



Ethical  
Managed Funds

# **Hunter Hall International**

## **Results for the year to 30 June 2015**

**David Deverall**

Chief Executive Officer

**Paula Ferrao**

Chief Financial Officer



- Key Financial and Operational Metrics
- Operating Highlights
- Balance Sheet and Dividends
- Strategy
- Outlook



# Hunter Hall International Limited

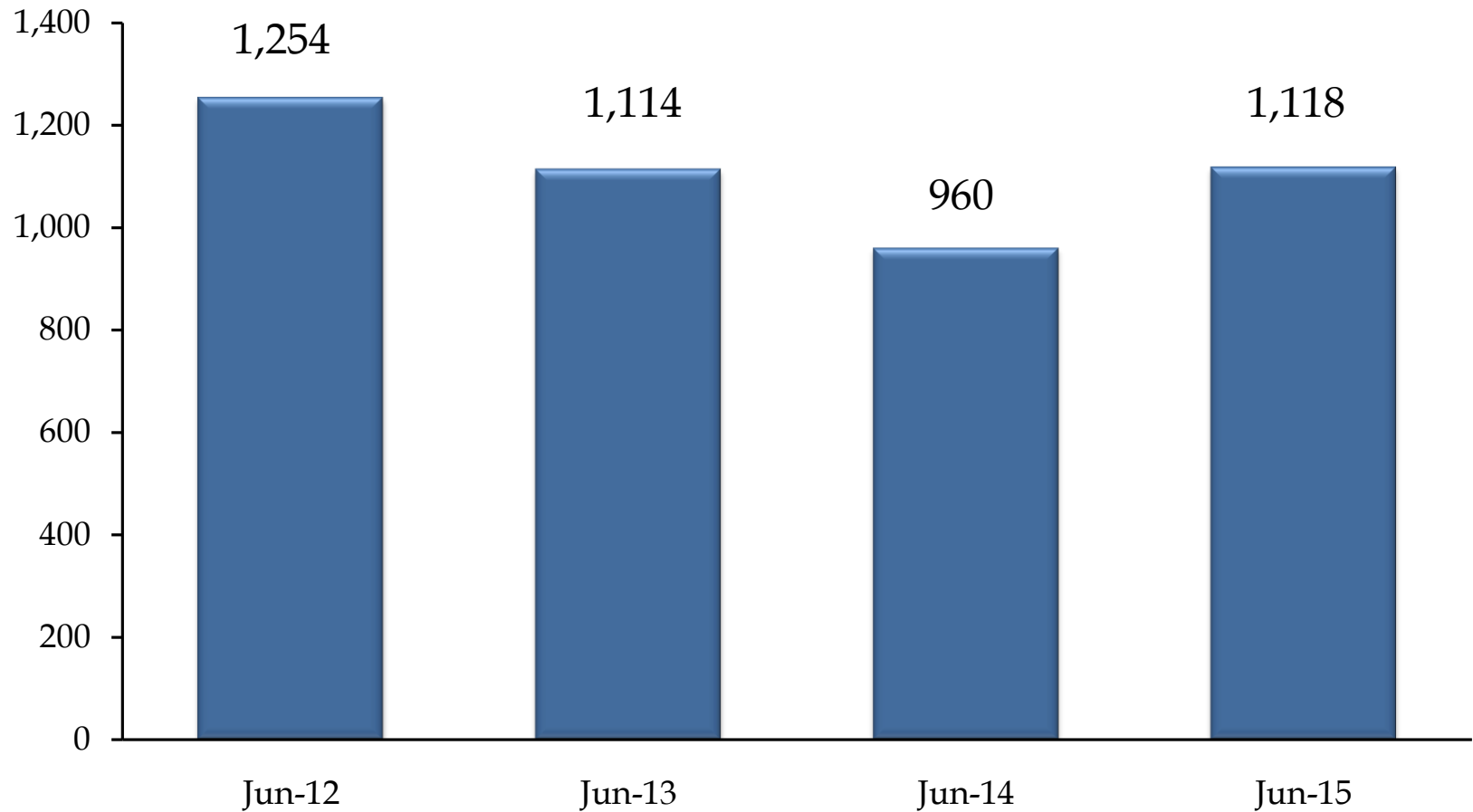
## Key Financial Metrics

Year Ending	30 Jun 2015	30 Jun 2014	Change
Funds Under Management (\$m)	1,118	960	16.5%
Operating Revenue (\$'000)	15,910	16,042	(0.8)%
Investment Income and Net Performance Fees	663	83	-
Expenses	(10,495)	(10,796)	(2.8)%
Net Profit before Tax	6,078	5,329	14.0%
Net Profit after Tax	4,188	3,648	14.8%
<b>Dividend (cents per share)</b>	<b>15.5</b>	<b>13.4</b>	<b>15.7%</b>
Movement in Value of Seeded Funds	2,781	67	-
Statutory Profit after Tax	6,969	3,715	87.5%



# Funds Under Management

**FUM(\$m)**





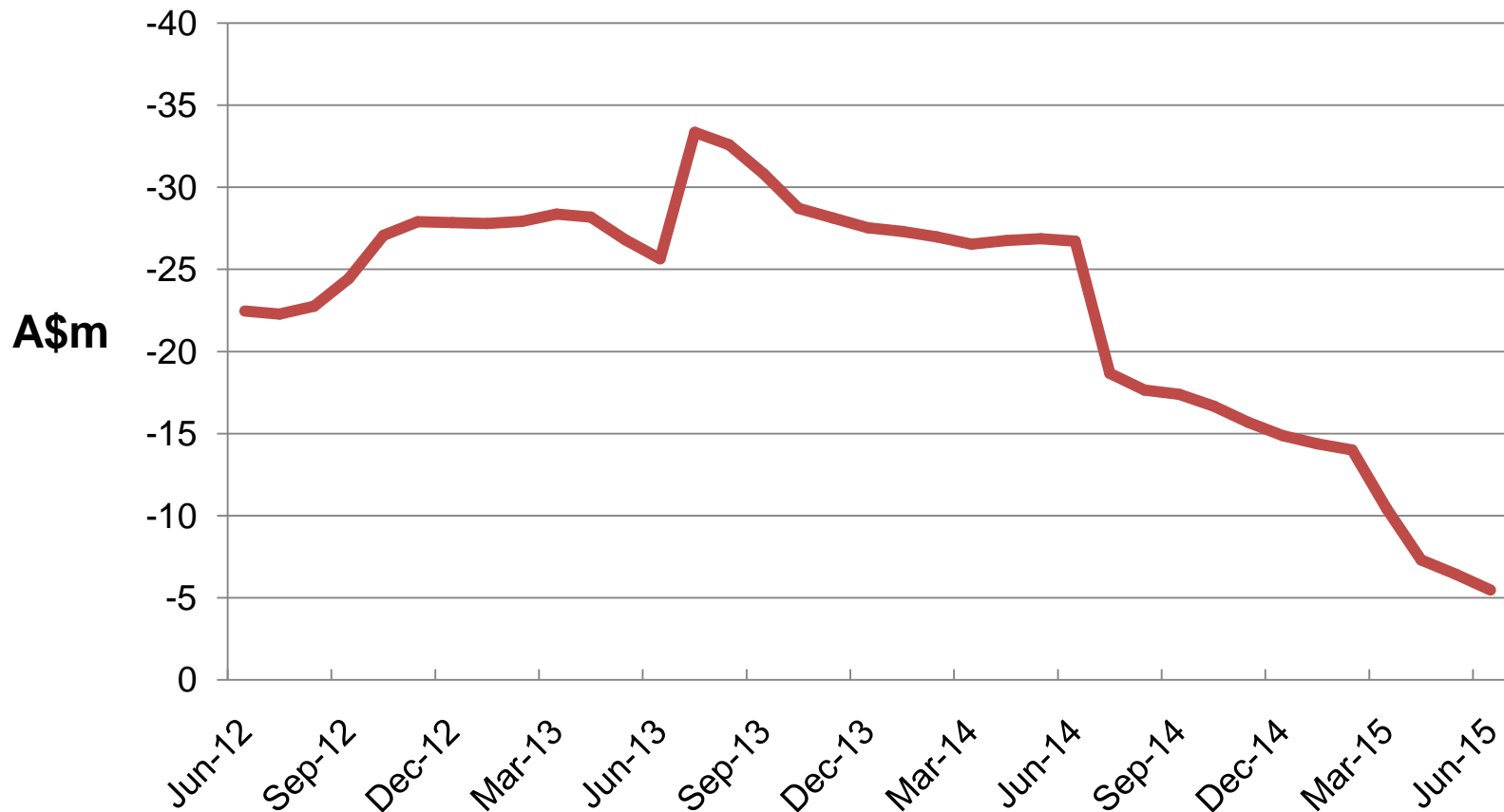
# Operating Highlights

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- Successful launch of High Conviction Equities Trust in December 2014; net performance fee of \$0.3m
- AVT management fee reduced to 1.00% and performance fee deficit set to zero in April 2015
- Investment income of \$0.4m: interest, distributions, and dividends
- Excellent investment performance for most funds
- Significant reduction in net outflows
- \$0.9m reduction in operating expenses partially offset by \$0.6m increase in performance-related bonuses
- Increased sales and marketing focus on 'direct' investors

# Net outflows continue to reduce

**Net Monthly Outflows: 12 month rolling**





# 6 Month, 1 Year and 5 Year Performance Returns

30 Jun 2015

(%)	VGT	AVT	GET	HHV	HCT	AEF
<b>Year to 30 Jun 2015</b>	<b>+29.8</b>	<b>+9.0</b>	<b>+22.1</b>	<b>+30.0</b>	<b>+57.4</b>	<b>+15.0</b>
Benchmark ^	+24.6	+0.4	+24.6	+24.6	+2.9	+5.6
<b>Relative Returns</b>	<b>+5.2</b>	<b>+8.6</b>	<b>-2.5</b>	<b>+5.4</b>	<b>+54.5</b>	<b>+9.4</b>
<b>5 Years to 30 Jun 2015</b>	<b>+12.2</b>	<b>+3.9</b>	<b>+9.9</b>	<b>+13.7</b>	<b>-</b>	<b>-</b>
Benchmark^	+15.3	+1.3	+15.3	+15.3	-	-
<b>Relative Returns</b>	<b>-3.1</b>	<b>+2.6</b>	<b>-5.4</b>	<b>-1.6</b>	<b>-</b>	<b>-</b>
<b>Since Inception* to 30 Jun 2015</b>	<b>+13.8</b>	<b>+7.2</b>	<b>+6.2</b>	<b>+8.1</b>	<b>+57.4</b>	<b>+14.9</b>
Benchmark^	+6.5	+5.2	+3.2	+6.5	+2.9	+9.4
<b>Relative Returns</b>	<b>+7.3</b>	<b>+2.0</b>	<b>3.0</b>	<b>1.6</b>	<b>+54.5</b>	<b>+5.5</b>

^Benchmarks: VGT, GET, HHV - MSCI World Total Return Index, Net Dividends Reinvested in A\$

AVT - S&P/ASX Small Ordinaries Accumulation Index

HCT - RBA's Cash Rate target + 3%

AEF - S&P/ASX 300 Accumulation Index

\*Inception date: VGT is 02.05.1994, HHV is 19.03.2004, GET and AVT is 29.11.2001, AEF 16.07.13 is HCT 11.12.2014



# Balance Sheet & Dividends

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- Cash and investments of \$23.8m or \$0.88 per share; \$12.8m cash and \$11.0m of investments in our funds (HCT, AEF, and HHV)
- \$5m of seed capital into the Hunter Hall High Conviction Equities Trust (HCT), on 11 December 2014
- No debt
- Typically HHL pays 100% of after tax profits as dividends
- Interim dividend of 9.5 cents per share; total dividends of 15.5 cps for 2015
- Franking level for final dividend 100%; expect franking levels for dividends in future periods to be in excess of 90%





# Hunter Hall's Strategy

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- Hunter Hall offers a range of **responsibly-managed** domestic and global **equities funds** with a **value** and a **small and mid-caps** bias...
- ... to Australian **superannuation funds, financial planners, and investors**
- Hunter Hall will win the competition for value creation because:
  - **equities** outperform cash over the long term
  - **value investing** is a superior investment approach for the creation of excess returns
  - **small and mid caps** outperform large caps over time
  - we are a **thought leader in responsible** investing



## Hunter Hall Strategy

### Re-invest in Our Strengths

- Stay true-to-label as a value investor
- Maintain our small-mid caps bias
- Reinforce position as thought leader in responsible investing
- Build our investment team capability
- Allocate investment capital based on performance

### Implement the Plan for Change

- Strengthen our risk management
- Build new distribution channels
- Manage our cost base prudently
- Manage our balance sheet optimally

- Low interest rates and falling AUD spurring investor appetite for equities in general and global equities in particular
- Inflows might increase in 2016 as a result of strong investment performance of most funds and marketing of new funds
- Potential for performance fees for HCT and AVT in 2016
- Costs expected to remain at current levels in 2016
- FUM of \$1.102bn as at Thursday 13 August 2015, a slight decrease on the \$1.118bn at 30 June 2015



# Disclaimer

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