



HFA Holdings Limited

Half year results

15 February 2012



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Agenda

1. Results Overview

2. AUMA and Fund Performance

3. Financial Results

4. Business Overview and Outlook

Investing in the business now for future growth

Group performance

- AUMA of USD 6.0 billion.
- EBITDA and profit negatively impacted by:
 - \$1.8m lower performance fee revenue compared to prior period
 - \$1.3m of non-recurring expenses
 - 17% decrease in Group net management fee percentage
 - Alignment of US compensation to industry
- Interim dividend of US 2 cents per share

Lighthouse

- AUMA increase of 10%.
- USD 657 million of net inflows
- Continued focus on broadening distribution into the larger institutional investors
- On-going expansion of managed account program

Certitude

- AUMA has fallen 13% due to on-going difficult market conditions, however is showing signs of stabilisation
- Products have improved research ratings
- Opportunities for launch of new product to broaden product asset allocation

Higher expenses impacted earnings

	31 Dec 2011	% change to corresponding prior half year
Operating Income	USD 26.724m	steady
EBITDA	USD 4.041m	↓ 60%
Net loss before tax	USD (2.221)m	↓ 170%
Cash from operating activities	USD 9.531m	↓ 28%
EBITDA Margin	12%	↓ 60%
AUMA	USD 6.043 bn	↑ 4%
Dividend	USD 2 cps	

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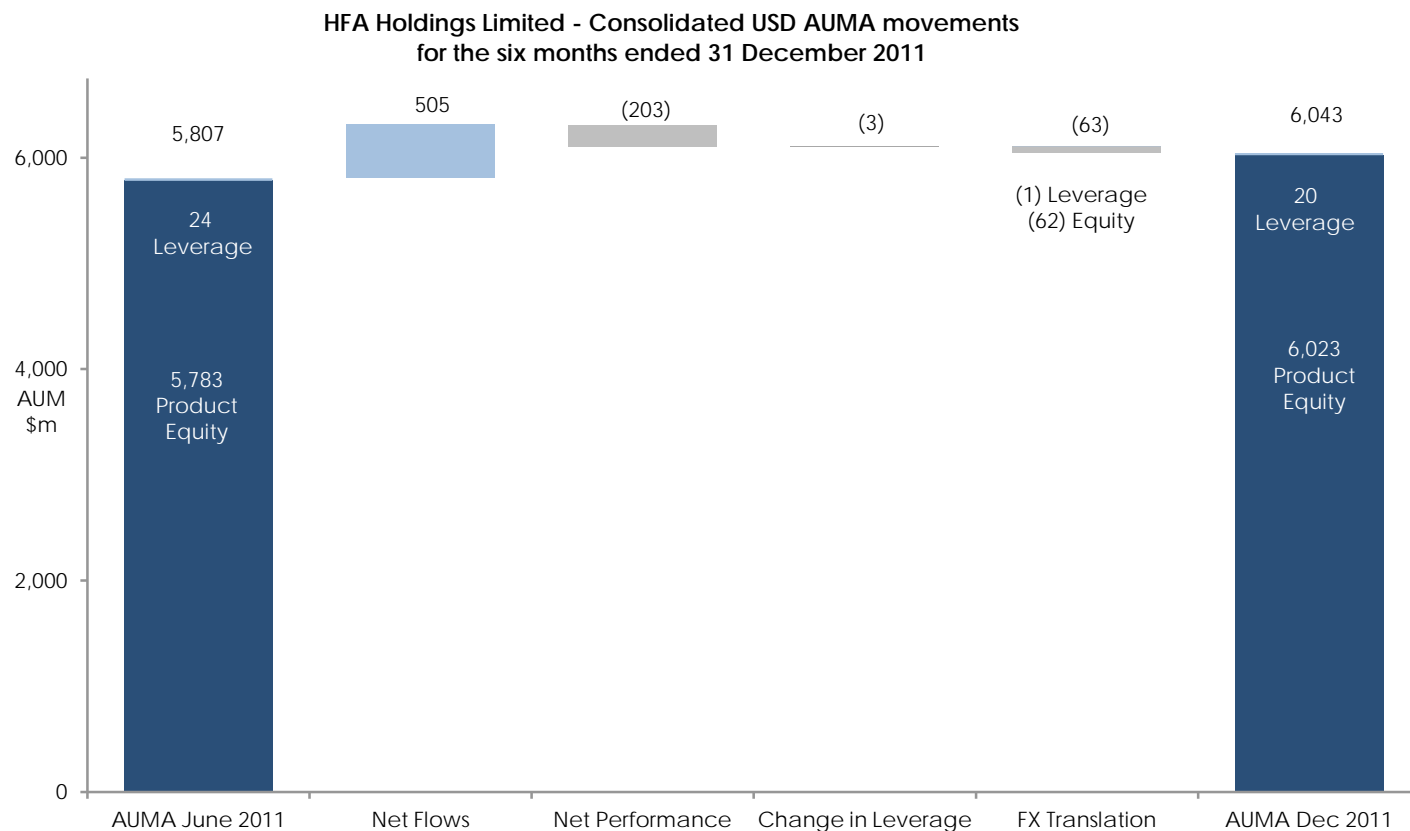
4. Business Overview and Outlook

4% increase in Group AUMA

AUMA	Lighthouse Partners	Certitude Global Investments	Total Group
31 December 2011	USD 5.089 billion	AUD 0.939 billion	USD 6.043 billion
30 June 2011	USD 4.641 billion	AUD 1.086 billion	USD 5.807 billion
% Change	+10%	-13%	+4%

- Lighthouse**
- Lighthouse has experienced a USD448 million increase in AUMA since 30 June 2011.
 - Net inflows for the 6 months were USD657 million, predominantly into the Lighthouse strategic partnerships
 - Market volatility during the period impacted negatively on performance, off-setting the increase in AUMA from net fund flows
- Certitude**
- Certitude's AUMA fell by AUD147m over the 6 months to 31 December 2011.
 - Approximately AUD87m of this decrease relates to the HFA Diversified Investment Fund, which removed all restrictions on withdrawals from 1 July 2011. Redemptions appear to have stabilised.
 - Remaining net outflows were from Structured Products, which are largely non-fee paying.

Increase in AUMA driven by net flows



Lighthouse Funds – performance

December 2011 Performance Estimates*

Lighthouse Fund of Funds	1 yr	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
Lighthouse Diversified Fund LP	-0.87%	7.33%	1.13%	4.84%	4.12%
Lighthouse V Fund LP	1.56%	6.56%	1.74%	n/a	4.34%
Lighthouse Credit Opportunities Fund LP	2.88%	13.10%	1.59%	n/a	5.99%
Lighthouse Funds of Managed Accounts	1 yr	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
Lighthouse Global Long/Short Fund LP	-1.89%	4.34%	2.15%	n/a	4.62%
Lighthouse Multi-Strategy Fund Ltd	0.46%	5.11%	n/a	n/a	4.07%
Lighthouse Alpha Series	1.54%	3.17%	1.85%	n/a	3.86%
Lighthouse Managed Futures Fund LLC	-3.74%	1.42%	5.95%	n/a	8.01%
Benchmarks	1 yr	3 year (pa)	5 year (pa)	10 year (pa)	3 year volatility
S&P 500 (with reinvested dividends)	2.12%	14.10%	-0.25%	2.91%	18.97%
MSCI World Equity Index	-5.01%	11.76%	-1.81%	4.15%	20.44%
Barclays Government / Credit Bond Index	8.72%	6.60%	6.55%	5.85%	3.46%
91 Day US Treasury Bills	0.10%	0.15%	1.49%	1.96%	0.04%
HFRX Global Hedge Fund Index	-8.92%	2.79%	-2.77%	-1.75%	5.06%

* Performance for 2011 is not audited and is based on estimates for December 2011. 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

December 2011

	Performance					
	1 year	3 year (pa)	5 year (pa)	10 year (pa)	Since Inception	3 year volatility
Threadneedle Global Equity Fund	n/a	n/a	n/a	n/a	3.46% (05-Sep-2011)	n/a
Certitude Asian Opportunities Fund	-7.96%	n/a	n/a	n/a	-1.74% (12-Oct-2010)	n/a
HFA International Shares Fund	1.35%	5.83%	4.65%	5.96%	5.63% (31-Mar-2001)	3.98%
HFA Diversified Investments Fund	2.28%	8.87%	0.10%	4.25%	4.24% (31-Mar-2001)	6.20%
Benchmarks	1 year	3 year (pa)	5 year (pa)	10 year (pa)		3 year volatility
MSCI AC World Index (AUD)	-6.88	-0.98%	-6.46%	-2.27%		10.67%
S&P/ASX 200	-14.51%	2.91%	-6.48%	1.71%		14.54%
Barclays Government / Credit Bond Index (hedged to AUD)	10.51%	9.27%	8.73%	7.97%		2.41%
HFRX Global Hedge Fund Index	-8.87%	2.82%	-2.76%	1.75%		4.99%

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H1 2012 - Key Financial Outcomes

Income

- Operating Income**
- Operating income of \$26.7 million (2010: \$26.8 million).
 - Lighthouse operations contributed \$23.3 million, up 3% despite performance fee revenue being \$1.4 million lower than in the prior period.
 - Certitude operations contributed \$3.5 million, down 19%. Half of the reduction is due to \$0.4 million less performance fee revenue being earned in the current period, the remainder is driven by lower average AUMA.

Expenses

- Operating Expenses**
- Operating expenses (excluding non-cash depreciation, amortisation and equity settled transaction costs) up 29% to \$21.4 million.
 - This is due mainly 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

Earnings

- Operating EBITDA**
- The increase in expenses for the half led to a 60% fall in EBITDA to \$4.0 million.
- NPBT**
- Pre-tax earnings of \$(2.2) million compared to \$3.1 million.
- NPAT**
- Net loss after tax of \$(2.2) million (2010: profit of \$2.9 million).

Debt

- Bank Debt**
- \$27.3 million as at 31 December 2011 (30 June 2011: \$28.3 million).
- Net debt**
- Nil net debt at 30 June 2011 (excluding debt portion of convertible notes).

The above presentation of the Group's consolidated results is unaudited and unreviewed, however it is based on amounts extracted from the reviewed financial statements and reconciles to the profit/(loss) after tax as reported in the 31 December 2011 Condensed Consolidated Income Statement

H1 2012 - Key Financial Outcomes

USD '000	31 December 2011	31 December 2010 ¹	% Change
Revenue	32,876	32,883	-%
Investment management costs	(6,152)	(6,053)	(2)%
Operating income	26,724	26,830	-%
Operating expenses, excluding depreciation and amortisation ²	(21,386)	(16,605)	(29)%
Net finance costs, excluding interest income / (expense)	(221)	235	(194)%
Operating EBITDA (before equity settled transactions)	5,117	10,460	(51)%
Equity settled transaction expenses ³	(1,076)	(331)	(225)%
Operating EBITDA (after equity settled transactions)	4,041	10,129	(60)%
Depreciation and amortisation	(5,014)	(5,005)	-%
Net interest income / (expenses)	(1,248)	(1,967)	37%
Profit/(loss) before income tax	(2,221)	3,157	(170)%
Income tax benefit / (expense)	(7)	(267)	97%
Net profit /(loss) after income tax	(2,228)	2,891	(177)%
Basic EPS (cents)	(0.445)	2.464⁴	

1. 31 December 2010 comparatives have been restated to reflect the Group's change in presentation currency to US dollars from Australian dollars.
2. Operating expenses, net of other income and excluding depreciation and amortisation.
3. Non-cash equity settled transactions.
4. Adjusted to reflect 1 March 2011 4 to 1 share consolidation and change in presentation currency.

The above presentation of the Group's consolidated results is unaudited and unreviewed, however it is based on amounts extracted from the reviewed financial statements and reconciles to the profit/(loss) after tax as reported in the 31 December 2011 Condensed Consolidated Income Statement. This presentation of the Group's results is intended to provide a measure of the Group's performance before the impact of non-cash expense items such as equity settled transactions and depreciation and amortisation, as well as interest costs associated with the Group's external debt facility and convertible notes on issue.

Agenda

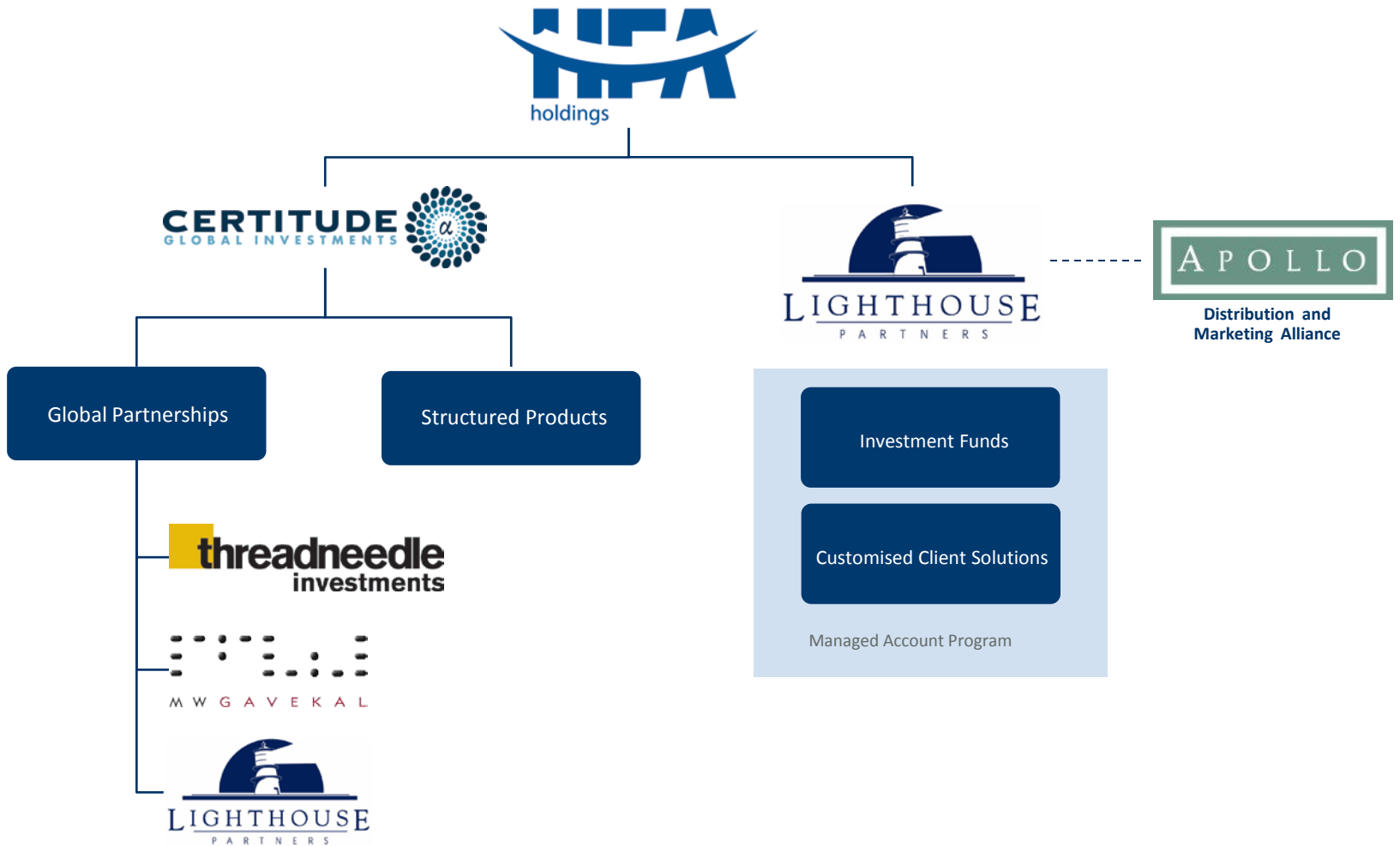
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... a diversified, global fund manager



... focussing on products, distribution and performance

Products

- New funds and services utilising Managed Account Program

- Creation of active management "alpha" products
- Multi-strategy absolute return products to be retained and enhanced



Distribution

- Focus on broadening and deepening institutional relationships
- Continue to diversify across geographical areas, in particular Europe and Asia
- Apollo Marketing Alliance

- Move to a key account focus targeting specific segments and specific channels:
 - Retail (broaden existing)
 - HNW/SMSFs
 - Dealer Group Model Portfolios
 - Multi-Managers

Performance

- Competition continues to reduce with the on-going rationalisation of fund manager competitors
- Achieving absolute returns with greater transparency, control and flexibility

- Focus on active management solutions to deliver "alpha" returns
- Broaden existing absolute return focus, by also providing market segment and concentrated portfolio funds

Key investment highlights

Positive fund flows

- AUMA as at 31 December 2011 was USD 6.0 billion
- Lighthouse had a 10% increase in AUMA for the first half of 2012, including significant inflows from strategic partnerships working with Lighthouse in a customised fashion.
- Certitude redemptions have stabilised

Experienced management team

- Key management personnel have been on board for over 10 years, have developed strong client relationships and have aligned interests through HFA ownership stakes and investment in funds.

Strong balance sheet

- Nil net debt position (excluding debt portion of convertible notes).
- Senior loan facility matures in 2016.
- \$22 million of Mandatorily Convertible Notes classified as debt on the balance sheet.

Positioned for growth

- Managed accounts provide the transparency, security and flexibility that fund investors are now demanding.
- Lighthouse continues to achieve good investment performance versus most relevant indices with much lower levels of volatility.
- AUMA growth is expected to benefit in the medium term from (i) access to Apollo's relationships, (ii) association with the widely recognised Apollo brand, and (iii) the strengthened balance sheet.
- Certitude continues to bring new partners and products to market, developing a stronger growth platform for the Australian business.

Diverse investor base

- HFA's distribution channels are highly diversified by both investor type and geography.
- Lighthouse has a strong presence in both the institutional and high net worth markets.
- Over 400 retail financial planner dealer groups have invested in Certitude products, representing more than 11,200 advisers and over AUD 267 billion in funds under advice.

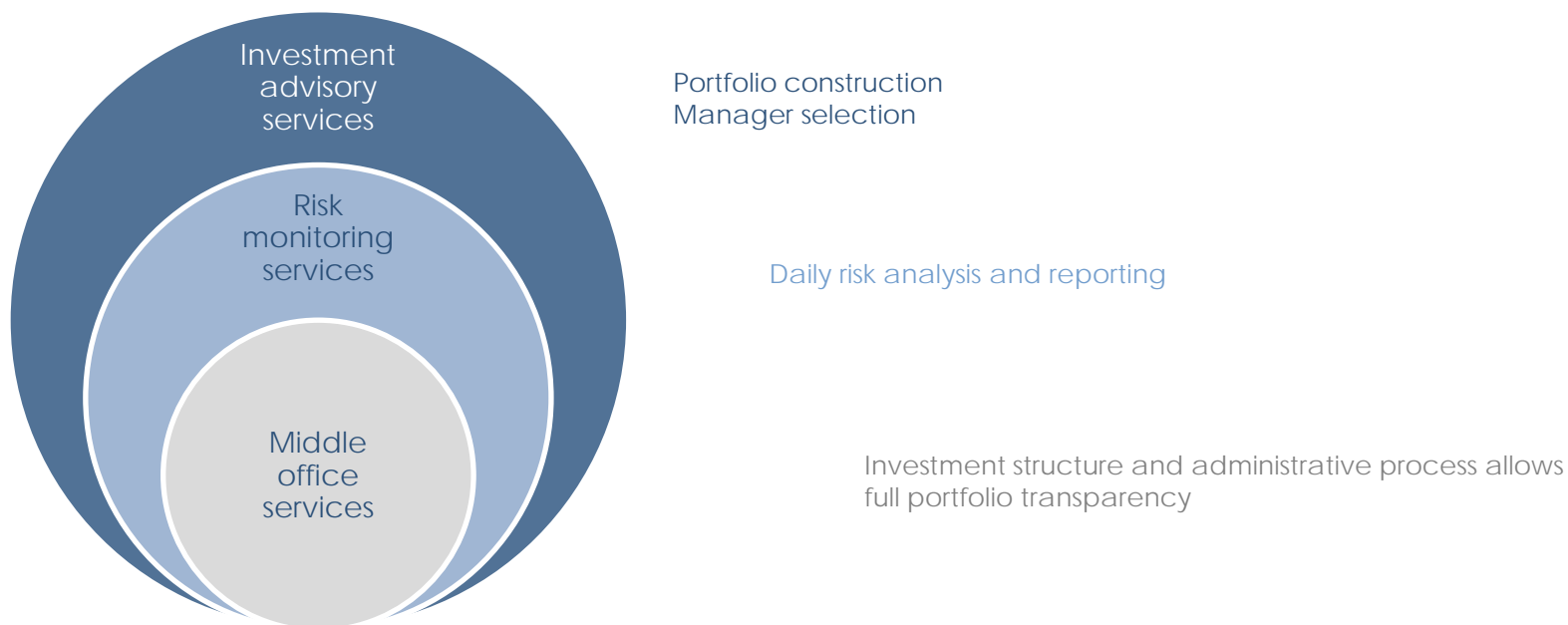




Lighthouse...launch of value-adding services

Lighthouse Managed Account Program

- Lighthouse's managed account program provides investors with greater transparency, control and flexibility in their alternative investments, while controlling costs.
- Lighthouse is working closely with three large strategic investors to customise their alternative investment exposure to meet specific needs through use of its managed account program





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 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?

- Our managers provide a global investment view that is thoroughly considered and time-tested
- Certitude's investment partners are located across all the major financial markets and their selection is underpinned by a robust investment process
- All managers are highly regarded in their industries, recognised with multiple awards, and have an extensive track record:
 - Lighthouse Partners (US);
 - Threadneedle Investments (UK); and
 - Marshall Wace GaveKal Asia-Pacific (Hong Kong)

Brand awareness and recognition

- **Certitude Asian Opportunities Fund** is a finalist for the Morningstar 2011 'Emerging Manager of the Year' award
- The Investment Trends 2011 survey: *Advisor Product and Marketing Needs Report* (released January 2012)
 - ✓ Certitude ranked **3rd** for "best hedge fund manager"
 - ✓ Certitude ranked **5th** for "best alternatives manager"



Innovative absolute return manager with strong reputation in the marketplace. Dedicated to managing funds of hedge funds. Investment process utilises proprietary Managed Account Program providing transparency, improved liquidity and better asset control. Ownership: HFA Holdings Limited (ASX: HFA)



One of Europe's most successful asset managers. Ideas are shared across a single investment platform encouraging debate to ensure a rigorous examination of the markets and investment views. \$110 billion in AUM and the third largest based in the UK. Owned by NYSE listed Ameriprise Group.



GaveKal, world-renowned experts in Asian macroeconomic research, combine with Marshall Wace's superior trading, information gathering and risk tools. The unique pedigree of this joint venture allows investors to capitalise on the long-term growth prospects in the Asia-Pacific region. They manage \$1.3 billion AUM in equities, fixed income and currency.