



## OUTLOOK AND STRATEGY

As at February 2012

AFS LICENCE 219462 ABN 69 063 081 612

The investment strategy currently being adopted for each Fund can be described as a barbell approach. About one-fifth of each portfolio is defensively positioned in cash and gold\*. The balance is invested in undervalued companies. Our plan is that as this global economic turbulence plays out, we will deploy more of the Funds' cash reserves into these opportunities.

There are some encouraging signs on the geopolitical front. Europe is working on a complex programme to resolve its protracted sovereign debt crisis. This is through a combination of European Central Bank liquidity measures, a larger bailout fund, top-up funding for the International Monetary Fund and a commitment to support the Euro. While the outcome of these efforts remains uncertain, our allocation to European companies in eligible Funds remains relatively low.

The US economy continues to slowly improve. Annualised real GDP growth is 1.8%, up from 1.3% in the second quarter of 2011 as consumer spending, business investment and exports picked up during the latter half of the year. Company profits and balance sheets generally remain strong. We have been increasing our exposure to the US where the Fund mandate allows.

Emerging economies continue to be a growth driver of the world economy. The World Bank forecasts emerging economy growth in 2012 of 6.2% and global growth of 2.5% - hardly a recession. While the pace of growth in China and India has been moderating, sharp falls in their stockmarkets should provide us with new investment opportunities.

Australia's economy has been resilient over the past few years and, in 2011, enjoyed 2.5% growth while the global economy has been in turmoil. This is thanks largely to the mining boom and our relatively low Government debt. Our banks are also in an enviable position with a relatively low exposure to toxic European assets. The economy has now had some time to adjust to a higher Australian Dollar and a shift in investment and employment opportunities towards the mining sector. In the context of moderate global economic growth, driven in part by Asian industrial activity, infrastructure development and urbanisation, Australia is expected to remain a safe haven. We continue to favour Australian companies in the VGT and have adopted a currency management strategy that envisages the continuation of a high Australian Dollar.

In summary, we expect uncertainty in the global economy to ease during the first half of 2012, enabling the Hunter Hall investment team to execute a number of potentially extraordinary opportunities. As always, the key remit remains unchanged from our inception nearly 18 years ago: to find stocks that are not just cheap, but cheap despite the quality of their business, their management expertise and their prospects for growth. Our hope is that 2012 will lay the foundations for this investment strategy to be rewarded with better Fund returns - in both a relative and absolute sense.

Please be advised that Monthly Performance Reports for the Funds, as well as other relevant marketing information can be emailed to you. If you would like to subscribe to this service, or have any further queries, please contact our Investor Relations Department by calling 1800 651 674 (0800 448 305 for New Zealand callers) or by email at [invest@hunterhall.com.au](mailto:invest@hunterhall.com.au).

\*The GDG is an exception as it does not invest in Gold.

Initial applications for units in the Hunter Hall Funds can only be made on an Application Form found in the current Product Disclosure Statement of the Hunter Hall Value Growth Trust (VGT), Hunter Hall Global Ethical Trust (GET), Hunter Hall Global Ethical Trust - Hedged (GEH), Hunter Hall Asian Value Trust (ASV), Hunter Hall Australian Value Trust (AVT) and Hunter Hall Global Deep Green Trust (GDG). Hunter Hall Investment Management Limited (AFSL: 219462) or any related entity does not guarantee the repayment of capital or any particular rate of return from the Funds.

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Unless otherwise stated individual stock returns exclude the positive affect any dividends and/or return on capital might have had on their six month return.

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