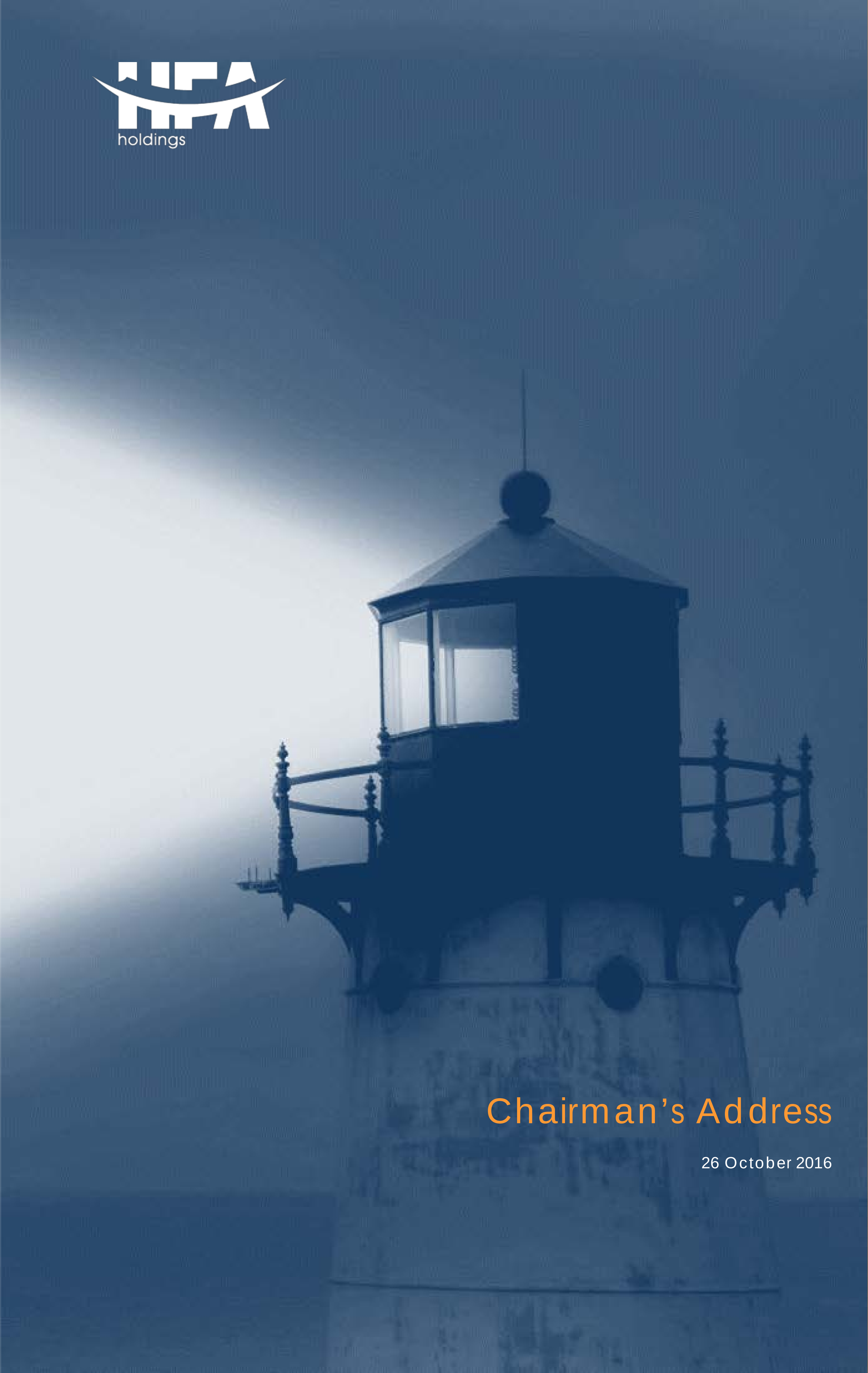


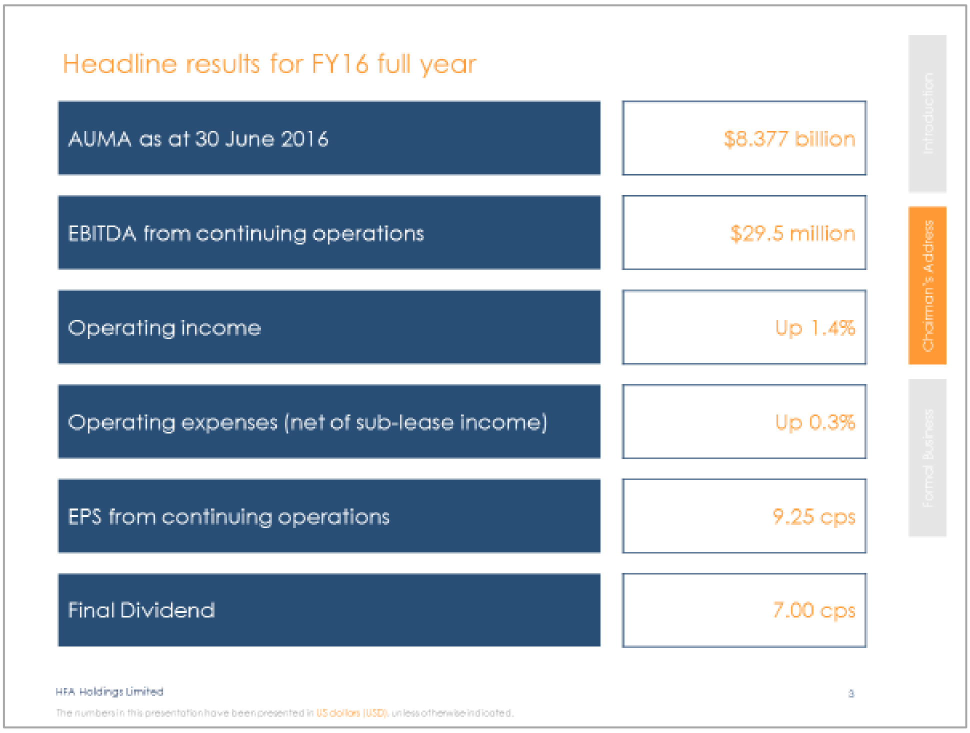
Chairman's Address

26 October 2016

2016 Annual General Meeting

1 Chairman's Address by Michael Shepherd

1.1 Operating performance



2016 was a year that required the business to focus on steering our investment portfolios through what were challenging conditions for global hedge fund investing. We were proved correct in our belief that the industry would face headwinds from a complex macro environment, sluggish sector performance and some large investors moving away from hedge funds.

With Assets under Management and Advice, or AUMA, remaining relatively stable across the financial year, it was no surprise that our underlying operating result showed a modest 2.3% improvement on the prior year, with the Group delivering underlying earnings before interest, tax, depreciation and amortisation from continuing operations (EBITDA) of $29.5 million.

Revenue from management and platform fees was up 2.6% or $1.8 million to $70.1 million. Pleasingly, this is the third consecutive half-year period of increased fees. It is this increase which drove the improvement on the prior year result, as unsurprisingly the difficult market conditions meant that performance fees for the year were only $420 thousand, a 71% decrease on the prior year.

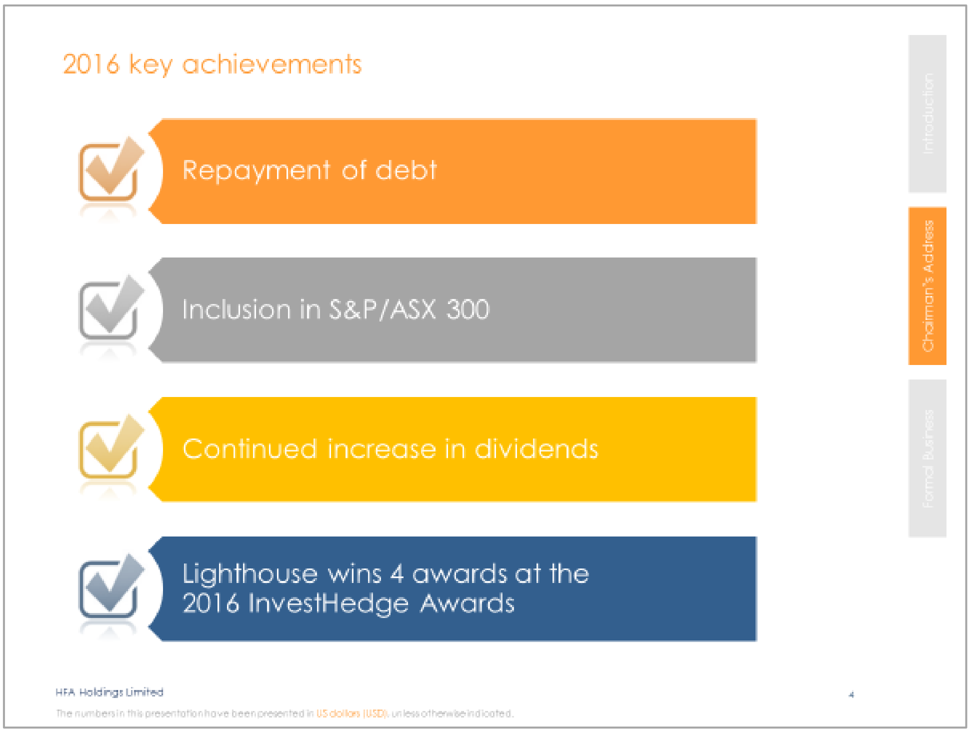
The business also managed its costs so that there was only a $200,000 increase in operating expenses as compared to the prior year. We believe this result is a testament to management's ability to be responsive in controlling operating the costs of the business in response to both internal and external conditions. We are prudent in the timing of introducing new costs, particularly in the areas of personnel and technology, to ensure that we manage costs. However, we do not compromise our ability to maintain customer service and grow the business.

Markets created a number of challenges last year, and the hedge fund industry as a whole performed below expectations. Performance in the industry was impacted by a number of key events and factors across the year, including:

- declining to negative interest rates across much of the developed world;
- concerns around growth in China;
- the effects of the oil price dislocation; and
- political uncertainty including but not limited to the vote by Great Britain to leave the European Union (or Brexit) and the controversial US Presidential race.

These issues, among others, made it complicated for hedge fund strategies to perform. We believe that our portfolios held up better than the rest of the industry given our focus on finding unique and differentiated return streams. From our daily data, we are now starting to see returns and alpha production normalise.

1.2 2016 key achievements



Despite the difficult operating conditions, there were several key highlights for the business last year.

1.2.1 Repayment of debt

Particularly pleasing for those of us who have been involved with HFA for a number of years was the repayment in full of the Group's external debt facility in March this year. The HFA board considers the repayment of our original $128 million facility over the past 8 years a milestone event. The debt represented the last remaining legacy item from the difficult times the Group experienced during and after the global financial crisis.

1.2.2 Inclusion in the S&P/ASX 300

In another positive, HFA was admitted into the S&P/ASX 300 Index in the September 2015 rebalance. This is the first time HFA has been included in an S&P/ASX index since June 2009. The inclusion is an acknowledgement of the work put into strengthening our operations and capital structure over the past few years, and should increase our visibility to investors in the Australian market.

1.2.3 Continuation of year-on -year increase in dividends

I'm very pleased that HFA has been able to deliver year-on-year growth in the dividends paid to our shareholders over the past 5 years. Dividends for the 2016 financial year were US 12 cents per share, a 14% increase on the prior year and represents a dividend payout ratio of 67% of FY16 EBITDA.

The Company has revised its dividend policy to apply from the 2017 financial year to paying a dividend of between 70% to 80% of EBITDA. Dividends will by unfranked, however may have conduit foreign income credits attached.

The payment of dividends will be subject to corporate, legal and regulatory considerations.

The above policy allows the HFA Group to retain a portion of cash generated from operating activities. These funds will be available to make additional investments into Lighthouse Funds where such investments further the overall operating interests of the Group. In addition, we will be able to act on external investment or acquisition opportunities as and when they may arise.

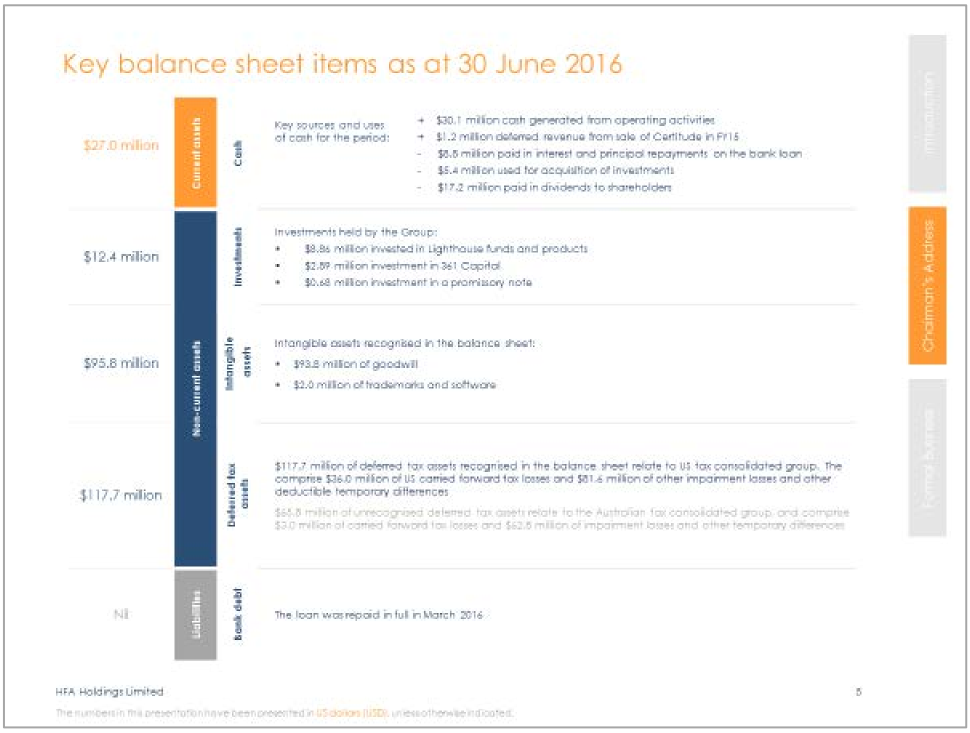
1.2.4 2016 InvestHedge awards

I would also like to acknowledge Lighthouse's recent success at the 2016 InvestHedge awards held in September, where they picked up four awards:

- Best three year performance in the Global Equity category;
- Best three year performance in the Global Multi-Strategy over $1 billion category;
- Best ten year performance in the Global Equity category; and
- Best Group performance over three years.

The Best Group Performance award is considered one of the most prestigious of those awarded, as the criteria is based on risk-adjusted, relative and absolute performance across a firm's range of funds over a three year period. This award is particularly pleasing as it not only acknowledges what a great team of people we have at Lighthouse, but also validates our belief of the structural advantage we have with our proprietary managed accounts platform.

1.3 Lighthouse fund investments and other strategic investment opportunities



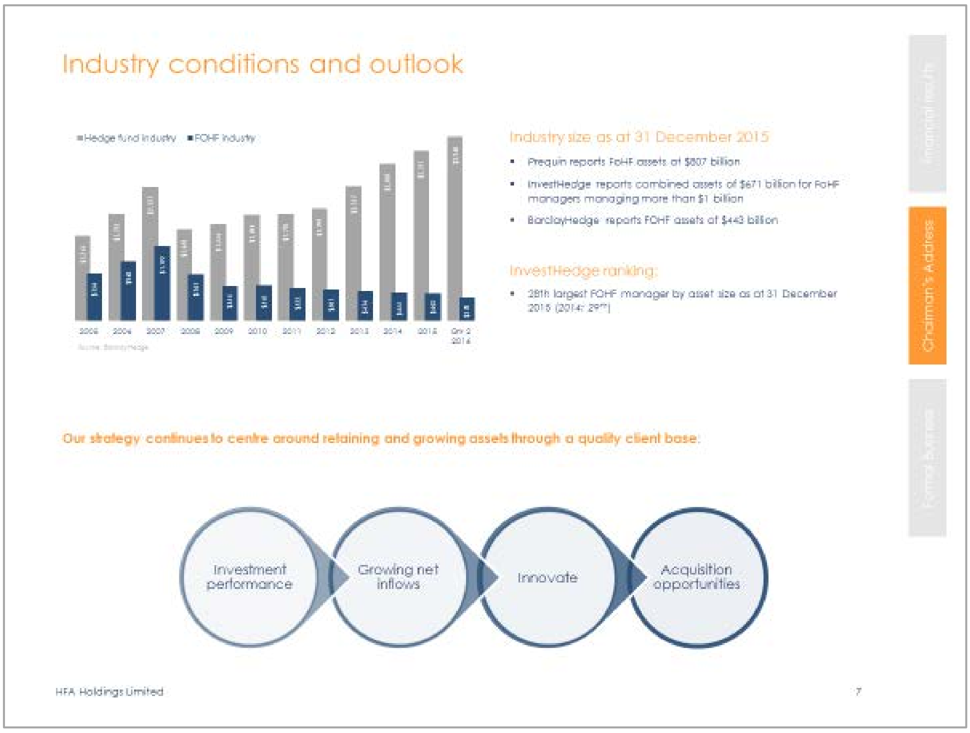
With the completion of our capital management activities in the previous year and the extinguishment of our loan facility in March 2016, the Board and management have been able to focus on strengthening our balance sheet and exploring strategic and complementary opportunities.

We continue to maintain a healthy cash position in the Group. Our key uses of cash generated by operating activities relate to payment of dividends, repayment of debt and investments in Lighthouse funds and products.

The Group allocated $3.7 million for increased investment in the Lighthouse Funds during the year. This has been done for a variety of reasons, including creating a more visible alignment of interests between Lighthouse and our clients and providing seed investment to commence a performance track record for new products.

There were also several opportunities which the HFA Group took advantage of during the 2016 financial year to take small strategic positions in some start-up entities. We see these investments as having interesting synergistic opportunities for Lighthouse. As with the investment we made with 361 Capital, LLC in 2012, these investments are in businesses which have the potential to become profitable operations, and also offer valuable insights into evolving market practices and technologies.

1.4 Industry conditions and outlook



Over the next year or two we expect to see some consolidation in the fund-of-hedge-funds industry as managers search for growth strategies. This industry faced continued outflows during the first half of 2016. According to data published by BarclayHedge, as at 31 December 2015 the assets in fund-of-hedge-funds had dropped by two-thirds since its 2007 peak, and the number of firms in business had shrunk by 36% over the same period.

Data on the fund-of-hedge-funds industry varies depending on its source. However, a common theme across them is net outflows for the first half of 2016. This contrasted with an upward trend in total assets in the broader hedge fund sector. Despite this evidence of a shrinking fund-of-hedge-funds industry, Lighthouse has grown over the past 5 years, and maintained its assets in the challenging conditions of the most recent 2 years.

Our strategy for growing the business remains built on 4 pillars:

1.4.1 Investment performance

The core of the Lighthouse business is creating consistently positive, low-volatility investment returns for clients. Lighthouse will continue to develop its data analytics capability so that we have the tools to appropriately risk manage our portfolios.

Positive investment performance provides the fundamental basis for retaining and growing assets under management.

1.4.2 Generating net inflows

Client service is a strong focus throughout Lighthouse. A high level of client service provides the right environment to ensure we retain our existing clients, and to demonstrate to potential clients the value that we can offer them.

At present, our gross inflow of assets is fairly balanced between existing and new clients.

Lighthouse will continue to pursue new distribution markets in Asia, the Middle East and Europe. We have had some pleasing success in securing new mandates in Japan in August this year, and have expectations that this is the start of meaningful flows from this region.

1.4.3 Innovation

Financial services has seen a huge evolution in technology over recent years. Within the funds management industry changes and improvements in technology and data management have meant significant changes in not only how fund managers operate, but also in how clients expect to be serviced.

Lighthouse has a history of forward-thinking, and was a first-mover in creating its own proprietary managed account platform. Recently, Lighthouse has also refined its proprietary risk systems, and is now able to utilise factor-based modelling with data generated from these systems. Lighthouse can now model intra-day risk and P&L for its equity managers. This will lead to streamlining our investment process and allow better sourcing of investments. It will also create a new differentiator which can be easily demonstrated to clients and potential clients.

1.4.4 Acquisition opportunities

As mentioned earlier we see the fund-of-hedge-fund sector continuing to consolidate, which may create opportunities to acquire new business. No acquisitions are currently under consideration, however the Board will review any opportunities as and when they arise.

We believe that our work to further build out our managed account capabilities, generate unique content for our portfolios, and broaden our branding efforts has continued to create interest in Lighthouse. As an output, we are beginning to see additional opportunities present themselves in places like Japan and the Middle East.

Further to our ASX announcement of 27 June 2016, where we announced that Ms Amber Stoney would resume her roles as Chief Financial Officer and Company Secretary on a temporary basis after the resignation of Mr Henry Capra, I am happy to confirm that Amber has agreed to permanently remain with us at HFA. Whilst Amber had earlier this year decided it was time for her to look for other challenges, we are very pleased that we have been able to come to mutually beneficial terms where we will be able to continue to benefit from Amber's enormous HFA and industry experience whilst at the same time offering her some flexibility to pursue her interests in the not-for-profit sector.

I would like to take this opportunity to thank my fellow directors. They each contribute their own special knowledge and skills and together form a cohesive and productive team. I would also like extend the Board's appreciation to all of our staff for their continued efforts during the past year. We are fortunate to have employees who are dedicated to serving our client's needs and finding ways to evolve and grow the business. As investors, we all face the same current challenges of historically low interest rates and unprecedented intervention by central banks around the globe. While we cannot control the markets, we believe our process of finding the best talent globally and our culture of constant improvement will help sustain HFA. We look forward to what the 2017 financial year will bring.