



Ethical
Managed Funds

Hunter Hall Investment Management Limited
ABN 69 063 081 612 AFSL 219462

Hunter Hall Global Ethical Trust

Hunter Hall Global Ethical Trust - Hedged

Monthly Performance Report

July 2011

Date - 31.07.2011	Entry Price	Unit Price	Exit Price
GET	1.0845	1.0813	1.0780
GEH	0.9567	0.9538	0.9510

Absolute and Relative Performance

To 31 July 2011 (%)	1 month	6 months	1 year	Compound Annual Return				Value of \$10,000 invested at inception
				3 years	5 years	7 years	Since inception	
Global Ethical Trust (GET)								
GET (absolute performance)	-2.3	-6.0	+0.9	-4.1	-3.1	+2.7	+3.6	\$14,126
MSCI (benchmark)	-4.3	-8.2	-2.3	-4.4	-5.3	-1.0	-3.0	\$7,444
Relative Performance	+2.0	+2.2	+3.2	+0.3	+2.2	+3.7	+6.6	\$6,682
Global Ethical Trust - Hedged (GEH)								
GEH (absolute performance)	-0.7	-	-	-	-	-	-1.9	\$9,809
MSCI - Hedged (benchmark)	-2.4	-	-	-	-	-	-2.9	\$9,712
Relative Performance	+1.7	-	-	-	-	-	+1.0	\$97

Inception date for the GET: 29.11.2001. Inception date for the GEH: 28.02.2011. MSCI refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$. MSCI - Hedged refers to the MSCI World Total Return Index, Net Dividends Reinvested, Hedged in A\$. Source: Hunter Hall. Past performance is no guarantee of future performance and no guarantee of future return is implied.

GET: Top 10 Holdings

The GEH is invested almost entirely in GET units, with the balance of its assets held in cash

Company	Main Business	Country	Net Assets (%)
Gold Bullion	gold	n/a	7.1
BTG	medical devices	UK	3.7
InterDigital	wireless technologies	USA	3.6
Proto Corp	publishing	Japan	3.2
AMG	speciality metals	Netherlands	3.1
Woongjin Thinkbig	education services	Korea	3.0
Virgin Media	broadband communications	UK	2.4
Trigon	agricultural operations	Ukraine	2.3
Daiichikosho	karaoke machinery	Japan	2.1
Allahabad	bank	India	2.0

Commentary

The Hunter Hall Global Ethical Trust fell 2.3%, but outperformed its benchmark by 2.0%, which fell 4.3% as intensifying global sovereign debt concerns reduced investor risk appetite. Instead, investors chose to flock toward **Gold Bullion**, up 8% to US\$1,623/oz. Even allowing for the surging Australian Dollar, our gold holding was up 5% to A\$1,478/oz in July.

In all, the Australian Dollar rose 3.3% and 2.5% against the Euro and US dollar, respectively, over the month.

On the stock front, the shining light in our portfolio was the 67% appreciation in US wireless technologies company **InterDigital**. The InterDigital board announced its intention to "explore and evaluate potential strategic alternatives of the company". Apple, Google and Samsung are said to be interested bidders following the sale of Nortel's patents which ended up selling for five times the initial bid made by Google. Further, InterDigital has filed a complaint with the US International Trade Commission against Nokia, Huawei and ZTE claiming infringement of

numerous 3G patents. An infringement would result in an exclusion of infringing products from entering the USA and may result in InterDigital earning additional royalties.

Two of our Korean holdings recovered some of their recent lost ground as foreign investors returned to the Korean market over the month. Education provider **Woongjin Thinkbig** rose 13% and water purifier distributor **Woongjin Coway** rose 7%.

US printer maker **Lexmark** rose 15% as the company reported a higher than expected June Quarter profit, driven by strong sales of high margin product. Net income rose to US\$101m, up 19% on the previous corresponding period, 32% above consensus estimates. The results reflect Lexmark's decision to stop making lower-end consumer printers in favour of business-focussed ink-jet and laser models. The company also announced plans to buy back 9% of its issued capital over the remainder of the calendar year. The US\$250m buy-back will be funded out of existing cash reserves.

Commentary

Ukrainian agricultural feedstock company **Landkom** reported a maiden net profit of \$1.1m for the six months to April 2011. This compared to the previous year's loss of \$4.2m. The company's decision to sell its crop forward, combined with higher commodity prices, saw revenues jump 313% to \$8.0m.

UK food and beverage additive company **Pure Circle**, the world's leading supplier of high purity stevia products, rose 25% after providing the market with a pleasing trade update. Based on *Neilsen USA* consumer retail sales and PureCircle company data, the USA is expected to increase annual consumption of high purity stevia by 101% from the previous year. The market is experiencing growth across all of the company's key categories, including flavoured waters, juices, baked goods and sugar substitutes.

Indian jewellery manufacturer **Shree Ganesh** (-36%) fell as unfounded rumours of payment problems with one of its customers caused a sharp sell-off. We used the fall to add to our existing position. This was followed by a strong rebound when the company successfully refuted the allegations, although not all the ground lost over the month was recovered.

French telecommunications maker **Alcatel Lucent** (-31%) fell despite returning to profit in the June 2011 quarter. The company reported profits of €43m for the quarter, up from a €184m loss a year earlier, but this was still lower than the market expected. The company confirmed it expected the second half of the calendar year to be strong but investors were spooked by the earnings miss and fears that demand, particularly in the US, was flat-lining.

Global optical shares sold off in July, continuing their disappointing performance post-Finisar's downgrade in February 2011. Our largest exposure, US **JDS Uniphase** (-21%) was not spared from the sell-off. We believe the company is experiencing guilt by association and that its well diversified business model will result in it reporting solid fourth quarter results in late August. In the same space, **Oclaro** fell 30%.

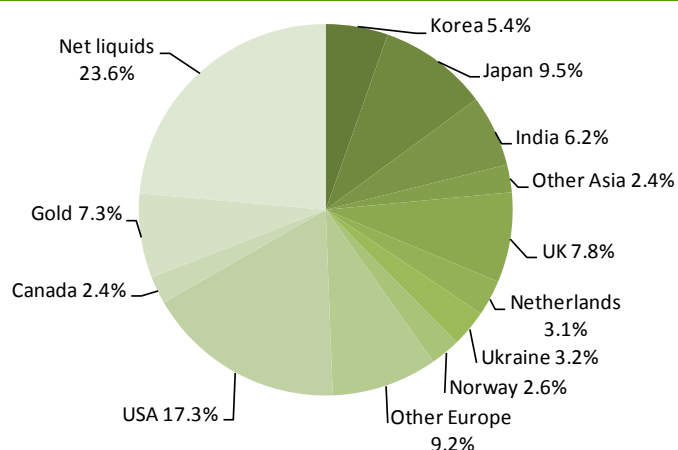
US-listed broadband communications company **Virgin Media** fell 12% after reporting mixed June quarter results, with light revenues but solid margins. Although revenue was largely in line with consensus forecasts, the loss in subscribers was disappointing as churn picked up over the quarter. The company announced a £850m capital return program, including a £625m share buy-back which it aims to complete by December 2012.

Other detractors over the month included Danish-based commodities producer **Trigon** (-16%), French electronic transaction company **Ingenico** (-13%) and Netherlands-based metals company **AMG** (-9%).

Over the month we used opportunities presented by the falling market to build positions in some new names. We added US IT services company **Computer Sciences** and Italian steel plant maker **Danieli** to the portfolio.

At month end the GET's net assets were \$264.6m with 23.6% net liquids. The international component was 69.2%. The GEH's net assets were \$1.1m with 7.0% net liquids, with 100% of the foreign currency exposure hedged back to Australian Dollars.

GET: Country Allocation Breakdown



GET: Value of \$10,000

invested at inception vs benchmark



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