



Ethical  
Managed Funds

# **Hunter Hall International**

## **Results for the year to 30 June 2016**

**Peter Hall**

Chief Executive Officer

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Chief Financial Officer



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



# Hunter Hall International Limited

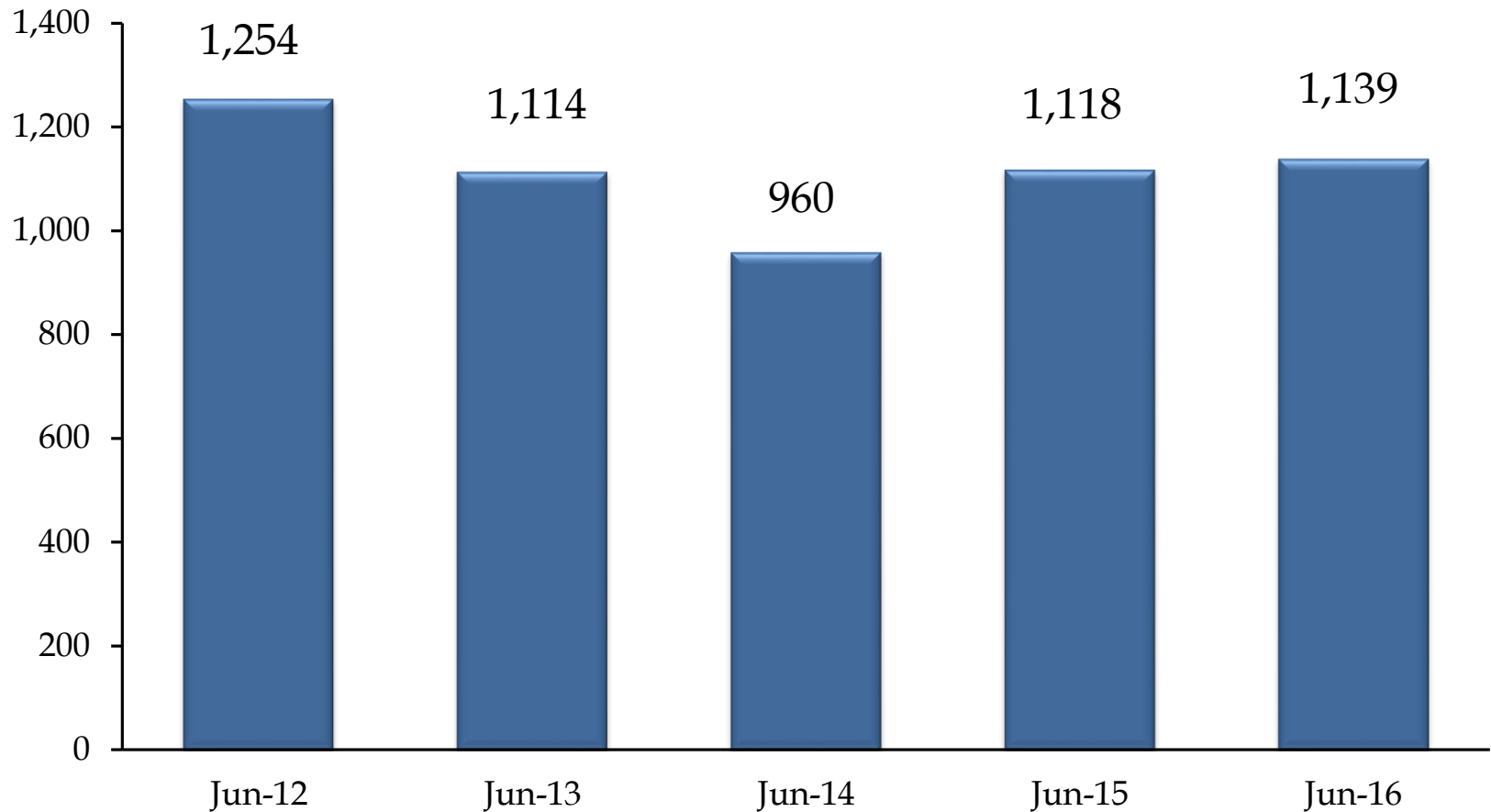
## Key Financial Metrics

Year Ending	30 Jun 2016	30 Jun 2015	Change
Funds Under Management (\$m)	1,139	1,118	1.9%
Operating revenue (\$'000)	16,621	15,910	4.5%
Ongoing operating expenses	(10,251)	(10,121)	1.3%
<b>Operating profit from investment management</b>	<b>6,370</b>	<b>5,789</b>	<b>10.0%</b>
Investment income	3,657	365	901.9%
Net performance fees	1,782	298	498.0%
Charitable donations	(651)	(374)	74.1%
Tax expense	(3,334)	(1,890)	76.4%
<b>Profit after tax attributable to HHL Shareholders</b>	<b>7,824</b>	<b>4,188</b>	<b>86.8%</b>
<b>Dividend (cents per share)</b>	<b>28.7</b>	<b>15.5</b>	<b>85.2%</b>
Movement in value of seeded funds	2,578	2,781	(7.3)%
Statutory profit after tax	10,402	6,969	49.3%



# Funds Under Management

**FUM(\$m)**





# Operating Highlights

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- Profit after tax (excluding unrealised gains from HCT) was \$7.824m, up 86.8% on FY15
- Received \$1.782m in net performance fees from HCT and AVT
- Investment income of \$3.657m: interest, distributions, and dividends
- Continued focus on cost control



# Operating Highlights

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- Excellent investment performance for most funds
- Aggregate performance fee deficit \$33.8m at 30 June 2016, a \$12.8m improvement on the \$45.9m deficit at 30 June 2015
- Hunter Hall Global Value discount to NTA reduced sharply as a result of good performance, dividends and better communication
- Continued reduction in net outflows
- Progress with rating agencies



# 1, 3, 5 Year and Inception Performance Returns

30 June 2016

	VGT	AVT	GET	HHV	HCT
<b>1 Year to 30 June 2016</b>	<b>11.4%</b>	<b>21.0%</b>	<b>-9.7%</b>	<b>12.3%</b>	<b>121.3%</b>
Benchmark ^	0.4%	14.4%	0.4%	0.4%	5.0%
<b>Relative Returns</b>	<b>11.1%</b>	<b>6.6%</b>	<b>-10.0%</b>	<b>11.9%</b>	<b>116.4%</b>
<b>3 Years to 30 June 2016</b>	<b>20.0%</b>	<b>14.8%</b>	<b>9.0%</b>	<b>21.0%</b>	<b>-</b>
Benchmark ^	14.6%	9.1%	14.6%	14.6%	-
<b>Relative Returns</b>	<b>5.5%</b>	<b>5.7%</b>	<b>-5.6%</b>	<b>6.5%</b>	<b>-</b>
<b>5 Years to 30 June 2016</b>	<b>13.0%</b>	<b>4.6%</b>	<b>7.2%</b>	<b>14.9%</b>	<b>-</b>
Benchmark ^	14.7%	1.0%	14.7%	14.7%	-
<b>Relative Returns</b>	<b>-1.6%</b>	<b>3.6%</b>	<b>-7.5%</b>	<b>0.2%</b>	<b>-</b>
<b>Since Inception*</b>	<b>13.7%</b>	<b>8.1%</b>	<b>5.0%</b>	<b>8.4%</b>	<b>123.5%</b>
Benchmark ^	6.2%	5.8%	3.0%	6.0%	5.1%
<b>Relative Returns</b>	<b>7.5%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>118.4%</b>

Note: All Trust returns are after fees and before tax. HHV returns represent the NTA returns which are quoted after fees but excluding the impact of tax and the exercise of options and assume the reinvestment of all dividends. Past returns are no guarantee of future returns.

^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%

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



# Net outflows now at “attritional” levels

**Net Monthly Outflows: 12 month rolling**







# Balance Sheet & Dividends

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- Cash and investments of \$30.7m or \$1.13 per share; \$12.0m cash and \$18.7m of investments in our funds (HCT and HHV)
- Redeemed \$3m of the \$5m seed capital in HCT, fully redeemed investment in AEF, invested a further \$3.9m into HHV, reinvested HCT distribution of \$1.5m into additional units
- No debt
- Final dividend of 14.6 cents per share fully franked; total dividends of 28.7 cents per share fully franked



# 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
- Increase focus on direct investors
- Increase communication of HHV's success
- Manage our balance sheet optimally

- Continued positive momentum on flows as a result of strong investment performance of most funds
- Ongoing operating expenses expected to remain at current levels in FY17
- Possibility of earning performance fees from HCT, HHV and AVT
- Substantial investment income of FY16 unlikely to be repeated
- FUM of \$1.195bn as at Wednesday 10 August 2016, an increase on the \$1.139bn at 30 June 2016 after net distributions of \$18.9m



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