



HFA Holdings Limited

2014 Half Year Results

12 February 2014



Half year in review

HFA Holdings (Group)

- AUMA of \$8.1 billion, up 6% from 30 June 2013.
- Operating income up 12% on prior year to \$32.2 million.
 - \$3.0 million increase in performance fees.
 - 10% decrease in net management fee percentage.
- EBITDA up 51% to \$13.1 million.
 - 7% decrease in operating expenses.
- Interim dividend of 3.0 cps.

Lighthouse Investment Partners

- AUMA increase of 8% to \$7.3 billion.
- Positive performance growth of \$0.6 billion.
- On-going expansion of its managed account program and custom solutions business line.
- On-going development of risk management software in conjunction with major global data solutions provider.

Certitude Global Investments

- AUMA decreased to AUD 873 million.
- Raised AUD 43 million in new investments.
- Net outflows were AUD 78 million of which AUD 71 million was from closed-ended structured products.

Agenda

1. Financial Results

2. AUMA and Fund Performance

3. Business Overview

4. Outlook

NOTE: The functional and presentation currency of HFA Holdings Limited is USD. The financial results included in this presentation are presented in USD, unless otherwise indicated as being presented in Australian dollars (AUD).

Key financial outcomes



Income

Operating Income

- Operating income of \$32.2 million (PY: \$28.6 million).
- Lighthouse operations contributed \$29.3 million, up 12% on prior year.
- Certitude operations contributed \$2.9 million, up 14%, largely due to an increase in performance fee revenue.



Expenses

Operating Expenses

- Operating expenses (excluding non-cash depreciation, amortisation and equity settled transaction costs) down 7% to \$18.7 million.
- Reduction driven by overall decreases in personnel, professional fees and administrative costs.



Earnings

Operating EBITDA

- An increase in revenue, combined with a decreases in investment management costs and operating expenses increased EBITDA to \$13.1 million.

NPBT

- Pre-tax earnings of \$6.9 million compared to \$2.6 million.

NPAT

- Net profit after tax of \$6.9 million compared to \$2.6 million.



Debt

Bank Debt

- Bank Debt: \$23.3 million
- Cash: \$46.0 million

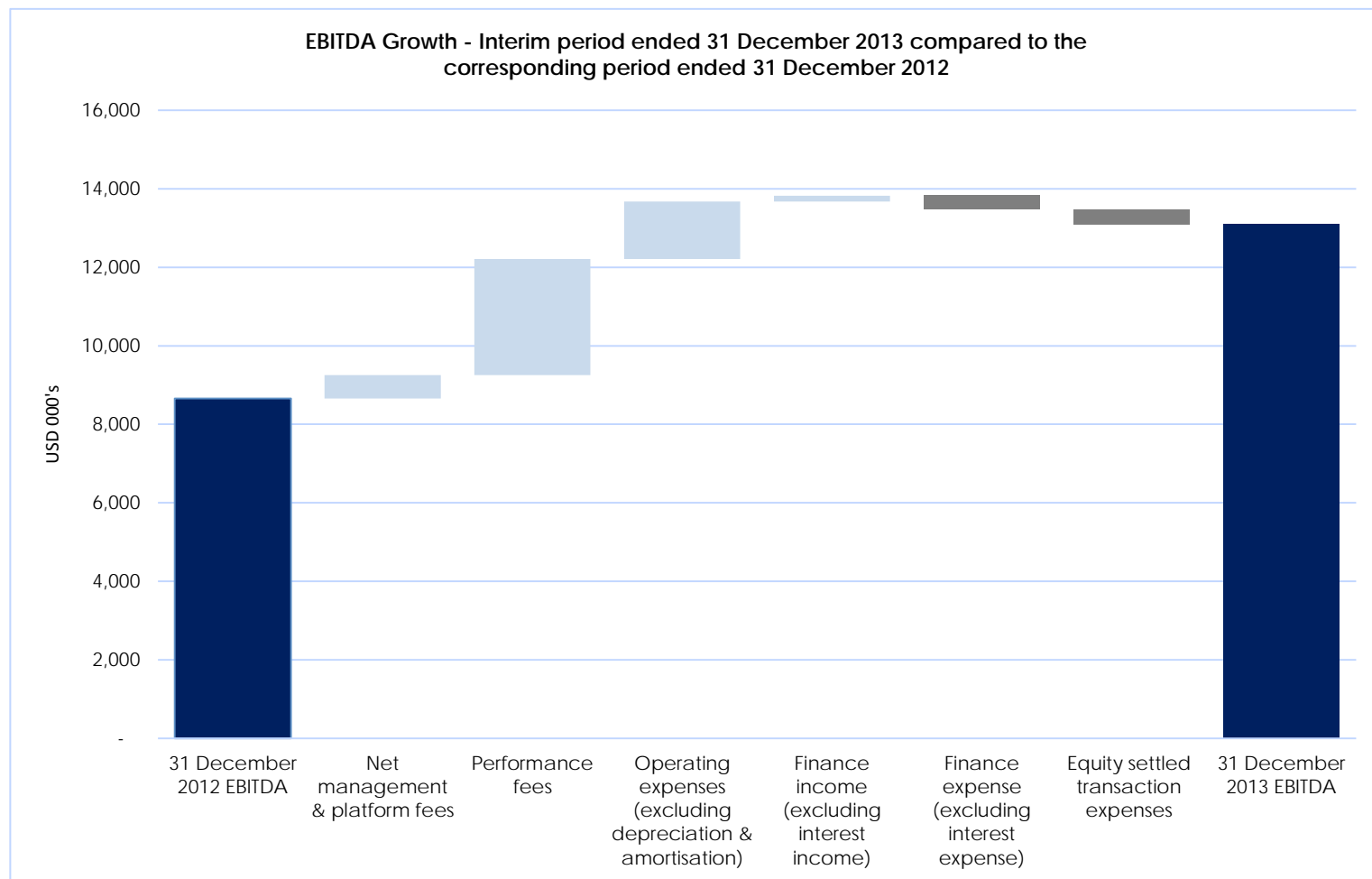


AUMA

↑ 6%

- \$8.1 billion (up 6% from \$7.6 billion at 30 June 2013).

Half year result driven by performance fee revenue and cost management



Summary of financial performance

USD '000	31 December 2013	31 December 2012	% Change
Revenue	35,491	33,632	6%
Investment management costs	(3,323)	(5,018)	(34)%
Operating income	32,168	28,614	12%
Operating expenses, excluding depreciation and amortisation	(18,720)	(20,178)	(7)%
Net finance costs, excluding interest income / (expense)	29	221	-
EBITDA (before equity settled transactions)	13,477	8,657	56%
Equity settled transaction expenses (non-cash)	(375)	-	(100)%
EBITDA (after equity settled transactions)	13,102	8,657	51%
Depreciation and amortisation	(4,946)	(4,910)	(1)%
Net interest expense	(1,258)	(1,153)	(9)%
Profit/(loss) before income tax	6,898	2,594	166%
Income tax expense	(14)	(12)	-
Net profit after income tax	6,884	2,582	167%
Basic EPS (cents)	3.908	1.919	

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15% increase in Group AUMA

AUMA	Lighthouse Partners	Certitude Global Investments	Total Group
31 December 2013	USD 7.304 billion	AUD 0.873 billion	USD 8.085 billion
30 June 2013	USD 6.790 billion	AUD 0.910 billion	USD 7.634 billion
% Change	+8%	-4%	+6%

Lighthouse

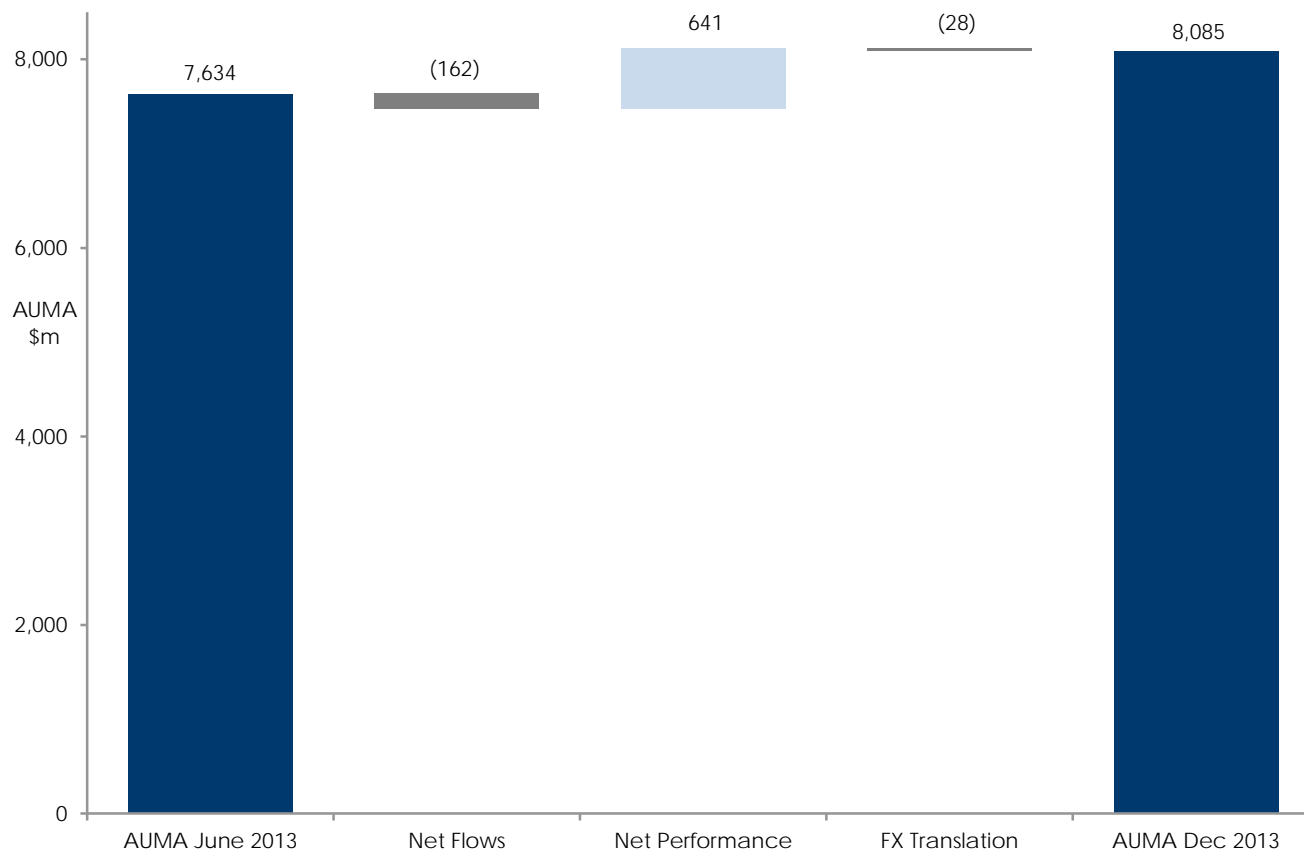
- Lighthouse has experienced a \$514 million increase in AUMA over the 6 months to 31 December 2013.
- Net outflows for the 6 months were \$90 million.
- AUMA grew \$604 million from investment performance.

Certitude

- Certitude's AUMA fell by AUD 37m over the 6 months to 31 December 2013.
- Net outflows of AUD 78 million was offset by AUD 41 million of performance growth.
- Approximately AUD 71 million of outflows were from closed-ended structured products, a portion of which pay nominal or nil fees.

AUMA growth from performance

HFA Holdings Limited - Consolidated USD AUMA movements for the six months ended 31 December 2013



Key Lighthouse Funds – performance

December 2013 Performance Estimates*

Lighthouse Fund of Funds	1 year	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
Lighthouse Diversified Fund LP	12.03%	5.73%	8.07%	5.11%	3.25%
Lighthouse V Fund Ltd	10.47%	4.75%	7.11%	4.25%	3.10%
Lighthouse Credit Opportunities Fund LP	14.19%	8.75%	12.58%	6.72%	4.13%
Lighthouse Funds of Managed Accounts	1 year	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
Lighthouse Global Long/Short Fund LP	20.38%	8.01%	7.85%	n/a	5.10%
Lighthouse Multi-Strategy Fund Ltd	10.24%	5.76%	6.46%	n/a	3.58%
Lighthouse Managed Futures Fund LLC	-5.69%	-3.78%	-0.70%	n/a	8.93%
Lighthouse Healthcare Series	25.34%	8.28%	12.32%	n/a	9.42%
Benchmarks	1 year	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
S&P 500 (with reinvested dividends)	32.41%	16.18%	17.93%	7.40%	12.11%
MSCI AC World Index	23.45%	10.32%	15.53%	7.72%	14.12%
Barclays Government / Credit Bond Index	-2.34%	3.63%	4.40%	4.52%	3.21%
91 Day US Treasury Bills	0.07%	0.10%	0.12%	1.68%	0.03%
HFRX Global Hedge Fund Index	6.72%	0.22%	3.73%	1.02%	4.17%

* Performance for HY14 is not audited and is based on estimates for December 2013. Therefore, all performance data herein for the Lighthouse Funds is subject to revision. Performance may vary among different share classes or series within a fund. Past performance is not indicative of future results.

Certitude Funds – performance

December 2013

	Performance					
	1 year	3 year (pa)	5 year (pa)	10 year (pa)	Since Inception (pa)	Since Inception Volatility (pa)
Threadneedle Global Equity Fund	49.62%	n/a	n/a	n/a	26.73% (05-Sep-2011)	n/a
<i>Benchmark: MSCI ACWI Gross (AUD unhedged)</i>	43.25%	n/a	n/a	n/a	26.87% (05-Sep-2011)	n/a
Threadneedle Global Equity Income Fund (Unhedged)	39.74%	n/a	n/a	n/a	41.69% (30-Nov-2012)	n/a
<i>Benchmark: MSCI ACWI Gross (AUD unhedged)</i>	43.25%	n/a	n/a	n/a	47.27% (30-Nov-2012)	n/a
Columbia Management Credit Fund	n/a	n/a	n/a	n/a	(1.71%) (15-Apr-2013)	n/a
<i>Benchmark: Barclays Global Aggregate Corporate Total return (AUD hedged)</i>	n/a	n/a	n/a	n/a	0.08% (15-Apr-2013)	n/a
GaveKal Asian Opportunities Fund	21.49%	8.10%	n/a	n/a	9.60% (12-Oct-2010)	9.31%
<i>Benchmark: MSCI AC Asia Pacific Index</i>	30.20%	8.58%	n/a	n/a	8.95% (12-Oct-2010)	8.76%
LHP Global Long/Short Fund (Wholesale)	20.65%	9.99%	9.25%	8.46%	6.99% (31-Mar-2001)	4.92%
<i>Benchmark: MSCI ACWI Net (100% hedged to AUD)</i>	27.99%	13.51%	16.54%	8.62%	6.30% (31-Mar-2001)	15.18%
LHP Diversified Investments Fund (Wholesale)	13.86%	8.64%	10.10%	5.16%	5.42% (31-Mar-2001)	6.37%
<i>Benchmark: HFRX Global Hedge Fund Index (100% hedged to AUD)</i>	9.60%	3.57%	6.98%	3.34%	4.89% (31-Mar-2001)	5.82%

Past performance is not an indicator of future performance.

Agenda

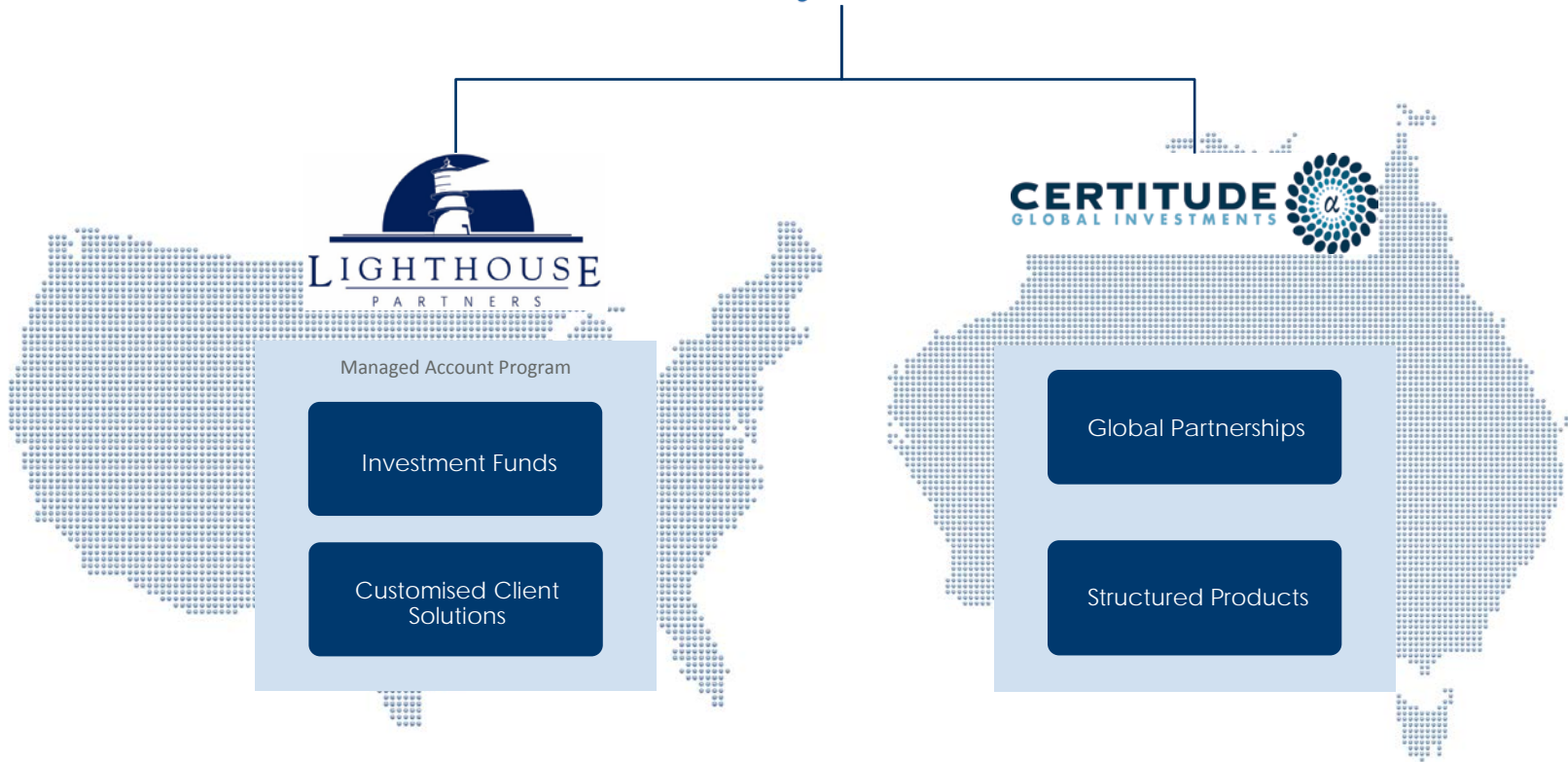
1. Financial Results

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... a diversified, global fund manager



Our focus remains on products, distribution and performance

Products

- New funds and services utilising Managed Account Program

- Well-known and respected Investment Partners
- Creation of active management "alpha" products
- Range of complimentary global investment strategies



Distribution

- Focus on broadening and deepening institutional relationships
- Continue to diversify across geographical areas, in particular Europe and Asia

- Move to a key account focus targeting specific segments and specific channels:
 - Retail (broaden existing)
 - HNW/SMSFs
 - Dealer Group Model Portfolios
 - Multi-Managers
 - Institutions (LHP only)

Performance

- Achieving absolute returns with greater transparency, control and flexibility

- Focus on providing active managers with a strong performance record on a risk adjusted return basis
- Broaden our original absolute return focus with other asset classes eg: global equities, global debt etc..

Lighthouse Investment Partners



Business profile

Employees	~ 77
Offices	Chicago, New York, Palm Beach Gardens, London, Hong Kong
Registration	Registered Investment Adviser with US Securities & Exchange Commission
Administrator of Funds	GlobeOp Financial Services

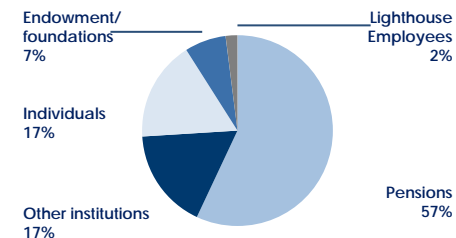
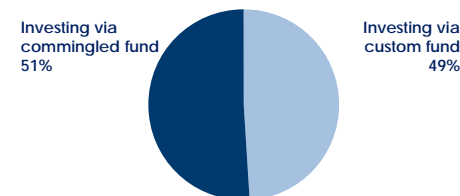
Fund Profile as at 31 December 2013

Funds	Strategy	% Managed account (offshore/onshore)	Inception ¹
Lighthouse Diversified	Multi-Strategy	89%/79%	August 1996
Lighthouse Credit Opportunities	Diversified Credit	84%/77%	January 2003
Lighthouse Global Long/Short	Global Equity Long/Short	100%	January 2004
Lighthouse Managed Futures	Managed Futures	100%	January 2006
Lighthouse Healthcare	Long/Short Healthcare Sector	100%	January 2007
Lighthouse Multi-Strategy Fund	Multi-Strategy	100%	January 2009
Lighthouse Asian Compass	Multi-Strategy, Asia Focus	94%	January 2010

¹ Inception relates to the Lighthouse vehicle of the particular strategy with the longest track record

Investor composition

as at 31 December 2013



The Lighthouse business is about underpinning consistent, risk-adjusted investment returns with strong investment governance primarily through **managed accounts**

• Daily visibility into positions aggregated across manager and portfolio

Transparency



• Legal structure allows for better asset protection

Protection



• Structural and operational decisions are made by Lighthouse to mitigate underlying manager's operational risks

Control



- Approximately 100 funded managed account investments
- Approximately 83% of Lighthouse AUMA is managed via managed accounts
- Protection through housing of assets in a segregated structure, no commingling of assets between managed accounts



A full range of self-directed and managed hedge fund solutions



Customised hedge fund exposure, strategies and funds

- Approximately 100 funded managed account investments across all major hedge fund strategies
- Can include Lighthouse managed accounts, investor-sourced hedge funds and Lighthouse Funds



Investment advisory services for experienced institutional investors

- Direct access to senior investment professionals
- Hedge fund strategy development and implementation



Evolution of current hedge fund program

- Increase transparency, centralise risk management, seek to reduce fees
- Core-satellite and completion program construction around current hedge fund investments
- Strategy and regional specific investments to complement existing allocations



Operational due diligence

- Lighthouse reviews an underlying manager to identify whether there is adequate internal control structures in place
- Enables investors and consultants to focus on investing while Lighthouse focuses on confirming sound operational controls and procedures



Opportunistic investments

- Ability to implement certain opportunistic investments as they arise (eg – special situations, spread dislocations)



Strive to simplify, streamline and integrate existing hedge fund/fund of hedge fund portfolios

- Centralising reporting, risk management and analytics (where daily position-level information is available)

Certitude Global Investments



Business profile

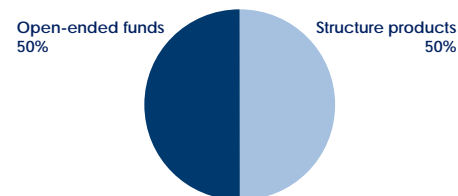
Employees	~ 23
Offices	Sydney, Brisbane and Melbourne
Registration	Responsible Entity Australian Financial Services Licence

Fund Profile

Funds	Strategy	Underlying manager	Inception
LHP Diversified Investments	Multi-Strategy	Lighthouse	March 2001
LHP Global Long/Short	Global Equity Long/Short	Lighthouse	March 2001
GaveKal Asian Opportunities	Asian	GaveKal Capital	October 2010
Threadneedle Global Equity Fund	Global equities (long only)	Threadneedle	September 2011
Threadneedle Global Equity Income Fund Unhedged	Global equities (long only), focus on dividend yield	Threadneedle	November 2012
Columbia Credit Fund	Global fixed interest	Columbia Management	April 2013
Structured Products	Capital Protected Funds with defined maturity dates to June 2016	Various	2003 to 2008

Investor composition

as at 31 December 2013



- Investors are primarily retail, held via platforms and master trusts
- AUD97m from institutional investors

The Certitude business is about distributing quality investment manager partners who focus on delivering **alpha** from **global investment strategies**



- Certitude selects high quality active investment managers from around the globe and brings their expertise to Australian investors
- These active solutions aim to deliver outperformance on a risk adjusted return basis allowing investors to complement their passive strategies with a strong risk management focus
- Certitude's investment partners are located across all the major financial markets and their selection is underpinned by a robust investment process



Certitude... Global partners, global view

GLOBAL
ALTERNATIVES



Lighthouse Investment Partners, LLC ('Lighthouse') is a US based investment manager dedicated to managing funds of hedge funds for diversification and absolute return. Lighthouse manages funds for a worldwide client base that includes corporations, university endowments, public and private foundations, pension plans, family offices, insurance companies and individual investors.

MULTI-ASSET



Marshall Wace GaveKal Asia Limited ('MWG') is incorporated in Hong Kong, and is a joint venture between Marshall Wace LLP ('Marshall Wace') and GaveKal Holdings Limited ('GaveKal'). This joint venture brings together GaveKal's knowledge of the Asia-Pacific region alongside the innovative product design, portfolio construction and disciplined risk management processes of Marshall Wace.

GLOBAL
EQUITIES



Threadneedle is a leading international investment manager with a strong track record of outperformance across asset classes. Threadneedle actively manages approximately US\$110bn of assets, investing on behalf of individuals, pension funds, insurers and corporations. Threadneedle's distinctive investment approach is based on creative thinking, sharing of ideas and rigorous debate.

GLOBAL
INCOME



Columbia Management Investment Advisers, LLC (U.S.) is one of the leading asset managers in the US with a competitive track record in global fixed income strategies since 1989. Columbia Management believes global bonds and currency are only partly efficient and that active management of global fixed income portfolios can add value for clients. They believe that adding value consistently requires an emphasis on risk-adjusted returns, in which the pursuit of outperformance is balanced against the active risk taken to generate that outperformance.

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Outlook

AUMA

- Expect a continuation of the trend towards a higher proportion of AUMA to be in customised solutions
- Improved markets over the past 12 months have led to growing investor confidence, which we hope to see translate into investment allocations
- Focus on expanding existing distribution channels for the Australian business

Products and performance

- Complete the development of the risk management software which will provide an even more powerful monitoring and risk management tool to be utilised by the Lighthouse Funds and their customised solutions clients
- Ongoing innovation with product design and offering to meet evolving client demands
- Products have been delivering against their stated investment objectives

Capital management

- The Group has continued to steadily accumulate cash on its balance sheet
- Unlikely to be any major change to dividend policy whilst the Convertible Notes remain outstanding
- Franking account utilised, 2014 final dividend to be partially franked, and dividends will be unfranked thereafter
- The Board will continue to explore the optimal capital/debt structure for the Group, and how this can be best designed to maximise shareholder returns. Sale of the Lighthouse business as reported recently by the media is not an option being considered.

Disclaimer

This presentation has been prepared by HFA Holdings Limited (**HFA**) and provides information regarding HFA and its activities current as at 12 February 2014. It is in summary form and is not necessarily complete. It should be read in conjunction with HFA's 31 December 2013 Interim Financial Report and the 30 June 2013 Annual Report.

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