



Ethical  
Investments

# Hunter Hall Global Value Limited

ACN 107 462 966

## Annual Report 30 June 2016



## Principal and Registered Office

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## Directors

Paul Jensen

*Non-executive Chairman*

Julian Constable

*Non-executive Director*

Peter Hall

*Non-executive Director*

## Company Secretary

Christina Seppelt

## 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

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Dear fellow shareholders,

I would like to thank you for your continued support of Hunter Hall Global Value Limited (HHV, the Company) and would also like to welcome all new shareholders to the Company.

I am pleased to report that the Company has continued to make solid progress against our strategic objectives and that the overall performance of the Company has continued to improve in 2016. This has occurred during a very tough and challenging year for global equity investment managers.

The investment portfolio returned 12.3% after all fees and expenses, significantly outperforming both the global and Australian equity markets for the year to 30 June 2016. Outperforming the MSCI World by 11.9% and the ASX All Ordinaries Accumulation Index by 10.3% was an outstanding result and built on prior years' strong investment performance.

In FY2015 the broad measure of the markets' performance, the MSCI World, was an exceptional 24.6%, which we outperformed by 5.4%, delivering an outstanding investment return of 30% for the year. This year, the MSCI World only returned 0.4% and again, very pleasingly, our 12.3% return significantly outperformed the MSCI World. Accordingly, the Company's headline financial performance numbers are lower for FY2016, when compared with FY2015. Our profit before tax was \$42.5m, and our net profit after tax was \$30.5m for FY2016.

The Company's Total Shareholder Return for the year was 20.0% and importantly, I am pleased that the share price discount to our pre-tax Net Tangible Assets (NTA) per share has continued to narrow over the course of the year from 15.4% to 6.7% at 30 June 2016.

Hunter Hall Global Value Limited is a listed global equities investment company and we are in the unique position of having our investment portfolio managed by Hunter Hall Investment Management Limited (Investment Manager or Manager). We are Australia's only ethically screened global listed investment company.

The Company's performance has been underpinned by the outstanding investment performance delivered by our Investment Manager. Peter, James and the rest of the investment team manage a concentrated portfolio of global equities on behalf of our Company. They seek to invest in companies that are trading at a significant discount to their assessment of intrinsic value and they typically find these companies in the small to mid-cap sectors of the market. This year the global investment market was challenging and volatile, and the strong performance demonstrates the strength of the Investment Manager's team and their investment process.

## Hunter Hall Global Value Limited's Performance

In evaluating the performance of the Company, the Directors monitor the following measures:

### (a) The Investment Manager's performance

This measure shows how the Investment Manager is performing against their investment objective.

The portfolio's investment objective is to generate positive absolute returns in excess of the portfolio's benchmark over an investment horizon of five years.

Our Investment Manager has met this objective across short, medium and long term periods.

Investment Performance<sup>1</sup> after all fees and charges is as follows:

Investment Performance at 30 June 2016	Compound Annual Returns					
	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception 2004
Hunter Hall Global Value Ltd Investment Performance (after fees)	12.3%	21.0%	14.9%	13.9%	6.7%	8.4%
MSCI World <sup>2</sup>	0.4%	14.6%	14.7%	11.6%	4.4%	6.0%
<b>Outperformance</b>	<b>11.9%</b>	<b>6.4%</b>	<b>0.2%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.4%</b>

*Inception: 19 March 2004*

<sup>1</sup> Performance figures refer to the movement in net assets per share, including share buybacks and the reinvestment of dividends, but excluding tax and the effect of option exercises.

<sup>2</sup> MSCI World refers to the MSCI World Total Return Index, Net Dividend Reinvested, in A\$

## (b) Post-tax NTA Performance after all Management fees, taxes and other expenses

This performance measure shows the change in the value of the assets belonging to the shareholders over the period. The Directors have limited or no ability to influence the fees paid to the Investment Manager or the tax paid to the Australian Tax Office. The Directors do have the ability to influence the 'other expenses' of the Company.

Hunter Hall Global Value Limited's post-tax NTA increased by 9.0% from \$1.34 at 30 June 2015 to \$1.46 for the year to 30 June 2016, when adjusted for dividends paid during the period.

The payment of the investment management fee to our Investment Manager is the most significant expense of the Company (FY2016 \$5.1m). No performance fee was payable in 2016. The management fee and its calculation is set out in the Investment Management Agreement between the Company and the Investment Manager.

The effective corporate tax rate was 28% for the year. The franking credits resulting from the corporate tax paid by the Company are available for distribution to shareholders through the payment of franked dividends. The potential value of the distributed franking credits is of additional value to shareholders above this performance measure.

The 'other expenses' of the Company are the responsibility of the Directors and are managed by the Directors in conjunction with the Manager. The Directors are pleased that the 'other expenses' declined by 6.9% for the year when adjusted for the \$120,000 under accrual of prior years' expenses, expensed in FY2016. A breakdown of the Company's expenses is included at Note 3(d) of the Financial Statements.

## (c) The Total Shareholder Return

This measure shows the return to shareholders, being the change in the share price together with the dividends paid during the period. This measure does not include the potential value of franking credits distributed to shareholders during the year.

The Company's share price increased from \$1.20 to \$1.33 for the year and paid dividends totalling 11 cents per share to shareholders during the course of the year.

- 2015 final unfranked dividend of 4 cents per share paid on 18 September 2015
- 2015 final unfranked special dividend of 4 cents per share paid on 18 September 2015
- 2016 interim fully franked dividend of 3 cents per share paid on 22 April 2016

The total shareholder return for Hunter Hall Global Value Limited's shareholders for the year to 30 June 2016 was 20.0%.

## Dividends

On 22 July 2016, the Directors announced a final fully franked dividend of 3.5 cents per share. This brought the FY2016 full year dividend to 6.5 cents per share, fully franked. At 22 July 2016, the cash dividend yield was 4.6% and 6.6% when grossed up for the distributed franking credits.

- Ex-dividend Date: 22 September 2016
- Dividend Record Date: 23 September 2016
- Dividend Payment Date: 30 September 2016

The Directors are committed to paying a consistent regular stream of fully franked dividends to our shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends are paid on a six monthly basis and the Dividend Reinvestment Plan (DRP) is available to shareholders for both the interim and final dividends.

The DRP is in operation and the declared fully franked final dividend of 3.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares which the cash dividend would purchase at the relevant price. The relevant price will be the weighted average sale price of all shares in the Company sold on the Australian Securities Exchange during the five trading days commencing on and including the Record Date, with no discount applied.

Being a company that invests in a portfolio of global equities, the generation of franking credits is primarily limited to the payment of company tax in Australia. The Directors have adopted a conservative approach to managing our franking credit balance.

## Looking Forward

The Directors continue to work closely with our Investment Manager and we are committed to ensuring that our NTA per share is appropriately reflected in our share price. To achieve this we are continuously seeking to improve our communication with shareholders, deploy value creating capital management strategies and be disciplined in managing the Company's expenses.

## Annual General Meeting

The Annual General Meeting of Hunter Hall Global Value Limited will be held on 16 November 2016 at 9.30am at the Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, NSW 2000.

Thank you for your continued support.

Yours sincerely,



Paul Jensen  
*Chairman*

24 August 2016

## Portfolio Performance

In the context of a tough year for global markets where the MSCI World Total Return Index, Net Dividend Reinvested, in A\$ (MSCI World) returned just 0.4% for the year to 30 June 2016, the performance of the Company's investment portfolio after all fees was a very pleasing 12.3% over the same period.

With our relatively high weighting of gold and cash and low exposure to European financials, we were well positioned not only for the negative sentiment that persisted over global markets but also for the Brexit shock in late June 2016.

The following table details the investment performance of the Company after fees:

	Performance % (after fees)					
30 June 2016	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Hunter Hall Global Value Ltd Investment Performance (after fees)	12.3%	21.0%	14.9%	13.9%	6.7%	8.4%
MSCI World	0.4%	14.6%	14.7%	11.6%	4.4%	6.0%
<b>Outperformance</b>	<b>11.9%</b>	<b>6.4%</b>	<b>0.2%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.4%</b>

*Inception: 19 March 2004. Returns beyond 1 Year are Compound Annual Returns. Source: Hunter Hall. MSCI World refers to the MSCI World Total Return Index, Net Dividend Reinvested, in A\$. Performance figures refer to the movement in net assets per share, including share buybacks and the reinvestment of dividends, but excluding tax and the effect of option exercises. Past performance is no guarantee of future performance and no guarantee of future return is implied.*

The portfolio's five best performing stocks over the financial year were gold producers St Barbara (up 418%), Doray Minerals and Beadell Resources (up 78% and 52% respectively from average entry prices over the financial year); telecommunications provider Vocus (formerly M2 Telecommunications), up 48%; and pain management device manufacturer Medical Developments, up 56% from our average entry price over the period.

Global macro uncertainty, negative interest rates, and very recently, the fall-out from Britain's Brexit decision, increased the attractiveness of gold as a safe haven asset and saw its price in A\$ rise 21% over the second half of the financial year to June 2016 (hitting a 52-week high at A\$1785.94/ounce on 28 June 2016). This provided a favourable backdrop for our high gold weighting.

The portfolio's largest holding, St Barbara, continued its strong share price performance closing the financial year at \$2.95. The key issue facing St Barbara is the extension of mine life at the Gwalia mine with a comprehensive drilling programme underway. They appear to be confident that it will be able to economically mine from the current mining level of about 1600 metres below the surface to about 2200 metres below the surface.

St Barbara has evaluated a number of potential options for the most economic means of hauling ore to surface and concluded that an upgrade to the mine's ventilation system will allow trucking to continue to a depth of at least 2200 metres. The ventilation upgrade is expected to cost in the order of \$65m, making it by far the cheapest option; it is also the quickest option to implement and the lowest risk.

St Barbara is in a strong position. With two mines producing positive cash flow – Gwalia delivering a consistently strong performance and Simberi continuing to achieve an annualised rate over 100k oz/pa - excellent management, exploration upside, large reserves and low operating costs, we believe St Barbara can look forward to being debt-free after the next few quarters.

Doray, who began open pit mining in February at its second mine Deflector in Western Australia, poured its first gold bar in May - ahead of time and budget. They also announced superb drilling results from its Gnaweeda Project near its Andy Well mine which should add to the value of Doray.

We added Beadell Resources an emerging gold producer, to the portfolio over the financial year. Beadell owns and operates Tucano, the third largest gold mine in Brazil. Tucano has resources of approximately 3.2 million ounces, reserves of approximately 1.48 million ounces and plenty of exploration upside remaining. Beadell also has an extensive portfolio of key gold exploration tenements throughout Australia and Brazil, including the prospective Tropicana East Project located adjacent to the Tropicana gold deposit managed by AngloGold Ashanti Australia Ltd in Western Australia.

Medical Developments International (MVP) has developed industry-leading products in the areas of pain management, asthma and resuscitation, plus veterinary equipment. One of MVP's most exciting opportunities is the commercialisation of its pain management drug/device called Pentrox which is widely used in ambulances in Australia. The product has been a category-leading product used in Australia for many years and has recently gained approval to be sold in the UK, Ireland, Belgium, Singapore and France.

Another stock we added to the portfolio over the financial year was Base Resources which is a highly-leveraged producer of mineral sands at Kwale, Kenya. Kwale is believed to be the world's second-highest margin mineral sands mine and has extensive reserves and exploration potential. Ilmenite and rutile prices appear to be increasing and if this can be sustained Base Resources could enjoy further significant gains. Base Resources rose 224% from our average entry price.

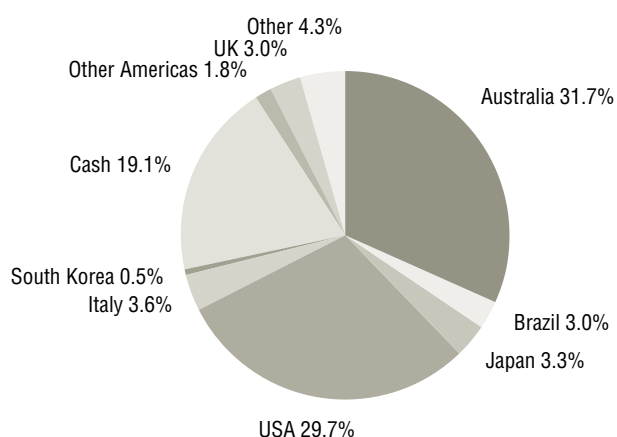
Other contributors over the period included Australia liver cancer treatment pioneer Sirtex Medical which, despite falling over 12% over the financial year, we traded well during the first half of the financial year where it rose 38%; Swiss airline caterer Gategroup was up 73% over the financial year – we exited in late June after the company received a takeover offer from Chinese firm HNA Group; US car rental provider Avis Budget, up 32% from our average entry price over the period and Australian engineer servicer SRG, up 53% over the period.

Despite the positive momentum over the financial year there were a few names that held back gains, including Italian luxury goods brand Prada, which fell 36% in what was one of the toughest markets for luxury goods for some years; US reinsurer Greenlight Re, down 37%; Australian weight device manufacturer GI Dynamics, down 84% and US life insurer Genworth Financial, down 30% over the period from our average entry price. At 30 June 2016, Prada, GI Dynamics and Genworth remained in the portfolio, while we exited Greenlight Re.

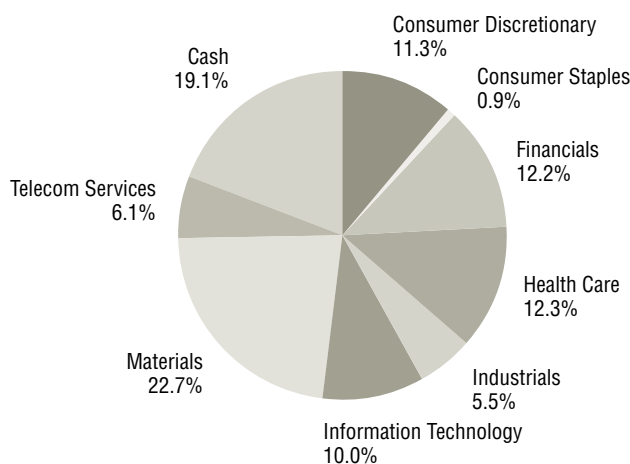
## Portfolio Structure

At 30 June 2016, the portfolio comprised 57 stocks which accounted for 80.9% of the portfolio. The remaining 19.1% of the portfolio was cash, held predominantly as US dollars. At 30 June 2016 hedging was in place for 14% of the foreign currency exposure.

Country Allocation



Sector Allocation





## Stocks as at 30 June 2016

Company	Main Country of Economic Activity	Main Business	Cost (\$m)	Market (\$m)	Pre-tax Portfolio Weight %
St Barbara	Australia	gold explorer and producer	3.6	40.0	11.4
Sirtex Medical	USA	liver cancer treatments	19.4	20.8	5.9
Vocus	Australia	telecommunications	3.6	18.0	5.1
Doray Minerals	Australia	gold explorer and producer	9.5	16.8	4.8
Lumentum	USA	hardware	13.2	13.9	4.0
Prada	Italy	fashion	17.1	10.8	3.1
Beadell Resources	Brazil	precious metals miner	6.8	10.4	3.0
Avis	USA	car rental	5.6	7.6	2.2
Medical Developments	Australia	pain control	4.6	7.2	2.0
Bank of New York Mellon	USA	financial services	6.1	5.8	1.7
Harman International	USA	auto parts	6.4	5.7	1.6
Greenbrier	USA	railroad equipment	4.8	5.6	1.6
Photocure	Norway	pharmaceuticals	5.3	5.3	1.5
Blackham Resources	Australia	gold mining	3.5	5.0	1.4
RCG Corp	Australia	consumer discretionary	1.6	5.0	1.4
SRG Ltd	Australia	engineering services	3.2	4.9	1.4
Legg Mason	USA	financial services	4.7	4.8	1.4
Genworth Financial	USA	insurer	7.0	4.7	1.4
Fortress Investment	USA	alternative asset management	4.8	4.4	1.3
Yahoo	USA	digital content	4.7	4.4	1.2
Other			87.4	82.1	23.5
<b>Total Investments</b>			<b>222.8</b>	<b>283.0</b>	<b>80.9</b>
Net liquids				66.9	19.1
<b>Net Assets Pre-Tax</b>				<b>349.9</b>	<b>100.0</b>
Australian Equities				111.1	31.7
International Equities				171.9	49.1
% Foreign Currency Exposure Hedged					14.4

## Outlook

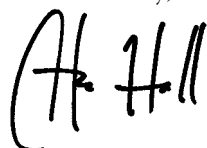
The Brexit referendum decision was a surprise for markets which have been in a fragile position for many years. We continue to see great vulnerability in the global financial situation with high equity valuations, slowing economies, high sovereign debt levels and over-leveraged financial institutions in China, Italy, Germany and other states. Of great concern is that central banks and governments may have run out of fiscal and monetary firepower as fiscal deficits are high, money printing is becoming increasingly less effective and a huge portion of the world's bonds have negative yields. Governments may have to resort to explicit money printing due to reduced tax receipts from slowing economies.

We will continue to hold high cash and gold weightings, and favour defensive economies such as Australia while avoiding high risk areas such as the international banking industry, Europe and China.

We have, however, begun to see some interesting opportunities in the United Kingdom and other markets where some structural reform is emerging. We capitalised on the Brexit shock to invest in the United Kingdom and Europe, buying stock in two UK property companies, a UK exporter and a German car manufacturer.

The year ahead promises to be very exciting.

Yours sincerely,



Peter MacDonald Hall AM  
Chief Investment Officer

Your Directors present their report on Hunter Hall Global Value Limited for the financial year ended 30 June 2016.

## Directors

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

Paul Jensen	<i>Non-executive Director (appointed 12 October 2015) Chairman (appointed 16 December 2015)</i>
Peter Hall AM	<i>Non-executive Director (appointed 12 October 2015)</i>
Julian Constable	<i>Non-executive Director</i>
David Groves	<i>Alternate to Peter Hall, Non-executive Director (appointed 27 May 2016)</i>
Philip Clark AM	<i>Chairman, Non-executive Director (resigned 31 December 2015)</i>
Alex Koroknay	<i>Non-executive Director (resigned 25 November 2015)</i>

Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

## Information on Directors

During the period, the following persons held office as Director:

### Paul Jensen – FAICD, B.Com

*Independent, Non-executive Director (appointed 12 October 2015)  
Chairman (appointed 16 December 2015)*

Mr Jensen is the Non-executive Chairman of Hunter Hall Global Value Limited.

Mr Jensen is an experienced director, with over 30 years of international experience in financial markets and the investment industry. He is a Fellow of the Australian Institute of Company Directors and holds a bachelor of commerce majoring in accounting and commercial law.

Mr Jensen was Managing Director of ASX listed companies, Clime Investment Managed Limited and HFA Holdings Limited and he held senior executive positions with Lend Lease Corporate Services Limited and Travelex Limited. While with the Lloyds TSB banking group he worked in their investment banking divisions in New Zealand, United Kingdom and Australia.

Mr Jensen is a professional Non-executive Director and business advisor. He is currently a Director of Future Generation Investment Company Limited, Sandon Capital Investments Limited and WAM Capital Limited. He is the Chairman of the not-for-profit Watarrka Foundation Limited.

### Peter Hall AM – B.A.

*Non-independent, Non-executive Director (appointed 12 October 2015)*

Mr Hall is a Non-executive Director of Hunter Hall Global Value Limited. He is also Managing Director, Chief Executive Officer and Chief Investment Officer of Hunter Hall International Limited and Executive Chairman of Hunter Hall International (UK) Limited. He is a Trustee of the Hunter Hall International Limited Charitable Trust.

Mr Hall is a patron of the Asian Rhino Project and Sea Shepherd UK, a Director of the International Rhino Foundation and Voiceless, Trustee of the Bedales Grants Trust Fund and a member of the Sydney Film Festival Council.

Mr Hall has 33 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 of the Order of Australia (AM) in 2010 for his philanthropic contributions to society and his service to the finance management industry.

**Julian Constable – MAICD***Independent, Non-executive Director (appointed 25 May 2010)*

Mr Constable is a Non-executive Director of Hunter Hall Global Value Limited. He is also Chairman of the Hunter Hall Global Value Limited Nominations Committee, the Audit, Risk and Compliance Committee and the Remuneration Committee.

Mr Constable is a senior investment advisor at Bell Potter Securities Ltd, having worked in this capacity since 1998. In this role his key attributes are developing new business and building relationships with clients. He has worked in the stockbroking industry since 1984, in both trading and advisory areas, at firms including Pembroke Securities Ltd, Pring Dean McNall, Hambros Equities and Potter Warburg Dillon Read.

Mr Constable has been a Non-executive Director of the ASX-listed HGL Ltd since August 2003 and is a member of its Remuneration Committee.

**David Groves – BCom., MCom., CA FAICD***Alternate to Peter Hall, Non-independent, Non-executive Director (appointed 27 May 2016)*

Mr Groves is an alternate Non-executive Director for Peter Hall in Hunter Hall Global Value Limited. He is also a Non-executive Director of Hunter Hall International Limited and of Hunter Hall Investment Management Limited, a member of the Hunter Hall Group Audit, Risk and Compliance Committee and a member of the Hunter Hall Group Nomination and Remuneration Committee.

Mr Groves has 25 years' experience as a company director. Mr Groves is a non-executive director of Pipers Brook Vineyard Pty Ltd and Tasman Sea Salt Pty Ltd and serves as an executive director of a number of private companies. Mr Groves is a former director of Equity Trustees Ltd, Tassal Group Ltd, GrainCorp Ltd and Camelot Resources N.L. and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

Mr Groves is a member of the Australian Institute of Chartered Accountants and a fellow of the Australian Institute of Company Directors.

**Philip Clark AM – B.A. LL.B, MBA***Independent Chairman, Non-executive Director (appointed 1 July 2013 and resigned 31 December 2015)*

Mr Clark was Chairman and Non-executive Director of Hunter Hall Global Value Limited. He was Chairman of the Hunter Hall Global Value Limited Remuneration Committee and a member of the Audit, Risk and Compliance Committee and the Nominations Committee.

**Alex Koroknay – B.A., LL.M. (Hons)***Independent, Non-executive Director (appointed 22 December 2003 and resigned 25 November 2015)*

Mr Koroknay was a Non-executive Director of Hunter Hall Global Value Limited. He was also a Trustee of the Hunter Hall Charitable Trust, Chairman of the Hunter Hall Global Value Limited Audit, Risk and Compliance Committee and a member of the Nominations Committee and of the Remuneration Committee.

## Company Secretary

**Christina Seppelt – BEcon, LL.B, MLM***Company Secretary*

Ms Seppelt is the Company Secretary of Hunter Hall Global Value Limited. She is also the Company Secretary and General Counsel of Hunter Hall Investment Management Limited and Hunter Hall International Limited. Prior to joining Hunter Hall, Ms Seppelt worked as a corporate lawyer at Henry Davis York and has over 18 years of legal experience in corporate advisory, regulated transactions and corporate governance.

Ms Seppelt is admitted as a solicitor of the Supreme Court of New South Wales. She holds a Bachelor of Laws from the University of New South Wales, a Bachelor of Economics from the University of Queensland and a Masters of Law and Management from the Australian Graduate School of Management.

## Operating and Financial Review

### Company Overview and Principal Activities

Hunter Hall Global Value Limited is a listed investment company that was incorporated on 22 December 2003 to invest in a portfolio of permitted investments. The Company's Investment Manager, Hunter Hall Investment Management Limited, is a global equity investment management company that operates ethically screened investment portfolios.

### Investment Objective

The investment objective is to generate positive absolute returns in excess of the investment portfolio's benchmark over an investment horizon of five years.

### Dividend Policy

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

## Review of Operations

### Financial results for the year

The net profit after tax of the Company amounted to \$30.5m (2015: profit of \$51.2m).

At 30 June 2016 the Company's after tax net asset backing was \$1.35 per share compared to an after tax net asset backing of \$1.34 per share at 30 June 2015. During the year the Company paid dividends to shareholders of 11 cents per share (2015: 7 cents per share).

Net assets at 30 June 2016 totalled \$328.3m (2015: \$322.2m).

Cash holdings at 30 June 2016 were \$70.1m (2015: \$33.1m).

For a detailed discussion of the performance drivers of the Company's investment portfolio please refer to the Chief Investment Officer's Report section of the Annual Report.

### Dividends

	2016 \$'000	2015 \$'000
Final fully franked dividend of 3.5 cents per share to be paid 30 September 2016 not provided for in the attached financial reports (2015: Final unfranked dividend of 4.0 cents per share)	8,504	9,642
2015: Final unfranked special dividend of 4.0 cents per share	-	9,642
Interim fully franked dividend of 3.0 cents per share paid on 22 April 2016 (2015: Interim partially franked dividend of 4.0 cents per share)	7,273	9,619
	<b>15,777</b>	<b>28,903</b>

### Earnings per share

Basic earnings per share for the year to 30 June 2016 was 12.6 cents per share (2015: earnings of 25.3 cents per share).

### Strategy and future outlook

The Company aims to meet its investment objective of delivering positive absolute returns in excess of the investment portfolios benchmark over an investment horizon of five years and to paying a consistent regular stream of fully franked dividends to our shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

The Company is committed to ensuring that our NTA per share is appropriately reflected in our share price. To achieve this we are continually seeking to improve our communication with shareholders, deploy value creating capital management strategies and being disciplined in managing the Company's expenses.

The Company's portfolio is primarily invested in equities and, given the volatility in investment markets, it is extremely difficult to forecast our profit for the coming year. The Company provides weekly NTA announcements to the Australian Securities Exchange, and they can also be accessed via the Company's website: [www.hunterhallglobalvalue.com.au](http://www.hunterhallglobalvalue.com.au).

## Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year.

## Events Subsequent to the End of the Financial Year

The after tax Net Tangible Assets of the Company at 19 August 2016 was \$346.6m, an increase of 5.6% or \$18.4m from the \$328.3m recorded at 30 June 2016. As at 19 August 2016 the performance fee deficit not brought to account had reduced from \$3.8m to \$1.7m.

## Remuneration Report (Audited)

The Board presents the Remuneration Report for the Company for the year ended 30 June 2016, which forms part of the Directors' Report and has been prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

### 1. Remuneration Governance

#### (a) Remuneration Committee

The Board has established a Remuneration Committee (Committee), which is responsible for advising the Board to ensure that the composition of the Board is appropriate and that the level of remuneration is reasonable, that its relationship to performance is clear and that Directors' interests are aligned with shareholders' interests.

The Committee comprises the following Non-executive Directors (NED):

- Julian Constable (Chairman)
- Paul Jensen
- Peter Hall AM

The Committee operates under the delegated authority of the Board and is required to make recommendations to the Board. The Board is ultimately responsible for decisions made on recommendations from the Committee.

The Committee is required to meet regularly throughout the year, and in any event at least twice per year, and may consider recommendations from external Independent Remuneration Consultants.

#### (b) 2015 Annual General Meeting

The Remuneration Report for the financial year ending 30 June 2015 was passed at the Company's 2015 Annual General Meeting.

## REMUNERATION REPORT (AUDITED) *continued*

### 2. Details of Key Management Personnel

Key Management Personnel (KMP) for the year ended 30 June 2016 are those persons who are identified as having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Executive Director or NED of the Company.

Names and positions held of Directors of the Company in office at any time during the financial year are:

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Paul Jensen	<i>Independent, Non-executive Director (appointed 12 October 2015) Chairman (appointed 16 December 2015)</i>
Peter Hall AM	<i>Non-independent, Non-executive Director (appointed 12 October 2015)</i>
Julian Constable	<i>Independent, Non-executive Director Chairman of the Nominations Committee Chairman of the Remuneration Committee Chairman of the Audit, Risk and Compliance Committee</i>
David Groves	<i>Alternate to Peter Hall, Non-independent, Non-executive Director (appointed 27 May 2016)</i>
Philip Clark AM	<i>Independent Chairman, Non-executive Director (resigned 31 December 2015)</i>
Alex Koroknay	<i>Independent, Non-executive Director (resigned 25 November 2015)</i>

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The Company has a Board but no employees. All operational and administrative duties are performed by the Investment Manager. The Company only remunerates NEDs.

Names and positions held of Investment Manager personnel that the Company considers KMPs by virtue of their roles and responsibilities are:

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Paula Ferrao	<i>Chief Financial Officer, Deputy Chief Executive Officer of Hunter Hall Investment Management Limited</i>
James McDonald	<i>Deputy Chief Investment Officer of Hunter Hall Investment Management Limited</i>
Christina Seppelt	<i>Company Secretary</i>

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Unless otherwise noted, all KMP held their positions for the whole of the year ended 30 June 2016.

### 3. Remuneration

#### (a) Remuneration Policy

The Company's policy is to remunerate NEDs at or about market median rates, taking into account responsibilities, qualifications, experience and time commitment. This has been done to ensure the Company can attract and retain high quality NEDs as part of the Board renewal process.

#### (b) Aggregate Fees Limit

The Aggregate Fee Limit (AFL) available to NEDs is \$250,000.

#### (c) Equity-based remuneration

NEDs are remunerated by way of cash benefits. The Company currently has no intention to remunerate NEDs by any way other than cash benefits.

## (d) Directors' shareholdings

	Held at 1 July 2015	Purchases	Sales	Held at 30 June 2016
<b>Non-executive Directors</b>				
Paul Jensen (appointed 12 October 2015)	-	25,388	-	25,388
Peter Hall AM (appointed 12 October 2015)	-	41,372	-	5,087,972
Julian Constable	175,000	100,000	-	275,000
David Groves (alternate to Peter Hall, appointed 27 May 2016)	-	-	-	-

Peter Hall has a relevant interest in shares held by Hunter Hall International Limited, Hunter Hall Investment Management Limited and Watsons Bay Investments Pty Limited arising from his control of Hunter Hall International Limited and Watsons Bay Investments Pty Limited. This relevant interest was disclosed to the ASX following Peter's appointment as a Director of the Company.

## (e) Director remuneration

There have been no changes in NED remuneration after 30 June 2016 and before the date of this report.

Remuneration and other terms of employment for NEDs are accepted via a written letter of offer.

Peter Hall is not remunerated by the Company, nor is his alternate David Groves. The Company only remunerates NEDs.

The following table outlines the remuneration provided to NEDs for the years ended 30 June 2016 and 30 June 2015.

2016	Short Term Benefits	Post Employment Benefits	Total Remuneration
	Directors' Fees \$	Superannuation Contributions \$	Total \$
<b>Non-executive Directors</b>			
Paul Jensen (appointed 12 October 2015)	67,171	-	<b>67,171</b>
Peter Hall AM (appointed 12 October 2015)	-	-	-
Julian Constable	54,795	5,205	<b>60,000</b>
David Groves (alternate to Peter Hall, appointed 27 May 2016)	-	-	-
Philip Clark AM (resigned 31 December 2015)	43,836	4,164	<b>48,000</b>
Alex Koroknay (resigned 25 November 2015)	22,831	2,169	<b>25,000</b>
	<b>188,633</b>	<b>11,538</b>	<b>200,171</b>
<b>2015</b>			
	Short Term Benefits	Post Employment Benefits	Total Remuneration
	Directors' Fees \$	Superannuation Contributions \$	Total \$
<b>Non-executive Directors</b>			
Philip Clark AM	85,612	1,388	<b>87,000</b>
Adam Blackman (resigned 27 November 2014)	15,980	1,518	<b>17,498</b>
Alex Koroknay	46,573	4,424	<b>50,998</b>
Julian Constable	46,573	4,424	<b>50,998</b>
	<b>194,738</b>	<b>11,755</b>	<b>206,494</b>

## END OF AUDITED REMUNERATION REPORT

## Meetings of Directors

During the financial year, 25 meetings of Directors (including committees) were held. Attendances were:

	DIRECTORS' MEETINGS		AUDIT, RISK AND COMPLIANCE COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Paul Jensen (appointed 12 October 2015)	6	6	3	3
Peter Hall AM (appointed 12 October 2015)	6	5	2	2
Julian Constable	12	12	5	5
David Groves (alternate to Peter Hall, appointed 27 May 2016)	-	-	1	1
Philip Clark AM (resigned 31 December 2015)	10	9	2	2
Alex Koroknay (resigned 25 November 2015)	9	8	2	2

	REMUNERATION COMMITTEE		NOMINATIONS COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Paul Jensen (appointed 12 October 2015)	2	2	3	3
Peter Hall AM (appointed 12 October 2015)	1	1	2	2
Julian Constable	3	3	5	5
David Groves (alternate to Peter Hall, appointed 27 May 2016)	-	-	1	1
Philip Clark AM (resigned 31 December 2015)	2	2	2	2
Alex Koroknay (resigned 25 November 2015)	1	1	2	2

## Environmental Issues

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

## Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 insures 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 premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307c of the *Corporations Act 2001* in relation to the Audit of the Annual Report for the year ended 30 June 2016 is set out on page 39 and forms part of this report.



## Non-audit Services

No non-audit services were provided by Grant Thornton Audit Pty Ltd or its related entities to the Company for the year to 30 June 2016 (2015: nil).

## Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191, 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.

A handwritten signature in black ink, appearing to read 'Paul Jensen', with a long horizontal stroke extending to the right.

**Paul Jensen**

*Director*

Sydney

Dated this 24th day of August 2016

# Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	30 June 2016 \$'000	30 June 2015 \$'000
<b>Revenue</b>			
Interest received		211	130
Dividends received		3,597	5,022
Other revenue		51	63
<b>Total revenue</b>		<b>3,859</b>	<b>5,215</b>
<b>Change in value of investments</b>			
Realised gains from investments	2	43,705	48,993
Unrealised gains from investments	2	1,094	16,928
<b>Total gains from investments</b>		<b>44,799</b>	<b>65,921</b>
<b>Total Revenue</b>		<b>48,658</b>	<b>71,136</b>
Management fees	3(a)	(5,096)	(4,186)
<b>Expenses</b>			
Directors' fees		(200)	(206)
Administration fees		(88)	(78)
Custody fees		(65)	(61)
ASX listing fees		(90)	(110)
Share registry fees		(122)	(138)
Recruitment fees		(35)	-
Audit fees		(75)	(75)
Research and travel		(40)	(34)
Marketing		(33)	(7)
Legal fees		(43)	(80)
Tax fees		(23)	(24)
Professional expenses		(43)	(57)
Disbursements, mailing and printing		(18)	(11)
Other expenses		(21)	(90)
Expenses relating to prior periods	3(d)	(120)	-
<b>Total expenses</b>	18(a)	<b>(1,016)</b>	<b>(971)</b>
<b>Profit before income tax</b>		<b>42,546</b>	<b>65,979</b>
Income tax expense	4	(12,057)	(14,794)
<b>Net profit after income tax expense</b>		<b>30,489</b>	<b>51,185</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>30,489</b>	<b>51,185</b>
Basic earnings per share (cents per share)	6	12.6	25.3

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

# Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 \$'000	30 June 2015 \$'000
<b>Assets</b>			
Cash and cash equivalents	7	70,144	33,064
Trade and other receivables	8	666	7,807
Financial assets	9	283,496	300,549
Deferred tax assets	5 (a)	298	4,198
<b>Total assets</b>		<b>354,604</b>	<b>345,618</b>
<b>Liabilities</b>			
Trade and other payables	10	3,657	4,109
Financial liabilities	11	-	713
Current tax liabilities	5 (b)	3,989	-
Deferred tax liabilities	5 (c)	18,698	18,562
<b>Total liabilities</b>		<b>26,344</b>	<b>23,384</b>
<b>Net assets</b>		<b>328,260</b>	<b>322,234</b>
<b>Equity</b>			
Issued capital	12	303,220	301,126
Profit reserve	14	103,497	99,565
Retained Losses	13	(78,457)	(78,457)
<b>Total equity</b>		<b>328,260</b>	<b>322,234</b>

*The Statement of Financial Position is presented on a liquidity basis and should be read in conjunction with the accompanying Notes.*

# Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Issued Capital \$'000	Profit Reserve \$'000	Retained Losses \$'000	Total \$'000
<b>Balance as at 1 July 2014</b>		235,987	63,653	(78,457)	221,183
Profit for the year		-	-	51,185	51,185
Transfer to profit reserve		-	51,185	(51,185)	-
<b>Total comprehensive income for the year</b>		-	<b>51,185</b>	-	<b>51,185</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributed equity	12	66,141	-	-	66,141
Capitalised costs	12	(1,002)	-	-	(1,002)
Dividends paid	15	-	(15,273)	-	(15,273)
<b>Balance as at 30 June 2015</b>		<b>301,126</b>	<b>99,565</b>	<b>(78,457)</b>	<b>322,234</b>
Profit for the year		-	-	30,489	30,489
Transfer to profit reserve		-	30,489	(30,489)	-
<b>Total comprehensive income for the year</b>		-	<b>30,489</b>	-	<b>30,489</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributed equity	12	2,126	-	-	2,126
Capitalised costs	12	(32)	-	-	(32)
Dividends paid	15	-	(26,557)	-	(26,557)
<b>Balance as at 30 June 2016</b>		<b>303,220</b>	<b>103,497</b>	<b>(78,457)</b>	<b>328,260</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 2016

	Note	30 June 2016 \$'000	30 June 2015 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		324,992	227,746
Payments for purchase of investments		(259,193)	(278,420)
Interest received		206	140
Dividends received		4,239	4,576
Other		51	63
Management fees paid		(5,085)	(4,317)
Income tax paid		(4,032)	-
Payment to suppliers		(809)	(1,065)
<b>Net cash inflow/(outflow) from operating activities</b>	16	<b>60,369</b>	<b>(51,277)</b>
<b>Cash flows from financing activities</b>			
Capital raising		-	63,536
Listing costs		(32)	-
Dividends paid	15	(24,431)	(14,099)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(24,463)</b>	<b>49,437</b>
Net increase/(decrease) in cash and cash equivalents held		35,906	(1,840)
Cash and cash equivalents at beginning of year		33,064	34,538
Translation of foreign cash held		1,174	366
<b>Cash and cash equivalents at end of year</b>	7	<b>70,144</b>	<b>33,064</b>

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

## Note 1: Statement of Significant Accounting Policies

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. 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).

The Company is a for-profit entity for the purpose of preparing the financial report.

The Company is a listed public company, incorporated and domiciled in Australia.

The Company's financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 24 August 2016.

Except for cash flow information, the financial statements have been prepared on an accruals basis.

### Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. They have been consistently applied unless otherwise stated.

#### a. Revenue and other income

Dividend income is recognised on the date shares are quoted ex-dividend. Distribution income is recognised as of the date the unit value is quoted ex-distribution. Interest income is recognised on an accruals basis.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### b. Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits with banks or financial institutions.

#### c. Fair values of financial assets and liabilities

##### Recognition and initial measurement

Financial assets and liabilities are recognised when the Company becomes a party to the binding contractual provisions to the instrument. For financial assets this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets and liabilities are valued at fair value. Financial instruments are classified into the following categories and fair values of financial instruments are determined on the following basis:

##### i. Investments

All investments are initially recognised at cost, being the fair value of the consideration given including brokerage and other acquisition charges associated with the investment. After initial recognition, investments have been classified as designated "fair value through profit or loss". Gains and losses on investments are recognised in the Statement of Comprehensive Income.

Last market close price is used for all investments quoted in an active market. Where this price falls outside the bid-ask spread discretion is used as to whether the most appropriate price is the bid price or last market close price.

##### ii. Trade and other receivables

Trade and other receivables are initially recognised at fair value. They are subsequently stated at amortised cost.

##### iii. Trade and other payables

Trade and other payables are initially recognised at fair value. They are subsequently stated at amortised cost.

d. Forward foreign exchange hedging contracts (Derivative financial instruments)

The Company only uses forward foreign exchange hedging contracts to hedge the risks associated with foreign currency fluctuations. The Company has established foreign exchange dealing lines with the major Australian banks. Forward foreign exchange hedging contracts are marked to market daily and are disclosed as financial assets or financial liabilities as the valuation requires.

The fair value of forward foreign exchange hedging contracts is calculated by reference to current forward exchange rates for contracts with the same maturity profiles.

Gains and losses arising from changes in fair value are taken directly to the Statement of Comprehensive Income.

e. Foreign currency translation

Foreign currency transactions are translated into Australian dollars (AUD) using the exchange rates at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign assets and liabilities at year end exchange rates are recognised in the Statement of Comprehensive Income.

Translation differences on monetary assets and liabilities, forward foreign exchange hedging contracts and investments are reported as part of the change of value of investments on the Statement of Comprehensive Income. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within revenue.

Assets and liabilities denominated in a foreign currency are translated using the exchange rates at reporting date.

f. Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g. Goods and Services Tax (GST)

Revenue, 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 the GST is recognised as part of the cost of acquisition of the asset or is expensed. 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.

h. Profit Reserve

The profit reserve consists of amounts transferred from retained losses that are preserved for future dividend payments.

## 1: Statement of Significant Accounting Policies *continued*

### i. 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 Company.

#### *Key estimates - recognition of Deferred Tax Asset*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits. The Company has no losses carried forward (2015: \$12.829m). Losses in the prior period related to realised losses on the investment portfolio of the Company.

#### *Key estimates - impairment*

The Company assesses impairment of assets at each reporting date by evaluating conditions specific to the Company. When an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 30 June 2016.

### j. 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 Global Value Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

### k. New and amended standards adopted by the Company

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Company.

### l. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Company. The Directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

#### - *AASB 9 Financial Instruments (and applicable amendments) (effective from 1 January 2018)*

*AASB 9* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. *AASB 9* introduces a new impairment model. However, as the Company's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Company. The Company has not yet decided when to adopt *AASB 9*.

#### - *AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)*

*AASB 15* will replace *AASB 118 Revenue* which covers contracts for goods and services and *AASB 111 Construction Contracts* which covers construction contracts. *AASB 15* is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.



The Company's main sources of income are interest, dividends and distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of *AASB 15* to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements. The Company has not yet decided when to adopt *AASB 15*.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

m. Change in accounting policy

The Company has amended the presentation of its trading activities in financial instruments from investing activities to operating activities in the Statement of Cash Flows. This change has been made to better reflect the operational business of the Company which is primarily investing activities and to provide more relevant and reliable information. There has been no adjustment to the line items in the statement. Note 16 has also been updated to reflect the change, as have comparatives.

## Note 2: Changes in Fair Value of Investments

	2016 \$'000	2015 \$'000
Realised gains on investments	52,608	46,735
Realised losses on forward foreign exchange hedging contracts	(5,420)	(349)
Realised (losses)/gains on cash held	(3,483)	2,607
<b>Net realised gains on investments</b>	<b>43,705</b>	<b>48,993</b>
Unrealised (losses)/gains on investments	(1,336)	17,268
Unrealised gains/(losses) on forward foreign exchange hedging contracts	1,256	(706)
Unrealised gains on cash held	1,174	366
<b>Net unrealised gains on investments</b>	<b>1,094</b>	<b>16,928</b>
<b>Net changes in fair value of investments</b>	<b>44,799</b>	<b>65,921</b>

## Note 3: Expenses

### a. Management Fees

In accordance with the Investment Management Agreement between the Company and Hunter Hall Investment Management Limited (the Investment Manager), the Investment Manager is entitled to a management fee of 1.5% per annum of the gross value of the investment portfolio, payable on a monthly basis.

The amounts paid and payable to the Investment Manager in accordance with the Investment Management Agreement were:

	2016 \$'000	2015 \$'000
Management fees	5,096	4,186

### b. Performance Fees

In accordance with the Investment Management Agreement between the Company and Hunter Hall Investment Management Limited (the Investment Manager), the Investment Manager is entitled to a performance fee of 15% of any outperformance when the investment return of the portfolio outperforms the MSCI World Total Return Index, Net Dividends Reinvested in A\$. The method of calculating the fee is detailed in the Investment Management Agreement. The performance fee has a high watermark.

As at 30 June 2016 the performance was still below this watermark and accordingly no performance fee was due and payable.

	2016 \$'000	2015 \$'000
Performance fee deficit not brought to account	(3,813)	(8,868)

### c. Auditor's Remuneration

	2016 \$'000	2015 \$'000
Remuneration of the Auditor of the Company for:		
Audit of year end Financial Report	41	41
Review of half year Financial Report	24	24
Other services	10	10
<b>Total</b>	<b>75</b>	<b>75</b>

#### d. Expenses relating to prior periods

The Company's expenses for the year to 30 June 2016 of \$1.02m were overstated by \$120k relating to prior years' expenses not provided for.

	2016 \$'000	2015 \$'000	Allocation of 2015 expenses \$'000	Adjusted 2015 \$'000	Change \$'000
Directors' fees	200	206	18	224	-10.7%
Administration fees	88	78	8	86	2.3%
Custody fees	65	61	7	68	-4.4%
ASX listing fees	90	110	10	120	-25.0%
Share registry fees	122	138	16	154	-20.8%
Recruitment fees	35	-	-	-	0.0%
Audit fees	75	75	-	75	0.0%
Legal fees	43	80	-	80	-46.3%
Tax fees	23	24	-	24	-4.2%
Legal and professional expenses	43	57	52	109	-60.6%
Research and travel	40	34	5	39	2.6%
Marketing	33	7	3	10	230.0%
Disbursements, mailing and printing	18	11	-	11	63.6%
Other expenses	21	90	1	91	-76.9%
Expenses relating to prior periods	120	-	-	-	0.0%
	<b>1,016</b>	<b>971</b>	<b>120</b>	<b>1,091</b>	<b>-6.9%</b>

#### Note 4: Income Tax Expense

	2016 \$'000	2015 \$'000
The components of tax expense comprise:		
Current tax expense	11,871	-
Deferred tax expense relating to unrealised movements on investments	328	5,212
Tax losses utilised	-	13,723
Trade and other payables	(232)	(2)
Deferred tax on capitalised costs	90	-
Recognition of prior years' deferred tax liabilities	-	13,351
Tax losses previously not recognised	-	(17,490)
	<b>12,057</b>	<b>14,794</b>
<b>The prima facie tax on profit before tax is reconciled to the income tax benefit provided in the financial report as follows:</b>		
Prima facie tax payable on profit before income tax of 30%	12,764	19,794
Less tax effect of:		
Foreign withholding tax	(279)	(322)
Franking credits	(428)	(539)
Recognition of prior years' deferred tax liabilities	-	13,351
Tax losses previously not recognised	-	(17,490)
<b>Income tax attributable to entity</b>	<b>12,057</b>	<b>14,794</b>
Applicable weighted average effective tax rates	28%	22%

The effective tax rate has increased from 22% to 28% because the Company brought to account 100% of carried forward losses in the year to 30 June 2015.

## Note 5: Tax

### a. Deferred Tax Asset

	2016 \$'000	2015 \$'000
Tax losses	-	3,849
Trade and other payables	44	5
Capitalised costs	254	344
<b>Total tax assets</b>	<b>298</b>	<b>4,198</b>
<b>Movements</b>		
Opening deferred tax asset	4,198	-
Charged to the statement of comprehensive income:		
Recognition of prior years' deferred tax assets	-	17,490
Tax losses utilised	(3,849)	-
Current year income tax expense	-	(13,637)
Deferred tax on capitalised costs	(90)	344
Trade and other payables	39	2
<b>Closing deferred tax asset</b>	<b>298</b>	<b>4,198</b>

In the year to 30 June 2015 the Company undertook a capital raising with costs of \$1.03m. The tax effect of these costs has been capitalised and amortised over 5 years.

### b Current Tax Liabilities

	2016 \$'000	2015 \$'000
Income tax	3,989	-
<b>Total current tax liabilities</b>	<b>3,989</b>	<b>-</b>
<b>Movements</b>		
Balance at the beginning of the year	-	-
Current year income tax expense	11,871	-
Tax losses utilised	(3,849)	-
Income tax paid	(4,033)	-
<b>Closing current tax liabilities</b>	<b>3,989</b>	<b>-</b>

### c Deferred Tax Liabilities

Current year fair value adjustments	328	5,212
Prior year fair value adjustments	18,562	13,350
Accrued income	(192)	-
<b>Total deferred tax liabilities</b>	<b>18,698</b>	<b>18,562</b>
<b>Movements</b>		
Opening deferred tax liabilities	18,562	-
Charged to the statement of comprehensive income:		
Recognition of prior years' deferred tax liabilities	-	13,350
Unrealised movements in investments	328	4,970
Accrued income	(192)	242
<b>Closing deferred tax liabilities</b>	<b>18,698</b>	<b>18,562</b>

## Note 6: Earnings Per Share (EPS)

	2016 \$'000	2015 \$'000
Net profit after tax used in the calculation of basic EPS	30,489	51,185
	2016 No. Shares	2015 No. Shares
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	242,232,788	202,570,969

The earnings per share have been calculated using the profit attributable to the shareholders of the Company as the numerator.

## Note 7: Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash at bank:		
Australian Dollar	8,051	4,235
United States Dollar	62,093	28,732
Other	-	97
	<b>70,144</b>	<b>33,064</b>

## Note 8: Trade and Other Receivables

	2016 \$'000	2015 \$'000
Dividends receivable	106	748
Interest accrued	11	6
GST receivable	114	151
Prepayments	32	49
Outstanding investment settlements	403	6,853
	<b>666</b>	<b>7,807</b>

There are no past due or impaired receivables at reporting date.

## Note 9: Financial Assets

	2016 \$'000	2015 \$'000
Investments held at fair value	282,974	300,549
Mark to market on forward foreign exchange hedging contracts	522	-
	<b>283,496</b>	<b>300,549</b>

All investments held at 30 June 2016 were listed on recognised exchanges.

## Note 10: Trade and Other Payables

	2016 \$'000	2015 \$'000
Outstanding investment settlements	3,028	3,644
Accruals	169	12
Payable to related parties:		
Management fees	447	453
Directors' fees	13	-
	<b>3,657</b>	<b>4,109</b>

## Note 11: Financial Liabilities

	2016 \$'000	2015 \$'000
Mark to market on forward foreign exchange hedging contracts	-	713
	-	<b>713</b>

## Note 12 : Issued Capital

	2016 No. shares	2015 No. shares
<b>Issued ordinary shares at the beginning of the reporting period</b>	241,039,182	188,474,762
Dividends reinvested (DRP)	1,928,809	1,003,278
Rights issue	-	23,261,142
Placement	-	28,300,000
<b>Issued ordinary shares at reporting date</b>	<b>242,967,991</b>	<b>241,039,182</b>

	2016 \$'000	2015 \$'000
<b>Issued ordinary shares at cost at the beginning of the period</b>	301,126	235,987
Dividends reinvested (DRP)	2,126	1,174
Rights issue	-	29,309
Placement	-	35,658
Capitalised costs	(32)	(1,002)
<b>Issued ordinary shares at cost at reporting date</b>	<b>303,220</b>	<b>301,126</b>

## Capital Management

The Directors manage the Company's capital by regularly ensuring that the Company employs its capital in the most efficient manner. The Directors believe that shareholder value is maximised through effective management of dividends distributed to shareholders, share buy-backs and share placements. These capital management initiatives will be used when deemed appropriate by the Directors. To achieve this, the Directors monitor the weekly and month end NTA results, investment performance, the Company's expenses and share price movements.

For the year ended 30 June 2016, the Company paid dividends of \$26,557,368 (2015: \$15,273,375).

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes of Equity.

The Company is not subject to externally imposed capital requirements.

### Note 13: Retained Losses

	2016 \$'000	2015 \$'000
Balance at beginning of period	(78,457)	(78,457)
Current period profit	30,489	51,185
Transfer to profit reserve	(30,489)	(51,185)
<b>Balance at end of period</b>	<b>(78,457)</b>	<b>(78,457)</b>

### Note 14: Profit Reserve

	2016 \$'000	2015 \$'000
Balance at beginning of period	99,565	63,653
Transfer from retained losses	30,489	51,185
Final unfranked dividend of 4.0 cents per share paid 18 September 2015 (2015: 3.0 cents per share partially franked)	(9,642)	(5,654)
Final unfranked special dividend of 4.0 cents per share paid 18 September 2015 (2015: nil)	(9,642)	-
Interim fully franked dividend of 3.0 cents per share paid 22 April 2016 (2015: 4.0 cents per share partially franked)	(7,273)	(9,619)
<b>Balance at end of period</b>	<b>103,497</b>	<b>99,565</b>

The profit reserve consists of amounts transferred from retained losses that are preserved for future dividend payments.

## Note 15: Dividends

### a. Dividends paid

	2016 \$'000	2015 \$'000
Final unfranked dividend of 4.0 cents per share paid 18 September 2015 (2015: 3.0 cents per share partially franked)	9,642	5,654
Final unfranked special dividend of 4.0 cents per share paid 18 September 2015 (2015: nil)	9,642	-
Interim fully franked dividend of 3.0 cents per share paid 22 April 2016 (2015: 4.0 cents per share partially franked)	7,273	9,619
	<b>26,557</b>	<b>15,273</b>

### b. Dividend Reinvestment Plan

	2016 \$'000	2015 \$'000
Final unfranked dividend of 4.0 cents per share paid 18 September 2015 (2015: 3.0 cents per share partially franked)	(753)	(495)
Final unfranked special dividend of 4.0 cents per share paid 18 September 2015 (2015: nil)	(753)	-
Interim fully franked dividend of 3.0 cents per share paid 22 April 2016 (2015: 4.0 cents per share partially franked)	(620)	(679)
	<b>(2,126)</b>	<b>(1,174)</b>
<b>Net dividends paid in cash</b>	<b>24,431</b>	<b>14,099</b>

	2016 No. shares	2015 No. shares
Final unfranked dividend of 4.0 cents per share paid 18 September 2015, reinvestment price: \$1.08 (2015: 3.0 cents per share partially franked, reinvestment price: \$1.12)	697,186	442,386
Final unfranked special dividend of 4.0 cents per share paid 18 September 2015, reinvestment price: \$1.08 (2015: nil)	697,186	-
Interim fully franked dividend of 3.0 cents per share paid 22 April 2016, reinvestment price: \$1.16 (2015: 4.0 cents per share partially franked, reinvestment price, \$1.21)	534,438	560,892
	<b>1,928,809</b>	<b>1,003,278</b>

### c. Franking account

	2016 \$'000	2015 \$'000
Balance at beginning of period	915	2
Franking credits that will arise from current tax liabilities	3,989	-
Payment of declared final fully franked dividend	(3,645)	-
Franking account balance post payment of final dividend	<b>1,260</b>	<b>2</b>



## Note 16: Cash Flow information

	2016 \$'000	2015 \$'000
Reconciliation of net cash outflow from operating activities to net profit after income tax:		
Net profit after income tax	30,489	51,185
Changes in fair value of investments	(44,799)	(65,921)
Proceeds from sale of investments	324,992	227,746
Payments for purchase of investments	(259,193)	(278,420)
Change in trade and other receivables	674	(537)
Change in trade and other payables	164	(122)
Change in prepayments	17	(4)
Change in deferred tax asset	3,900	86
Change in deferred tax liability	136	18,849
Change in income tax payable	3,989	-
Recognition of prior year deferred tax asset	-	(4,139)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>60,369</b>	<b>(51,277)</b>

## Note 17: Financial Risk Management

The Company holds the following financial instruments:

	2016 \$'000	2015 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	70,144	33,064
Trade and other receivables	666	7,807
Investments at fair value	283,496	300,549
Deferred tax assets	298	4,198
	<b>354,604</b>	<b>345,618</b>
<b>Financial Liabilities</b>		
Trade and other payables	3,657	4,109
Financial liabilities	-	713
Current tax liabilities	3,989	-
Deferred tax liabilities	18,698	18,562
	<b>26,344</b>	<b>23,384</b>

The forward foreign exchange hedging contracts are used by the Company for risk management purposes. There is no gearing through the use of derivatives.

## Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are market risk, credit risk and liquidity risk.

### a. Market Risk

#### (i) Price risk

The Company is exposed to equity securities price risk arising from investments held by the Company and classified on the Statement of Financial Position as fair value through profit or loss of \$283.0m (2015: \$300.5m).

#### Sensitivity analysis

At reporting date, if the equity prices had been 10% lower or higher profit or loss before income tax of the Company would have (decreased)/increased by \$28,297,296 (2015: \$30,054,977). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2015.

# Notes to the Financial Statements

Year ended 30 June 2016 *continued*

## NOTE 17: Financial Risk Management *continued*

### a. Market Risk *continued*

#### (i) Price risk *continued*

The following investments constitute 5% or more of the Company's equity portfolio:

2016 Company	Market Value \$'000	%	Business Description
St Barbara Ltd	40,032	14.1	gold explorer and producer
Sirtex Medical Ltd	20,772	7.3	liver cancer treatments
Vocus Communications Ltd	17,999	6.4	telecommunications
Doray Minerals Limited	16,754	5.9	gold explorer and producer

2015 Company	Market Value \$'000	%	Business Description
Sirtex Medical Ltd	50,737	17.0	gold explorer and producer
M2 Group Ltd	15,630	5.0	telecommunications

#### (ii) Foreign exchange risk

As at 30 June 2016 the portfolio (net assets excluding net tax liabilities) was invested 41.6% in international equities (2015: 58.8%), 39.1% in Australian equities (2015: 30.5%) and 19.3% in cash held predominantly in USD (2015: 10.7%). The portfolio had an exposure to foreign cash and investments of A\$199m (2015: \$227m), with 14.4% (2015: 36.2%) of the foreign equity exposure hedged back into Australian dollars by forward foreign exchange hedging contracts.

The use of forward foreign exchange hedging contracts resulted in a realised loss of \$5.4m in the year to 30 June 2016 (2015: loss of \$0.349m) and an unrealised gain of \$1.256m (2015: loss of \$0.706m).

At 30 June 2016 the mark to market on forward foreign exchange hedging contracts was an unrealised gain of \$0.522m. (2015: unrealised loss of \$0.713m).

The Company is an investor in foreign currency assets and benefits from any weakening in the Australian dollar against those currencies to which it is exposed. The accounting policy in regard to forward foreign exchange hedging contracts is detailed in Note 1(d).

#### *Sensitivity analysis*

At reporting date a 10% strengthening/weakening of the Australian dollar at 30 June 2016 would have (decreased)/increased profit or loss before income tax by \$17,697,116 (2015:\$15,975,752). The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2015.

The Company's total net exposure to fluctuations in foreign currency exchange rates at the reporting date was as follows:

	Cash	Investments	Trade and other		Tax Asset	Total
	\$'000	\$'000	Forwards	receivables	\$'000	\$'000
			\$'000	\$'000		
<b>Assets (AUD)</b>						
Australian Dollar	8,051	145,806	20,291	171	298	174,617
Euro	-	6,940	-	-	-	6,940
British Pound	-	12,135	-	-	-	12,135
Hong Kong Dollar	-	10,753	(5,379)	-	-	5,374
Japanese Yen	-	11,612	-	420	-	12,032
Norwegian Kroner	-	5,286	-	-	-	5,286
Korean Won	-	1,685	-	-	-	1,685
United States Dollar	62,093	88,757	(14,390)	75	-	136,535
	<b>70,144</b>	<b>282,974</b>	<b>522</b>	<b>666</b>	<b>298</b>	<b>354,604</b>

	Cash	Investments	Trade and other		Tax liability	Total
	\$'000	\$'000	Forwards	payables	\$'000	\$'000
			\$'000	\$'000		
<b>Liabilities (AUD)</b>						
Australian Dollar	-	-	-	629	22,687	23,316
British Pound	-	-	-	2,734	-	2,734
Japanese Yen	-	-	-	236	-	236
United States Dollar	-	-	-	58	-	58
	-	-	-	<b>3,657</b>	<b>22,687</b>	<b>26,344</b>

The Company's total net exposure to fluctuations in foreign currency exchange rates at the comparative reporting date was as follows:

	Cash	Investments	Trade and other		Tax Asset	Total
	\$'000	\$'000	Forwards	receivables	\$'000	\$'000
			\$'000	\$'000		
<b>Assets (AUD)</b>						
Australian Dollar	4,235	102,726	87,828	2,687	4,198	201,675
Euro	3	12,042	130	930	-	13,105
British Pound	-	3,493	-	(8)	-	3,485
Hong Kong Dollar	-	31,114	(19,115)	708	-	12,707
Japanese Yen	-	23,803	(21,913)	2,046	-	3,936
New Zealand Dollar	-	3,084	-	-	-	3,084
Norwegian Kroner	3	5,106	-	-	-	5,109
Korean Won	-	6,574	280	1	-	6,855
Taiwanese Dollar	91	-	-	-	-	91
United States Dollar	28,732	112,607	(47,210)	1,443	-	95,571
	<b>33,064</b>	<b>300,549</b>	<b>-</b>	<b>7,807</b>	<b>4,198</b>	<b>345,618</b>

# Notes to the Financial Statements

Year ended 30 June 2016 *continued*

## NOTE 17: Financial Risk Management *continued*

### a. Market Risk *continued*

#### (ii) Foreign exchange risk *continued*

	Cash \$'000	Investments \$'000	Forwards \$'000	Trade and other payables \$'000	Tax liability \$'000	Total \$'000
<b>Liabilities (AUD)</b>						
Australian Dollar	-	-	-	3,387	18,562	21,949
British Pound	-	-	-	346	-	346
Euro	-	-	130	-	-	130
Hong Kong Dollar	-	-	85	126	-	211
Japanese Yen	-	-	298	250	-	548
Korean Won	-	-	280	-	-	280
United States Dollar	-	-	(80)	-	-	(80)
	-	-	<b>713</b>	<b>4,109</b>	<b>18,562</b>	<b>23,384</b>

#### (iii) Interest rate risk

The main interest rate risk for the Company arises from its cash holdings. The Company's exposure to interest rate risk is immaterial.

	2016 \$'000	2015 \$'000
<b>Cash and cash equivalents</b>		
Cash balance subject to floating interest rate	70,144	33,065
	2016 %	2015 %
Weighted average effective interest rate	0.31	0.39

#### Sensitivity analysis

At reporting date, if the interest rates had been 0.25% lower or higher profit or loss before income taxes of the Company would have (decreased)/increased by \$175,360 (2015: \$82,664).

### b. Credit risk

Credit risk principally arises from cash deposits, forward foreign exchange hedging contracts held with banks and financial institutions, as well as outstanding receivables.

The Company's major credit risk arises from assets and cash held with the custodian, JP Morgan, and cash on deposit with ANZ. The Company also has minimal exposure through outstanding settlements with brokers.

### c. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate uninvested cash levels are maintained.

While the portfolio of the Company is comprised of some large positions in illiquid securities, the portfolio overall remains relatively liquid. Based on an assumption of trading 10% of the trailing three month daily volume 84.6% of the portfolio could be realised in one month (2015: 87.9%) and 95.9% of the portfolio in six months (2015: 97.6%).

#### *Maturities of financial liabilities*

Financial liabilities held by the Company include management fees payable to the Investment Manager, unsettled trades and other payables. The below table shows the maturities of financial liabilities held by the Company. The Company held short term forward foreign exchange hedging contracts which are also included below where any liability existed at reporting date. Forward foreign exchange hedging contracts are marked to market daily and are disclosed as financial assets or financial liabilities as the valuation requires. Further information on these instruments is in Note 17(a).

2016 Financial Liabilities	Less than 1 month \$'000	1 to 3 months \$'000	3 to 6 months \$'000	6 to 12 months \$'000	Total \$'000
Due to brokers	3,028	-	-	-	3,028
Other payables	629	-	-	-	629
<b>Total</b>	<b>3,657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,657</b>

2015 Financial Liabilities	Less than 1 month \$'000	1 to 3 months \$'000	3 to 6 months \$'000	6 to 12 months \$'000	Total \$'000
Due to brokers	3,644	-	-	-	3,644
Mark to market of forward foreign exchange hedging	-	713	-	-	713
Other payables	465	-	-	-	465
<b>Total</b>	<b>4,109</b>	<b>713</b>	<b>-</b>	<b>-</b>	<b>4,822</b>

### d. Net fair values

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).

Fair value of financial assets that are traded in active markets are based on quoted close prices. For other Level 1 financial instruments the Company determines fair values using unit trust prices.

Fair value of forward foreign exchange hedging contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

There has been no transfer between levels from the previous reporting period.

There are no unlisted instruments as at 30 June 2016.

# Notes to the Financial Statements

Year ended 30 June 2016 *continued*

## NOTE 17: Financial Risk Management *continued*

### d. Net fair values *continued*

2016 Financial assets	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed investments at fair value	282,974	-	-	<b>282,974</b>
Forward foreign exchange hedging contracts	-	522	-	<b>522</b>
<b>Total</b>	<b>282,974</b>	<b>522</b>	<b>-</b>	<b>283,496</b>

2015 Financial assets	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Listed investments at fair value	300,531	-	-	<b>300,531</b>
Unlisted investments at fair value	-	-	18	<b>18</b>
<b>Total</b>	<b>300,531</b>	<b>-</b>	<b>18</b>	<b>300,549</b>

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. As disclosed in Note 8 there were no past due or impaired receivables at reporting date.

## Note 18: Related Party Transactions

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

	2016 \$	2015 \$
<b>a. Hunter Hall International Limited</b>		
The Company's expenses are paid by Hunter Hall International Limited, the parent of the Investment Manager, and reimbursed monthly by the Company.	(1,015,235)	(963,826)
<b>b. Hunter Hall Investment Management Limited</b>		
Management fees paid and payable	(5,095,844)	(4,186,181)
<b>c. Hunter Hall Investment Management Limited</b>		
Pursuant to a securities sale deed with Rushcutter Investments Pty Limited, a wholly owned subsidiary of Hunter Hall International Limited:		
Sale of securities	-	1
<b>d. Macpherson &amp; Kelley Lawyers</b>		
Legal fees paid	-	(60,923)
<b>e. JP Morgan</b>		
JP Morgan, the custodian of the Company's assets, provided certain corporate benefits to Philip Clark including a serviced office and car parking.		
<b>f. Bell Potter Securities Ltd</b>		
Bell Potter Securities Ltd is a broker used by the Investment Manager and is also the employer of Julian Constable. Payment of brokerage commissions to Bell Potter for trade execution is at normal market rates.		

## Note 19: Statement of Operations by Segment

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Management company in assessing and determining the allocation of resources.

The Company operates in one business segment, being investment in securities.

## Note 20: Subsequent Events

There were no other events subsequent to year end that require disclosure other than those matters referred to elsewhere in this report. The after tax Net Tangible Assets of the Company at 19 August 2016 was \$346.6m, an increase of 5.6% or \$18.4m from the \$328.3m recorded at 30 June 2016.

As at 19 August 2016 the performance fee deficit not brought to account had reduced from \$3.8m to \$1.7m.

The Annual Report was authorised for issue on 24 August 2016 by the Board of Directors.

## Note 21: Contingent Liabilities

There were no contingent liabilities at 30 June 2016 and 30 June 2015 that require disclosure.

# Directors' Declaration

Year ended 30 June 2016

- 1) In the opinion of the Directors of the Company:
  - a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
    - i) giving a true and fair view of its financial position as at 30 June 2016 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 the Company 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 2016.
- 3) The financial statements comply with International Financial Reporting Standards as stated in Note 1.

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



Paul Jensen

*Director*

Sydney

Dated this 24th day of August 2016



**Auditor's Independence Declaration  
To the Directors of Hunter Hall Global Value Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Hunter Hall Global Value Limited for the year ended 30 June 2016, 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, 24 August 2016

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**Independent Auditor's Report  
To the Members of Hunter Hall Global Value Limited****Report on the financial report**

We have audited the accompanying financial report of Hunter Hall Global Value Limited (the "Company"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and 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 company.

**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.

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.

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**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 Global Value Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2016 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 11 to 13 of the directors' report for the year ended 30 June 2016. 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 Global Value Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director – Audit & Assurance

Sydney, 24 August 2016

The ASX Corporate Governance Council has published Corporate Governance Principles and Recommendations (3rd edition) (Corporate Governance Principles) on what it considers to be best practice in conducting the business of a listed company. The ASX Listing Rules require companies to disclose their compliance with the Corporate Governance Principles on an 'if not, why not' basis.

This Corporate Governance Statement (Statement) outlines the corporate governance framework and practices of the Company in place throughout the financial year and the extent to which the Company has followed the Corporate Governance Principles for the period to 30 June 2016, and for the subsequent period to the date of this Statement.

The Board recognises the importance of good corporate governance and is committed to the highest standard of corporate governance. Continual improvement in this area remains a focus point of the Board. The Board has completed a comprehensive review of its corporate governance policies and procedures during the year and will regularly review all policies and charters to ensure the Company continues to implement best practice governance.

A description of the Company's practices in respect of the Corporate Governance Principles are set out below. All these practices, unless otherwise stated, were in place for the entire year. The Company has complied with all of the Corporate Governance Principles, with the exception of any Principles relating to senior executives or management staff. The Company does not directly employ executives and other employees but rather they are employed by Hunter Hall International Limited, the parent company of the investment manager, Hunter Hall Investment Management Limited (Investment Manager).

Copies of the Company's Corporate Governance documentation can be found on the Company's website at <http://www.hunterhallglobalvalue.com.au>.

	Recommendations Comment	Compliance	Comment
1.	<b>Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Comply	The Board is constituted and empowered under the Company's constitution, the ASX Listing Rules and the Corporations Act. 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.  The Company has a Board of Directors but no employees. The day-to-day Company management and the investment of the Company's funds is carried out by Hunter Hall Investment Management Limited pursuant to an investment management agreement dated 29 January 2004 and as amended from time to time (Investment Management Agreement).  The division of responsibilities of the Company and the Investment Manager are set out in the Investment Management Agreement.  The role of the Board is to provide leadership and strategic guidance for the Company. The Board has adopted a Board Charter that details the functions and responsibilities of the Board. A copy of the Charter is available in the corporate governance section of the Company's website.

Recommendations	Comment	Compliance	Comment
			<p>The key responsibilities of the Board are set out in the Board Charter and include:</p> <ul style="list-style-type: none"> <li>• monitoring the performance and financial position of the Company;</li> <li>• appointing the Company's investment manager and negotiating and approving the terms of the appointment;</li> <li>• monitoring the investment manager's performance;</li> <li>• monitoring the effectiveness of the risk management practices of HHV including satisfying itself through appropriate reporting from and oversight of the investment manager that appropriate internal control mechanisms are in place and are being implemented by the investment manager on behalf of the Company in accordance with regulatory requirements;</li> <li>• determining dividend policy and the amount, nature and timing of dividends to be paid;</li> <li>• selecting, appointing and terminating the external auditor (including associated recommendations to shareholders for approval) and overseeing the Audit Risk and Compliance Committee's evaluation of the auditor's performance and ongoing independence; and</li> <li>• approving market sensitive and material ASX releases.</li> </ul>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Comply	<p>Prior to appointing a director or putting forward a new candidate for election, appropriate screening checks are undertaken as to the person's criminal history and bankruptcy history.</p> <p>When presenting a Director for re-election, the Company provides shareholders with all material information in the Company's possession relevant to a decision whether or not to re-elect a director including details of the term of office currently served by the Director together with the Director's independence status and whether the Board supports the re-election.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Comply	<p>The Company's Directors have been engaged pursuant to letters of appointment setting out the terms of their appointment.</p>
1.4	<p>The Company Secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>	Comply	<p>The Company Secretary is accountable to the Board, through the Chairman, for all governance matters and the proper functioning of the Board.</p> <p>Each Director has access to the Company Secretary.</p> <p>The appointment and removal of the Company Secretary must be determined by the Board as a whole.</p>

	Recommendations Comment	Compliance	Comment						
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>(i) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	Comply	<p>The Board adopted a revised Diversity Policy on 1 June 2015 which is available in the corporate governance section of the Company's website. 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.</p> <p>In relation to Officers of the Company, the Board has set measurable objectives for achieving gender diversity. Pursuant to the Diversity Policy the Board will set measurable objectives and annually report the Company's progress towards achieving them.</p> <p>As the Company has no employees the Diversity Policy is applicable to Officers only.</p> <p>The measurable objectives set by the Board are:</p> <table border="1" data-bbox="807 824 1430 1189"> <thead> <tr> <th data-bbox="807 864 1121 898">Objectives</th> <th data-bbox="1121 864 1430 898">Measurement</th> </tr> </thead> <tbody> <tr> <td data-bbox="807 898 1121 1059">Annual Review of compensation by gender. To remunerate fairly and responsibly irrespective of gender.</td> <td data-bbox="1121 898 1430 1059">Annual report to the Board of compensation by gender.</td> </tr> <tr> <td data-bbox="807 1059 1121 1189">Gender diversity at all levels of the organisation. To foster gender diversity across the organisation.</td> <td data-bbox="1121 1059 1430 1189">At least 1 director to be female.</td> </tr> </tbody> </table> <p>The Board has achieved its objective to remunerate fairly and responsibly irrespective of gender. As the Company does not employ any management staff, its remuneration responsibilities are limited to Directors. Each Director is offered the same remuneration regardless of gender. See section 8 of this Statement for further discussion regarding remuneration policies.</p> <p>The Board has not achieved its objective to foster gender diversity measurable by the appointment of a female director, as all Directors are male.</p> <p>The respective proportion of men and women on the Board is 100% men in respect of Directors and 75% men in respect of Officers of the Company.</p> <p>The Board affirms its commitment to embracing and promoting diversity in the workplace and providing a work environment that is free from discrimination and promotes equal opportunity for all.</p>	Objectives	Measurement	Annual Review of compensation by gender. To remunerate fairly and responsibly irrespective of gender.	Annual report to the Board of compensation by gender.	Gender diversity at all levels of the organisation. To foster gender diversity across the organisation.	At least 1 director to be female.
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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Comply	<p>During 2016 the Board conducted a review of the performance of the Board, the Directors and the committees to which they were appointed in accordance with the process set out in the Board Charter.</p> <p>The Board reviews its performance in terms of Company objectives, Company results and achievements of the Investment Manager. The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate, for the Board to function effectively. As a result of these performance reviews, the Board may implement changes to improve the effectiveness of the Board and corporate governance structures. Independent professional advice may be sought as part of this process.</p> <p>Directors' profiles setting out their skills, experience, expertise, period of office and other directorships of listed entities are disclosed in the Company's 2016 Annual Report and on the Company's website.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Do not comply (not applicable to Company)	<p>Not applicable. The Company does not have any executives. The business of the Company is managed by the Board.</p>
<b>2.</b>	<b>Structure of the Board to add value</b>		
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Comply	<p>The Board has a Nominations Committee, the Nominations Charter setting out its roles and responsibilities, composition, structure, membership requirements and operation of the committee.</p> <p>A copy is available in the corporate governance section of the Company's website.</p>

	Recommendations Comment	Compliance	Comment
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Comply	<p>The Board has adopted a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p> <p>The Board Skills Matrix sets out the broad skills that the Board believe are important for the Board as a whole to carry out their duties. During the reporting period each Director individually undertook a self assessment and completed a Board Skills Matrix. Resulting from the assessment and meetings, the Board has identified areas of relative weaknesses. In relation to such relative weaknesses the Board is comfortable with the strength of the information provided to the Board by the Investment Manager and ensuring that the Board has adequate time to consider proposals put to the Board and ability to question any member of the Investment Manager if relevant.</p> <p>The Board will also take account of the Board Skills Matrix in filling any Board vacancies.</p>
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the Directors considered by the Board to be independent Directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	Comply	<p>The majority of the board are independent Non-executive Directors. The Board is comprised of three Non-executive Directors: Paul Jensen (Chairman), Julian Constable and Peter Hall.</p> <p>Paul Jensen and Julian Constable have been assessed as independent Directors.</p> <p>Details of the background, experience and professional skills of each Director are set out in the Director's Report.</p> <p>An independent Director is a Non-executive Director that the Board considers to be independent of Hunter Hall, does not hold a substantial interest in the Company, and is free from any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with the exercise of independent judgement and has not been employed in an executive capacity or been a material professional advisor in the last three years.</p> <p>The Board gives consideration to tenure when considering independence and the tenure of each Director is disclosed in the Directors Report.</p> <p>Directors must disclose any material personal or family contract or relationship in accordance with the Corporations Act. Each Director may from time to time have personal dealings with the Company. Some Directors are involved with other companies or professional firms that may from time to time have dealings with the Company. Details of offices held by Directors with other organisations are set out in the Director's Report.</p> <p>If a Director's independent status changes, this will be disclosed to the market in a timely manner.</p>
2.4	A majority of the Board of a listed entity should be independent Directors.	Comply	At the date of this Statement, the Board is comprised of three Directors of which two are independent Non-executive Directors.
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Comply	The Chairman of the Company, Paul Jensen, is an independent Director



Recommendations	Comment	Compliance	Comment
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Comply	<p>A new Director is offered an induction and training program about the Company, its policies and charters and their roles and responsibilities. New Directors also have the opportunity of meeting with key management staff of the Investment Manager.</p> <p>As part of its ongoing review of its own performance and skill set, the Board is committed to offering education and training to directors to ensure they remain fit and proper to act as Directors with the requisite skills for the proper functioning of the Board.</p>
3.	Act ethically and responsibly		
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Comply	<p>The Company has a Board but no employees.</p> <p>The Board has adopted a Code of Conduct which sets out the expectations placed on Directors, officers, employees and officers of the Investment Manager (Designated Officer) in their business dealings. The Company's Code of Conduct is available in the corporate governance section of the Company's website.</p> <p>The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of shareholders and others and observance of all relevant laws.</p> <p>Under the Code of Conduct the standards expected of Designated Officers include:</p> <ul style="list-style-type: none"> <li>• acting honestly, fairly and ethically in all business dealings;</li> <li>• acting to prevent bribery and corruption;</li> <li>• protecting assets, resource and information;</li> <li>• working with others including showing proper courtesy, consideration and sensitivity in their dealings with clients and colleagues; and</li> <li>• acting in the best interest of the Company's shareholders</li> </ul>

	Recommendations Comment	Compliance	Comment
4.	Safeguard integrity in corporate reporting		
4.1	<p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non- executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the Board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Comply	<p>The Board has established an Audit, Risk and Compliance Committee (ARCC). The ARCC currently has three members: Julian Constable (Chairman), Paul Jensen and Peter Hall.</p> <p>All members of the ARCC are Non-executive Directors and the majority of members (including the Chairman of the ARCC) are independent Directors.</p> <p>The ARCC operates under an approved charter. A copy of the ARCC Charter is available in the corporate governance section of the Company's website.</p> <p>The ARCC has authority (within the scope of its responsibilities) to seek any information it requires from any employee of the Investment Manager and Administrator or external party.</p> <p>Members may also meet with auditors (internal and/or external) without Hunter Hall management present and consult independent experts, where the ARCC considers it necessary to carry out its duties.</p> <p>All matters determined by the ARCC are submitted to the full Board as recommendations for Board decisions. Additional requirements for specific reporting by the ARCC to the Board are addressed in the Charter.</p> <p>The purpose of the ARCC is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Company.</p> <p>Its key responsibilities are to:</p> <ul style="list-style-type: none"> <li>• review and recommend to the Board the financial statements (including key financial and accounting principles adopted by the Company);</li> <li>• review and monitor risks and the implementation of mitigation measures for those risks as appropriate;</li> <li>• assess and recommend to the Board the appointment of external auditors and monitor the conduct of audits;</li> <li>• monitor the Company's compliance with its statutory obligations;</li> <li>• review and monitor the adequacy of management information and internal control systems; and</li> <li>• ensure that any shareholder queries relating to such matters are dealt with expeditiously.</li> </ul> <p>During the reporting period the ARCC met 5 times. Attendance records at ARCC meetings are provided in the Directors' Report.</p>

Recommendations	Comment	Compliance	Comment
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Comply	The Chief Executive Officer and Chief Financial Officer of the Investment Manager (Hunter Hall Investment Management Limited) report in writing to the Board that the financial statements of the Company for each half year and full year present a true and fair view in all material respects of the Company's financial condition and are in accordance with accounting standards and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Comply	The external 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 as well as the preparation and content of the Auditor's Report.
5.	<b>Make timely and balanced disclosure</b>		
5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Comply	<p>The Company has adopted a Continuous Disclosure Policy. A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's website. The Board is committed to:</p> <ul style="list-style-type: none"> <li>• the promotion of investor confidence by ensuring that trading in Company shares takes place in an efficient, competitive and informed market;</li> <li>• complying with the Company's disclosure obligations under the ASX Listing Rules and the Corporations Act; and</li> <li>• ensuring the Company's stakeholders have the opportunity to access externally available information issued by the Company.</li> </ul> <p>The Company Secretary is responsible for coordinating the disclosure of information to ASIC and ASX.</p>
6.	<b>Respect the rights of security holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Comply	Information about the Company and its corporate governance are posted on the Company's website at <a href="http://www.hunterhallglobalvalue.com.au">www.hunterhallglobalvalue.com.au</a> .
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply	<p>The Company is committed to:</p> <ul style="list-style-type: none"> <li>• complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act; and</li> <li>• ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, Investor Presentations, ASX releases, general meetings and the Company's website.</li> </ul> <p>The Company Secretary oversees and coordinates the distribution of all information by the Company to the ASX. The Investment Manager oversees and coordinates the distribution of information to shareholders, the media and the public.</p> <p>All shareholders have the opportunity to attend the Annual General Meeting and ask questions.</p>

	Recommendations Comment	Compliance	Comment
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply	<p>The Board encourages full participation of shareholders at the Company's Annual General Meetings to ensure a high level of identification with the Company's governance, strategy and financial performance.</p> <p>A Notice of Meeting will be accompanied by explanatory notes on the items of business and together they will seek to clearly and accurately explain the nature of the business of the meeting. A copy of the Notice of Meeting will be placed on the Company's website.</p> <p>Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the resolutions proposed by appointing a proxy in the manner specified in the notes to the Notice of Meeting.</p> <p>The external auditor is also be invited to attend each Annual General Meeting of shareholders and to make themselves available to answer any questions concerning the conduct, preparation and content of the Auditor's Report.</p> <p>A shareholder may submit a question throughout the year via the investor relations section of the Company's website or to the auditor prior to the meeting by emailing the Company Secretary.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Comply	<p>Shareholders have the opportunity to elect to receive relevant documentation electronically from the Company and can communicate with the Company via email.</p> <p>In addition, the Company's Registry, Computershare Investor Services Pty Limited, provides the option for shareholders to receive and send communications electronically.</p>

	Recommendations Comment	Compliance	Comment
7.	<b>Recognise and manage risk</b>		
7.1	<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Comply	<p>Due to the size of the Company and scale of operations of its business, the Company does not have a separate risk committee or an internal audit function but rather a combined Audit Risk and Compliance Committee (ARCC). The Board, through the ARCC, is responsible for ensuring that:</p> <ul style="list-style-type: none"> <li>• there are adequate policies for the oversight and management of material business risks to the Company;</li> <li>• there are effective systems in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and</li> <li>• arrangements are adequate for monitoring compliance with laws and regulations applicable to the Company.</li> </ul> <p>The Board, through the Investment Manager, has implemented risk management and compliance frameworks. These frameworks ensure that:</p> <ul style="list-style-type: none"> <li>• emphasis is placed on maintaining a strong control environment;</li> <li>• accountability and delegations of authority are clearly identified;</li> <li>• risk profiles are in place and regularly reviewed and updated;</li> <li>• timely and accurate reporting is provided; and</li> <li>• compliance with the law, contractual obligations and internal policies is communicated and demonstrated.</li> </ul> <p>See paragraph 4 above in relation to the composition of the ARCC. Details of the Directors qualifications, the membership and attendance at ARCC meetings are set out in the Directors' Report.</p> <p>The Board has received assurance from the Chief Executive Officer and Chief Financial Officer of the Investment Manager that their declaration under 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.</p>
7.2	<p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Comply	<p>The ARCC reviews the Company's risk management framework at least annually.</p> <p>A review has taken place during the reporting period and the ARCC is satisfied that the framework remains sound.</p>

	Recommendations Comment	Compliance	Comment
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Comply	The Company does not have an internal audit function. An ARCC has been established and reviews the internal control processes as necessary. See paragraph 4 above for further details in relation to the ARCC.  The Company's main risk management framework is maintained by the Investment Manager and aims to balance effective management of key risks with organisational constraints in the context of the Company's strategic goals and objectives.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Comply	The Board does not believe that the Company has any material exposure to economic, environmental and social sustainability risk.
8.	<b>Remunerate fairly and responsibly</b>		
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Comply	The Board has established a Remuneration Committee and has adopted a formal Charter for the Remuneration Committee. A copy of the Remuneration Charter is available in the corporate governance section of the Company's website.  The Remuneration Committee meets as frequently as required but at least once each financial year. Attendance record at Remuneration Committee meetings is provided in the Directors' Report.  The Remuneration Committee comprises Non-executive Directors with all being independent other than Peter Hall. Members of the Committee are: <ul style="list-style-type: none"> <li>• Julian Constable Non-executive, independent Director and Chairman of Committee;</li> <li>• Paul Jensen Non-executive, independent Director and Chairman of Board; and</li> <li>• Peter Hall Non-executive Director.</li> </ul>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	Comply	The Company has a Board but no employees. Remuneration for the Non-executive Directors is set at market rates commensurate with the responsibilities borne by the Non-executive Directors. Independent professional advice may be sought.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Comply	The Company does not offer an equity based remuneration scheme.

As at 12 August 2016 there were 7,583 shareholders.

## Distribution of Shareholders

Category (size of Holding)	Number of shareholders	Number of ordinary shares
1 – 1,000	478	191,172
1,001 – 5,000	1,340	4,548,406
5,001 – 10,000	1,476	11,997,965
10,001 – 100,000	4,021	123,570,737
100,001 – and over	268	102,659,711
<b>TOTAL</b>	<b>7,583</b>	<b>242,967,991</b>

The number of shareholders holding less than a marketable parcel is 232.

## Substantial Shareholders

As at 12 August 2016 the following shareholders have notified the Company that they are the substantial shareholders:

	Number of ordinary shares	% of total issued ordinary shares
Wilson Asset Management Group	30,401,697	12.54

## 20 Largest Shareholders – Ordinary Shares (as at 12 August 2016)

Name	Number of ordinary shares	% of total issued ordinary shares
1. RBC Investor Services Australia Nominees P/L <VFA A/C>	29,923,786	12.32
2. HSBC Custody Nominees (Australia) Ltd	6,597,308	2.72
3. Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	4,550,423	1.87
4. Hunter Hall International Limited	2,945,252	1.21
5. Hunter Hall Investment Management Limited	2,042,720	0.84
6. Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	1,873,651	0.77
7. Australian Executor Trustees Limited <No 1 Account>	1,584,778	0.65
8. Navigator Australia Ltd <Mlc Investment Sett A/C>	1,456,925	0.60
9. BNP Paribas Noms Pty Ltd <DRP>	802,763	0.33
10. Mr James Fisher Mcdonald	800,000	0.33
11. Tree Pot Pty Ltd <Tree Pot A/C>	736,000	0.30
12. Netwealth Investments Limited <Super Services A/C>	695,394	0.29
13. HSBC Custody Nominees (Australia) Limited - A/C 2	692,188	0.28
14. Mrs Jean Thyne Hedges	643,095	0.26
15. Endoras Super Pty Ltd <Marlin Super Fund A/C>	600,000	0.25
16. LIC Investments Pty Ltd <LIC Investments Units A/C>	526,914	0.22
17. GK Morgan Investments Pty Ltd	522,488	0.22
18. Ashmore Investments Pty Ltd	513,330	0.21
19. BT Portfolio Services Limited <Yazad Super Fund A/C>	510,000	0.21
20. Fitzpatrick Superannuation Pty Ltd <Fitzpatrick Super Fund A/C>	500,000	0.21

## Voting Rights

Subject to the Company's Constitution:

- At meetings of shareholders, each shareholder is entitled to vote in person, by proxy, by attorney or by representative;
- On a show of hands, each shareholder present in person, by proxy, by attorney or by representative is entitled to one vote;
- 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:

- Cash – a cheque is mailed to the shareholder's registered address;
- 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 is therefore the preferred option.

## Transactions in Securities

	30 June 2016	30 June 2015
Total number of transactions in securities during the year	1,089	1,258
Total brokerage paid or accrued during the year	861,790	917,160



## Portfolio Holdings 30 June 2016

Company	Business Description	Country of Listing	Main Country of Economic Activity
Alphabet Inc	web-based search engine	USA	USA
Amiad Water Systems	water filters	UK	Israel
Aphrodite Gold	gold mining	Australia	Australia
Avis	car rental	USA	USA
Avita Medical Ltd	skin repair	Australia	Australia
Bank of New York Mellon	financial services	USA	USA
Base Resources	mineral sands	Australia	Kenya
Beadell Resources	precious metals miner	Australia	Brazil
Bell Financial	institutional financial services	Australia	Australia
Blackham Resources	gold mining	Australia	Australia
Broadleaf	application software	Japan	Japan
Coats	sewing thread and supplies	UK	UK
Colefax	furnishing fabrics	UK	UK
Daimler	discretionary	Germany	Germany
Doray Minerals	gold explorer and producer	Australia	Australia
Eureka	seniors care	Australia	Australia
Factor Therapeutics	biotech	Australia	Australia
Fitbit	health and fitness devices	USA	USA
Fortress Investment	alternative asset management	USA	USA
Foxtons	real-estate broker	UK	UK
Genworth Financial	insurer	USA	USA
GI Dynamics	weight control devices	Australia	USA
Greenbrier	railroad equipment	USA	USA
Grupo Financiero Galicia	financial services	USA	Argentina
Gungho	application software	Japan	Japan
Harman International	auto parts	USA	USA
Helloworld	travel services	Australia	Australia
Howard Hughes	real estate	USA	USA
Hyundai Home Shopping	consumer discretionary	Korea	Korea
Johnston Press	publisher	UK	UK
Legg Mason	financial services	USA	USA
LeoPalace21	property	Japan	Japan
Level 3 Communications	communications	USA	USA
Lumentum	hardware	USA	USA
Medical Developments	pain control	Australia	Australia
Nanobiotix	cancer treatment	France	France
Onterran Ltd	non-residential building construction	Australia	Australia
Panmure	financial services	UK	UK
Photocure	pharmaceuticals	Norway	Norway
Piaggio	scooters	Italy	Italy
Prada	fashion	Hong Kong	Italy
RCG Corp	consumer discretionary	Australia	Australia
Rex Bionics	robotic exoskeletons	UK	New Zealand
Savills	real estate	UK	UK
Seeing Machines	safety equipment	UK	Australia
Sirtex Medical	liver cancer treatments	Australia	USA
Sothebys	auction house	USA	USA
SRG Ltd	engineering services	Australia	Australia
St Barbara	gold explorer and producer	Australia	Australia
SunOpta	organic food	USA	Canada
Talisman	materials	Australia	Australia
Toho Holdings	healthcare	Japan	Japan
Usen	entertainment content	Japan	Japan
Viacom	media/entertainment	USA	USA
Viavi Solutions	communications equipment	USA	USA
Vocus	telecommunications	Australia	Australia
Yahoo	digital content	USA	USA

## Principal Registered Address of the Company

The principal registered office is Level 2, 56 Pitt St, Sydney NSW 2000. Telephone (02) 8224 0300.

## Registry

Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney NSW 2000. Investor Enquiries 02 8216 5700.

## 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 HHV. 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).

## Investment Management Agreement

The Company has appointed Hunter Hall Investment Management Limited (the Manager), under an Investment Management Agreement dated 29 January 2004, to manage the investment portfolio of the Company. The Manager manages and supervises all investments of the Company, including providing monthly valuations, for the term of the contract.

## Term

The Investment Management Agreement is for an initial period of 25 years commencing on the date the Company listed on the ASX, unless terminated earlier in accordance with terms of the Investment Management Agreement.

## Powers of Manager

For the purpose of carrying out its functions and duties under the Investment Management Agreement, the Manager has the powers of a natural person and absolute and unfettered discretion to manage the investment portfolio and to do all things and execute all documents necessary for the purpose of managing the investment portfolio.

## Management Fee

In return for the performance of its duties as Manager of the Company's investment portfolio, the Manager is entitled to be paid a monthly management fee equal to 0.125% of the gross value of the investment portfolio calculated on the last day of the month (equivalent to a fee of 1.5% per annum of the average value of the investment portfolio).

## Performance Fee

The Manager is also entitled to a Performance Fee, equal to 15% of any outperformance of the investment portfolio compared to its benchmark the MSCI World Accumulation Net Return Index in Australian dollars. The fee is aggregated daily and paid annually, subject to the following:

- i. if the aggregate Performance Fee for a Financial Year (including any amounts accrued from a previous year) is a positive amount but the Investment Return of the investment portfolio is not greater than zero, then that Performance Fee shall be carried forward (as an accrual) to the following Financial Year,
- ii. if the aggregate Performance Fee for a Financial Year (including any positive or negative amount carried forward from the previous year) is a positive amount but the payment of the accrued Performance Fee would cause the adjusted Investment Return of the investment portfolio for the year to be negative, that portion of the Performance Fee that would cause the Investment Return of the investment portfolio to be negative shall be carried forward (as an accrual) to the following Financial Year,
- iii. if the aggregate Performance Fee for a Financial Year is a negative amount, no Performance Fees shall be payable to the Manager in respect of that Financial Year, and the negative amount shall be added to the Performance Fee of the succeeding year.

## Reimbursement of Expenses

The Company must reimburse to the Manager, in addition to its remuneration and rights of indemnification or reimbursement conferred under any other provision of the Investment Management Agreement or by law, all charges and expenses reasonably and properly incurred by the Manager in respect of the Company.

## Principal and Registered Office

Hunter Hall Global Value 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.hunterhallglobalvalue.com.au](http://www.hunterhallglobalvalue.com.au)

## Directors

Paul Jensen

*Non-executive Chairman*

Julian Constable

*Non-executive Director*

Peter Hall

*Non-executive Director*

## Company Secretary

Christina Seppelt

## 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



Ethical  
Investments

Hunter Hall Investment Management Limited

Investor Relations 1800 651 674  
[www.hunterhallglobalvalue.com.au](http://www.hunterhallglobalvalue.com.au)