



Hunter Hall Global Deep Green Trust

Monthly Performance Report

June 2011

Ethical
Managed Funds

Date	Entry Price	Unit Price	Exit Price
30.06.2011	91.51c	91.23c	90.96c

Absolute and Relative Performance

To 30 June 2011 (%)	1 month	6 months	Compound Annual Return			Value of \$10,000 invested at inception
			1 year	3 years	Since inception	
Absolute Performance - GDG	-4.8	-0.4	-3.7	-1.8	-2.5	\$9,123
Benchmark - MSCI	-2.0	+0.8	+3.0	-3.1	-7.8	\$7,432
Relative Performance	-2.8	-1.2	-6.7	+1.3	+5.3	\$1,691

Inception date: 31 October 2007. MSCI refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$. Source: Hunter Hall. Past performance is no guarantee of future performance and no guarantee of future return is implied.

Top 10 Holdings

Company	Main Business	Country	Net Assets (%)
Sirtex Medical	liver cancer treatments	Australia	10.9
BTG	medical devices	UK	8.1
InterDigital	wireless technologies	USA	7.4
Biota	pharmaceuticals	Australia	6.1
Symphony	biodegradable plastics	UK	5.3
UXC	business solutions	Australia	4.4
CBD Energy	energy services	Australia	4.2
AMG Metallurgical	speciality metals	Netherlands	4.1
Colefax	furnishing fabrics	UK	3.7
McLeod Russel	tea grower	India	3.7

Commentary

The Global Deep Green Trust fell 4.8%, underperforming its benchmark by 2.8%. European sovereign debt concerns and the approaching end of quantitative easing in the United States spooked global markets in June until a sharp rally occurred in the last days of the financial year as another band-aid bail out for Greece was apparently cobbled together.

Our large exposure to small cap Australian stocks exacerbated the Trust's issues. The Australian Small Ordinaries Index fell 5.3% versus the 2.4% fall in the All Ordinaries Index. More speculative stocks lead the sell-off, exemplified in our case by our holdings in the bio-tech and renewable energy sectors.

Bio-tech losers included cancer treatment company **Bionomics** (-21%), liver cancer treatment company **Sirtex** (-4%) and anti-viral developer **Biota** (-20%).

Bionomics fell despite announcing that the company's drug research collaboration program with German partner, Merck Serono, has been extended by at least another year. Bionomics received an upfront payment of US\$2m in 2008 and committed research

funding from Merck has now been extended. The company also published the results of the Phase 1 evaluation of its cancer treatment, BNC105, which successfully achieved its aims of determining a dose of 16mg/m² was effective. The trial will now move into Phase 2.

Biota fell after reporting surprisingly weak preliminary Japanese trial results for its 'flu drug Inavir. The trial showed the protective efficacies of a single, inhaled dose of Inavir as measured by the Risk Reduction Rate (RRR) were around 44%, below the RRR target of 70%. Since Inavir, marketed as Lani, is already approved for use in Japan, the disappointing results come as a shock.

On a positive note, Biota got a US\$2.9m grant from the US National Institutes of Health to fund pre-clinical development of a treatment for *Clostridium Difficile*. *C. Difficile* usually occurs in hospital patients suffering side effects from antibiotic treatments on naturally occurring bacteria in the gut, which can cause symptoms ranging from diarrhoea to life threatening inflammation of the colon. Costs

associated with *C. Difficile* are estimated at more than \$3.2b per year in the US alone.

Energy services company **CBD Energy** (-12%), also continued to suffer from the uncertainty surrounding the renewable energy subsidies.

Pleasingly, Bionomics, Sirtex and CBD have all bounced at the beginning of July.

UK biodegradable plastics company **Symphony Environmental** fell 6%. The company confirmed at its AGM that despite June 2011 being a period of consolidation with continued growth in its d2w additive, the combination of higher raw material costs and the relative strength of the Pound against the US\$ will result in a slight drop of margins for the period. The company also confirmed an increase in marketing activities, particularly focussed in the US and Europe, where the company believe opportunities exists.

Another detractor over the month was US wireless technologies and patent company **Interdigital** (-7%).

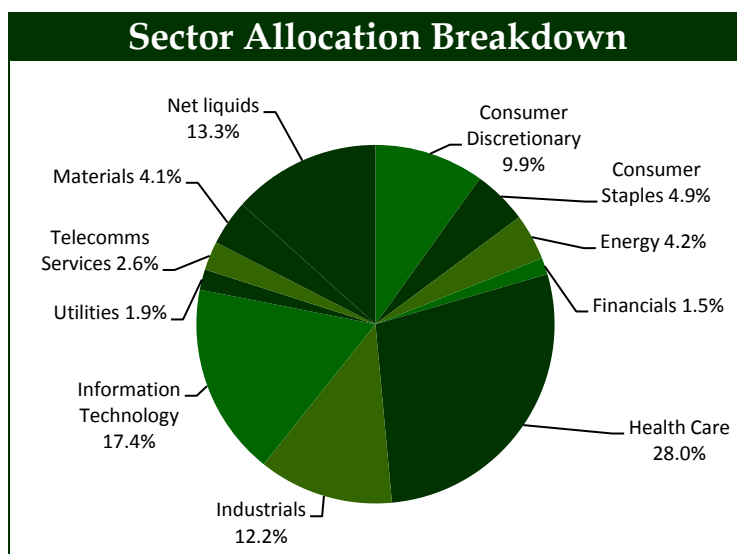
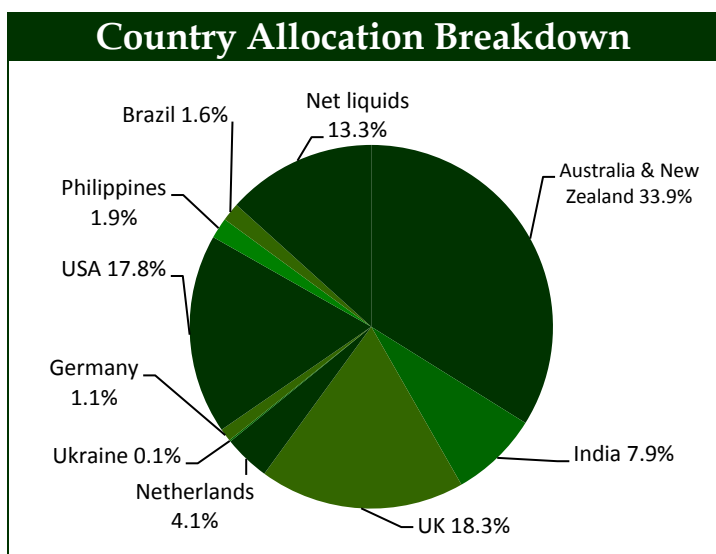
Mitigating further losses for the portfolio were a handful of positions. UK pharmaceutical company **BTG** (+3%) announced it had sold its intellectual rights associated with *MoleMate* and related technologies which assist physicians to gather information about

patient's moles and lesions and make more informed decisions about treatments and removal to MedX Health Corp, a global leader in drug free therapy for tissue repair and pain relief.

US nutritional company **Herbalife** (+2%) furthered its gains after the release of its market-beating March quarterly profit last month. The stock was up 69% for the half-year to June 2011.

Over the month we added Philippines water utility **Manila Water** (+3%) to the portfolio. It proved timely as the company confirmed that its US\$16.5 million Southeast Transmission Water Mains Project was on schedule to be operational by 2012. Manila Water holds exclusive rights to provide water delivery, sewerage and sanitation services to approximately 6 million households, encompassing 23 cities and municipalities in the eastern part of Manila, and adjacent Rizal Province. The project will increase the company's ability to deliver surface water and increase overall water supply to 400 million litres per day to more than 200,000 residents in Manila and several towns in Rizal.

At financial year-end the Trust's net assets were \$6.5m with 13% net liquids. The international component was 54%, with 38% of the foreign currency exposure hedged back into Australian Dollars.



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