



HFA Holdings Limited

# Annual General Meeting

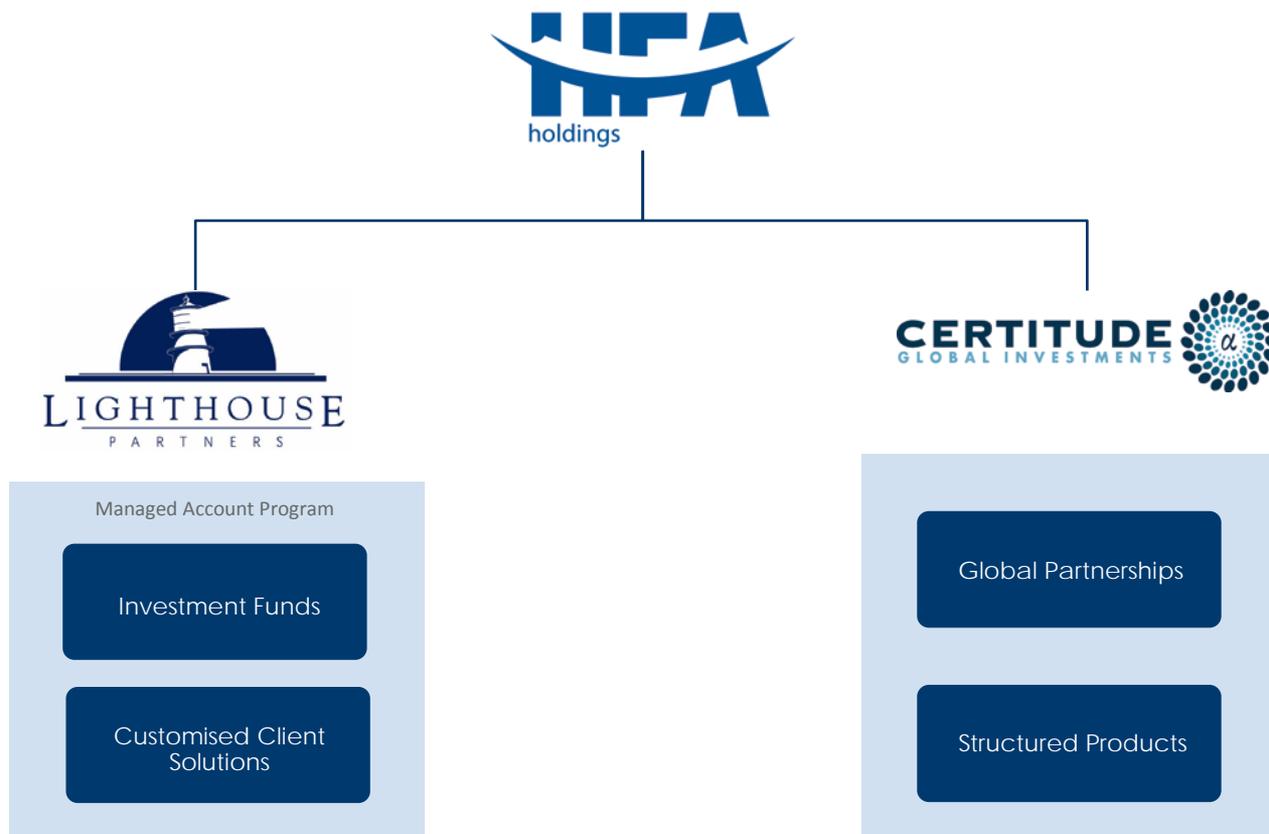
27 November 2013



1. Chairman's address – Mr Spencer Young

2. Formal Business

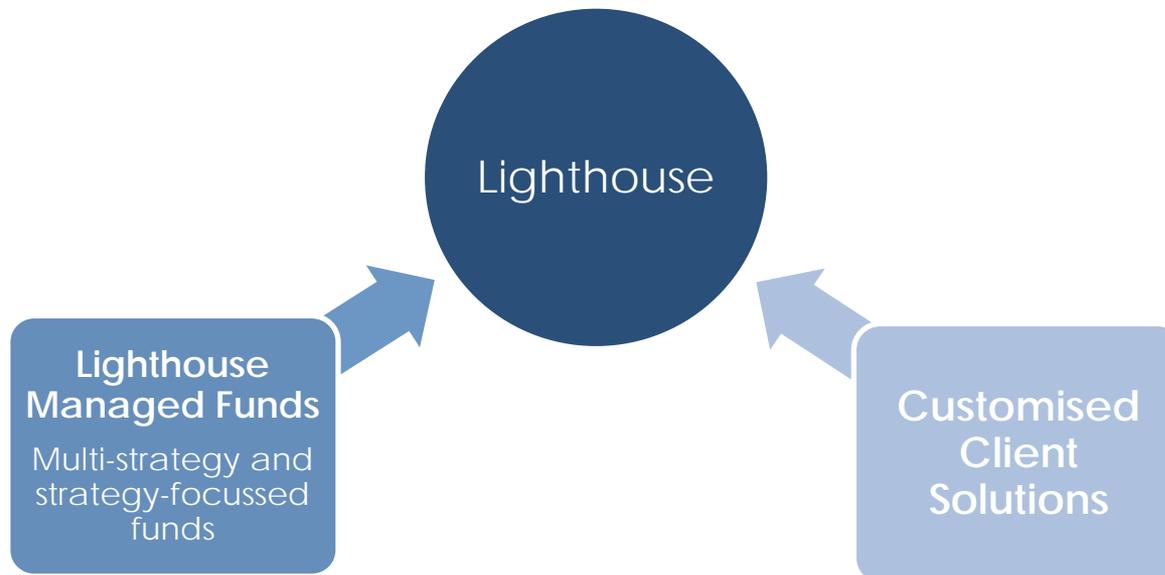
# HFA... a diversified, global fund manager



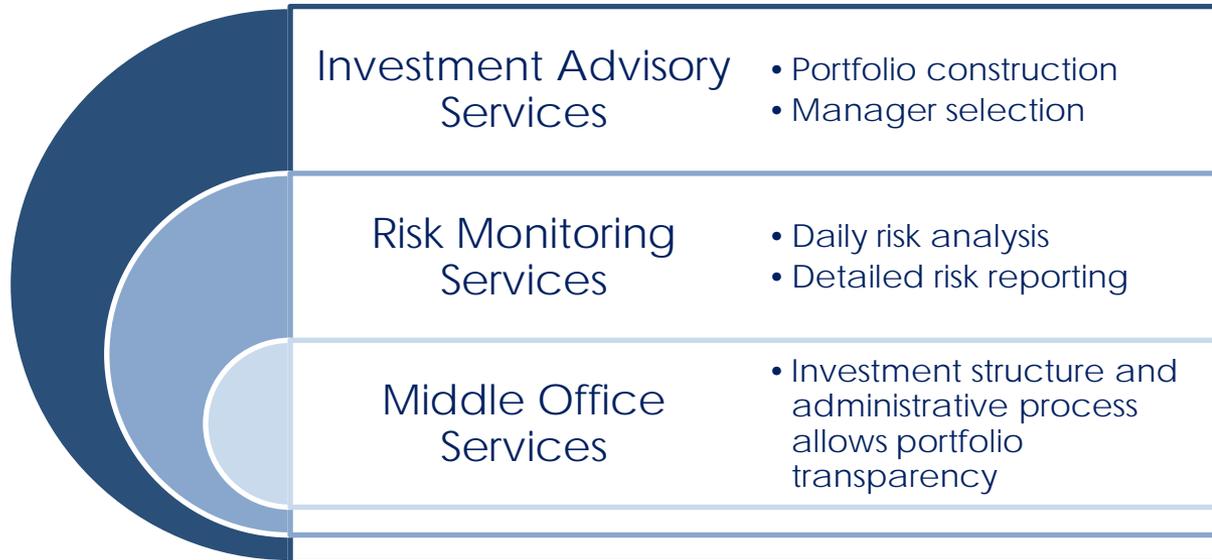


## Lighthouse...a global leader in managed accounts

- Lighthouse Investment Partners is a US based investment manager dedicated to managing funds of hedge funds for diversification and absolute return.
- Investor base spans North America, Europe, and Asia and includes high net worth individuals, family offices, endowments, foundations, trusts, investment banks, benefit plans, pension funds, healthcare and insurance companies.
- Lighthouse has developed two business lines, each of which utilise its proprietary managed account program.



# The Lighthouse Customised Client Solution



Investors can choose some or all of the available services depending on their own requirements, and fees are structured accordingly

- Lighthouse offers investors who are able to commit to a significant investment size the ability to access the benefits of the managed account structure in their own customised portfolio.
- Lighthouse is able to work closely with these investors to customise their alternative investment exposure and meet specific needs across middle office, risk monitoring and investment advisory services.
- New and existing clients have been attracted to the versatility of this solution to customise their investment and administration needs in alternative assets



## Certitude ... an independent provider of active managers



### What does Certitude do?

- Certitude selects high quality active investment managers from around the globe and brings their expertise to Australian and New Zealand investors
- These active solutions aim to deliver outperformance, or 'alpha', allowing investors to complement their passive strategies with a strong risk management focus

### Who are our investment partners?

- Certitude's investment partners are located across all the major financial markets and their selection is underpinned by a robust investment process

Lighthouse Investment Partners, LLC

GaveKal Capital Limited

Threadneedle Investments

Columbia Management

### FY13 highlights and milestones

- The Gavekal Asian Opportunities Fund won the Alternatives category in May 2013 in the Money Management/ Lonsec awards
- LHP Diversified Investments Fund received a highly recommended rating from Lonsec
- Launched the Threadneedle Global Equity Income Fund in November 2012
- Launched the Columbia Management Credit Fund in April 2013
- Hosted its inaugural Global Investments Forum in March 2013, discussing key global investment strategies and their role in a reducing cash return market
- Launched distribution into the New Zealand market in September 2012
- Successfully wound-up the first of the legacy structured products

# 2013 results overview



## HFA Holdings (Group)

- AUMA of USD 7.6 billion, up 15%
- Group revenue steady at USD 66.1 million
- EBITDA up 16% to USD 17.6 million
- Final dividend of USD 3.0 cps (total FY13 dividends of USD 6.0 cps)
- Strong balance sheet



## Lighthouse

- AUMA increase of 19% to USD 6.8 billion
- Positive investment performance delivered USD 1.3 million in performance fees
- Customised client solutions business has been the key growth area



## Certitude

- AUMA remained steady at AUD 0.9 billion
- Inflows of AUD 59 million invested during the year
- 33% of gross outflows related to legacy structured products
- Continues to enable clients to enhance their global asset exposure in portfolios

All figures are in USD unless otherwise indicated

# Key 2013 Financial Outcomes

## Income

- Operating Income**
  - Operating income of \$57.5 million (2012: \$54.8 million).
    - Lighthouse operations contributed \$52.3 million, up 10%.
    - Certitude operations contributed \$5.2 million, down 27%.
  - Management fee revenue was down slightly on the prior year at \$63.2 million, however this was offset by a \$2.2 million increase in performance fees.
  - Investment management costs representing third party distribution payments fell during 2013

## Expenses

- Operating Expenses**
  - Operating expenses (excluding non-cash depreciation, amortisation and equity settled transaction costs) remained steady at \$39.5 million.

## Earnings

- Operating EBITDA**
  - The increase in net operating income led to a 16% increase in EBITDA to \$17.6 million.
- NPBT & NPAT**
  - Pre-tax earnings and net profit after tax were \$5.6 million, up on the prior year result of \$2.7 million.

## Debt

- Bank Debt**
  - \$24.3 million as at 30 June 2013 (30 June 2012: \$26.3 million).

All figures are in USD unless otherwise indicated

# Balance sheet continues to strengthen

## Cash & term deposits *less* Bank debt

*Debt excludes the Convertible Note debt component:*



- Debt matures March 2016
- Steady on-going repayment of bank loan principal
- Board is considering the best use of cash

All figures are in USD unless otherwise indicated

## Continued growth in AUMA

AUMA	Lighthouse Partners	Certitude Global Investments	Total Group
30 September 2013	USD 7.083 billion	AUD 0.846 billion	USD 7.870 billion
30 June 2013	USD 6.790 billion	AUD 0.910 billion	USD 7.634 billion
30 June 2012	USD 5.705 billion	AUD 0.926 billion	USD 6.649 billion

- Group**
  - Group AUMA approaching USD 8.0 billion.
- Lighthouse**
  - Net inflows contributed USD 565 million, whilst positive investment performance added USD 520 million over the year.
- Certitude**
  - Certitude's AUMA has remained steady since 30 June 2013. The fall subsequent to 30 June 2013 relates largely to the schedule closure of the next legacy structured product. As fees have been waived on this fund since 2008, this does not impact Group revenue.

# Lighthouse Funds – performance after-fees (USD)

September 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	7.21%	5.26%	4.08	4.80%	3.30%
Lighthouse V Fund Ltd	6.52%	3.92%	3.92%	3.96%	2.99%
Lighthouse Credit Opportunities Fund LP	10.96%	9.75%	6.07%	6.80%	4.87%
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	16.34%	7.80%	6.28%	n/a	5.11%
Lighthouse Multi-Strategy Fund Ltd	8.49%	5.91%	n/a	n/a	3.75%
Lighthouse Managed Futures Fund LLC	-12.97%	-3.69%	0.11%	n/a	9.52%
Lighthouse Healthcare Series	17.74%	9.18%	10.51%	n/a	9.69%
Benchmarks	1 year	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
S&P 500 (with reinvested dividends)	19.35%	16.26%	10.01%	7.56%	12.41%
MSCI AC World Index	18.38%	10.80%	8.29%	8.41%	14.68%
Barclays Government / Credit Bond Index	-1.94%	2.89%	5.71%	4.52%	3.34%
91 Day US Treasury Bills	0.11%	0.10%	0.16%	1.70%	0.03%
HFRX Global Hedge Fund Index	5.14%	0.51%	0.37%	1.09%	4.36%

\* Performance for 2013 is not audited and is based on estimates for September 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 after-fees(AUD)

September 2013

	Performance					
	1 year	3 year (pa)	5 year (pa)	10 year (pa)	Since Inception (pa)	Since Inception Volatility (pa)
<b>Threadneedle Global Equity Fund</b>	<b>32.73%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>22.54%</b> <b>(05-Sep-2011)</b>	<b>n/a</b>
<i>Benchmark: MSCI ACWI Gross (AUD unhedged)</i>	31.65%	n/a	n/a	n/a	23.50% (05-Sep-2011)	n/a
<b>Threadneedle Global Equity Income Fund (Unhdg)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>29.06%</b> <b>(30-Nov-2012)</b>	<b>n/a</b>
<i>Benchmark: MSCI ACWI Gross (AUD unhedged)</i>	n/a	n/a	n/a	n/a	31.18% (30-Nov-2012)	n/a
<b>Columbia Management Credit Fund</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>(-3.07%)</b> <b>(15-Apr-2013)</b>	<b>n/a</b>
<i>Benchmark: Barclays Global Aggregate Corporate Total return (AUD hedged)</i>	n/a	n/a	n/a	n/a	(-1.46%) (15-Apr-2013)	n/a
<b>GaveKal Asian Opportunities Fund</b>	<b>18.79%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>7.42%</b> <b>(12-Oct-2010)</b>	<b>n/a</b>
<i>Benchmark: MSCI AC Asia Pacific Index</i>	29.18%	n/a	n/a	n/a	7.29% (12-Oct-2010)	n/a
<b>LHP Global Long/Short Fund (Wholesale)</b>	<b>16.80%</b>	<b>9.88%</b>	<b>8.58%</b>	<b>8.38%</b>	<b>6.73%</b> <b>(31-Mar-2001)</b>	<b>4.94%</b>
<i>Benchmark: MSCI ACWI Net (100% hedged to AUD)</i>	22.68%	13.63%	8.86%	8.95%	5.75% (31-Mar-2001)	15.28%
<b>LHP Diversified Investments Fund (Wholesale)</b>	<b>9.87%</b>	<b>7.54%</b>	<b>4.50%</b>	<b>4.74%</b>	<b>5.08%</b> <b>(31-Mar-2001)</b>	<b>6.39%</b>
<i>Benchmark: HFRX Global Hedge Fund Index (100% hedged to AUD)</i>	8.07%	3.98%	3.09%	3.43%	4.74% (31-Mar-2001)	5.87%

Past performance is not an indicator of future performance.

# Outlook

- Challenges for our clients present opportunities for us...

Lighthouse institutional clients are seeking alternative asset exposures, but only if they can provide:

- **Flexibility** – to be able to tailor exposures, risk and return profiles to meet the individual client's needs
- **Transparency** - to be able to look through to the underlying asset positions, and meet internal reporting demands and regulatory reporting requirements and standards
- **Security** - that assets can be liquidated when necessary, and not caught in a fund-of-fund lock up chain

Lighthouse has built out the infrastructure which can provide all these needs, whilst giving added benefits of administrative cost savings and timely risk management and analysis.

Lighthouse anticipates a demand by US retail investors to also access the investment benefits of their multi-strategy and single-focussed hedge funds.

To meet the different needs of retail investors, which generally involve a requirement for access to their funds on short notice, Lighthouse is enhancing its product range through:

- Creation of a fund for distribution by **361 Capital** – a US platform which distributes hedge funds to US retail investors, and in which Lighthouse acquired a 10% stake in 2012 to be able to tailor exposures, risk and return profiles to meet the individual client's needs
- Exploring the creation of other products which can offer daily or weekly liquidity to investors

# Outlook

Exciting opportunities also exist in the Australian space.

- Lower interest rates are pushing investors to reassess their overweight cash allocations
- Global investments are under-represented in most Australian investor portfolios, creating an opportunity
- Stronger Super regulations and reporting requirements provide an opportunity to assist the superannuation space through the managed account program

Certitude will work closely with Lighthouse to take advantage of the opportunities presented, particularly in relation to enhancing liquidity of the existing open-ended Lighthouse funds in Australia, and promoting the benefits that be obtained by superannuation funds from Lighthouse Customised Client Solutions offering.

1. Chairman's address

2. Formal Business

## Proxies Received – Resolution 2

“That the Remuneration Report as it appears on pages 32 to 40 inclusive of the Directors' Report for the financial year ended 30 June 2013 be adopted.”

	Votes	Percentage
For	5,338,367	53.41%
Open	82,169	0.82%
Against	4,574,891	45.77%
Excluded/Abstained	42,376,474	

## Proxies Received – Resolution 3b

“That Mr Michael Shepherd who retires by rotation in accordance with clause 8.1(d) of the constitution of the Company and, being eligible, offers himself for re-election, be elected as a director of the Company.”

	Votes	Percentage
For	35,899,914	89.23%
Open	86,919	0.82%
Against	4,245,342	45.77%
Excluded/Abstained	19,466,436	

## Proxies Received – Resolution 3b

“That Mr Grant Kelley who retires by rotation in accordance with clause 8.1(d) of the constitution of the Company and, being eligible, offers himself for re-election, be elected as a director of the Company.”

	Votes	Percentage
For	39,843,640	99.03%
Open	86,919	0.22%
Against	301,616	0.75%
Excluded/Abstained	19,466,436	

## Proxies Received – Resolution 3c

“That Mr Michael Fox, having been nominated by the directors in accordance with clause 8.1(k)(2) of the constitution, be elected as a director of the Company.”

	Votes	Percentage
For	39,840,340	99.66%
Open	86,919	0.22%
Against	49,616	0.12%
Excluded/Abstain	19,721,436	

## Proxies Received – Resolution 4

“To approve the grant of Calendar Year 2012 performance rights to the executive director and CEO of Lighthouse, Mr Sean McGould or his nominee, under the Company’s 2008 Performance Rights Plan, as described in the explanatory notes.”

	<b>Votes</b>	<b>Percentage</b>
For	26,141,599	64.96%
Open	80,613	0.20%
Against	14,021,119	34.84%
Excluded/Abstain	19,422,905	

# Important information

This presentation has been prepared by HFA Holdings Limited (**HFA**) and provides information regarding HFA and its activities current as at 27 November 2013. It is in summary form and is not necessarily complete. It should be read in conjunction with HFA's 2013 annual report. All figures in the presentation are USD unless otherwise stated.

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