



14 February, 2013  
ASX/MEDIA ANNOUNCEMENT

## HFA HOLDINGS LIMITED – HALF YEAR RESULTS

### KEY POINTS – HALF YEAR TO 31 DECEMBER, 2012

- Assets Under Management and Advice (AUMA) of \$7.1 billion, up 7%
- Operating income of \$28.6 million (2011: \$26.7 million)
- Net loss profit tax of \$2.2 million (2011: \$2.2 million loss) a combination of improved operating income and lower personnel expenses
- Lighthouse Partners increased AUMA by 8% to \$6.2 billion
- Interim dividend of US 3.0 cent per share, fully franked

### Consolidated Group operating and financial overview

HFA Holdings' momentum continues for the first half of 2013, with a 7% increase in Assets Under Management and Advice (AUMA) for the 6 months to 31 December 2012, taking the Group's AUMA to USD 7.1 billion.

The Company has announced a net profit after tax for the half year of \$2.2 million. This result is a positive turnaround on the \$2.2 million loss recorded for the same period in the prior year. Operating income grew 7% to \$28.6 million, and operating expenditure decreased 6%, combining to provide a significant upswing in EBITDA to \$8.7m for the 6 months.

The board has determined to pay an interim dividend of 3.0 cents per share, fully franked.

The Group has retained its strong balance sheet position of nil net debt excluding the \$21.4 million of Mandatory Convertible Notes that are classified as debt on the balance sheet.

Spencer Young, HFA Chairman, says that the 2013 half-year result demonstrates continuing steady progress on the part of each of its underlying businesses.

### Lighthouse Partners

Lighthouse is a US-based investment manager dedicated to managing fund-of-hedge funds for diversification and absolute return. Both its managed funds and customised client solutions business use its proprietary managed account program to, respectively, manage a number of multi-strategy and strategy-focused funds and develop tailored solutions for sizeable strategic clients.

As at 31 December 2012, AUMA for Lighthouse increased by 8% since 30 June 2012, from \$5.7 billion to \$6.2 billion. The increase was mainly as a result of positive product performance over the six months, as well as net flows into its customised client solutions business.



Lighthouse's net operating income is up 12% on the prior year to \$26.1 million, which includes \$900,000 of performance fee revenue for the six months.

Lighthouse continues to work closely with large strategic partners to customise their alternative investment exposure. Significant further development of the managed account program will occur over the short-to-medium term, and Lighthouse believes that this will allow them to broaden and enhance the customised solutions they can offer to these key strategic clients.

### **Certitude Global Investments**

Certitude is an Australian-based provider of global investment management, selecting leading active managers from around the globe and bringing their expertise to Australian investors. Certitude's approach is to use its worldwide connections and strong partnerships to translate complex global events into simplified investment intelligence.

Whilst Certitude's AUMA decreased by AUD28 million (or 3%) over the six months to 31 December 2012. This was mainly due to the anticipated maturity of some of its close-ended products (which accounted for AUD17 million of outflows) and AUD 24 million of redemptions from legacy structured products with relatively low management fee rates.

As announced last week, Certitude expects to see recent mandate wins of AUD120 million funded within the next few months. Australian business CEO, Mr Craig Mowll, says that the mandate wins are a positive signal that Certitude's strategy to distribute high quality global investment products that are liquid, transparent and simple is gaining traction. "These new mandates signify a high degree of confidence in Certitude and in our global investment partners." he said.

As foreshadowed in the 2012 annual report, Certitude's net operating income was significantly impacted by the reduction in management fees earned from the HFA Octane Global Funds, which were fully allocated to cash exposure at the end of September 2012, with the result that management fees fell from 1.3%pa to 0.1%pa. Certitude's net operating income for the half year was AUD2.5m, down 25% on the same period last year. Controlling operating costs will continue to be a key focus for the Australian business.

### **Dividends**

The directors have as at the date of this report determined an interim dividend of United States (US) 3.0 cents per share. The dividend will be paid on 29 March 2013 to all shareholders registered on the record date of 4 March 2013. The dividend will be fully franked for Australian taxation purposes.

HFA dividends are determined and declared in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the foreign exchange rate on the record date of 4 March 2013.



HFA Holdings Limited  
ACN 101 585 737

The interim dividend is not necessarily an indicator of future dividend policy. In addition, based on the Company's franking account balance, it is expected that any final dividend paid by the Company in relation to the 2013 financial year will be approximately 50% franked, and that dividends paid thereafter are unlikely to be franked.

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