



15 February, 2012
ASX/MEDIA ANNOUNCEMENT

HFA HOLDINGS LIMITED – HALF YEAR RESULTS

KEY POINTS – HALF YEAR TO 31 DECEMBER, 2011

- Assets Under Management and Advice (AUMA) of \$6.043 billion, up 4%.
- Operating income of \$26.7 million (2010: \$26.8 million).
- Net loss after tax of \$2.2 million (2010: \$2.9 million profit) predominantly due to increased personnel expenses, including \$1.2 million of non-recurring costs associated with the stepping down of the HFA Holdings CEO and other Australian staff redundancy costs.
- Lighthouse Partners increased AUMA by 10% to \$5.09 billion.
- The Lighthouse solutions business began working with a large state pension plan in 2011, added a large family office group at the start of 2012, and anticipates adding another large pension client in early 2012.
- Certitude AUMA stabilising with opportunities for launch of new product.
- Interim dividend of US 2 cent per share.

International fund manager holding company HFA Holdings Limited (ASX: HFA) has today reported a 4% increase in Assets Under Management and Advice (AUMA) for the first half with the Group's US operations reporting \$657 million of net investment inflows.

For the six months to December 31, 2011, the Group delivered Operating Income of \$26.72 (2010: \$26.83 million) with Lighthouse contributing \$23.3 million and Certitude \$3.5 million.

HFA is the holding company of US-based investment manager Lighthouse Partners and Australian-based active investment manager Certitude Global Investments.

A 29% increase in Operating Expenses due to an increase in personnel expenses (including \$1.2 million of non-recurring costs at the holding company and Australian business level), professional fees and fund expenditure - resulted in 60% fall in EBITDA to \$4.04 million.

The Group has retained its strong balance sheet position of nil net debt excluding the \$22 million of Mandatory Convertible Notes that are classified as debt on the balance sheet.

HFA Chairman Spencer Young said the Group's first half result reflected the ongoing strength of the Group's Lighthouse business and continuing stabilisation of the Certitude business.

"Lighthouse continues to reap the benefits of its managed account program and is working closely with large strategic partners to customise their alternative investment exposure, whilst Certitude continues to make significant advancements in its repositioning despite difficult market conditions," he said.

"Both Lighthouse and Certitude are well positioned for future growth with high quality management, outstanding products and excellent systems."

NOTE: On 1 March 2011, HFA Holdings Limited elected to adopt US dollars (USD) as its functional currency and as the presentation currency for the purposes of all Group financial reporting. The financial results included in this media and ASX announcement are presented in USD, unless otherwise indicated as being presented in Australian dollars (AUD).



HFA Holdings Limited
ACN 101 585 737

Lighthouse's AUMA increased 10% to \$5.09 billion with net inflows for the half year of \$657 million. Market volatility during the period impacted negatively on performance, off-setting the increase in AUMA from net fund flows resulting in a net increase in AUMA since 30 June 2011 of \$448 million.

The increased inflows can be attributed to the company's managed account solutions program which is attracting interest from a wide range of large institutional investors. "We believe that we can deliver on the institutional demands of increased transparency, better control, and added flexibility in their alternative investments, which is something we have worked very hard to achieve over the last six years in the existing Lighthouse Fund offerings", says Sean McGould, Lighthouse President and Co-Chief Investment Officer.

After lifting all the remaining restrictions on the HFA Diversified Investment Fund (DIF) and providing solutions for some of their structured products for investors, Certitude have reported a 13% decrease in AUMA.

"In an environment where many asset managers have reported net outflows, Certitude's flows are now stabilising as we start to gain traction with our new fund propositions from Threadneedle and Marshall Wace GaveKal which complement our existing Lighthouse funds well," Certitude Chief Executive Officer Craig Mowll said.

"With many of the legacy issues from our pre-GFC products now largely contained we can focus on establishing Certitude as one of the leading active investment partners in the country. We have the right people and the right partners to build a high quality business which makes a significant contribution to the overall success of HFA."

Dividends

The directors have as at the date of this report determined an interim dividend of United States (US) 2 cents per share. The dividend will be paid on 30 March 2012 to all shareholders registered on the record date of 2 March 2012. 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 2 March 2012.

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