



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

September 2011

| Date - 30.09.2011 | Entry Price | Unit Price | Exit Price |
|-------------------|-------------|------------|------------|
| GET | 1.0473 | 1.0442 | 1.0410 |
| GEH | 0.8640 | 0.8614 | 0.8588 |

Absolute and Relative Performance

| To 30 September 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) | -1.9 | -9.6 | -3.0 | -2.0 | -5.5 | +2.1 | +3.2 | \$13,641 |
| MSCI (benchmark) | +0.7 | -10.9 | -4.7 | -6.8 | -7.3 | -1.4 | -3.4 | \$7,145 |
| Relative Performance | -2.6 | +1.3 | +1.7 | +4.8 | +1.8 | +3.5 | +6.6 | \$6,496 |
| Global Ethical Trust - Hedged (GEH) | | | | | | | | |
| GEH (absolute performance) | -6.6 | -11.9 | - | - | - | - | -11.4 | \$8,859 |
| MSCI - Hedged (benchmark) | -6.0 | -13.9 | - | - | - | - | -14.7 | \$8,529 |
| Relative Performance | -0.6 | +2.0 | - | - | - | - | +3.3 | \$330 |

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 | gold | n.a. | 7.3 |
| BTG | medical devices | UK | 3.9 |
| Proto Corp | publishing | Japan | 3.9 |
| Computer Sciences | IT services | USA | 3.3 |
| Daiichikoshoh | karaoke machinery | Japan | 3.1 |
| Woongjin Thinkbig | education services | Korea | 2.9 |
| Virgin Media | broadband communications | UK | 2.7 |
| AMG | speciality metals | Netherlands | 2.4 |
| Lexmark | printing and imaging solutions | USA | 2.3 |
| InterDigital | wireless technologies | USA | 2.3 |

Commentary

The Hunter Hall Global Ethical Trust fell 1.9%, underperforming its benchmark by 2.6%, as the MSCI in AUD rose 0.7%. Concerns over the European and US economies continued in September as markets around the world fell dramatically. Northern American markets had their worst month since the 2008 crash with August US payroll data at its weakest since June 2010. This was reflected in flat retail sales and a general lack of consumer confidence. The AUD declined 9.8% against the Greenback as investor concerns increased demand for safe US\$ denominated assets during the month and our 100% Australian Dollar hedge subtracted value during the month due to its weakness. Even **Gold Bullion** (-11%) wasn't spared as the precious metal closed the month at US \$1,624/oz. The AUD also suffered, declining 9.8% against the Greenback as investor concerns increased demand for safe US\$ denominated assets during the month.

After its impressive performance in August, US wireless technologies company **InterDigital** (-34%) was the trust's largest detractor. Numerous rumours pointed to the potential bid price for the company being lower than

previously expected. InterDigital's Board of Directors said the quest to realise shareholder value is continuing and may involve selling the company, to a single buyer or consortium of buyers, or selling select assets of the company.

US computer company **Computer Sciences** (-12%) confirmed the August settlement of a contract dispute with the US Government and is set to receive US\$227m cash compensation and a five year \$1b contract extension. However, a \$250m pre-tax legal expense is expected to be recorded in the company's 2012 second quarter results which will likely pull the earnings estimate down.

After the fund re-entered **China Lumena New Materials** (CLNM) last month the company fell by 43%. Lumena, the world's leading polyphenylene sulphide (PPS) producer with 28% share, had its corporate credit rating downgraded by S&P from B+ to BB- during September. The company hit back saying it was disappointed at the unreasonable rationale behind the ratings cut. For 2012, we believe CLNM is selling on sub 2x EV/EBITDA and sub 3x PE. Its expanding PPS production profile should take it to 40% global share by 2013.

Commentary - continued

US optical technology provider **JDS Uniphase** (-23%) continued to suffer from the weak macro environment. In the same space, US company **Oclaro** (-14%) has also been a victim as optical component companies have generally struggled with low order volumes and excessive inventory in 2011. Both companies have done reasonably well keeping their inventory levels under control and it appears that the optical inventory correction could soon be coming to an end.

Although US printer manufacturer **Lexmark** (-15%) in July reported a record earnings per share (EPS) of \$1.27 in the second quarter of 2011, up 18 percent from the second quarter of 2010, the recent Eurozone crisis and the market's general negative sentiment towards IT hardware companies caused a substantial decline of Lexmark's share price in September.

Norwegian nitrogen-based fertiliser producer **Yara International** fell 21% on concerns the economic turmoil may see a collapse in the nitrogen fertiliser price market. Reports suggesting macro concerns have hurt fertiliser buyer sentiment and in particular the European restocking ahead of next spring, weighed heavily on the stock. While we reduced our holding over the month, we will gain clarity on Yara's outlook when it reports its September 2011 quarterly results in October. We strongly believe fertiliser prices will strengthen in 2012.

Also in Europe, Italian steel manufacturer **Danieli** (-12%) delayed the allocation of funds needed for the construction of a €400m steel mill in Europe. The company chairman Mr Benedetti cited "a slowing down of the European economy" as the principal reason behind the decision. The company had previously stated that by the month of September it would have allocated over €400m to the project.

Other detractors included Canadian wind sensor system developer **Catch the Wind** (-37%) and Korean educational services provider **Woongjin Thinkbig** (-7%).

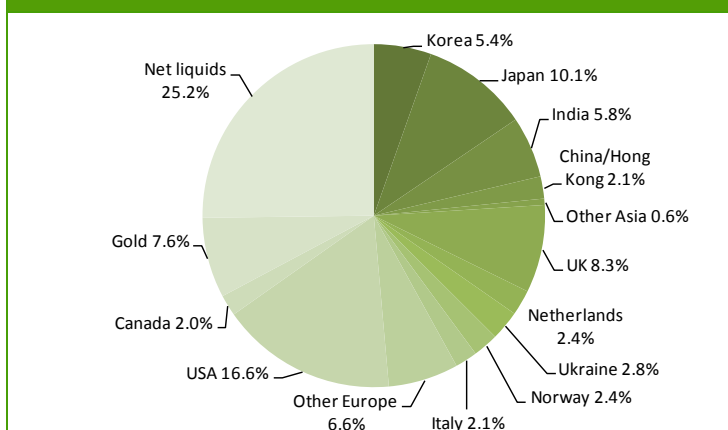
Indian Telecommunications company **Tulip Telecom** (+7%) rose late in the month after the country's telecom tribunal stayed the Department of Telecommunication's proposal to reject Qualcomm India's application for obtaining broadband service permits. The tribunal reportedly passed an interim order, restricting the Department of Telecommunications from forfeiting Qualcomm's bid and giving the broadband wireless access to any other party until the next hearing in late October. Tulip holds 13% of Qualcomm's India broadband venture.

Japanese karaoke parlour operator **Daichikoshō** (+4%) continued its impressive performance from August. The company's music label subsidiary, Tokuma Japan, revealed its major music artist 'Perfume' will release its 4th major album at the end of November. The Nikkei Newspaper also reported that Daichikoshō is on course to surpass market estimates and that the impact from the recent Japanese earthquakes will be less than originally anticipated. It also highlighted the growing popularity of singing and exercise among the 'silver-market', which Daichikoshō is targeting with a new equipment range.

Other contributors included Japanese pharmaceuticals company **Toho** (+18%) and Japanese business lease financing company **Century Tokyo Leasing** (+3%).

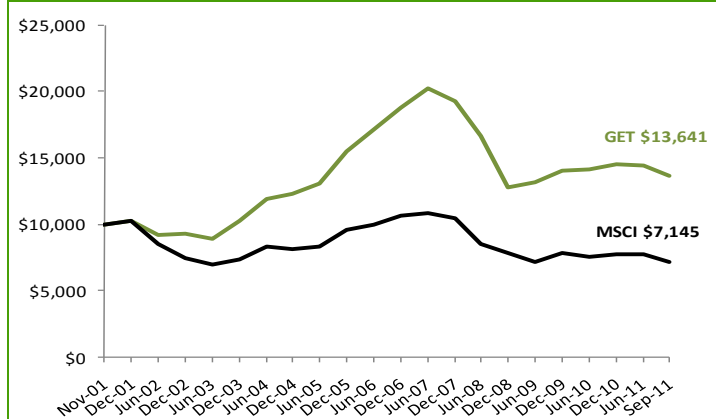
At month end the GET's net assets were \$241.5m with 25.2% net liquids. The international component was 67.2%. The GEH's net assets were \$1.1m with 100% of the foreign currency exposure hedged back to Australian Dollars.

GET: Country Allocation Breakdown



GET: Value of \$10,000

invested at inception vs benchmark



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