaries (London).

### **Company Secretary**

#### **Jeremy Graham Freeman - B.Eng. (Hons), M.App.Fin., Grad. Dip. ACG**

##### *Company Secretary (resigned 30 July 2014)*

Mr Freeman has been Company Secretary of Hunter Hall International Limited, Hunter Hall Global Value Limited and Hunter Hall Investment Management Limited as well as Compliance Manager for the Hunter Hall Group since 2011.

### **Paula Cristina Ferrao - B.Bus**

#### *Company Secretary (appointed 30 July 2014), Chief Financial Officer*

Ms Ferrao is Chief Financial Officer (CFO) and Company Secretary of Hunter Hall Investment Management Limited. She is also Chief Financial Officer (CFO) and Company Secretary of Hunter Hall International Limited. She is also a member of the Hunter Hall Charitable Committee.

Ms Ferrao has over 15 years experience in funds management, financial reporting and back office operations.

## Directors' Report

### Directors' Interests

As at 30 June 2014, the relevant interests of Directors and their related parties in the shares of the Company are:

	<u>Shares</u> <u>Number</u>
Peter Hall	11,952,270
David Deverall	35,000
Wayne Hawkins	48,000
Mark Forstmann	60,215

As at 30 June 2014, the total level of ownership by all employees and Executive Directors (excluding the Executive Chairman and major shareholder Peter Hall) was 148,078, or 0.56% of the Company's ordinary shares on issue. The Company also had 54,000 options and 240,000 Portfolio Manager Shares (PM Shares) on issue to employees and executives, exercisable over various periods between now and 30 June 2017.

### Principal Activities

Through its wholly owned subsidiaries the Company operates an investment management business.

Hunter Hall Investment Management Limited (HHIML) is the responsible entity of four retail equity funds; the Hunter Hall Value Growth Trust (VGT), the Hunter Hall Australian Value Trust (AVT), the Hunter Hall Global Equities Trust (GET) and the Hunter Hall Global Deep Green Trust (GDG) (Hunter Hall Equity Trusts) and of a wholesale equity fund, the Hunter Hall Australian Equities Fund (AEF), launched on 16 July 2013.

In July 2013 the Directors of HHIML resolved to wind up the Hunter Hall Global Equities Trust - Hedged (GEH) and its portfolio was liquidated and final redemption proceeds were paid to unitholders on 25 September 2013.

HHIML is also the Investment Manager for the Hunter Hall Global Value Limited (HHV), a listed investment company.

Hunter Hall International (UK) Limited, a company registered in the U.K., provides international investment research to the Consolidated Entity. This company is authorised to provide investment advisory, managing and dealing services.

There were no other significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

For a comprehensive analysis of the Company's strategy, a discussion on results for the year to June 2014 and outlook for the Company please refer to the Chairman's Report and Managing Director's Review that form part of this Annual Report.

### Financial Review

FUM of \$0.960b was 13.9% or \$154m lower than the \$1.114b at 30 June 2013.

Revenue from Investment Management of \$16.042m was down 12.7% from the previous period (2013: \$18.371m).

The changes implemented over the last twelve months saw total operational expenses 11.7% lower than the previous period (Note 34b: \$10.489m for the twelve months to 30 June 2014, down from \$11.882m in the previous comparative period). This was primarily driven by a significant one-off restructuring change in the previous comparative period, the reduction in employee numbers and the outsourcing of our fund administration functions to FundBPO. The outsourcing decision resulted in lower operating expenses during the period. This is reflected in the Statement of Profit or Loss as a reduction of employee benefits expense offset partially by a corresponding increase in reimbursable expenses.

### Financial Position

The net assets of the Consolidated Entity have decreased by \$0.172m from \$19.260m at 30 June 2013 to \$19.088m at 30 June 2014.

During the twelve months to 30 June 2014 the Company provided \$1m seed capital for the Hunter Hall Australian Equities Fund (AEF), launched on 16 July 2013. In July 2013 the Directors of Hunter Hall Investment Management Ltd (HHIML) resolved to wind up the Hunter Hall Global Equities Trust - Hedged (GEH) and its portfolio was liquidated and final redemption proceeds were paid to shareholders on 25 September 2013.

During the year the Company made an investment in Hunter Hall Global Value Limited (HHV), which at year end had a market value of \$1.010m, slightly up on its book cost of \$1.000m.

At year end the Company held \$0.475m in term deposits, compared to \$7.391m as at 30 June 2013. Term deposits are disclosed as current financial assets in the Statement of Financial Position.

Net cash and investments at 30 June 2014 excluding the consolidated cash balances of the Australian Equities Fund were \$17.866m (June 2013: \$19.219m).

### Earnings per share

Basic and diluted earnings per share for the period to 30 June 2014 was 13.93 cents per share (June 2013: 18.17 cents per share).

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year other than as noted in the Operating and Financial Review and Note 15.

### Dividends Paid or Recommended

	2014	2013
	\$	\$
Final ordinary dividend of 6.4 cents per share (of which 6.3 cents per share is franked at 30%) declared by the Directors, with a record date of 11 September 2014, to be paid on 25 September 2014 not provided for in the attached financial reports (2013: 10.0 cents per share, of which 7.5 cents per share was franked at 30%)	1,712,778	2,654,554
Interim ordinary dividend of 7.0 cents per share, fully franked at 30%, declared by the Directors, with a record date of 12 March 2014, paid on 26 March 2014 (2013: 8.6 cents per share, of which 3.5 cents per share was franked at 30%)	1,868,973	2,277,959
	<b>3,581,751</b>	<b>4,932,513</b>

In conjunction with the interim dividend of 7.0 cents per share, the total dividend for the year, paid or to be paid is 13.4 cents, of which 13.3 cents is franked at 30% (2013: 18.6 cents, of which 12.6 cents were franked at 30%).

### Events Subsequent to Reporting Date

There are no other matters or circumstances which have arisen since the end of the financial year that are not disclosed in Note 36 that significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.



## Directors' Report

### Likely Developments

Please refer to the attached Managing Director's Review and Chairman's Report for an update on strategy and outlook respectively.

### Meetings of Directors

	<b>Directors' Meetings</b>		<b>Remuneration and Nominations Committee</b>		<b>Audit, Risk and Compliance Committee</b>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Hall	13	13	-	-	-	-
David Deverall	13	13	-	-	-	-
Wayne Hawkins	13	13	2	2	7	7
Mark Forstmann	13	13	2	2	7	7
Naomi Edwards	13	13	2	2	7	6

### Unissued shares under option

At the date of this report, the unissued ordinary shares of Hunter Hall International Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price \$	Number Under Option
26 June 2009	30-Jun-15	4.95	24,000
23 November 2011	30-Jun-17	4.00	30,000
			<b>54,000</b>

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Consolidated Entity during or since reporting date.

For details of options issued to Directors and Executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2014, no ordinary shares of Hunter Hall International Limited were issued on the exercise of options granted.

No shares have been issued since year end.

No person entitled to exercise options had or has any right by virtue of the options to participate in any share issue of any other body corporate.

### Company Shares as Collateral

To protect the interest of all Shareholders and in keeping with the disclosure obligations of listed companies in respect of material financing arrangements by Company Directors that involve the use of Company shares as security (such as margin loans) the Company has adopted a policy that requires all employees and Directors taking out a loan that is ostensibly for the purpose of acquiring Company shares, or a loan that uses Company shares as security, to provide the Company with certain information to allow the Board to determine whether the level of Company shares used as security is material and requires disclosure under the ASX listing rules.

# Directors' Report

## REMUNERATION REPORT (AUDITED)

The Directors of Hunter Hall International Limited (Hunter Hall, the Company) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a. principles used to determine the nature and amount of remuneration;
- b. details of remuneration;
- c. service agreements;
- d. share-based remuneration; and
- e. other information.

### **a. Principles used to determine the nature and amount of remuneration**

The remuneration policy has been developed to contribute to attracting, motivating and retaining the quality and personal characteristics of staff required at all levels of the Company. It follows a balanced approach, consisting of three key determinants:

- i. to align rewards to business outcomes that deliver value to shareholders;
- ii. to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- iii. to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain Key Management Personnel to run and manage the Group.

The Board has established a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee has engaged independent remuneration consultants to provide any necessary information to assist in the discharge of its responsibilities.

The remuneration structure that has been adopted by the Company consists of the following components:

- i. fixed remuneration
- ii. performance based incentives
- iii. tenure based incentives

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board, Investment and Executive Team.

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval.

All bonuses, options and incentives must be linked to pre-determined performance criteria.

### *i. Fixed Remuneration*

#### Investment and Executive Teams

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Executive's responsibilities, the geographic location of the Executive and competitive standing in the appropriate market. Fixed remuneration is therefore determined with reference to available market data, the scope and any unique aspects of an individual's role and having regard to the qualifications and experience of the individual.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Guarantee legislation. Fixed remuneration for the Executive and Investment Teams is reviewed annually by the Executive Chairman and Managing Director and is approved by the Nomination and Remuneration Committee. The fixed remuneration of the Executive Chairman and of the Managing Director is reviewed by the Nomination and Remuneration Committee.

# Directors' Report

## REMUNERATION REPORT (AUDITED) *continued*

### Non-executive Directors

The Board's policy is to remunerate Non-executive Directors at market rates taking into account their time, commitment and responsibilities. The Remuneration and Nominations Committee makes recommendations to the Board on payments for the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The Non-executive Directors have voluntarily resolved to reduce their fixed remuneration by 10%, effective 1 July 2014.

Non-executive Directors also participate in the Employee Option Plan, subject to shareholder approval of any options issued to them under the Plan.

#### *ii. Performance based incentives*

Hunter Hall performance measures involve the use of annual performance objectives, metrics and performance appraisals.

The Investment Team's bonus structure links an individual's performance to the benchmark associated with the respective Fund and rewards the team primarily with cash based incentives.

The performance measures for the Executive Team and other employees are set annually and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial (revenue growth, operating profit, fund performance) and non-financial measures (strategic goals set based on job descriptions).

Performance based incentives for the Executive Team and other employees are cash based.

#### *iii. Tenure based incentives*

Tenure based incentives are designed to align the long term interests of shareholders with employees by introducing retention measures for key members of staff.

The schemes are a combination of share based and cash payments, linked to tenure.

#### *iv. Use of Remuneration Consultants*

Hunter Hall International Limited Nomination and Remuneration Committee employed the services of Egan Associates Pty Limited to review and to provide recommendations in respect of the amount and elements of Executive Chairman remuneration. Under the terms of the engagement, Egan Associates Pty Limited provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid \$8,400 for these services.

Egan Associates Pty Limited has confirmed that the above recommendations have been made free from undue influence by members of the Company's Key Management Personnel.

Egan Associates Pty Limited was engaged by, and reported directly to, the Chair of the Nomination and Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the Chair of the Nomination and Remuneration Committee under delegated authority on behalf of the Board. The report containing the remuneration recommendations was provided by Egan Associates Pty Limited directly to the Chair of the Nomination and Remuneration Committee.

#### *v. Voting and comments made at the Company's last Annual General Meeting*

Hunter Hall International Limited received more than 80% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2013. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

# Directors' Report

## REMUNERATION REPORT (AUDITED) *continued*

### *vi. Consequences of performance on shareholder wealth*

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous three financial years:

	2014	2013	2012	2011
EPS (cps)	13.9	18.2	20.0	47.2
Dividends (cps)	13.4	18.6	32.0	44.9
Net profit (\$'000)	3,715	4,812	7,111	12,335
Share price 30 June (\$)	1.99	1.73	3.35	5.35

### b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of Hunter Hall are shown in the table below:

2014	Short-term Benefits		Post Employment Benefits	Termination Benefits	Share based payments		Total
	Salary, fees and leave	Profit share and bonuses	Super-annuation	Termination Payments	Ordinary share options <sup>(1)</sup>	Ordinary Shares	Total
Name							
<b>Directors</b>	\$	\$	\$		\$	\$	\$
Peter Hall	291,655	-	-	-	-	-	<b>291,655</b>
David Deverall	432,226	92,750	17,775	-	-	143,500	<b>686,251</b>
Wayne Hawkins	77,803	-	7,197	-	-	-	<b>85,000</b>
Mark Forstmann	70,000	-	-	-	-	-	<b>70,000</b>
Naomi Edwards	64,073	-	5,927	-	8,688	-	<b>78,688</b>
<b>Sub-total Directors</b>	<b>935,757</b>	<b>92,750</b>	<b>30,899</b>	<b>-</b>	<b>8,688</b>	<b>143,500</b>	<b>1,211,594</b>
<b>Other Key Management Personnel</b>							
Shane Smith	272,225	21,500	17,775	-	2,324	-	<b>313,824</b>
Paula Ferrao	282,225	21,500	21,061	-	2,336	-	<b>327,122</b>
James Hordern <sup>(2)</sup>	250,992	8,238	23,707	98,576	2,329	-	<b>383,842</b>
<b>2014 total</b>	<b>1,741,199</b>	<b>143,988</b>	<b>93,442</b>	<b>98,576</b>	<b>15,677</b>	<b>143,500</b>	<b>2,236,382</b>
<b>2013 total</b>	<b>2,052,103</b>	<b>68,679</b>	<b>112,207</b>	<b>243,469</b>	<b>33,610</b>	<b>-</b>	<b>2,510,068</b>

(1) Value of options granted in prior years, but expensed in current year

(2) Left the Company 17 April 2014

100% of bonuses included in the remuneration of each Key Management Personnel vested in the year.

The table below illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

		Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance	
		Non salary cash based incentives	Shares	Options	Fixed salary/fees	Total
	Position held as at 30 June 2014 and any change during the year					
<b>Directors</b>		%	%	%	%	%
Peter Hall	Executive Chairman and Chief Investment Officer	-	-	-	100.0	100.0
David Deverall	Managing Director and Chief Executive Officer	13.5	20.9	-	65.6	100.0
Wayne Hawkins	Lead Non-Executive Director	-	-	-	100.0	100.0
Mark Forstmann	Non-executive Director	-	-	-	100.0	100.0
Naomi Edwards	Non-executive Director	-	-	11.0	89.0	100.0
<b>Other Key Management Personnel</b>						
Shane Smith	Head of Product, Risk & Client Services	6.9	-	0.7	92.4	100.0
Paula Ferrao	Chief Financial Officer	6.6	-	0.7	92.7	100.0
James Hordern	Manager - Business Development and Marketing	2.2	-	0.6	97.2	100.0

# Directors' Report

## REMUNERATION REPORT (AUDITED) *continued*

### c. Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period at 30 June 2014
Peter Hall	\$291,655	See below	One month
David Deverall	\$450,000	See below	Three months
Shane Smith	\$290,000	Unspecified	One month
Paula Ferrao	\$300,000	Unspecified	One month
James Hordern	\$280,000	Unspecified	One month

#### Executive Chairman Remuneration - Peter Hall

On the 26 August 2014, Mr Peter Hall's remuneration was renegotiated, with the net effect of the changes being that Mr. Hall's annual remuneration rises from GBP165,000 to approximately AUD\$375,000 effective 6 April 2014. These new arrangements have been the subject of the consideration of the Hunter Hall Nominations and Remuneration Committee, in consultation with an external remuneration advisor.

Whereas Mr. Hall was previously remunerated through a services agreement with his private company, the new arrangement comprises two contracts: one for his services to Hunter Hall as Chairman in Australia and a second for his services to the group as Chief Investment Officer, employed through Hunter Hall subsidiary Hunter Hall International (UK) Limited.

The key terms of the contract with Hunter Hall International Limited for his position as Director and Executive Chairman of Hunter Hall International Limited are as follows:

- Mr. Hall's role as Director is subject to rotating vacation of office and offer for re-election. The term is therefore no more than three years.
- the role will attract fixed remuneration of \$100,000 p.a. (inclusive of superannuation)
- no short or long term incentive plans are provided for
- There is no termination payment over and above the Company's statutory obligations.

The key terms of the contract with Hunter Hall International (UK) Limited for his position as Chief Investment Officer for the group are as follows:

- ongoing - no fixed maximum term
- the role will attract fixed remuneration of GBP151,354 p.a.
- no short or long term incentive plans are provided for
- In the event that Hunter Hall International earns a performance fee by virtue of the outperformance of one of its funds relative to the fund's benchmark index, Mr. Hall may be entitled to a portion of the fee, depending on his contribution to such outperformance. The payment of the bonus remains at the absolute discretion of the Board. The bonus amount paid to Mr. Hall could be up to but never exceeding 50% of the performance fee earned by the Company.
- Either party may terminate the employment agreement by giving six months notice.
- There is no termination payment over and above the Company's statutory obligations.

#### Chief Executive Officer Remuneration - David Deverall

On 30 July 2012 David Deverall commenced in the role of Chief Executive Officer of the Company. Mr. Deverall's contract includes the following three key features:

- Long Term Incentive: Subject to Shareholder approval, if required by the Corporations Act and/or the ASX Listing Rules, and subject to Mr. Deverall's continued employment with the Company, Mr. Deverall will be granted 70,000 ordinary shares (Long Term Incentive Shares) on 30 November for each of the next five years beginning 30 November 2013, up to a total of 350,000 shares. In the event that shareholder approval is not received for any tranche of Long Term Incentive shares the Company will pay Mr. Deverall an equivalent cash bonus.

- Short Term Incentive: At any time the company pays a dividend to ordinary shareholders, and until Mr. Deverall has been granted 350,000 Long Term Incentive Shares, Mr. Deverall will be entitled to a dividend-linked cash payment, equivalent to the receipt of a dividend on the number of ordinary shares calculated by the formula:

Number of shares = 350,000 less the cumulative total of shares received under the Long Term Incentive to date.

- Termination Payment: Unless Mr. Deverall resigns or is terminated under the contract's misconduct provision, Mr. Deverall will be entitled to the Long Term Incentive shares (or cash equivalent, failing shareholder approval) he would otherwise have been entitled to if his employment continued at the next allotment date.

Mr Deverall voluntarily resolved to reduce his fixed remuneration from \$450,000 to \$434,000 effective 1 August 2014.

Mr Deverall's notice period has been extended, whereby either party may terminate the employment agreement by giving six months notice (previously three months).

The Board is satisfied that both Mr. Deverall's short and long term incentive links his personal interests to those of shareholder returns in the form of dividends and share-price growth.

# Directors' Report

## REMUNERATION REPORT (AUDITED) *continued*

### d. Share-based remuneration

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

Options granted to Directors and the Executive Team are under the Employee Share Option Plan (ESOP).

Persons eligible to participate in this plan have to be employed until the end of the arranged vesting period.

Upon vesting, each option allows the holder to purchase one ordinary share at the market price determined at grant date.

Options granted under the ESOP carry no dividends or voting rights and when exercisable, each option is convertible into one ordinary share.

All options vest within one to five years of grant date and expire within one year of vesting. Options are granted to Key Management Personnel at the discretion of the Board. Exercise price nears the market price at date of the grant. All options are granted for nil consideration. All options expire on the earlier of their expiry date or termination of the individual's employment

There were no options over ordinary shares in the Company granted as remuneration to each Key Management Personnel during the financial year.

### e. Bonuses included in remuneration

Other than the dividend linked short-term incentive (STI) payable to Mr Deverall outlined above, all other STI cash bonuses awarded as remuneration to each Key Management Personnel are paid under the Employee Bonus Scheme pool which is a fixed percentage of pre-tax profits (excluding investment gains). No part of these bonuses are payable in future years.

### f. Other information

#### *Options held by Key Management Personnel*

The number of options to acquire shares in the Company held during the 2014 reporting period by each of the Key Management Personnel of the Company including their related parties are set out below. No options are held by directors, except for Naomi Edwards.

There were no vested and exercisable options held by Key Management Personnel as at reporting date.

2014	Balance at start of the year	Granted as compensation	Exercised	Forfeited	Balance at end of the year	Vested during the year	Vested and exercisable	Vested and unexercisable
<b><i>Directors of Hunter Hall International Limited</i></b>								
Naomi Edwards	50,000	-	-	(20,000)	30,000	10,000	-	-
<b><i>Other Key Management Personnel of the Consolidated Entity</i></b>								
Paula Ferrao	20,000	-	-	(15,000)	5,000	5,000	-	-
Shane Smith	20,000	-	-	(15,000)	5,000	5,000	-	-
James Hordern	20,000	-	-	(20,000)	-	-	-	-
<b>Total</b>	<b>110,000</b>	<b>-</b>	<b>-</b>	<b>(70,000)</b>	<b>40,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>

# Directors' Report

## REMUNERATION REPORT (AUDITED) *continued*

### *Shares held by key management personnel*

The number of ordinary shares in the Company during the 2014 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

	Balance at start of the year	Granted as remuneration during the year	Received during the year on the exercise of options	PM shares converted to ordinary shares	Other changes during the year	Balance at end of the year
<b>2014</b>						
<b><i>Directors of Hunter Hall International Limited</i></b>						
Peter Hall	11,952,270	-	-	-	-	11,952,270
David Deverall	-	70,000	-	-	(35,000)	35,000
Wayne Hawkins	48,000	-	-	-	-	48,000
Mark Forstmann	60,215	-	-	-	-	60,215
Naomi Edwards	-	-	-	-	-	-
<b><i>Other Key Management Personnel of the Consolidated Entity</i></b>						
Paula Ferrao	273	-	-	-	-	273
Shane Smith	426	-	-	-	34	460
James Hordern <sup>(1)</sup>	273	-	-	-	(273)	-
<b>Total</b>	<b>12,061,457</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>(35,239)</b>	<b>12,096,218</b>

(1) Left the Company 17 April 2014

None of the shares included in the table above are held nominally by key management personnel.

### *Loans to Key Management Personnel*

There were no loans held by Key Management Personnel at the end of the year.

### *Other Key Management Personnel Transactions*

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with Key Management Personnel, refer to Note 32: Related Party Transactions.

*[End of audited remuneration report.]*

# Directors' Report

## Environmental Issues

The Consolidated Entity's operations are not subject to any environmental regulation under the law of the Commonwealth and State Government.

## Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## Indemnifying and Insurance of Directors and Officers

The Company has paid premiums to insure each of the Directors and Officers in office against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

## Non-audit services

The Board of Directors, in accordance with advice from the Audit Risk and Compliance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Grant Thornton Audit Pty Ltd provided assurance services to Hunter Hall International Limited totalling \$26,280.

Grant Thornton UK LLP provided tax and assurance services to Hunter Hall International (UK) Limited totalling \$4,545.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit of the financial report for the period ended 30 June 2014 is set out on page 80 and forms part of this report.

## Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors.



**Wayne Hawkins**  
Lead Non-Executive Director

Dated this 27th day of August 2014



# Corporate Governance Statement

This Statement sets out the extent to which the Company has followed the ASX Corporate Governance Principles and Recommendations 2nd Edition for the period to 30 June 2014, and outlines the main corporate governance practices in place throughout the financial year.

Having regard to the size of the Company and the nature of its business, the Board is of the view that the Company complies as far as possible with the spirit and intentions of the Corporate Governance Principles and Recommendations 2nd Edition. The Company has followed the ASX Corporate Governance Principles and Recommendations 2nd Edition with the exception of recommendations 2.2, 3.2 and 3.3, as disclosed under the respective sections below.

A description of the Company's practices in respect of the eight Principles and Recommendations is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Company policies, charters and codes referred to in this Statement are available on the Company's website at [www.hunterhall.com.au](http://www.hunterhall.com.au).

The Board continually reviews its approach to governance. In 2014 the Board adopted a revised Board Charter and revised Committee Charters, and documented the authorities delegated to Chief Executive Officer David Deverall.

## 1 Lay solid foundations for management and oversight

The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end the Board has adopted appropriate corporate governance policies and practices to lay solid foundations for management and oversight. The Board has formalised its role and responsibilities into a Board Charter, as articulated below. The areas of responsibility reserved for the Board under the Charter are:

- providing strategic direction to the Hunter Hall Group, including approving Hunter Hall's strategic plan
- approving major business initiatives, including strategic investments or business acquisitions or divestments
- monitoring the performance and financial position of the Hunter Hall Group
- appointing Hunter Hall's Managing Director and approving the Managing Director's appointment of his/her direct reports, including the Chief Financial Officer (CFO) and the Company Secretary
- monitoring the Managing Director's performance
- approving succession plans for the Managing Director
- approving Hunter Hall's remuneration policies and practices, including the total remuneration package, performance objectives and performance appraisal for the Managing Director and other persons whose individual activities may affect Hunter Hall's financial soundness or that of its key operating subsidiaries
- overseeing and approving the Hunter Hall Group's governance model
- ensuring the effectiveness of the subsidiary Boards
- convening meetings of shareholders (including the Annual General Meeting)
- ensuring that the Hunter Hall Group has appropriate risk management and regulatory compliance practices in place, including reviewing and approving key policies
- approving the half and full year results
- approving instruments of delegations of powers to the Managing Director, and
- approving market sensitive and material ASX releases

It is the Board's policy that the Board should periodically review the performance of the Board, the Company and management, and the allocation of work between the Board and management.

The Company has a formal process for evaluating the performance of senior executives and an induction program to ensure senior executives are able to gain an understanding of:

- the Company's financial position, strategies, operations and risk management policies
- the respective rights, duties, responsibilities and roles of the Board and senior executives

Performance evaluation of senior executives, in accordance with the disclosed process, is done annually.

# Corporate Governance Statement

## 2 Structure the Board to add value

### Board Composition

The Board is comprised of two Executive Directors and three Independent Directors. There was no change in the Board structure throughout the reporting period. Peter Hall continues to be the Chairman of the Company.

Peter Hall	Executive Director and Chairman	Appointed 19 April 1993
Wayne Hawkins	Lead Non-executive, Independent Director	Appointed 22 December 2000
Mark Forstmann	Non-executive, Independent Director	Appointed 22 December 2000
Naomi Edwards	Non-executive, Independent Director	Appointed 14 October 2011
David Deverall	Managing Director and Chief Executive Officer	Appointed 31 July 2012

Whilst the Board composition does not comply with ASX Corporate Governance Principles and Recommendation 2.2 (which recommends that the chair be Independent), the Board is of the view that the existing Board structure is suitable to its business and changing it would not add value for shareholders.

The Board considers the Non-executive Directors to be independent Directors on the basis they:

- are Non-executive
- are not a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company
- have not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment, within the past three years
- have not been a principal of a professional advisor or a consultant to the Company or another group member, or an employee materially associated with the service provided, within the past three years
- are not a supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a supplier or customer
- have no contractual relationship with the Company or another group member other than as a Director of the Company
- have not served on the Board for a period which could, or could reasonably be perceived to, interfere with the Director's ability to act in the best interests of the Company
- are free from any interest in any business or other relationship which could, or could reasonably be perceived to, interfere with the Director's ability to act in the best interests of the Company.

The Board recognises that shareholders and other interested parties may prefer to raise concerns they may have with an independent Non-executive Director, and has appointed Wayne Hawkins as the Lead Non-executive Director. In his role as Lead Non-executive Director Mr Hawkins will, amongst other things:

- preside over meetings of Non-executive Directors and, as appropriate, provide feedback to the Chairman
- serve as point of contact for Board Members to raise issues not readily addressable to the Chairman by individual Board Members
- monitor all significant issues and risks between Board Meetings and ensure that the entire Board becomes involved when appropriate
- serve as a 'sounding board' for, and advisor to, the Chairman
- act as a direct conduit to the Board for shareholders, employees, the public and others regarding matters not readily addressable to the Chairman
- take the lead in ensuring that the Board carries out its responsibilities in circumstances where the Chairman and Managing Director are incapacitated or otherwise unable to act

To assist the Board in fulfilling its duties and obligations, the Board has established the following Committees:

- Hunter Hall Group Audit, Risk and Compliance Committee
- Hunter Hall Group Remuneration and Nominations Committee

For details of the number of meetings held and attended by the Board and its Committees, and details on the Directors, including qualifications, skills and experience, please refer to the Directors' Report found in this Annual Report.

# Corporate Governance Statement

## 3 Promote ethical and responsible decision making

### Code of Conduct

The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Board has adopted a Code of Conduct which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

All employees and Directors of the Company are expected to observe the highest standards of ethics, integrity and behaviour during the course of their employment with the Company. The standards expected include:

- compliance with all Company policies, procedures, and contracts
- compliance with all reasonable and legal instructions of management
- to be honest and fair in dealings with clients, colleagues, management, the Board and the general public

### Share Trading Policy

The Company has in place two policies separately addressing the responsibilities of designated officers (Directors, employees, contractors and their associates) in relation to trading in the Company's shares and other obligations relating to personal trading in non-Hunter Hall securities. The policies aim to ensure compliance with the Corporations Act and avoid conflicts of interest.

A copy of the policy in relation to staff trading in Hunter Hall shares has been issued to the ASX and is available on the Company website.

### Diversity Policy

The Company has not developed a formal diversity policy in line with the ASX Corporate Governance Council Recommendation 3.2. The Board has also not set measurable objectives for achieving gender diversity. It is the aim of the Directors to ensure the Board is comprised of individuals that are best equipped to contribute to the success of the business and who can represent the interest of all shareholders, irrespective of gender.

The proportion of women employees in the whole organisation, the investment team, senior executive positions and on the Board as at 30 June 2014 date is detailed in the table below:

	No. of Persons	No. of Women	Proportion of Women
Whole Organisation	28	11	39%
Investment Team	10	0	0%
Senior Executives	7	2	29%
Board	5	1	20%

# Corporate Governance Statement

## 4 Safeguard integrity in financial reporting

### Audit, Risk and Compliance Committee

The principal role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibility in relation to Hunter Hall's financial reporting, internal control structure, risk management systems, insurance arrangements and external audit functions.

The Audit Risk and Compliance Committee (ARCC) is comprised exclusively of independent directors and its chair is independent. The members are:

Mark Forstmann	Committee Chairman, Non-executive Independent Director
Wayne Hawkins	Lead Non-executive, Independent Director
Naomi Edwards	Non-executive Independent Director

During the year the ARCC adopted a revised Charter setting out its governing rules. The Charter is available on the Hunter Hall's website ([www.hunterhall.com.au](http://www.hunterhall.com.au)). Specifically, in relation to 'safeguarding the integrity of financial reporting' it is the ARCC's responsibility to:

- review the financial reporting, accounting and tax practices and policies of Hunter Hall and assess their appropriateness
- review the integrity of Hunter Hall's financial reports and statements
- assess the effectiveness of Hunter Hall's financial reporting systems and processes
- review and recommend to the Board the terms of engagement and fees of the external auditors
- review the results of the audit plan and report to the Board as appropriate

### Directors' Access to Independent Professional Advice

For the purpose of the proper performance of their duties, Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise.

### Auditor Independence

It is the Board's policy that, in order to maintain the independence of the audit function, the external Auditor shall not be engaged to perform consulting work for the Company. It is, however, the Board's policy that, in addition to the audit of the year-end financial report and review of the half-year financial report, the external Auditor may be engaged to provide advice and assistance in relation to compliance with financial reporting requirements, to act as tax agent and perform the group's tax compliance work (including any related tax advice needed) and to perform other ad-hoc assurance assignments. The above policy helps the Board to ensure that the Auditor is independent at the same time as ensuring that professional services are rendered to the group in a cost effective and efficient manner.

The Auditor is invited to attend each Annual General Meeting of the Company, and to be available to answer shareholder questions about the conduct of the audit, and preparation and content of the Auditor's Report.

# Corporate Governance Statement

## 5 Make timely and balanced disclosure

The Company is a 'disclosing entity' pursuant to section 111AC of the Corporations Act 2001 and complies with the continuous disclosure requirements as set out in the ASX Listing Rules and the Corporations Act 2001.

The Company has adopted a continuous disclosure protocol and the Company Secretary was appointed as the Disclosure Officer of the Company. The Company discloses to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities of the Company unless certain exemptions from the obligation to disclose apply.

The Company is committed to giving all shareholders comprehensive and equal access to information about its activities and to fulfilling its continuous disclosure obligations to the wider market.

The Board is responsible for making decisions on what should be disclosed publicly under the market disclosure policy, and for developing and maintaining relevant guidelines. The Company Secretary has responsibility for ensuring compliance with continuous disclosure requirements in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, shareholders, the media and the public.

The Company also publishes the Company Annual Reports, profit announcements, notices of meetings, media releases, and any other information that is relevant to the performance and activities of the Company on the Hunter Hall website at [www.hunterhall.com.au](http://www.hunterhall.com.au).

## 6 Respect the rights of shareholders

The Company's Code of Conduct and its Disclosure Policy both recognise its legal and other obligations to shareholders and other stakeholders.

By adhering to the continuous disclosure requirements and ensuring clear and timely release of information, the Company aims to provide shareholders with a clear and balanced understanding of the aims and objectives of the Company.

Further cementing the Company's commitment to ensuring shareholders are kept properly informed, all shareholders are invited to attend an annual investor update. This provides an opportunity for shareholders to obtain information on the investment portfolios, the performance of the underlying investments and provides an opportunity for shareholders to hear directly from the Investment Manager. This forum is made available on an annual basis and is held separately to the Company Annual General Meeting.

At each Annual General Meeting, the Chairman opens the floor for general question time and provides the shareholders with the opportunity to be heard and to ask questions of their Directors as they choose.

## 7 Recognise and manage risk

The Board has overall responsibility for the Risk Management Program. The ARCC provides assistance to the Board to fulfil its oversight responsibility for risk management.

During the year the ARCC adopted a revised Charter setting out its governing rules. In relation to 'recognising and managing risk' it is the ARCC's responsibility to:

- assess the effectiveness of the risk management framework, including compliance and internal controls practices and policies
- oversee and monitor the business effectiveness in managing its key risks and internal controls

During the 2014 financial year the Company implemented a Risk Management Program based on the International Standard for Risk Management (AS/NZ ISO 31000:2009).

The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

# Corporate Governance Statement

## 8 Remunerate fairly and responsibly

### Nomination and Remuneration Committee

The Board has a Nomination and Remuneration Committee. At the date of this report the members were:

Wayne Hawkins	Committee Chairman, Lead Non-executive Independent Director
Mark Forstmann	Non-executive Independent Director
Naomi Edwards	Non-executive Independent Director

During the year the Nomination and Remuneration Committee adopted a revised Charter setting out its governing rules.

The principal functions of the Nominations and Remuneration Committee is to assist the Board in:

- recommending to the Hunter Hall Board candidates for the appointment as Non-executive Directors
- recommending to the Hunter Hall Board for approval the appointment and removal of Non-executive Directors of Key Operating Subsidiaries
- ensuring there is an appropriate succession plan for the Hunter Hall Board and the Boards of Key Operating Subsidiaries
- recommending to the Hunter Hall Board remuneration policies for Non-executive Directors
- ensuring appropriate processes exist for the evaluation of the Hunter Hall Board, its Committees and Directors
- recommending to the Hunter Hall Board for approval Hunter Hall's remuneration policies and practices, succession planning strategy and approach, talent management strategy and approach, diversity strategy, incentive measures, and superannuation arrangements
- recommending to the Hunter Hall Board for approval the total remuneration package, performance objectives and performance appraisal for the Managing Director
- recommending to the Hunter Hall Board for approval the total remuneration package for the senior executives
- ensuring compliance with Hunter Hall's remuneration policy
- reviewing Hunter Hall's remuneration policy periodically and recommending to the Hunter Hall Board any changes to the policy

The Company conducts an annual evaluation of the performance of the Board, its committees and individual Directors, using a Board review questionnaire.

The Committee, in carrying out its functions and responsibilities in respect of remuneration, is guided by the following objectives:

- to ensure that the remuneration policies provide the maximum opportunity and framework to achieve the Company's financial and other objectives
- to ensure remuneration policies allow maximum flexibility to management to achieve corporate objectives in day to day operations
- to ensure individual effort and contribution by employees is capable of being individually rewarded
- to promote a remuneration climate and culture which allows and encourages individuals to excel
- to develop a remuneration policy appropriate for a listed public company
- to recognise that corporate profit performance is a key determinant of the remuneration process

For details of the level of remuneration paid to Directors and Key Management Personnel please refer to the Remuneration Report found in this Annual Report.

# Sustainability Report

Hunter Hall is committed to Corporate Social Responsibility (CSR) and adopts a range of Responsible Investment (RI) policies and processes.

This commitment derives from Hunter Hall's pioneering role in the ethical investments sector and its objective to develop a generous, progressive and sustainable investment institution.

## Responsible Investment

Hunter Hall became a signatory to the United Nations Principles for Responsible Investment (UN PRI) in July 2010. The UN PRI is an investor initiative, in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact, working together to put the six Principles for Responsible Investment into practice. Our responsible investment initiatives are outlined below in line with UN PRI requirements, specifically Principle 6 – to report on our activities and progress towards implementing the principles.

### **Principle 1: We will incorporate ESG (environmental, social and corporate governance) issues into investment analysis and decision making processes**

## Ethical Investment Policy

Hunter Hall is committed to the concept of responsible investing and seeks to avoid investing in businesses that are, in its opinion, involved in activities that are harmful to people, animals or the environment. The Ethical Investment Policy is periodically reviewed to ensure we remain a leader in ethical investing. As a result of a review during the 2014 financial year the policy was amended to exclude fossil fuel companies. See 'Fossil Fuel exclusion' below.

### **Negative Screen**

All Hunter Hall retail investment portfolios utilise a negative screening process. This screening process seeks to avoid investment in companies that derive operating revenues from direct and material business involvement in:

- the manufacture or sale of weapons and weapons components
- tobacco manufacture
- gambling outlets or systems
- intensive animal farming
- animal testing for cosmetics
- activities that give rise to human rights violations
- unremediated destruction of the environment
- uranium mining and nuclear reactors
- fossil fuel exploration, production, refining, transport and storage

While the negative screening process as described above may seem straightforward, investors should be aware that from time to time borderline cases arise where it is unclear whether a potential investment should be rejected or not. In such cases Hunter Hall retains the right to exercise its collective judgment and will take the merits of the investment into account.

Acknowledging the difficulty with such borderline cases, Hunter Hall follows a policy of transparency and aims to provide as much information about the Funds' investments as practicable.

Investors should be aware that the negative screening process does not restrict investment in businesses engaged in mining, the manufacture or sale of alcohol, or which use animal by-products. Hunter Hall is of the view that mining does not necessarily cause permanent damage to the environment provided that due attention is paid to site remediation, control of contamination, worker safety and the welfare of any nearby population. Although we acknowledge the sensitivity of some investors with regards to the sale of alcohol or animal by-products, Hunter Hall believes the decision to invest in these activities to be a personal investor preference, rather than a stated preference of the Funds.

Labour standards are considered but not systematically taken into account in the selection, retention or realisation of investments.

# Sustainability Report

## Positive Screen

The Hunter Hall Global Deep Green Trust (GDG) implements a positive ethical investment policy by only investing in companies that are deemed to contribute positively to environmental, humanitarian, social and sustainability issues. The GDG invests globally in activities such as:

- renewable energy from solar, wind, waves, geothermal, biomass, advances in battery, storage and transmission technologies and efficiency gains
- technologies and products which reduce environmental damage such as hybrid automobile engines, water purification and desalination, waste management and advanced materials
- medical services and devices, biotechnology, pharmaceuticals and veterinary care
- education and communications
- animal husbandry, aquaculture, fisheries, forestry and agriculture conducted in an environmentally sustainable and humane way
- activities and instruments involved in microfinance, water management, biodiversity credits, carbon credits, intellectual property related to DNA

The GDG complies with Hunter Hall's negative screening process, used for all its investment portfolios and furthermore, excludes:

- any countries that support commercial whaling. Norway, Iceland, Denmark, South Korea and Russia kill substantial numbers of whales and dolphins. This whaling screen currently prohibits the GDG from investing in countries which account for approximately 3% of the MSCI All Country World Index on an aggregated basis

The perception of the ethicality of many activities is likely to be subject to revision as circumstances change. Examples are nuclear power, wind power and biofuels, which have both vociferous proponents and critics. Hunter Hall will seek to avoid jumping to hasty conclusions about the ethicality of an activity and will be flexible so as to adapt to change.

## Fossil fuel exclusion

On 29 May 2014 the company announced that it would end investments in fossil fuel companies. The investment portfolios have always been underweight fossil fuel companies but ending investment in these companies outright enable us to focus on a future with new opportunities.

The fossil fuel screen excludes companies with a Global Industry Classification Standard (GICS) 101020 titled 'Oil, Gas and Consumable Fuels'. This classification accounts for approximately 8% of the MSCI World Index.

In addition, our existing negative screen means our investment portfolios will be underweight carbon intensive companies such as diversified mining companies with uranium activities and other energy and mining companies which have caused unremediated environmental damage.

## Policy Compliance

The Hunter Hall investment team monitors all investments in the Funds. In the event that the activities of an investee company change, or if additional information becomes available such that the investment is considered to breach the Ethical Investment Policy, the investment is disposed of as soon as practicable. When disposing of an asset under such circumstances Hunter Hall endeavours to dispose of the asset for the best price it reasonably can, taking into account liquidity and other market forces. It is possible therefore that disposal of such an investment could extend over a period of time.

To support the integrity of the policy, an independent consultant carries out an annual review of all companies in the Hunter Hall portfolios. This process highlights any exposures that require more research to test the conformance of each company with the screening rules and can result in a company being marked for disposal. The annual ethical review has been completed and was conducted by CAER – Corporate Analytics Enhanced Responsibility. It was not necessary to divest any holdings as a result of the 2013/14 review.



# Sustainability Report

## Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices

### Proxy Voting

Hunter Hall aims to participate and vote at all meetings of companies held in the portfolios (where eligible) on the advice of the portfolio manager responsible for the company concerned. We believe that Boards tend to perform better if the Directors are aware that there are active and informed Shareholders taking an interest in the company's affairs.

Our voting record for the year follows:

<b>Meetings 2013/2014</b>	<b>139</b>	<b>%</b>
Voted	139	100%
Not voted*	0	0%

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>Total</b>	896	843	25	28
<b>%</b>		94%	3%	3%

\*Includes meetings where Hunter Hall was ineligible to vote.

The meetings where Hunter Hall either opposed or abstained from voting included the following substantive issues:

<b>Nature of resolution</b>	<b>Companies</b>
Shareholder Proposal	Wells Fargo, Prudential, Apple
Spill Meeting	M2 Telecom, Kresta Holdings, VDM Group
Appointment of Director	Cromwell Property Group, BHP Billiton, Danieli

These companies have generally been informed of each voting decision.

### Shareholder Activism

Hunter Hall has a long track-record as an active investor for the purposes of good corporate governance, particularly when we believe that the gap between the price and value of the company is due to either Board or management deficiencies. Our ability to do so is also a function of our investment style – buying substantial positions in undervalued and out-of-favour companies.

Under such circumstances Hunter Hall undertakes a proactive approach. For example, we may endeavour to convince the investee Board of the merits of a share buy-back, we may agitate for changes to the Board and/or management, or we may nominate a representative for the Board or support another individual to go onto the Board. In extreme situations, we may propose (or even call) a General Meeting of Shareholders.

During the 2013/2014 year there was no significant shareholder activism activity to report.

## Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest

As part of our Ethical Investment Policy compliance we seek sufficient disclosure from investee companies on their activities and policies in order to be satisfied whether they pass our ethical screens. If this information is not in the public domain we ask the company to provide us with further information.

Within our investment process, the assessment of corporate governance standards for each company favours those with a transparent approach to financial and corporate governance related disclosure, particularly where they are listed in emerging markets.

## **Sustainability Report**

**Principle 4: We will promote acceptance and implementation of the Principles within the investment industry**

**and**

**Principle 5: We will work together to enhance our effectiveness in implementing the Principles**

### **Standards and Industry Participation**

Hunter Hall has an ongoing commitment to further develop its Ethical Investment Policy and participate in industry-related forums that provide the opportunity to promote ethical investing and are relevant to our investment process and universe. Where an initiative concentrates its efforts on investment securities in which Hunter Hall has limited or no exposure then we may decline becoming involved. This is simply to align our developmental work on ethical investing with the interests of our Investors and Shareholders.

In addition to our participation in the UN PRI, Hunter Hall is a member of both ESG Research Australia (ESG RA) and the Responsible Investment Association of Australasia (RIAA). Hunter Hall has a long standing relationship with RIAA, formally known as the Ethical Investment Association (EIA). Furthermore, Hunter Hall held a Board representative on the RIAA Board since its inception in 2000 to 2012.

Our products are also certified as an 'ethical investment' by RIAA, whose Certification Symbol signifies that Hunter Hall has adopted strict disclosure practices required under the RIAA Certification Program for the category of Fund Manager. We have also participated as a sponsor and participant at RIAA Conferences in Australia.

The Hunter Hall Global Ethical Trust (Global Equities Trust) was awarded the 2011 Money Management/Lonsec Fund Manager of the Year award in the Ethical/SRI Manager category, in part for its "true commitment and high ethical screening process" combined with a "leading contribution to the responsible investment sector in Australia".

# Sustainability Report

## Corporate Social Responsibility

### Shareholder Nominated Charitable Donations Scheme

Since listing on the Australian Securities Exchange (ASX) in February 2001 Hunter Hall International Limited (HHL) has donated 5% of its pre-tax profits to charities or charitable purposes. Hunter Hall Investment Management Limited (HHIML), the Responsible Entity of the Hunter Hall Funds, has also elected to donate a portion of its fees from the Hunter Hall Global Deep Green Trust to charity:

- 0.5% of the 1.6% annual Management Fee
- 20% of any Performance Fee earned

The Hunter Hall Shareholder Nominated Charitable Donations Scheme allows Shareholders, on a basis proportional to the number of shares they own, to nominate Australian registered charities for the receipt of donations.

Each year, Shareholders receive a form which lists a variety of charities designed to represent a full spectrum of charitable concerns so that each Shareholder is able to select a charity that accords with their area of interest. Shareholders with up to 50,000 shares choose a charity from a list, initially chosen in consultation with charity research specialist Givewell, reviewed annually by the Hunter Hall Charitable Donations Scheme Committee. Shareholders with over 50,000 shares may nominate up to three charities from the list or nominate any other Australian registered charities for their proportion of the donation.

For the year to 30 June 2014 HHL donated approximately \$300,000 to various charitable causes, bringing the total amount of charitable donations to over \$9.5m since its ASX listing.

Our longest standing charities are:

- Amnesty International Australia – Protecting and defending human rights
- Australian Cancer Research Foundation – Funding research with the power to beat cancer
- Australian Conservation Foundation - Committed to achieving a healthy environment
- Bush Heritage Australia - Protecting Australia's unique landscapes and wildlife
- Frontier Services - Supporting the people of remote Australia
- Médecins Sans Frontières - Providing emergency medicine to the world's war zones, refugee camps and
- Parkinson's Australia - Easing the burden and finding a cure for Parkinson's in Australia

The most recent additions to the charity list are:

- Alzheimers Australia Dementia Research Foundation -Funding Australia's brightest dementia researchers
- International Elephant Project - Saving elephants in their forest homes
- Kid's Under Cover - Preventing youth homelessness

# Sustainability Report

Some of the charities supported by Shareholders with over 50,000 shares include:

- The Asian Rhino Project - raises awareness and support for the three Asian rhinoceros species. Since 2003, the ARP has established itself internationally as a non-government organisation dedicated to the recovery of Asian rhino species in the wild. The ARP is actively involved with the IUCN Species Specialist Group, the International Rhino Foundation, WWF AREAS programs as well as many smaller range-state NGOs and boards. Peter Hall is Patron of this organisation.
- Sea Shepherd Conservation Society - committed to the eradication of pirate whaling, poaching, shark finning, unlawful habitat destruction and violations of established laws in the world's oceans
- The International Rhino Foundation - dedicated to the survival of the world's rhino species through conservation and research
- Voiceless - Committed to taking the institutionalised suffering of animals to the forefront of Australia's agenda; ensuring that animal protection is the next great social justice movement
- The Northcott Society - innovative and dynamic not-for-profit organisation that provides support to over 10,000 people with a broad range of disabilities and their families and carers
- The Garvan Institute of Medical Research - a world leader in biomedical research, pioneering study into some of the most widespread diseases affecting our community today
- The Royal Flying Doctor Service - dedicated to providing first class health services to people in the bush
- MND Research Institute of Australia - established in 1984 as a national organisation promoting medical and scientific research into Motor Neurone Disease
- Save Foundation of Australia - Committed to saving endangered species of Africa from extinction. Founded in 1987, the organisation has a broad range of activities, with a particular focus on the African black rhinoceros and Zimbabwe. Save Foundation projects which Hunter Hall Shareholders have supported since 2001 include:
  - African Rhino Project
  - Asian Rhino Project
  - Australian Orangutan Project
  - Free the Bears Fund
  - International Rhino Federation

The charitable donations are made annually.

The 2014 listed charities are outlined in the Shareholder Nominated Charitable Donations Scheme brochure, which further explains the formal selection process. It also communicates key messages of the charities and demonstrates how previous Hunter Hall Shareholder donations have benefited the various charities supported. The brochure can be found on our website. Go to [www.hunterhall.com.au/Charity\\_Scheme.html](http://www.hunterhall.com.au/Charity_Scheme.html).

## Hunter Hall Employee Benefits

Hunter Hall employees enjoy a range of benefits, including:

- The Employee Charity Volunteering Day
- Professional Development
- Extra Leave Entitlements

## Employee Charity Volunteering Day

As an extension of the Charitable Donations Scheme detailed above, Hunter Hall encourages each employee to support the community by volunteering some of their working hours to charity. Hunter Hall provides each employee with one paid day off work per annum to participate in their chosen volunteer program.

Employees have assisted, or volunteered with, a number of charitable organisations during the year, including:

- Hunter Hill Ryde Community Services
- NSW Rural Fire Service
- International Rhino Foundation

# Sustainability Report

## Professional Development

As at 30 June 2014 Hunter Hall has a complement of 26 staff, measured on a full-time equivalent basis.

Hunter Hall has a strong training culture which supports the professional development of all employees. Both in-house and external professional development is encouraged and financial support, together with study leave, is made available to all employees for work-related courses.

During the year five (18%) of our employees undertook formal training in a range of courses, including studies in finance, governance and accounting.

## Extra Leave Entitlements

The leave policies at Hunter Hall are designed to offer entitlements above current statutory requirements that recognise issues such as period of service and professional development.

Employees that have completed five years of employment with the company are entitled to an additional one week of paid annual leave and as at 30 June 2014 four (14%) employees qualified. Another one week of paid annual leave is added for employees that have completed 10 years of service and as at 30 June 2014 ten (36%) employees qualified. These extra leave entitlements are over and above statutory entitlement to both annual and long service leave.

A paid parental leave policy has also been introduced to support a primary carer having more than three years service with the Company of eight weeks salary, inclusive of statutory entitlements. The amount of leave scales to 12 weeks salary for a primary carer with more than seven years of service with the Company.

Additional entitlements are provided for study leave and compassionate leave.

## Ethical Conduct

The workplace culture at Hunter Hall is built around the principles of K.E.R.I.G (Kindness, Excellence, Respect, Integrity and Generosity) and policies and management practices are designed to build a working environment in harmony with these principles.

Other detailed employee policies address client confidentiality and compliance with both the legislative and ethical requirements of their profession.

Hunter Hall has a number of policies outlining personal trading in HHL securities and other listed securities. These policies state that Hunter Hall directors and employees cannot trade in HHL securities except during trading windows. In addition employees must obtain pre approval from the Risk Manager for personal trades in listed securities.

# Sustainability Report

## Carbon Offsets

Hunter Hall offsets its contribution to carbon emissions from corporate activities through external estimates of emissions levels and the purchase of the equivalent value of carbon offsets.

Air travel is the largest component of our greenhouse gas (GHG) footprint and in 2013 a new policy was introduced to purchase offsets on both domestic and international air travel at the point of sale via airline operators. Hunter Hall has partnered with Greenfleet to offset GHG emissions attributable to other areas – electricity, car rental, taxis, freight, paper and office waste. Greenfleet develops native forests in areas of environmental concern and aims to improve biodiversity by providing additional habitat for native wildlife.

During the financial year the Hunter Hall Sydney office was located in a building that received an upgrade to its NABERS energy rating from 4 to 4.5 stars and an upgrade to its water rating from 3 to 3.5 stars.

On 28 July 2014 Hunter Hall Sydney office relocated to new premises at 56 Pitt St. The property has a NABERS energy rating of:

Energy	Water
4.5 stars	4 stars

We have continued our initiatives to reduce our carbon footprint through paper usage, including all printers being set to print double sided by default, using 100% recycled paper for all in house printing, and all publications are printed on recycled paper with ISO 14001 Environmental Accreditation. In 2014 we implemented a 'paper-lite' policy seeking to eliminate the use of paper wherever possible.

In an effort to reduce paper wastage, effective from 2013, the default option for the receipt of Annual Reports changed so that, unless otherwise notified, Hunter Hall would make the reports and any associated documents available on our website. Furthermore unit holders of the Funds have the option to receive publications in electronic form.

## Information Technology Infrastructure

To reduce the amount of non-degradable waste, Hunter Hall's management of its information technology equipment lifecycle involves the following:

- Utilising aged assets in areas with less intensive requirements
- Upgrading assets as an alternative to simple replacements
- Redeploying assets to test, development and disaster recovery roles
- Employing an e-waste recycling service to securely and environmentally dismantle, and where possible recycle, the assets

In addition to the above Hunter Hall has:

- Reduced its carbon foot-print by virtualising its disaster recovery infrastructure and is in the process of relocating it from a dedicated facility to a co-location facility which will further reduce its carbon-footprint.
- Planned to extend the lifecycle of its desktop and laptop computers from three to four years and its mobile devices from two to three years. Combined these measures will reduce the amount of Hunter Hall's non-degradable waste.

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>			
Revenues	2	18,968	21,449
Other income	3	597	583
Employee benefits expense		(6,319)	(7,535)
Share based expense	4	(234)	49
Marketing costs		(584)	(712)
Directors' fees		(225)	(225)
Consultancy fees		(494)	(416)
Professional fees		(328)	(587)
Insurance costs		(310)	(328)
Occupancy costs		(1,007)	(1,013)
Depreciation and amortisation expense	4	(131)	(267)
Finance costs	4	-	(11)
Commissions	4	(216)	(284)
Management fees		(439)	(490)
Managed investment entity expenses		(66)	(68)
Charitable donations		(307)	(371)
Reimbursable expenses		(2,364)	(1,383)
Realised/unrealised losses from derivative financial instruments		-	(126)
Other expenses		(1,075)	(1,707)
<b>Profit before income tax expense</b>		<b>5,466</b>	<b>6,558</b>
Income tax expense	5	(1,681)	(1,845)
<b>Profit for the year from continuing operations</b>	4	<b>3,785</b>	<b>4,713</b>
(Loss)/profit for the year from discontinued operations	16	(77)	196
<b>Profit for the year from continuing and discontinued operations</b>		<b>3,708</b>	<b>4,909</b>
 <b>Profit for the year from continuing and discontinued operations:</b>			
Attributable to the parent company		3,715	4,812
Attributable to non-controlling interest		(7)	97
		<b>3,708</b>	<b>4,909</b>
 <b>Profit for the year from continuing operations:</b>			
Attributable to the parent company		3,758	4,646
Attributable to non-controlling interest		27	67
		<b>3,785</b>	<b>4,713</b>
 <b>(Loss)/profit for the year from discontinued operations:</b>			
Attributable to the parent company		(43)	166
Attributable to non-controlling interest		(34)	30
		<b>(77)</b>	<b>196</b>

The Statement of Profit or Loss should be read in conjunction with the accompanying notes.

**STATEMENT OF PROFIT OR LOSS**

(continued)

**FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014 cents per share</b>	<b>2013 cents per share</b>
Basic earnings per share continuing operations	9	<b>14.09</b>	17.55
Diluted earnings per share continuing operations	9	14.09	17.55
Basic earnings per share discontinued operations	9	<b>(0.16)</b>	0.63
Diluted earnings per share discontinued operations	9	(0.16)	0.63
Basic earnings per share	9	<b>13.93</b>	18.17
Diluted earnings per share	9	13.93	18.17

*The Statement of Profit or Loss should be read in conjunction with the accompanying notes.*



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Note</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Profit for the year from continuing and discontinued operations:	4	3,708	4,909
<b>Other comprehensive income</b>			
Changes in fair value of available for sale financial instruments		10	-
Unrealised foreign exchange translation		213	281
<b>Total comprehensive income from continuing and discontinued operations</b>		<b>3,931</b>	<b>5,190</b>
Attributable to the parent company		3,938	5,093
Attributable to non-controlling interest		(7)	97
		<b>3,931</b>	<b>5,190</b>

*The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Note	2014 \$'000	2013 \$'000
<b>Current assets</b>			
Cash and cash equivalents	10	15,195	10,904
Trade and other receivables	11	3,508	2,296
Financial assets	12	475	7,391
Current tax receivable	13	36	-
Other current assets	14	340	317
<b>Total current assets</b>		<u>19,554</u>	<u>20,908</u>
<b>Non-current assets</b>			
Financial assets	17	2,469	1,393
Property, plant and equipment	18	275	158
Deferred tax assets	19	888	910
Intangible assets	20	121	151
<b>Total non-current assets</b>		<u>3,753</u>	<u>2,612</u>
<b>Total assets</b>		<u>23,307</u>	<u>23,520</u>
<b>Current liabilities</b>			
Trade and other payables	21	2,387	2,288
Current tax liabilities	22	787	773
Short term provisions	23	624	827
<b>Total current liabilities</b>		<u>3,798</u>	<u>3,888</u>
<b>Non-current liabilities</b>			
Long term provisions	24	340	291
Other non-current liabilities	26	81	81
<b>Total non-current liabilities</b>		<u>421</u>	<u>372</u>
<b>Total liabilities</b>		<u>4,219</u>	<u>4,260</u>
<b>Net Assets</b>		<u>19,088</u>	<u>19,260</u>
<b>Equity</b>			
Issued capital	27	17,614	17,288
Reserves	29	(617)	(1,074)
Retained earnings		1,811	2,714
Parent entity interest		18,808	18,928
Non-controlling interest		280	332
<b>Total equity</b>		<u>19,088</u>	<u>19,260</u>

*The Statement of Financial Position should be read in conjunction with the accompanying notes.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling Interests \$'000	Total \$'000
<b>Balance as at 1 July 2012</b>		16,812	(1,306)	4,183	504	20,193
Total comprehensive income		-	281	4,812	97	5,190
Subtotal		16,812	(1,025)	8,995	601	25,383
Shares issued under the Dividend Reinvestment Plan	27	476	-	-	-	476
Redemption of shares of non-controlling interest		-	-	140	(269)	(129)
Dividends paid	8	-	-	(6,421)	-	(6,421)
Share based payments write back	29	-	(49)	-	-	(49)
<b>Balance as at 30 June 2013</b>		<b>17,288</b>	<b>(1,074)</b>	<b>2,714</b>	<b>332</b>	<b>19,260</b>
<b>Balance as at 1 July 2013</b>		17,288	(1,074)	2,714	332	19,260
Total comprehensive income		-	223	3,715	(7)	3,931
Subtotal		17,288	(851)	6,429	325	23,191
Shares issued under the Dividend Reinvestment Plan	27	326	-	-	-	326
Purchase of shares of non-controlling interest		-	-	-	253	253
Redemption of shares of non-controlling interest		-	-	(94)	(298)	(392)
Dividends paid	8	-	-	(4,524)	-	(4,524)
Share based payments expense	29	-	234	-	-	234
<b>Balance as at 30 June 2014</b>		<b>17,614</b>	<b>(617)</b>	<b>1,811</b>	<b>280</b>	<b>19,088</b>

*The Statement of Changes in Equity should be read in conjunction with the accompanying Notes.*

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		19,285	23,567
Payments to suppliers and employees		(14,665)	(16,741)
Dividends received		122	1
Interest received		119	228
Finance costs		-	(11)
Income tax paid		(1,681)	(1,556)
<b>Net cash inflow from operating activities</b>	30	<b>3,180</b>	<b>5,488</b>
<b>Cash flows from investing activities</b>			
Payments for investments of HHL		(1,274)	(5,305)
Proceeds from sale of investments of HHL		7,097	5,736
Payments for property, plant and equipment		(222)	(126)
Payments for investments by the GEH and AEF		(2,389)	(1,431)
Proceeds from sale of investments of the GEH and AEF		2,402	2,381
Proceeds from forward exchange contracts		(68)	(37)
<b>Net cash inflow from investing activities</b>		<b>5,546</b>	<b>1,218</b>
<b>Cash flows from financing activities</b>			
Proceeds from redemption of non-controlling interest shares		(199)	(239)
Dividends paid by HHIL		(4,198)	(5,946)
Dividends paid by the Hunter Hall Equity Trusts		(38)	(22)
Repayment of borrowings		-	(3,000)
<b>Net cash outflow from financing activities</b>		<b>(4,435)</b>	<b>(9,207)</b>
<b>Net increase/(decrease) in cash held</b>		4,291	(2,501)
Cash and cash equivalents at beginning of year		10,904	13,400
Effect of foreign currency fluctuations on cash held		-	5
<b>Cash and cash equivalents at end of year</b>	10	<b>15,195</b>	<b>10,904</b>

*The Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report of Hunter Hall International Limited (the Company) and its controlled entities (the Consolidated Entity) complies with all International Financial Reporting Standards (IFRS) in their entirety. The financial report covers the consolidated entity of Hunter Hall International Limited and its controlled entities. The Company is a listed public company, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Summary of Significant Accounting Policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**a. Principles of consolidation**

A controlled entity is any entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Consolidated Entity. A list of controlled entities is contained in Note 15a. to the financial statements. All controlled entities have a 30 June financial year end.

All inter company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Parent Company.

Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b. Income tax**

The Consolidated Entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Hunter Hall International Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group, effective 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**c. Plant and equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment losses.

**Depreciation**

The depreciable amounts of fixed assets purchased prior to 1 July 2010 are depreciated on a diminishing value basis.

The depreciable amounts of fixed assets purchased post 1 July 2010 are depreciated on a prime cost basis. The useful life used for office equipment, furniture & fixtures is between 2.5 and 8.5 years.

**d. Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis unless another systematic basis is more representative of the term pattern of the users benefits. Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **e. Financial instruments**

##### **Recognition and measurement**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Income Statement in the period in which they arise. The Consolidated Entity has also designated its investment portfolio as held at fair value through profit and loss as permitted by *AASB 139 Financial Instruments: Recognition and Measurement*. The performance of the investment portfolios of the Hunter Hall Australian Equities Fund (AEF) and of the Hunter Hall Global Equities Trust - Hedged (GEH) are measured and evaluated by management on the basis of fair value movement and managed in accordance with their documented investment strategy.

##### **Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### **Available for sale financial assets**

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

##### **Financial liabilities**

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### **Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Income Statement unless they are designated as hedges.

##### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, with reference to similar instruments and option pricing models.

##### **Impairment**

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Income Statement.

#### **f. Impairment of non financial assets**

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **g. Intangible assets**

##### **(i) Goodwill**

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. The balance is tested annually for impairment and carried at cost less accumulated impairment losses.

##### **(ii) Software**

Software is initially recorded at cost and amortised over 4.5 years on a diminishing value basis.

#### **h. Foreign currency transactions and balances**

##### **(i) Functional and presentation currency**

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Income Statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Income Statement.

##### **(iii) Consolidated Entity companies**

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the Statement of Financial Position.

#### **i. Employee benefits**

A provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Consolidated Entity to employee superannuation funds and are charged as expenses when incurred.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *j. Share-based payment transactions*

The Consolidated Entity provides benefits to employees (including Directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The Consolidated Entity has an Employee Share Option Plan (ESOP) in place which provides benefits to Directors, senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes model.

In valuing equity-settled transactions, no performance conditions are taken into account, other than conditions linked to the price of the shares of Hunter Hall International Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at grant date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest.

Where terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

In addition to the ESOP, the Consolidated Entity also has the Portfolio Manager Share Plan (PMSP), which was approved by shareholders on 26 September 2006. This plan provides benefits to eligible Portfolio Managers.

The cost of these equity settled transactions with Portfolio Managers is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial option pricing model.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Hunter Hall International Limited (market conditions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the estimated date on which the relevant Portfolio Managers become fully entitled to the award (vesting date). The vesting date is contingent upon the Consolidated Entity achieving certain pre-determined thresholds of half-yearly pre-tax profits.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at grant date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *j. Share-based payment transactions*

Where terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

At the 28 November 2013 AGM of the members of Hunter Hall International, under ASX Listing Rule 10.14 shareholders approved the issue of up to 210,000 ordinary shares to Mr David Deverall under the long term incentive plan (LTIP) for Nil consideration on or about 30 November 2013, 2014 and 2015.

The cost of this LTIP is measured in reference to the share price at the date the shares vest (30 November 2013, 2014 and 2015).

The cost of the LTIP is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which Mr David Deverall becomes fully entitled to the award (vesting date).

#### *k. Bonus schemes*

The Company recognises bonus schemes on an accrual basis and expenses as the employee provides the service.

#### *l. Cash and cash equivalents*

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

#### *m. Revenue and other income*

Interest revenue is recognised on an accruals basis. Dividend revenue is recognised when the right to receive a dividend has been established. Entry fees are recognised as revenue in the month that funds are received by the trusts. Management fees are recognised as revenue on a monthly basis, based on the fees receivable for funds under management for that month. Performance fees are recognised as revenue, on a six monthly basis (at 30 June and 31 December, except for HHV which is 30 June only) when the fee becomes unconditionally due. The fees are receivable within seven days from the end of the relevant period.

All revenue is stated net of the amount of goods and services tax (GST).

#### *n. Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### *o. Charitable donations*

The Company donates 5% of pre tax profits of the Consolidated Entity (excluding movement in value of seeded funds) to charities and charitable causes. This donation is recognised as an expense for the year and a liability is recognised at year end.

#### *p. Comparative figures*

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **q. Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

##### Key estimates - Deferred Tax Assets

Deferred Tax Assets have been recognised for all deductible temporary differences to the extent that the Directors consider it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

##### Key estimates - Impairment

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2014.

##### Key estimates - Share based payments

The Consolidated Entity measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Method and assumptions used in determining fair value are detailed in Note 28.

##### Key estimates - Employee Leave Entitlements

The liability for employee benefits is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### **r. Class orders applied**

##### (i) Rounding of amounts

Unless otherwise shown in the financial statements, amounts have been rounded to the nearest thousand dollars and are shown in A\$'000.

Hunter Hall International Limited is a company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 issued 10 July 1998.

#### **s. Adoption of new and revised accounting standards**

##### *AASB 12 Disclosure of Interests in Other Entities*

AASB 12 is a comprehensive disclosure standard containing all the disclosure requirements relating to subsidiaries, joint arrangements, associates and unconsolidated structured entities. It combines the existing disclosures in AASB 127, AASB 128 & AASB 131, and introduces a range of new disclosure requirements, including:

- (1) significant judgements and assumptions made in determining whether control, joint control & significant influence exists;
- (2) significant restrictions on investor's ability to access/use subsidiary's assets & liabilities;
- (3) maximum exposure to loss arising from involvement with unconsolidated structured entities; and
- (4) financial or other support provided to unconsolidated structured entities when there is no obligation to do so and any current intentions to provide such support

##### *AASB 13 Fair Value Measurement*

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities.

AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **f. Changes in accounting policies**

##### *AASB 119 Employee Benefits (September 2011)*

Main changes include:

- (1) Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans;
- (2) Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in Other Comprehensive Income (OCI) rather than in profit or loss, and cannot be reclassified in subsequent periods;
- (3) Subtle amendments to timing for recognition of liabilities for termination benefits; and
- (4) Employee benefits 'expected to be settled wholly (as opposed to 'due to be settled' under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Unless all annual leave for all employees is expected to be used wholly within 12 months of the end of reporting period this will in future be an 'other long-term benefit' which will be discounted when calculating the leave liability. This has no impact on the presentation of annual leave as a current liability.

##### *AASB 9 Financial Instruments (December 2010)*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on

- (1) the objective of the entity's business model for managing the financial assets; and
- (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- (1) The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- (2) The remaining change is presented in profit or loss.

##### *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

##### *AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **f. Changes in accounting policies (continued)**

##### *AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*

AASB 2013-4 makes amendments to AASB 139 Financial Instruments: Recognition & Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

##### *AASB 1031 Materiality*

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

##### *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)*

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

##### *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)*

These amendments:

- (1) add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- (2) allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- (3) defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to '1 January 2018'.

The entity has not yet assessed the full impact of these amendments.

##### *AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- (a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- (b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***t. Changes in accounting policies (continued)***

***AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)***

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

***AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)***

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the entity.

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 : REVENUE**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Management fee income	16,668	19,132
Administration fee income	-	1,120
Entry fee income	16	15
Trust expenses reimbursed	2,284	1,182
	<b>18,968</b>	<b>21,449</b>

**NOTE 3 : OTHER INCOME**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Realised/unrealised gains from investments	194	328
Interest received	119	226
Dividend income	122	29
Rental income	162	-
	<b>597</b>	<b>583</b>

**NOTE 4 : PROFIT FOR THE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>

**Profit before income tax has been determined after charging:**

**a. Expenses**

Depreciation of property, plant and equipment	101	82
Amortisation of intangible asset	30	185
Total depreciation and amortisation expense	<b>131</b>	<b>267</b>
Finance costs	-	11
Commissions expense	216	284
<i>Other relevant expenses:</i>		
Operating lease expense	797	780
Realised/unrealised losses from derivative financial instruments	-	126
Defined contribution superannuation expense	318	417

**b. Significant revenue, net gains and expenses****Other Income**

Realised/unrealised gains from investments	194	328
Employee share based payments writeback	-	49

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 5 : INCOME TAX EXPENSE

Note

2014	2013
\$'000	\$'000

## a. The components of tax expense comprise:

Current tax		1,613	1,925
Deferred tax asset	19	22	(19)
Deferred tax liability	25	-	(23)
Adjustments for current tax of prior periods		46	(38)
		<b>1,681</b>	<b>1,845</b>

## b.

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial report as follows:

Prima facie tax payable on profit before income tax at 30%			
Consolidated entity		1,640	1,968
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other non allowable items		(11)	(14)
Share based payment expenses during the year		70	(15)
		<b>1,699</b>	<b>1,939</b>
Under/(over) provision in prior years		46	(38)
Subsidiary not subject to income tax		(64)	(56)
		<b>(18)</b>	<b>(94)</b>
<b>Total income tax expense</b>		<b>1,681</b>	<b>1,845</b>
Applicable weighted average effective tax rates		31%	28%

The increase in the weighted average effective consolidated tax rate for 2014 is the result of under provision in the prior year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 6 : KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's Key Management Personnel (KMP) for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the Company and the Consolidated Entity during the year are as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	1,885	2,121
Post-employment benefits	192	356
Share-based payments	159	34
<b>Total</b>	<b>2,236</b>	<b>2,511</b>

#### Key Management Personnel

Names and positions held of Directors and other Key Management Personnel of the Company and Consolidated Entity in office at any time during the financial year are:

Peter Hall	Executive Chairman and Chief Investment Officer
David Deverall	Managing Director and Chief Executive Officer
Wayne Hawkins	Lead Non-Executive Director
Mark Forstmann	Non-executive Director
Naomi Edwards	Non-executive Director
Shane Smith	Head of Product, Risk & Client Services
Paula Ferrao	Chief Financial Officer
James Hordern	Manager - Business Development and Marketing

There were no other employees meeting the definition of a Key Management Personnel.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 7 : REMUNERATION OF AUDITORS**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration of the Auditor of the Consolidated Entity for:</b>		
Audit and review of financial reports	103,820	106,200
<b>Other audit and assurance services:</b>		
Other assurance services	26,280	8,873
	<b>130,100</b>	<b>115,073</b>
<b>Remuneration of overseas affiliates of the Consolidated Entity's Auditor for:</b>		
Audit of the financial report of a subsidiary (HHUK and HHSING)	28,740	38,504
Taxation services (HHUK and HHSING)	4,545	-
	<b>33,285</b>	<b>38,504</b>

**NOTE 8 : DIVIDENDS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary dividend of 10.0 cents per share, paid on 25 September 2013 (2013: 15.7 cents) partially franked at the tax rate of 30%	2,655	4,143
Interim dividend of 7.0 cents per share, paid on the 26 March 2014 (2013: 8.6 cents) franked at the tax rate of 30%	1,869	2,278
	<b>4,524</b>	<b>6,421</b>
<b>a.</b> Proposed final partly franked dividend of 6.4 cents per share (2013: 10.0 cents) partially franked at the tax rate of 30%	1,730	2,663
<b>b.</b> Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of dividends provided for and franking credits that may not be distributable in subsequent financial years	734	849
<b>c.</b> Subsequent to year end, reduction in the franking account due to proposed dividend reflected in Note 8a	(723)	(856)
<b>Franking account post proposed dividend per Note 8a</b>	<b>11</b>	<b>(7)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 9 : EARNINGS PER SHARE**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>a. Reconciliations of earnings used in calculating earnings per share</b>		
Profit from continuing operations	3,785	4,713
(Loss) from continuing operations attributable to non controlling interests	(27)	(67)
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	<u>3,758</u>	<u>4,646</u>
(Loss)/profit from discontinuing operations	(77)	196
Profit/(loss) from discontinuing operations attributable to non controlling interests	34	(30)
(Loss)/profit from discontinuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	<u>(43)</u>	<u>166</u>
<b>b. Weighted average number of shares used as the denominator</b>	<b>2014</b>	<b>2013</b>
	<b>000's</b>	<b>000's</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	26,667	26,480
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>26,667</u>	<u>26,480</u>

**NOTE 10 : CASH AND CASH EQUIVALENTS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position sheet as follows:		
Cash at bank and in hand	15,195	10,904
	<u>15,195</u>	<u>10,904</u>

**NOTE 11 : TRADE AND OTHER RECEIVABLES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts receivable from related parties:</b>		
Managed investment entities	2,940	1,774
Other Director related entities	164	95
Subsidiaries	-	1
	<u>3,104</u>	<u>1,870</u>
Other receivables	404	426
	<u>404</u>	<u>426</u>
	<u>3,508</u>	<u>2,296</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 12 : CURRENT FINANCIAL ASSETS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Term deposits	475	7,391
	<b>475</b>	<b>7,391</b>

**NOTE 13 : CURRENT TAX RECEIVABLE**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax receivable	36	-
	<b>36</b>	<b>-</b>

**NOTE 14 : OTHER CURRENT ASSETS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	340	317
	<b>340</b>	<b>317</b>

**NOTE 15 : SUBSIDIARIES****a. Details of entities**

<b>Name of entity</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Percentage Owned</b>	
			<b>2014</b>	<b>2013</b>
			<b>%</b>	<b>%</b>
Hunter Hall Investment Management Ltd	Australia	Ordinary	<b>100</b>	100
Rushcutter Investments Pty Ltd	Australia	Ordinary	<b>100</b>	100
Bennelong Administration Services Pty Ltd	Australia	Ordinary	<b>100</b>	100
Hunter Hall International (UK) Ltd	United Kingdom	Ordinary	<b>100</b>	100
Hunter Hall International (Singapore) Pte Limited	Singapore	Ordinary	<b>100</b>	100
Hunter Hall Australian Equities Fund	Australia	Units	<b>80</b>	-
Hunter Hall Global Equities Trust - Hedged	Australia	Units	-	64

**b. Details of acquisitions and disposals of controlled entities:**

On 28 February 2011 Rushcutter Investments Pty Ltd (Rushcutter) subscribed for \$1m in the Hunter Hall Global Equities Trust - Hedged (GEH), previously Hunter Hall Global Ethical Trust - Hedged. In July 2013 the directors of the Hunter Hall Investment Management Ltd (HHIML) resolved to wind up the Hunter Hall Global Equities Trust - Hedged (GEH) and its portfolio was liquidated and final redemption proceeds were paid to unitholders on 25 September 2013.

In July 2013 the Company provided \$1m seed capital for the Hunter Hall Australian Equities Fund (AEF), launched on 16 July 2013.

# **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTE 16 : DISCONTINUED OPERATIONS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from discontinued operations	60	210
Expenses from discontinued operations	(137)	(14)
(Loss)/gain before tax from discontinued operations	<u>(77)</u>	<u>196</u>
Income tax from discontinued operations	-	-
(Loss)/gain after tax from discontinued operations	<u>(77)</u>	<u>196</u>
Other comprehensive income from discontinued operations	-	-
Total comprehensive (loss)/gain attributable to discontinued operations	<u>(77)</u>	<u>196</u>

Cash flows generated by discontinued operations for the reporting period under review until disposal are as follows:

Operating activities	(1)	(6)
Investing activities	1,028	(290)
Financing activities	-	(88)
Effect of foreign currency fluctuations on cash held	(68)	48
<b>Cashflows from discontinued operations</b>	<u><b>959</b></u>	<u><b>(336)</b></u>

## **NOTE 17 : NON-CURRENT FINANCIAL ASSETS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Shares in listed companies and other assets designated as fair value through the profit and loss	1,357	-
Investments available for sale at fair value	1,112	1,393
	<u><b>2,469</b></u>	<u><b>1,393</b></u>

## **NOTE 18 : PROPERTY PLANT AND EQUIPMENT**

**Note**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Office equipment, furniture and fittings:</b>		
Balance at the beginning of the year	158	180
Additions	219	106
Write off of property, plant and equipment	(1)	(46)
Depreciation expense	(101)	(82)
Carrying amount at the end of the year	<u><b>275</b></u>	<u><b>158</b></u>
 Cost	 942	 1,356
Accumulated depreciation	(667)	(1,198)
Net book amount	<u><b>275</b></u>	<u><b>158</b></u>

# **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTE 19 : DEFERRED TAX ASSETS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>a. The balance comprises temporary differences attributable to:</b>		
Provisions	888	910
	<b>888</b>	<b>910</b>
<b>b. Reconciliations:</b>		
Opening balance	910	891
Credited to the Income Statement	5 (22)	19
Closing balance	<b>888</b>	<b>910</b>

### **Movements in carrying amounts**

Movement in the carrying amounts for each class of deferred tax asset between the beginning and the end of the current financial year:

	<b>2013</b>	<b>(Credited) to the Income Statement</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Provisions	910	(22)	888
<b>Total</b>	<b>910</b>	<b>(22)</b>	<b>888</b>

	<b>2012</b>	<b>(Credited) to the Income Statement</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Provisions	635	275	910
Other	256	(256)	-
<b>Total</b>	<b>891</b>	<b>19</b>	<b>910</b>

## **NOTE 20 : INTANGIBLE ASSETS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Goodwill</b>	110	110
<b>Software</b>		
At cost	172	1,398
Accumulated amortisation and impairment	(161)	(1,357)
Net carrying value	<b>11</b>	<b>41</b>
<b>Total intangible assets</b>	<b>121</b>	<b>151</b>

### **Movements in carrying amounts**

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at 30 June 2012</b>	110	153	263
Additions	-	73	73
Amortisation charge	-	(185)	(185)
<b>As at 30 June 2013</b>	<b>110</b>	<b>41</b>	<b>151</b>
<b>As at 30 June 2013</b>	110	41	151
Amortisation charge	-	(30)	(30)
<b>As at 30 June 2014</b>	<b>110</b>	<b>11</b>	<b>121</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 21 : TRADE AND OTHER PAYABLES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other payables:</b>		
Accrued charitable donations	315	373
Payable to the Investment Team	306	295
Sundry creditors and accrued expenses	1,766	1,620
	<b>2,387</b>	<b>2,288</b>

**NOTE 22 : CURRENT TAX LIABILITIES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Income tax	787	773
	<b>787</b>	<b>773</b>

**Movements in tax liabilities**

Carrying amount at beginning of year	773	442
Current year tax expense	1,681	1,845
Movement in deferred tax	(22)	42
Tax paid	(1,645)	(1,556)
Carrying amount at end of year	<b>787</b>	<b>773</b>

**NOTE 23 : SHORT TERM PROVISIONS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits provision	624	827
	<b>624</b>	<b>827</b>

**Movements in provisions**

Opening employee benefits	827	767
Employee benefits accrued during the year	221	283
Employee benefits used during the year	(424)	(223)
Carrying amount at end of year	<b>624</b>	<b>827</b>

**Employees**

The Consolidated Entity employed 28 employees as at 30 June 2014 (2013: 30 employees), 4 of whom were employed by the London subsidiary, Hunter Hall International (UK) Limited.

**NOTE 24 : LONG TERM PROVISIONS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits provision	340	291
	<b>340</b>	<b>291</b>

**Movements in provisions**

Opening employee benefits	291	308
Employee benefits accrued during the year	49	(17)
Carrying amount at end of year	<b>340</b>	<b>291</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 25 : DEFERRED TAX LIABILITIES**

	Note	2014 \$'000	2013 \$'000
<b>a. The balance comprises temporary differences attributable to:</b>			
Fair value adjustments		-	-
Attribution of foreign subsidiary		-	-
		<u>-</u>	<u>-</u>
<b>b. Reconciliations:</b>			
Opening balance		-	23
Credited to the Income Statement	5	-	(23)
Closing balance		<u>-</u>	<u>-</u>

**Movements in carrying amounts**

Movement in the carrying amounts for each class of deferred tax liability between the beginning and the end of the current financial year:

	Fair value adjustments \$'000	Total \$'000
<b>As at 30 June 2012</b>	23	23
Charged to the Income Statement	(23)	(23)
<b>As at 30 June 2013</b>	<u>-</u>	<u>-</u>
<b>As at 30 June 2013</b>	-	-
Charged/(credited) to the Income Statement	-	-
<b>As at 30 June 2014</b>	<u>-</u>	<u>-</u>

**NOTE 26 : OTHER NON-CURRENT LIABILITIES**

	2014 \$'000	2013 \$'000
PM shares deposits paid	81	81
	<u>81</u>	<u>81</u>



# **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTE 27 : ISSUED CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares at cost	17,614	17,288
	<b>17,614</b>	<b>17,288</b>

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Ordinary shares on issue	26,762,157	26,545,537
	<b>26,762,157</b>	<b>26,545,537</b>

### **a. Movements in ordinary share capital**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	17,288	16,812
Shares issued during the year under the Dividend Reinvestment Plan	326	476
Closing balance	<b>17,614</b>	<b>17,288</b>

	<b>Number</b>	<b>Number</b>
Opening balance	26,545,537	26,389,303
Shares issued during the year under the Dividend Reinvestment Plan	146,620	156,234
Shares issued during the year to Mr Deverall as approved by shareholders	70,000	-
Closing balance	<b>26,762,157</b>	<b>26,545,537</b>

### **b. Share rights**

Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The share capital of the Company consists only of fully paid ordinary shares. The shares do not have a par value.

### **c. Share options**

At the end of the year there were 54,000 (2013: 269,000) unissued ordinary shares in respect of which options were outstanding. Vesting of options granted is subject to continuation of employment with the Company.

### **d. Portfolio Manager (PM) shares**

PM shares are non-transferable, partly paid shares, with an issue price of \$6.00 each. The shares are convertible to ordinary shares subject to certain hurdles being met. The Directors may, at their discretion, declare a non-cumulative dividend is payable on PM Shares up to a maximum of 4% on the amount paid on the shares, subject to the amount not exceeding the dividend for the ordinary shares. Ordinary shares issued because of a conversion of PM shares have the same rights as, and rank equally with, other ordinary shares on issue.

For financial reporting purposes the PM shares are treated as options under AASB 2: Share Based Payments. 240,000 PM shares remain on issue at year end. For further details refer to Note 28b.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 28 : SHARE-BASED PAYMENTS

#### a. Employee share option plan

At the end of the year there were 54,000 (2013: 269,000) unissued ordinary shares in respect of which options were outstanding. Vesting of options granted is subject to continuation of employment with the Company.

The Employee Share Option Plan (ESOP) allows the Company to grant options over shares to employees, key executives and Directors.

#### Eligibility

Under the ESOP the Board may offer options to purchase ordinary shares in the Company to Directors, executives and other employees of the Company (Eligible Executives), whom the Board in its sole discretion determines.

#### Option Issue

The consideration for options is an amount equal to the exercise price, but payment is deferred until the options are exercised. Generally options may not be transferred. Options will not be quoted on the ASX. However, the Company will apply for official quotation of shares issued on the exercise of options. Shares issued through the exercise of options rank equally with other ordinary shares of the Company.

#### Exercise Price, Exercise Period and other terms:

#### 2014

Grant Date	Expire date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable
8 October 2007	31-Dec-13	\$15.30	21,000	-	-	(21,000)	-	-
26 June 2009	30-Jun-15	\$4.95	198,000	-	-	(174,000)	24,000	-
23 November 2011	30-Jun-17	\$4.00	50,000	-	-	(20,000)	30,000	-
<b>Total</b>			<b>269,000</b>	<b>-</b>	<b>-</b>	<b>(215,000)</b>	<b>54,000</b>	<b>-</b>
Weighted average exercise price			\$5.58	\$0.00	\$0.00	\$5.87	\$4.42	\$0.00

# **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTE 28 : SHARE-BASED PAYMENTS (continued)**

### **2013**

<b>Grant Date</b>	<b>Expire date</b>	<b>Exercise price</b>	<b>Balance at start of the year</b>	<b>Granted during the year</b>	<b>Exercised during the year</b>	<b>Forfeited during the year</b>	<b>Balance at end of the year</b>	<b>Vested and exercisable</b>
23 October 2006	30-Jun-13	\$8.80	12,000	-	-	(12,000)	-	-
25 May 2007 and 20 November 2007	30-Jun-13	\$12.80	84,800	-	-	(84,800)	-	-
31 July 2007 and 25 September 2007	31-Dec-13	\$14.80	64,000	-	-	(64,000)	-	-
8 October 2007	31-Dec-13	\$15.30	68,000	-	-	(47,000)	21,000	21,000
28 November 2008	30-Jun-14	\$10.80	30,000	-	-	(30,000)	-	-
26 June 2009	30-Jun-15	\$4.95	360,000	-	-	(162,000)	198,000	66,000
27 November 2009	31-Dec-15	\$6.30	40,000	-	-	(40,000)	-	-
23 November 2011	30-Jun-17	\$4.00	50,000	-	-	-	50,000	10,000
<b>Total</b>			<b>708,800</b>	<b>-</b>	<b>-</b>	<b>(439,800)</b>	<b>269,000</b>	<b>97,000</b>
Weighted average exercise price			\$8.09	\$0.00	\$0.00	\$9.63	\$5.58	\$7.09

(1) Of which 30,000 were not issued under the Employee Option Plan

The weighted average fair value of the options granted during the year was \$Nil (2013: \$Nil).

The weighted average remaining contractual life of share options outstanding at the end of the period is 1.95 years (2013: 1.95 years).

The price was calculated by using a Black Scholes option pricing model applying the following inputs:

- (a) weighted average exercise price: \$4.00 (2013: \$4.00)
- (b) weighted average life of the options: 5 years (2013: 5 years)
- (c) underlying share price: \$4.23 (2013: \$4.23)
- (d) expected share price volatility: 36.5% (2013: 36.5%)
- (e) risk free interest rate: 3.38% (2013: 3.38%)

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is the best indicator of future volatility, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included in the income statement is \$234,000 of employee option plan expense (2013: writeback of \$49,000), and relates, in full, to equity-settled share-based payment transactions.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 28 : SHARE-BASED PAYMENTS (continued)****b. Portfolio Manager Share Plan**

On 22 September 2006 Hunter Hall International Limited held a general meeting of shareholders to approve the adoption of the Portfolio Manager Share Plan (PMSP). The PMSP enables the Portfolio Managers to purchase up to 2.35m shares in HHL indirectly from Hampshire Assets and Services Pty Ltd (the largest shareholder of HHL and 100% owned by Chairman Peter Hall) for \$6.00 each. Purchase of the shares is contingent upon the Company achieving each of the five thresholds of half yearly pre-tax profits starting at \$8m and rising in four steps to \$20m over the period to 31 December 2015.

Accounting standards require that PM shares issued under the PMSP be treated as options and expensed in the financial statements. This note therefore sets out the terms and inputs associated with valuation of the class PM shares as options in accordance with accounting standards.

**Eligibility**

There is one remaining Portfolio Manager in the PMSP.

**Share issue**

In the half year to 31 December 2006 the Company achieved the first threshold of \$8m in half yearly pre-tax profits, giving the Portfolio Managers the right to purchase 470,000 shares in the Company at \$6.00 each. In the half year to 30 June 2007 the second threshold target of \$10.5m pre-tax profits was met, giving the Portfolio Managers the right to purchase an additional 370,000 shares in the Company at \$6.00 each. No further thresholds have been met during the financial year. As at the reporting date 240,000 shares have been purchased from Hampshire Assets and Services Pty Ltd.

**Exercise Price, Exercise Period and other terms:****2014**

Grant Date	Expire date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable	Vested and unexercisable
22 September 2006	31-Dec-15	\$6.00	240,000	-	-	-	240,000	-	-
<b>Total</b>			<b>240,000</b>	-	-	-	<b>240,000</b>	-	-
Weighted average exercise price			\$6.00	-	-	-	\$6.00	-	-

**2013**

Grant Date	Expire date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable	Vested and unexercisable
22 September 2006	31-Dec-15	\$6.00	240,000	-	-	-	240,000	-	-
<b>Total</b>			<b>240,000</b>	-	-	-	<b>240,000</b>	-	-
Weighted average exercise price			\$6.00	\$0.00	\$0.00	\$0.00	\$6.00	\$0.00	\$0.00

No PM Share Options were granted during the financial year (2013: nil).

Fair value was calculated by using a binomial option pricing model applying the following inputs:

- (a) weighted average exercise price: \$6.00 (2013: \$6.00)
- (b) vesting/expiry dates: estimated date each hurdle will be met, based on FUM projections is 31 December 2018, post plan expiry date (2013: 31 December 2018)
- (c) number of unvested options: 240,000 (2013: 240,000)
- (d) share price at grant date: \$9.50 (2013: \$9.50)
- (e) expected share price volatility: 22.2% (2013: 22.2%)
- (f) expected dividend yield: 5% (2013: 5%)
- (g) risk-free interest rate at date of issue 5.54% (2013: 5.54%)

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is the best indicator of future volatility, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included under Portfolio Manager equity plan expense in the Income Statement is an expense of \$nil (2013: \$nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 28 : SHARE-BASED PAYMENTS (continued)****c. Expenses arising from share based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee share option plan expense/(gain)	234	(49)
	<b>234</b>	<b>(49)</b>

**NOTE 29 : RESERVES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Available for sale investments revaluation reserve	8	(2)
Share-based payments reserve	39	(195)
Foreign currency translation reserve	(664)	(877)
	<b>(617)</b>	<b>(1,074)</b>

**Movements in reserves****Available for sale investments revaluation reserve**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
The available for sale investments revaluation reserve records revaluations of non current assets.		
Opening balance	(2)	(2)
Changes in fair value	10	-
Balance 30 June	<b>8</b>	<b>(2)</b>

**Share-based payments reserve**

The share-based payments reserve records items recognised as expenses on valuation of employee share options

Opening balance	(195)	(146)
Share based payments expense	234	(49)
Balance 30 June	<b>39</b>	<b>(195)</b>

**Foreign currency translation reserve**

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiaries

Opening balance	(877)	(1,158)
Unrealised foreign exchange translation of foreign controlled entities	213	281
Balance 30 June	<b>(664)</b>	<b>(877)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 30 : CASH FLOW INFORMATION**

	<b>2014</b>	<b>2013</b>
Reconciliation of cash flow from operations with profit after income tax	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	3,708	4,909
<b>Cash flows included in profit not attributable to operating activities:</b>		
Gain/(loss) on sale of investment	11	(548)
Gain on forward exchange contracts	68	37
<b>Non cash flows:</b>		
Amortisation	30	185
Depreciation	105	82
Fair value losses - investments	273	419
Employee option writeback	234	(49)
<b>Change in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b>		
Decrease/(increase) in trade and term debtors	(1,171)	284
(Increase)/decrease in deferred taxes	22	(42)
Decrease in value of other assets	(23)	11
Increase in trade creditors and accruals	99	(174)
(Decrease)/increase in income taxes payable	(22)	331
(Decrease)/increase in employee entitlements	(154)	43
<b>Net cash inflow from operating activities</b>	<b>3,180</b>	<b>5,488</b>

**a. Non-cash financial activity**

In accordance with the Company's Dividend Reinvestment Plan, \$325,673 (2013: \$477,256) of dividends paid during the year were reinvested in the shares of the Company.

**b. Standby facilities**

No standby facilities exist.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 31 : LEASE COMMITMENTS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	391	712
Later than one year but not later than five years	1,351	433
Later than five years	22	-
	<b>1,764</b>	<b>1,145</b>

**Sydney-** The property lease is a non-cancellable lease with an expiry date of July 2019, with rent payable monthly in advance. The amount payable is subject to a 4% annual increase. An option exists to renew the lease at the end of the 5 year period for an additional term of 5 years.

**London lease a-** The property lease is a non-cancellable lease with a 5 year term remaining, with rent payable monthly in advance. The amount payable is fixed until the end of the existing term. An option exists to break the lease at the end of the 3 year term with six months notice. The lease allows for subletting of all lease areas.

**London lease b-** The property lease is a non-cancellable lease with a 4 month term remaining, with rent payable monthly in advance. The amount payable is fixed until the end of the existing term. An option exists to renew the lease at the end of the 10 year term for an additional term of 10 years. The property is currently sublet and it is expected that \$41,000 will be received over the next 4 months.

**Photocopiers** - the photocopier lease is a non-cancellable lease with a 60 month term remaining, with rent payable monthly in advance.

**NOTE 32 : RELATED PARTY TRANSACTIONS****a. Share transactions of Directors**

Directors and Director related entities hold directly, indirectly or beneficially as at the reporting date equity interests in members of the Consolidated Entity, in the form of ordinary shares and options over ordinary shares in the Company. Movements in equity interests during the year were as follows:

- Directors and their related entities acquired 70,000 ordinary shares (2013: Nil) as part of the CEO remuneration package.
- Directors and their related entities acquired Nil ordinary shares in the Company (2013: 40,033) on the same terms and conditions available to other shareholders.
- Directors and their related entities disposed of 35,000 shares in the Company (2013: Nil) for a total consideration of \$71,710 (2013: Nil) on the same terms and conditions available to other shareholders.
- Directors and their related entities acquired Nil ordinary shares (2013: Nil) under the Hunter Hall International Employee Staff Option Plan on the same terms and conditions available to other employees.

**b. Unit Transaction of Directors**

Directors and their related entities purchased 250,545 units in the AEF on the same terms and conditions available to other unitholders (2013: sold 11,595 units in the VGT and 188,875 units in the GET).

**c. Transactions with related parties**

- Directors and their related entities disposed of 200,000 shares in HHV (2013: Nil) for a total consideration of \$214,000 (2013: Nil) on the same terms and conditions available to other shareholders.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**d. Parent entity**

By virtue of its majority shareholding, the parent entity of the Company is Hampshire Assets & Services Pty Limited (Hampshire). Dividends of \$1,982,200 (2013: \$2,904,402) were paid to Hampshire.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 32 : RELATED PARTY TRANSACTIONS (continued)**

<b>f. Transactions with Director related entities</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>(i) Managed Investment Entities</i>		
Management fees received and receivable pursuant to investment management services provided by Hunter Hall Investment Management Ltd to the:		
Hunter Hall Equity Funds	13,416,967	16,081,741
Hunter Hall Global Value Limited	3,262,844	3,050,419
Amount receivable at year end	2,943,814	1,768,184
Administration fees received and receivable pursuant to administration services provided by Bennelong Administration Services Pty Ltd to the:		
Hunter Hall Equity Funds	-	983,260
Hunter Hall Global Value Limited	-	137,386
Expense reimbursements received in relation to:		
Hunter Hall Equity Funds	2,284,068	1,182,428
Hunter Hall Global Value Limited	-	-
Amount receivable at year end	211,484	107,899
Expenses paid in relation to:		
Hunter Hall Equity Funds	(2,363,173)	(1,374,313)
Hunter Hall Global Value Limited	-	(10,079)
<i>(ii) Other Director related entities</i>		
Received from Totem Films Pty Ltd (related party of Mark Forstmann) for sub leasing part of Double Bay premises	-	417
Payment of consultancy fees to Lifecraft Pty Ltd (related party of Michael Walsh)	-	(138,421)
For details of transactions with Steep Investments (related party of Peter Hall) please refer to the Remuneration Report.		
<b>g. Transactions with key management personnel</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Short-term benefits</b>		
Salary, fees and leave	1,741,199	2,052,103
Profit share and bonuses	143,988	68,679
<b>Total short-term benefits</b>	<b>1,885,187</b>	<b>2,120,782</b>
<b>Post employment benefits</b>		
Superannuation	93,442	112,207
<b>Total post employment benefits</b>	<b>93,442</b>	<b>112,207</b>
Termination benefits	98,576	243,469
Share based payments	159,177	33,610
<b>Total remuneration</b>	<b>2,236,382</b>	<b>2,510,068</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 33 : FINANCIAL RISK MANAGEMENT

#### a. Capital risk management

The Consolidated Entity manages its capital to ensure that entities in the Consolidated Entity will be able to continue as a going concern while maximising the return to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During the year ended 30 June 2014, the Company paid dividends of \$4,523,526 (2013: \$6,421,079).

The Consolidated Entity's overall strategy remains unchanged from 2013.

The capital structure of the Consolidated Entity consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes of Equity and Notes to this report.

Operating cash flows are used to meet the Consolidated Entity's operating costs, as well as to make the routine outflows of tax, dividends and repayment of maturing debt.

The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Total equity	19,088	19,260
Cash and cash equivalents	15,195	10,904
Financial assets	2,944	8,784

The Company must adhere to the following financial covenants:

As a holder of an Australian financial services (AFS) licence, Hunter Hall Investment Management Limited (HHIML) must hold the greater of:

- a. \$150,000
- b. 0.5% of the average value of scheme property (capped at \$5 million), or
- c. 10% of the average RE revenue (uncapped).

and cash or cash equivalents valued at least the greater of:

- d. \$150,000; or
- e. 50% of the NTA that would be required under items (a) to (c); and

liquid assets to the amount of NTA that would be required under items (a) to (c). This may include cash or cash equivalents, other than a commitment to provide cash from an eligible provider that can be drawn down within 5 business days, and has maturity of at least 6 months.

The Company has met all its financial covenants throughout the year.

# **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTE 33 : FINANCIAL RISK MANAGEMENT (continued)**

### **b. Categories of financial instruments**

The Consolidated Entity's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, loans to and from subsidiaries and derivatives. The main purpose of non derivative financial instruments is to manage the working capital of the Consolidated Entity. Derivatives are used by the Consolidated Entity for economic hedging purposes. Such instruments include forward exchange contracts and interest rate swap agreements. The Consolidated Entity does not speculate in the trading of derivative instruments.

The Consolidated Entity and the parent entity hold the following financial instruments:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	15,195	10,904
Trade and other receivables	3,508	2,296
Term deposits	475	7,391
Financial assets at fair value through profit or loss	1,357	-
Available-for-sale financial assets	1,112	1,393
	<b>21,647</b>	<b>21,984</b>
<b>Financial liabilities</b>		
Trade and other payables	2,387	2,288
Other financial liabilities	81	81
	<b>2,468</b>	<b>2,369</b>

### **c. Market risk**

#### *(i) Funds Under Management risk*

For the year to 30 June 2014 management fees made up 88% (2013: 89%) of the Consolidated Entity's revenue from operations. Management fees are directly related to Funds Under Management (FUM) of the underlying investment vehicles. The risk of changes in FUM due to changes in the underlying net assets of the investment vehicles is the main market risk faced by the entity.

FUM is reconciled as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'M</b>	<b>\$'M</b>
Opening FUM	1,114	1,254
Net outflows	(321)	(308)
Distributions paid	(1)	(10)
Dividends paid	(11)	-
HHV share buy backs	(10)	(30)
Investment performance	189	208
<b>Closing FUM</b>	<b>960</b>	<b>1,114</b>

Based on analysis of historical data, the following parameters were used to prepare a sensitivity analysis:

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>High</b>	<b>High</b>	<b>Low</b>	<b>Low</b>
	<b>scenario</b>	<b>scenario</b>	<b>scenario</b>	<b>scenario</b>
	<b>\$'M</b>	<b>\$'M</b>	<b>\$'M</b>	<b>\$'M</b>
Gross monthly inflows	12.4	17.7	-	-
Net monthly outflows	(17.1)	(16.9)	(38.0)	(39.4)
December distribution	10.0	32.4	-	-
Net performance increase/(decline)	298.8	329.4	75.2	80.6

If the high scenario per the above parameters had occurred during the year to 30 June 2014, profit and equity would have been \$1,773,000 higher (2013: \$1,890,000 higher), if all other variables held constant. If the low scenario had occurred during the year, profit and equity would have been \$1,778,000 lower (2013: \$1,749,000 lower).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 33 : FINANCIAL RISK MANAGEMENT (continued)

#### (ii) *Cash flow and fair value interest rate risk*

As at the reporting date, the Consolidated Entity had no borrowings.

#### (iii) *Price risk*

The Consolidated Entity is exposed to equity securities price risk arising from investments held by the Group and classified on the Statement of Financial Position as fair value through profit or loss. The majority of these investments are held by the Hunter Hall Australian Equities Fund (AEF) and managed by Hunter Hall Investment Management Ltd (the Investment Manager).

The Board of Hunter Hall Investment Management manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Investment Manager monitors the investment performance of the funds and their overall market position on a daily basis and provides the Board with monthly investment performance reports which includes commentary on securities that have materially impacted on the value of the portfolio. The Board meets regularly and at each meeting review investment performance and overall market positions. It also monitors the Investment Manager's compliance with the respective Fund's objectives on a monthly basis.

There were no material changes to the Company's policies and processes for managing market risk and the methods and assumptions used to measure risk during the year.

At reporting date, if the equity prices had been 5%p.a. higher or lower net profit and equity of the Consolidated Entity would have been \$111,000 higher/lower (2013: \$48,000 higher/lower).

The sensitivity to equity prices has not changed significantly from the prior year.

The basis of the sensitivity analysis above has been selected as Directors feel these are the most likely movements.

#### (iv) *Structural foreign exchange risk*

Structural foreign exchange risk is the risk that movements in foreign exchange rates may have an adverse effect on the Group's Australian dollar earnings and economic value when the Group's foreign currency denominated earnings and capital are translated into Australian dollars.

The Group's exposure to this risk arises from its subsidiary domiciled in the United Kingdom, Hunter Hall International (UK) Limited (HHUK).

As a result of the requirement to translate earnings and net assets of HHUK into Australian dollar consolidated financial statements, movements in exchange rates could lead to changes in the Australian dollar equivalent of offshore earnings and capital which could introduce variability to the Group's reported financial results.

In order to minimise this exposure, the Group manages the foreign exchange rate risk associated with offshore earnings and capital as follows:

(1) capital that is defined to be permanently employed in an offshore jurisdiction (for example to meet regulatory or prudential requirements) and which has no fixed term and is not anticipated to be repatriated in the foreseeable future, remains unhedged

(2) the economic risk of Great Britain Pounds future earnings are managed where the Group believes there is a strong likelihood of significant adverse moves in the AUD/GBP exchange rate.

The Group has \$3.145m financial assets and \$580k liabilities denominated in GBP, which expose the Group to currency risk.

The sensitivity analysis of profit and equity in regards to the Group's financial assets and financial liabilities and the AUD/GBP exchange rate has been calculated on an 'all other things being equal' basis. It assumes a 10% change of the AUD/GBP exchange rate (2013: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

At reporting date, if the AUD had weakened against the GBP by 10% the net profit and equity of the Consolidated Entity would have been \$178,000 lower (2013: \$80k lower).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 33 : FINANCIAL RISK MANAGEMENT (continued)

#### d. Credit risk

The Consolidated Entity takes on exposure to credit risk, which is the risk that a counterparty or an issuer will be unable to pay amounts in full when due.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date in respect of recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The Consolidated Entity has a concentration of credit risk exposure from amounts receivable from the investment vehicles it manages, which represents 84% of receivables (2013: 73%).

As at the reporting date the Consolidated Entity did not have any amounts receivable, whether from related entities or otherwise, which were past due or considered impaired (2013: Nil).

#### e. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long term funding and liquidity management requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

#### *Maturities of financial liabilities*

The tables below analyse the Consolidated Entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	1-3 months	4-6 months	Between 6 and 12 months	Over one year	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2014</b>						
<b>Non-derivatives</b>						
Non-interest bearing	2,072	315	-	81	2,468	2,468
Interest bearing	-	-	-	-	-	-
<b>Total non-derivatives</b>	<b>2,072</b>	<b>315</b>	<b>-</b>	<b>81</b>	<b>2,468</b>	<b>2,468</b>
<b>Consolidated</b>						
	1-3 months	4-6 months	Between 6 and 12 months	Over one year	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2013</b>						
<b>Non-derivatives</b>						
Non-interest bearing	1,915	373	-	81	2,369	2,369
Interest bearing	11	-	-	-	11	-
<b>Total non-derivatives</b>	<b>1,926</b>	<b>373</b>	<b>-</b>	<b>81</b>	<b>2,380</b>	<b>2,369</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 33 : FINANCIAL RISK MANAGEMENT (continued)

#### f. Net fair values

The net fair values of listed investments have been valued at the quoted market close price at reporting date. For unlisted investments where there is no organised financial market the net fair value has been based on either cost or the redemption price published by the issuer at reporting date.

The net fair values of loans and amounts due approximate their carrying value.

For other assets and other liabilities the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have been written down.

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer between levels from previous reporting period. Level 3 assets and liabilities have been valued at the director's best estimates.

#### 30 June 2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Term deposits	-	475	-	475
Listed investments at fair value	1,090	-	-	1,090
Unlisted investments at fair value	1,379	-	-	1,379
<b>Total</b>	<b>2,469</b>	<b>475</b>	<b>-</b>	<b>2,944</b>

#### 30 June 2013

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Term deposits	-	7,391	-	7,391
Listed investments at fair value	-	-	-	-
Unlisted investments at fair value	1,393	-	-	1,393
<b>Total</b>	<b>1,393</b>	<b>7,391</b>	<b>-</b>	<b>8,784</b>

#### g. Treasury risk management

Senior executives of the Consolidated Entity meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 34 : OPERATING SEGMENTS

#### a. Segment Information

##### Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Entity is managed on the basis of its core investment management business and its investing activity which is primarily for the seeding of new funds. The two segments have notably different principal activities and hence risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- i. principal activities
- ii. services provided by the segment

##### Principal activities by segment

##### i. *Investment management (IM) business*

Through its wholly owned subsidiaries the Company operates an investment management business. Hunter Hall Investment Management Limited (HHIML) is the responsible entity of four retail equity funds; the Hunter Hall Value Growth Trust (VGT), the Hunter Hall Australian Value Trust (AVT), the Hunter Hall Global Equities Trust (GET) and the Hunter Hall Global Deep Green Trust (GDG) (Hunter Hall Equity Trusts) and of a wholesale equity fund, the Hunter Hall Australian Equities Fund (AEF), launched on 16 July 2013. HHIML is also the Investment Manager for the Hunter Hall Global Value Limited (HHV), a listed investment company.

##### ii. *Investing activities*

From time to time, the Company will seed new funds. By virtue of the timing of these investments (on the inception of the fund), the Company is often deemed to initially hold a controlling stake, and required to consolidate the entity's results.

On their inception, the Group provided seed capital for the Hunter Hall Australian Equities Fund (AEF) and the Hunter Hall Global Equities Trust - Hedged (GEH). A \$1m investment was made in each of the equity trusts. In addition, the Company invested funds in Hunter Hall Global Value Limited.

In July 2013 the directors of Hunter Hall Investment Management Ltd (HHIML) resolved to wind up the Hunter Hall Global Equities Trust - Hedged (GEH) and its portfolio was liquidated and final redemption proceeds were paid to unitholders on 25 September 2013.

# **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

## **NOTE 34 : OPERATING SEGMENTS (continued)**

### **Basis of accounting for purposes of reporting by operating segments**

#### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

#### *Inter-segment transactions*

Sales transactions between seeded funds and all other segments are set by the Fund's constitution and are undertaken at arm's length. All such transactions are eliminated on consolidation for the Consolidated Entity's financial statements.

All segments are independent cost centres.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs.

#### *Segment assets*

In all instances segment assets are clearly identifiable on the basis of their nature and physical location.

#### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. In all instances segment liabilities are clearly identifiable on the basis of their nature.

### **b. Segment performance**

<b>Year ended 30 June 2014</b>	<b>Investment Management Business</b>	<b>Investing Activities</b>	<b>Re- allocation of income</b>	<b>Inter- segment sales</b>	<b>Consolidated</b>
Revenue from Investment Management	16,042	-	655	(13)	16,684
Commissions, management fees	-	-	2,284	-	2,284
<b>Total revenues from external customers</b>	<b>16,042</b>	<b>-</b>	<b>2,939</b>	<b>(13)</b>	<b>18,968</b>
<b>Investment and other income</b>	<b>-</b>	<b>83</b>	<b>352</b>	<b>162</b>	<b>597</b>
Depreciation and amortisation	-	-	-	-	-
Other operational expenses	(9,976)	-	(980)	(39)	(10,995)
Ongoing operational expenses	<b>(9,976)</b>	<b>-</b>	<b>(980)</b>	<b>(39)</b>	<b>(10,995)</b>
One-off strategy expenses	(513)	-	-	-	(513)
<b>Total operational expenses</b>	<b>(10,489)</b>	<b>-</b>	<b>(980)</b>	<b>(39)</b>	<b>(11,508)</b>
Commissions, management fees	-	-	(2,284)	-	(2,284)
Charitable donations	(307)	-	-	-	(307)
<b>Operating profit before tax</b>	<b>5,246</b>	<b>83</b>	<b>27</b>	<b>110</b>	<b>5,466</b>
Tax	(1,636)	(45)	-	-	(1,681)
Discontinued operations	-	(43)	(27)	-	(70)
Movement in value of seeded funds	-	110	-	(110)	-
<b>Net profit after tax attributable to HHL</b>	<b>3,610</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>3,715</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 34 : OPERATING SEGMENTS (continued)**

<b>Year ended 30 June 2013</b>	<b>Investment Management Business</b>	<b>Investing Activities</b>	<b>Re- allocation of income</b>	<b>Inter- segment sales</b>	<b>Consolidated</b>
Revenue from Investment Management	18,371	-	776	-	19,147
Commissions, management fees	-	-	2,305	-	2,305
<b>Total revenues from external customers</b>	<b>18,371</b>	<b>-</b>	<b>3,081</b>	<b>-</b>	<b>21,452</b>
<b>Investment and other income</b>	<b>-</b>	<b>253</b>	<b>-</b>	<b>330</b>	<b>583</b>
Other operational expenses	(10,653)	-	(709)	(209)	(11,571)
Ongoing operational expenses	<b>(10,653)</b>	<b>-</b>	<b>(709)</b>	<b>(209)</b>	<b>(11,571)</b>
One-off strategy expenses	(1,229)	-	-	-	(1,229)
<b>Total operational expenses</b>	<b>(11,882)</b>	<b>-</b>	<b>(709)</b>	<b>(209)</b>	<b>(12,800)</b>
Commissions, management fees	-	-	(2,305)	-	(2,305)
Charitable donations	(371)	-	-	-	(371)
<b>Operating profit before tax</b>	<b>6,118</b>	<b>253</b>	<b>67</b>	<b>121</b>	<b>6,559</b>
Tax	(1,683)	(162)	-	-	(1,845)
Discontinued operations	-	165	-	-	165
Movement in value of seeded funds	-	121	(67)	(121)	(67)
<b>Net profit after tax attributable to HHL</b>	<b>4,435</b>	<b>377</b>	<b>-</b>	<b>-</b>	<b>4,812</b>

All revenue is derived in Australia. Therefore a geographical split of external revenue has not been performed.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 34 : OPERATING SEGMENTS (continued)****c. Segment assets and liabilities**

<b>As at 30 June 2014</b>	<b>Investment Management Business</b>	<b>Investing Activities</b>	<b>Re- allocation of income</b>	<b>Inter- segment sales</b>	<b>Consolidated</b>
Cash	15,166	-	-	29	15,195
Current investments	-	475	-	-	475
Other current assets	3,845	-	-	39	3,884
<i>Total current assets</i>	<i>19,011</i>	<i>475</i>	<i>-</i>	<i>68</i>	<i>19,554</i>
Non-current investments	-	2,225	-	244	2,469
Other non-current assets	1,284	-	-	-	1,284
<i>Total non-current assets</i>	<i>1,284</i>	<i>2,225</i>	<i>-</i>	<i>244</i>	<i>3,753</i>
<i>Current liabilities</i>	<i>(3,763)</i>	<i>-</i>	<i>-</i>	<i>(35)</i>	<i>(3,798)</i>
<i>Non-current liabilities</i>	<i>(421)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(421)</i>
<b>Net assets</b>	<b>16,111</b>	<b>2,700</b>	<b>-</b>	<b>277</b>	<b>19,088</b>
<i>Outside equity interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(280)</i>	<i>(280)</i>
<b>Net assets attributable to HHL</b>	<b>16,111</b>	<b>2,700</b>	<b>-</b>	<b>(3)</b>	<b>18,808</b>
<b>As at 30 June 2013</b>	<b>Investment Management Business</b>	<b>Investing Activities</b>	<b>Re- allocation of income</b>	<b>Inter- segment sales</b>	<b>Consolidated</b>
Cash	10,805	-	-	99	10,904
Current investments	-	7,391	-	-	7,391
Other current assets	2,613	-	-	-	2,613
<i>Total current assets</i>	<i>13,418</i>	<i>7,391</i>	<i>-</i>	<i>99</i>	<i>20,908</i>
Investments	-	943	-	450	1,393
Other non-current assets	1,219	-	-	-	1,219
<i>Total non-current assets</i>	<i>1,219</i>	<i>943</i>	<i>-</i>	<i>450</i>	<i>2,612</i>
<i>Current liabilities</i>	<i>(3,888)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(3,888)</i>
<i>Non-current liabilities</i>	<i>(372)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(372)</i>
<b>Net assets</b>	<b>10,377</b>	<b>8,334</b>	<b>-</b>	<b>549</b>	<b>19,260</b>
<i>Outside equity interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(332)</i>	<i>(332)</i>
<b>Net assets attributable to HHL</b>	<b>10,377</b>	<b>8,334</b>	<b>-</b>	<b>217</b>	<b>18,928</b>

Non-current assets located outside of Australia are deemed to be immaterial and therefore have not been split by geographical location.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 35 : PARENT ENTITY INFORMATION**

Information relating to Hunter Hall International Limited (the parent entity):

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of financial position</b>		
Current assets	10,611	7,758
Total assets	22,469	21,966
Current liabilities	3,533	4,220
Total liabilities	3,932	4,572
Net assets	18,537	17,394
Issued capital	17,614	17,288
Reserves	49	(195)
Retained earnings	874	300
Total equity	18,537	17,393
<b>Statement of profit or loss and other comprehensive income</b>		
Profit for the year	5,097	5,994
Other comprehensive income	-	-
Total comprehensive income	5,097	5,994

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

**NOTE 36 : EVENTS SUBSEQUENT TO REPORTING DATE**

On 27 August 2014 the Directors declared an interim dividend of 6.4 cents per share fully franked, with a record date of 11 September 2014 and a payment date of 25 September 2014.

There were no other events subsequent to year end that require disclosure other than those matters referred to elsewhere in this report.

The financial report was authorised for issue on 27 August 2014 by the Board of Directors.

**NOTE 37 : CONTINGENT LIABILITIES**

There were no contingent liabilities at year end that require disclosure.

## DIRECTORS' DECLARATION

- 1 In the opinion of the directors of Hunter Hall International Limited:
  - a. the consolidated financial statements and notes of Hunter Hall International Limited are in accordance with the Corporations Act 2001, including
    - i. giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b. there are reasonable grounds to believe that Hunter Hall International Limited will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.
- 3 Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of the Company.



**Wayne Hawkins**  
***Lead Non-Executive Director***

Dated this 27th day of August 2014



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## **Auditor's Independence Declaration To the Directors of Hunter Hall International Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Hunter Hall International Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

G S Layland  
Director – Audit & Assurance

Sydney, 27 August 2014

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## **Independent Auditor's Report To the Members of Hunter Hall International Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Hunter Hall International Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### **Auditor's opinion**

In our opinion:

- a the financial report of Hunter Hall International Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 14 to 19 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

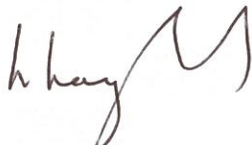


**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Hunter Hall International Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director - Audit & Assurance

Sydney, 27 August 2014

## Shareholder Information

As at 21 August 2014 there were 2,763 Shareholders.

### DISTRIBUTION OF SHAREHOLDERS

Category (size of Holding)	Number of Shareholders	Number of ordinary shares
1 – 1,000	787	371,361
1,001 – 5,000	1,278	3,428,249
5,001 – 10,000	389	2,872,097
10,001 – 100,000	299	6,477,179
100,001 – and over	10	13,613,271
<b>TOTAL</b>	<b>2,763</b>	<b>26,762,157</b>

The number of Shareholders holding less than a marketable parcel is 261.

### 20 LARGEST SHAREHOLDERS – ORDINARY SHARES

	Name	Number of ordinary shares	% of total issued ordinary shares
1.	HAMPSHIRE ASSETS & SERVICES PTY LTD	10,400,000	38.86
2.	HAMPSHIRE ASSETS & SERVICES PTY LIMITED	1,204,998	4.50
3.	MR ANDREW STANLEY HALL	400,000	1.49
4.	MRS CLAIRE PATRICIA HALL	400,000	1.49
5.	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	303,421	1.13
6.	AUBIGNY INVESTMENTS PTY LTD <PETER J HALL SETTLE NO2 A/C>	292,272	1.09
7.	J P MORGAN NOMINEES AUSTRALIA LIMITED	182,447	0.68
8.	ACE PROPERTY HOLDINGS PTY LTD	150,000	0.56
9.	TUSA PTY LIMITED	150,000	0.56
10.	GREEN SUPER PTY LTD <ROSS KNOWLES SUPER FUND A/C>	130,133	0.49
11.	MR JAMES FISHER MCDONALD	100,000	0.37
12.	MS ELIZABETH RASMUSSEN	100,000	0.37
13.	MR DAVID MCBAIN	97,494	0.36
14.	MR RUSSELL KEENAN	96,173	0.36
15.	LUTON PTY LTD	90,000	0.34
16.	MR DONALD GORDON MACKENZIE + MRS GWENNETH EDNA MACKENZIE	79,500	0.30
17.	HS SUPERANNUATION FUND PTY LTD <HS SUPERANNUATION FUND A/C>	70,000	0.26
18.	MS OUAFAA KARIM	70,000	0.26
19.	MR JARRAD ROBERT STUART <STUART INVESTMENT A/C>	70,000	0.26
20.	MR EDWARD JAMES DALLY + MRS SELINA DALLY <E J DALLY SUPER FUND A/C>	65,000	0.24
	<b>Total of top 20 holders of Ordinary shares</b>	<b>14,451,438</b>	<b>53.97</b>

### SUBSTANTIAL SHAREHOLDERS

The names of the substantial Shareholders listed in the holding Company's register as at 21 August 2014 are:

Shareholder	Number held	Percentage
Hampshire Assets & Services Pty Ltd	11,604,998	43.36
Mr. Peter Hall	11,952,270	44.66



## Shareholder Information

### VOTING RIGHTS

Subject to the Company's Constitution:

- a. At meetings of Shareholders, each Shareholder is entitled to vote in person, by proxy, by attorney or by representative
- b. On a show of hands, each Shareholder present in person, by proxy, by attorney or by representative is entitled to one vote
- c. On a poll, each Shareholder present in person, by proxy, by attorney or by representative is entitled to one vote for every share held by the Shareholder

In the case of joint holdings, only one joint holder may vote.

### VOTING BY PROXY

Shareholders may appoint a proxy or attorney to represent them at a Shareholder meeting. If a proxy is appointed and the Shareholder attends the meeting then that proxy is automatically revoked.

A corporate Shareholder may appoint a proxy, an attorney or a corporate representative.

### DIVIDEND PAYMENTS

The Company offers Shareholders the following choices of how dividend entitlements can be received:

- a. Cash – a cheque is mailed to the Shareholder's registered address
- b. Direct Credit Deposit –the dividend is paid directly to the nominated bank account. Direct credits avoid delay in postal delivery and the possibility of lost cheques and are therefore a preferred option.
- c. Dividend Reinvestment Plan (DRP) - the Shareholders can elect that all or part of their dividends be used to apply for fully paid ordinary shares in the Company

Copies of the Hunter Hall Dividend Reinvestment Plan (DRP) and the DRP Election forms may be obtained by contacting the share registry.

### PRINCIPAL REGISTERED ADDRESS OF THE COMPANY

The principal registered office is Level 2, 56 Pitt Street, Sydney NSW 2000. Telephone +61 2 8224 0300

### REGISTRY

Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000.

Investor Enquiries 1300 855 080.

### STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited (ASX). The company shares are traded under the symbol HHL. Details of trading activity are published in most daily newspapers and also obtainable from the ASX website: [www.asx.com.au](http://www.asx.com.au).

# Corporate Directory

## PRINCIPAL AND REGISTERED OFFICE

### Hunter Hall International Limited

Level 2, 56 Pitt Street

SYDNEY NSW 2000

Australia

Telephone + 61 2 8224 0300

Facsimile + 61 2 8224 0333

Email [invest@hunterhall.com.au](mailto:invest@hunterhall.com.au)

Website [www.hunterhall.com.au](http://www.hunterhall.com.au)

## DIRECTORS

### Peter Hall AM

*Executive Chairman and Chief Investment Officer*

### David Deverall

*Managing Director and Chief Executive Officer*

### Wayne Hawkins

*Lead Non-Executive Director*

### Mark Forstmann

*Non-executive Director*

### Naomi Edwards

*Non-executive Director*

## COMPANY SECRETARY

### Paula Ferrao

## AUDITOR

### Grant Thornton Audit Pty Ltd

Level 17, 383 Kent Street

SYDNEY NSW 2000

Australia

## SHARE REGISTRY

### Computershare Investor Services Pty Limited

Level 4, 60 Carrington Street

SYDNEY NSW 2000

Australia