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ASX/MEDIA ANNOUNCEMENT

## **HFA Holdings Limited – Full Year Results**

### **Highlights for the financial year to 30 June 2010**

#### **Earnings**

- Net income of \$60.62 million (2009: \$95.54 million)
- Operating EBITDA of \$24.09 million (2009: \$40.25 million)
- Pre-tax profit of \$6.30 million (2009: loss of \$580.46 million)
- Net profit after tax of \$4.70 million (2009: loss of \$573.18 million)

#### **Cash flows**

- Operating cash flows of \$29.40 million (2009: \$42.54 million)

#### **Assets under management and fund flows**

- Assets Under Management (AUM) of \$5.54 billion (2009: \$6.16 billion)
- Funds Under Management (FUM) of \$5.51 billion (2009: \$5.62 billion)
- Lighthouse Partners AUM up 11% with positive net inflows

#### **Business operations**

- Lighthouse Managed Account program completed during FY10
- Australian business re-branded and re-positioned subsequent to year end

International fund manager holding company HFA Holdings Limited (ASX: HFA) has today reported EBITDA of \$24.09m and Operating Cash Flow of \$29.40m for the year to 30 June, 2010, with the company's US operations recovering strongly from the impact of the GFC and the Australian business recently undergoing a major re-positioning to deliver future growth.

Total Funds Under Management (FUM) fell less than 2% to \$5.51 billion for the year to 30 June 2010, demonstrating a stabilisation of the Group's FUM coming out of the GFC. Reflecting a general deleveraging of investment products globally, HFA reduced its own product leverage, resulting in Assets Under Management (AUM) of \$5.54 billion.

The Lighthouse business continued the strong recovery from the first half into the second half with an 11% increase in AUM for the year. Lighthouse contributed 78% of the Group's total net income of \$60.62 million and 89% of Operating EBITDA of \$24.09 million for the full year.

HFA's pre-tax earnings were \$6.3 million for the year to 30 June, 2010, with a net profit after tax of \$4.70 million compared to a net loss in 2009 of \$573.18 million. The 2009 financial results were severely impacted by non cash impairments and write-downs of \$599.53 million related to the acquisition of Lighthouse in 2008.



HFA Chief Executive Officer Spencer Young said the full year results were a strong positive as the company had now dealt with the ramifications of the GFC and had emerged as a leader in the global alternate investment industry through its development and utilisation of the managed accounts program at Lighthouse. The managed account program delivers enhanced transparency, liquidity and asset security which are of primary concern to investors in the post-GFC environment.

“The Lighthouse result was particularly pleasing and we are looking forward to further improvements in the current year as the business begins to feel the full positive impact of its industry-leading approach to investment via Managed Accounts,” he said.

As one of the largest fund of managed accounts providers in hedge fund products globally, Lighthouse's managed account program has been well received by its existing and new clients, with 70% of all inflows received during FY10 going to Lighthouse products which have 100% of their assets invested via the managed account program.

The Lighthouse business will continue to focus on the development and distribution of its managed account program, in particular focussing on broadening distribution not only geographically, but also into the larger institutional investor space.

HFA recently announced it had re-branded its Australian business as Certitude Global Investments (Certitude) and re-positioned the business as a multi-asset class active funds manager.

“Our Australian business continued to feel the pressure from the structural upheaval of the Australian retail fund management market. We are beginning to see evidence of a stabilisation in the local market and have recently re-positioned the business to maximise opportunities as the investment environment returns to more historically normal levels,” he said.

Certitude replaces the HFA Asset Management (HFAAM) brand across the Group's new product marketing and branding in Australia, while “HFA” is retained as a sub-brand for a number of products which are currently offered under the HFA Asset Management name.

Certitude will provide simple and transparent access to some of the world's leading active investment managers. Certitude will retain HFAAM's market leading expertise in absolute returns and multi-manager products and envisages a pivotal ongoing role for products sourced from Lighthouse with their managed account program capabilities and benefits.

These changes at Certitude are being driven by experienced financial services executive Craig Mowll as the newly appointed Chief Executive Officer.

Mr Young said the open architecture model adopted by the Australian business would allow a broader investment offering with the opportunity to expand its investment base beyond its traditional IFA-sourced retail investor base.

The successful implementation of the new business strategy under the Certitude brand, including the introduction of high quality single manager products that are liquid, transparent and simple, will lay the foundations for renewed AUM growth and profitability over the medium-term.



**HFA Holdings Limited**  
**ACN 101 585 737**

The GFC has changed the global funds management landscape, with investors from institutional through to retail requiring enhanced transparency, liquidity and security of assets in their investments. Both the Lighthouse and the Certitude business have focussed their strategies on meeting these demands in their product offerings. In addition, both businesses will actively pursue a diversification of their traditional distribution channels.

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