



ETHICAL  
MANAGED FUNDS

## Ethical Investment Policy

### Negative Screen

Hunter Hall is committed to the concept of responsible investing and seeks to avoid investing in businesses that are, in its opinion, involved in activities that are harmful to people, animals or the environment.

The Hunter Hall Value Growth Trust (VGT), Global Ethical Trust (GET), Global Ethical Trust – Hedged (GEH), Asian Value Trust (ASV), Australian Value Trust (AVT) and Global Opportunities Fund (GOF) utilise a negative screening process. This screening process seeks to avoid investment in companies that derive operating revenues from direct and material business involvement in:

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

The ASV will also screen out companies operating in Asian countries in which the systemic abuse of human rights occurs which, in practice, currently includes the Tibetan and Xinjiang regions of China, Iran, Myanmar, North Korea, Syria, Turkmenistan and Uzbekistan.

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

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

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

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



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## Ethical Investment Policy *continued*

### Positive Screen

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

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

The GDG complies with Hunter Hall's negative screening process, used for the VGT, GET, GEH, ASV, AVT, ASV and GOF and, furthermore, applies the following exclusions:

- the nuclear power industry,
- biofuels that are produced in a way that contribute to an unsustainable reduction in biomass and biodiversity,
- any countries that support commercial whaling. Japan, Norway, Iceland, Denmark and South Korea kill substantial numbers of whales and dolphins. This whaling screen currently prohibits the GDG from investing in countries which account for approximately 11% of the MSCI World All Country Index on an aggregated basis,
- any country which is developing nuclear weapons or weapons of mass destruction which, in practice, currently includes North Korea and Iran, and
- any country where the systemic abuse of human rights occurs which, in practice, currently includes the Tibetan and Xinjiang regions of China, Eritrea, Equatorial Guinea, Iran, Libya, Myanmar, North Korea, Somalia, Sudan, Syria, Turkmenistan and Uzbekistan.

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