HFA Holdings Limited

FY17 Annual Results Presentation

9 August 2017

Sean McGould, CEO and Amber Stoney, CFO

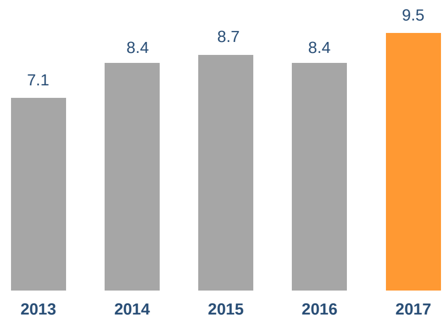
The numbers in this presentation have been presented in **US dollars (USD)**, unless otherwise indicated.

2017 Highlights

Assets under management (AUM)

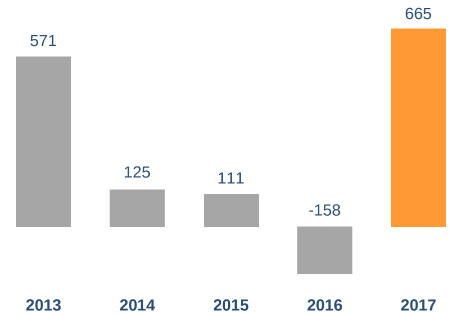
US$9.5 billion

Up 13%



Net flows

US$665 million



AUM growth for 2017 of 13%, driven by the Customised Solutions mandate wins in Q3.

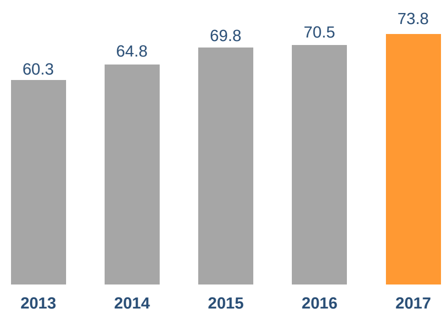
This year we invested in our business by adding staff and undertaking projects designed to improve our distribution, investment and risk management processes.

2017 has been a successful year, laying the ground work for continued growth.

Gross operating revenue

US$73.8 million

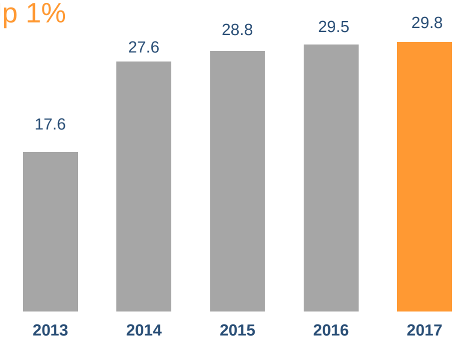
Up 5%



EBITDA

US$29.8 million

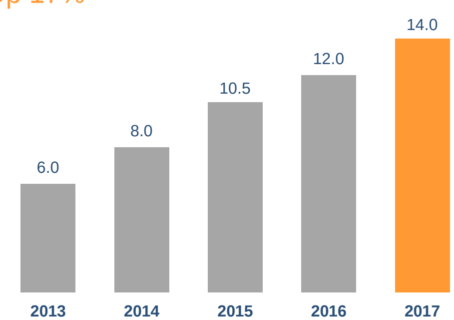
Up 1%



Total dividends per share

14.0 US cents

Up 17%



Financial results

Summary of FY17 result

	30 June 2017 USD millions	30 June 2016 USD millions	% Change
Management fee income	**72.244**	70.102	+3 %
Performance fee income	**1.574**	0.417	+ 278%
Distribution costs	**(5.504)**	(6.085)	+ 10%
Net revenue	**68.314**	**64.434**	**+ 6.0%**
Other income	**0.494**	0.856	- 42%
Operating expenses[1]	**(38.278)**	(35.600)	- 8%
Result from operating activities[1]	**30.530**	29.690	+ 3%
Net finance income / (costs), excluding interest	**(0.058)**	(0.200)	+ 71%
Share of loss of equity accounted investee	**(0.624)**	-	
EBITDA from continuing operations	**29.848**	**29.490**	**+ 1%**
Net interest income / (expense)	**0.059**	(0.104)	+ 157%
Depreciation and amortisation	**(0.706)**	(5.373)	+ 87%
Impairment losses	**(0.572)**	-	
Profit before income tax from continuing operations	**28.629**	**24.013**	**+ 19%**
Income tax benefit / (expense)	**(10.946)**	(9.015)	- 21%
Net profit after income tax from continuing operations	**17.683**	**14.998**	**+ 18%**
Net loss after tax from discontinued operations	**-**	(0.890)	
Net profit after income tax	**17.683**	**14.108**	**+ 25%**

	USD cents per share	USD cents per share	
Basic EPS from continuing operations	**10.91**	**9.25**	+ 18%

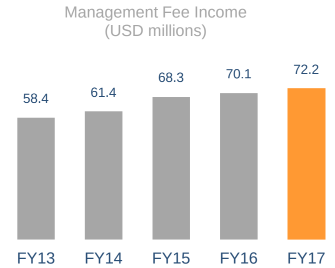
1 Excludes net finance costs (including interest), depreciation, amortisation, impairment losses and share of loss in equity accounted investees. These items have been excluded so as to present the expenses and results arising from the Group's core operating activities.

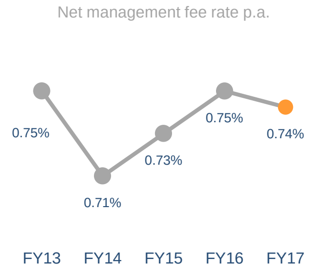
Key revenue items

Management and platform fees

Management and platform fee income increased by $2.14 million (3%) to $72.24 million from the prior year. The increase was a result of:

- a 5% increase in average AUM for the 2017 financial year as compared to the prior year, off-set by
- a 2 basis point decrease in the average annual management / platform fee rate to 0.80%pa, and a 1 basis point decrease in the net management / platform fee rate to 0.74%pa (net of distribution costs).





The small reduction in the management fee rate is due to a higher proportion of AUM in Customised Solutions, which generally earns lower management fees than AUM in Commingled Funds. This occurred due to a number of large Customised Solutions mandate wins which occurred at the end of March 2017.

Performance fees

The Group earns performance fees on selected Commingled Funds and Customised Solutions portfolios. The fees represent an agreed share of investment outperformance of a fund or portfolio over a defined benchmark and/or high watermark, and may be subject to hurdles.

The Group earned $1.57 million in performance fees this financial year, an increase of $1.16 million on the prior year. The majority of fees were earned in the second half of the financial year.

Approximately half of the performance fees have been earned from Commingled Funds. New share classes have been introduced to some Commingled Funds, which have a fee structure that has a lower management fee but allows Lighthouse to earn a performance fee.

AUM which has the potential to earn performance fees is less than 10% of total AUM as at 30 June 2017. Performance fees are variable in nature, and it is difficult to forecast how much, if any, performance fee revenue will be earned by the Group in future periods.

Distribution costs

Distribution costs relate to third party distribution arrangements in place for Lighthouse, whereby Lighthouse makes ongoing payments to third parties in relation to clients they have introduced to Lighthouse and who continue to be invested in Lighthouse portfolios. Distribution costs for the 2017 financial year were $5.5 million (2016: $6.1 million).

The Group has seen a consistent decrease in the level of distribution costs incurred over recent years, which is attributable to a reduction in AUM subject to distribution costs. This has been due to either redemption of some AUM or restructure of the client's AUM to Customised Solutions.

During the 2018 financial year, it is expected that these distribution costs will continue to decline.

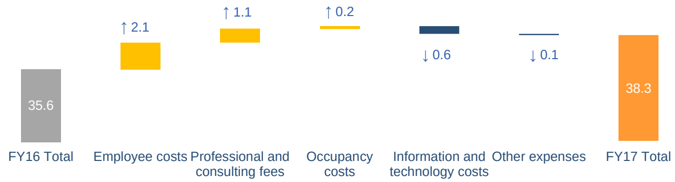
Other income

Other income relates to rent, outgoings and operating costs charged to portfolio managers who sublease office space in the Group's New York and London offices. Leases for two premises ceased during the financial year, resulting in a decrease in sublease income compared to the prior year. The Group has finalised the lease for larger office premises in New York which will commence early in the 2018 financial year. It is anticipated these new premises will add sublease tenants progressively over the next 12 to 18 months.

Key expense and other cost items

Operating expenses

Operating expenses increased by $2.7 million. The increase is primarily due to:



Employee costs

There was a $2.1 million (8%) increase in employee costs for the Group as compared to the prior year, which correlates with an increase in the average Lighthouse headcount to 74 employees (2016: 68). Additional staff have been employed in the areas of investments, distribution/investor relations team and legal/compliance team to support increased business development activities and the on-boarding and servicing of new clients.

Professional and consulting fees

The business has undertaken a number of projects during the 2017 year which has resulted in a $1.1 million increase in professional and consulting fees. The projects have covered a number of areas, including enhancement of risk management systems, treasury function review, external compliance testing and additional external legal fees related to onboarding new clients. Approximately $0.8 million of this year's professional and consulting fees relates to completed projects, however new projects may be undertaken in 2018 where a business opportunity or need is identified.

Occupancy costs

The Group has entered into a new lease for larger office premises in New York, with use of the premises commencing early in the 2018 financial year. The 2017 occupancy costs include a $0.4m termination fee for the existing New York premises.

The incremental cost of the changes in office premises is estimated to be approximately $1.6 million per year from FY18.

The new premises have been designed to enable sublease of space for boutique investment managers who provide services to Lighthouse portfolios. It is expected that these sublease arrangements will be put in place progressively over the next 12 to 18 months, and will partially off-set the increase in occupancy costs.

Information and technology expenses

There has been a $0.6m or 32% decrease in information and technology expenses compared to the prior year. This is due to the renegotiation of the licensing agreement with an external provider of data and software services.

Share of loss from equity accounted investee

The Group holds a 40% interest in an entity which commenced operations in July 2016. The entity is in start-up phase and has made an operating loss in its first year of operations. The Group's share of this operating loss is $0.6 million. It is expected that the entity will make operating losses in the short-term whilst it continues to build out its operations.

Depreciation and amortisation

Depreciation expense for the year is $0.4 million, and relates to the depreciation of computer equipment, leasehold improvements and other furniture and fittings.

Amortisation expense for the year was $0.3 million, and relates to the amortisation of trademarks and software which have a definite life. The significant decrease in amortisation expense from the prior year is due to the cessation of amortisation of client relationships which were fully amortised as at 31 December 2015.

Impairment losses

The Group holds shares in a number of unlisted entities, all of which are required to be measured at fair value. The Directors' have determined the fair value of one of the unquoted equity investments based on historic cost, adjusted for their view of the likely success of the business model. An impairment loss of $0.2 million has been recognised in relation to this investment.

The Directors' have assessed the carrying amount of the equity accounted investee at $0.5 million. This value is based on the value of capital contributed less the Group's 40% share of the losses made by the entity during the year, and then adjusted for the Directors' view of the likely success of the business model. As a result, an impairment loss of $0.4 million has been recognised.

Income tax expense

The Group recognises an accounting tax expense in its income statement at an effective tax rate of 38.2% (2016: 37.6%).

The Group has significant tax losses available to off-set its tax liabilities, and hence there is no tax payable in relation to this accounting tax expense other than in relation to some relatively nominal United States state-based taxes.

Summary of EBITDA by half year period

	FY2016		FY2017	
	H1 USD millions	H2 USD millions	H1 USD millions	H2 USD millions
Management and platform fee income	34.683	35.419	35.332	36.912
Performance fee income	0.246	0.171	0.419	1.155
Distribution costs	(2.987)	(3.098)	(2.721)	(2.783)
Net revenue	**31.942**	32.492	33.030	35.284
Operating expenses[1]	(17.243)	(17.501)	(18.305)	(19.479)
Earnings from core business operations	**14.699**	**14.991**	**14.725**	**15.805**
Net finance costs, excluding interest	(0.133)	(0.067)	(0.383)	0.325
Share of loss of equity accounted investee	-	-	(0.234)	(0.390)
EBITDA from continuing operations	**14.566**	**14.924**	**14.108**	**15.740**

H1 = six months ending 31 December
H2 = six months ending 30 June

1 Operating expenses are shown net of other income. Excludes net finance costs (including interest), depreciation, amortisation, impairment losses and share of loss in equity accounted investees. These items have been excluded so as to present the expenses and results arising from the Group's core operating activities.

Refer to slide 4 for the reconciliation of the EBITDA from continuing operations to net profit after tax

A healthy financial position

Current assets

Cash

US$33.2 million

Key sources and uses of cash for the period:

+ $30.1 million cash generated from operating activities
- $21.0 million paid in dividends to shareholders
- $3.1 million in net payment for investments and other assets

Trade & other receivables

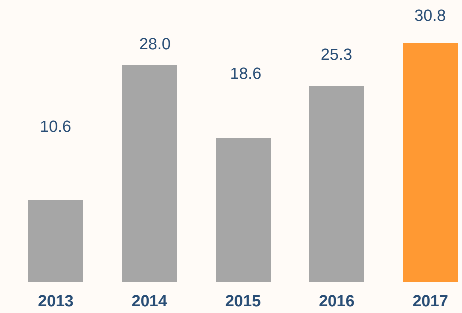
US$11.2 million

Comprises management and performance fees receivable from Lighthouse funds and clients.

Management fees are accrued monthly and paid monthly or quarterly depending on contractual terms.

Performance fees are accrued as earned and paid semi-annually or annually.

Net Tangible Assets per share:



Non-current assets

Investments recognised at fair value

US$14.5 million

Investments in funds managed by Lighthouse increased by $0.6 million to $9.5 million.

Strategic investments in external entities have a combined fair value of $5.0 million.

Intangibles

US$95.4 million

Intangible assets recognised in the balance sheet:

- $93.8 million of goodwill
- $1.6 million of trademarks and software

Deferred tax assets

US$106.3 million

Relates to US jurisdiction, comprised of:

- $38.2 million of US carried forward tax losses
- $68.1 million of DTA's related to impairment losses recognised on goodwill and other deductible temporary differences

The Group also has $68.2 million of unrecognised DTAs related to the Australian jurisdiction

Liabilities

Total liabilities

US$12.2 million

93% of liabilities are current

- $3.3 million of trade & other payables
- $8.9 million of employee benefit provisions

Loans and borrowings

NIL

The Board is considering establishing a Line of Credit facility with an external finance provider. There are no current plans to utilise such a facility, however the Board considers that having such a facility in place will provide flexibility for pursuing strategic goals.

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Dividends

Capital management policy

The Company has set a policy to apply for the 2017 financial year onwards of paying a dividend of 70% to 80% of the earnings before interest, tax, depreciation and amortisation (EBITDA). Dividends will by unfranked, however may have conduit foreign income credits attached.

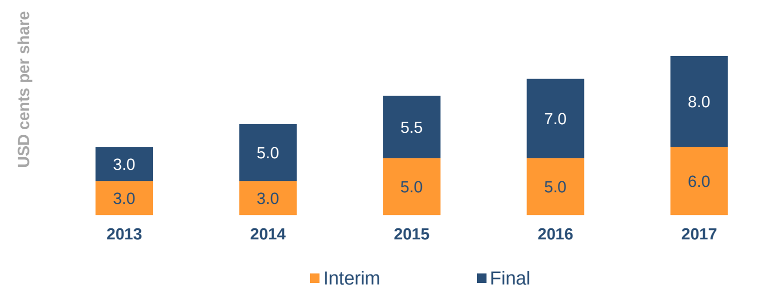
The payment of dividends will be subject to corporate, legal and regulatory considerations.

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

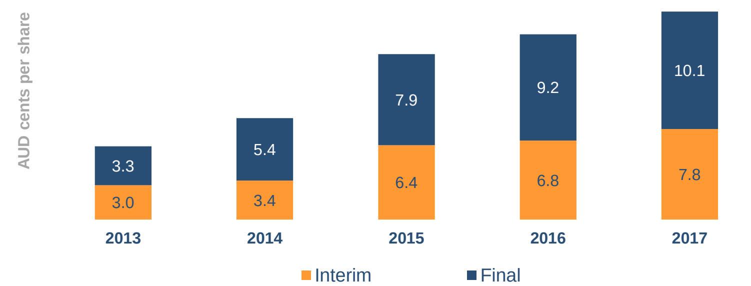
FY2017 Final dividend – key dates

Ex Date:	16 August 2017
Record Date:	17 August 2017
Payment Date:	1 September 2017

Dividends in USD cents per share



Dividends in AUD cents per share



* Estimated AUD final dividend only assuming an FX conversion rate of AUD/USD 0.7900. The actual AUD dividend per share will be determined using the AUD/USD rate on the Record Date, being 17th August 2017.

Share price history

HFA 5 year Total Return Analysis

Source: Bloomberg

AUMA and investment performance

The numbers in this presentation have been presented in US dollars (USD), unless otherwise indicated.

13% increase in AUM

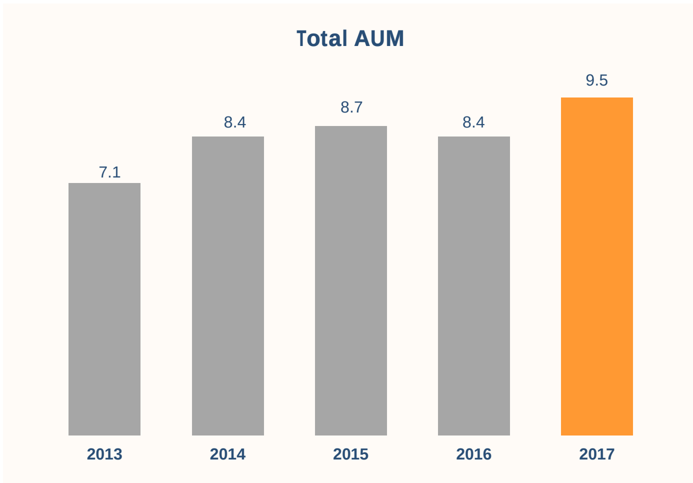
Assets Under Management for the year ended 30 June 2017:

	30 June 2016 AUM	Net Flows	Performance	30 June 2017 AUM
		Note 1	Note 2 & 3	Note 3
Commingled Funds	USD 4.58 bn	↓ USD 0.34 bn	↑ USD 0.19 bn	USD 4.43 bn
Customised Solutions	USD 3.80 bn	↑ USD 1.00 bn	↑ USD 0.24 bn	USD 5.04 bn
Combined total	**USD 8.38 bn**	**↑ USD 0.66 bn**	**↑ USD 0.43 bn**	**USD 9.47 bn**

1 Net flows includes monies received by Lighthouse for applications effective 1 July 2017, and accordingly excludes monies received by Lighthouse which were effective 1 July 2016. This convention in relation to the reporting of net flows and AUM has been consistently applied by the HFA Group since January 2008. The net flow numbers reflect a $0.31bn client transfer from Commingled Funds to a Customised Solution.

2 Performance includes investment performance, market movements, the impacts of foreign exchange on non-US denominated AUM and distributions (if any).

3 30 June 2017 AUM is based on performance estimates which may be subject to revision upon final audit. AUM excludes a non-discretionary long-only managed account structured for a single investor. AUM may include transfers from other Commingled Funds that occurred on the first day of the following month.



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Key Lighthouse Funds – performance

June 2017 performance estimates

Lighthouse Fund	June 2017	Calendar YTD	3 Year	5 Year	3 Year Volatility
Lighthouse Diversified Fund Limited *Class A*	0.30%	2.21%	3.06%	5.70%	2.74%
Lighthouse Global Long/Short Fund Limited *Class A*	0.00%	1.85%	3.84%	7.22%	3.74%
Benchmarks					
S&P 500 TR Index	0.62%	9.35%	9.63%	14.64%	10.35%
MSCI AC World Daily TR Gross USD	0.50%	11.82%	5.40%	11.15%	10.79%
Barclays US Agg Gov/Credit Total Return Value Unhedged USD	0.03%	2.66%	2.62%	2.29%	3.42%
91-Day Treasury Bill	0.08%	0.31%	0.23%	0.17%	0.08%
Hedge Fund Research HFRX Global Hedge Fund Index	0.21%	2.55%	-0.35%	1.91%	3.72%

Performance may vary among different share classes or series within a Fund. Past performance is not indicative of future results.

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June 2017 returns for the Lighthouse Funds, and consequently, the other figures appearing in this document that include these returns in their computation, are estimated and subject to revision near the 20th business day of the month and upon final audit. The performance data represents the returns for each of the respective Lighthouse Funds, or any related predecessor Fund, net of all fees and expenses, including reinvestment of earnings. Results include reinvestment of all income and capital gains. Performance shown for periods over one year has been annualised. 2017 Performance is not audited and is subject to revision. The performance data for the selected Class A shares of the above Lighthouse Funds is presented as a representative proxy for the two main investment strategies of AUMA invested in Lighthouse Funds. Returns may vary between different Funds of a similar strategy, as well as between share classes or series within the same Fund.

The indices included are unmanaged and have no fees or expenses. An investment cannot be made directly in an index. The Lighthouse Funds consist of securities which vary significantly to those in the indices. Accordingly, comparing results shown to those of such indices may be of limited use.

S&P 500 TR Index: *This index includes 500 leading companies in leading industries of the US economy. Although the S&P500® focuses on the large-cap segment of the market, with approximately 75% of coverage of US equities, it is also an ideal proxy for the total market. S&P 500 is part of a series of S&P US indices that can be used as building blocks for portfolio construction.*

MSCI AC World Daily TR Gross USD: *A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.*

Barclays US Agg Gov/Credit Total Return Value Unhedged USD: *An unmanaged market-weighted index, comprised of government and investment grade corporate debt instruments with maturities of one year or greater.*

91-Day Treasury Bill: *A short-term debt obligation backed by the US government with a maturity of 91 days. T-bills are sold in denominations of USD1,000 up to a maximum purchase of USD5 million and commonly have maturities of one month (28 days), three months (91 days), six months (182 days), or 1 year (364 days).*

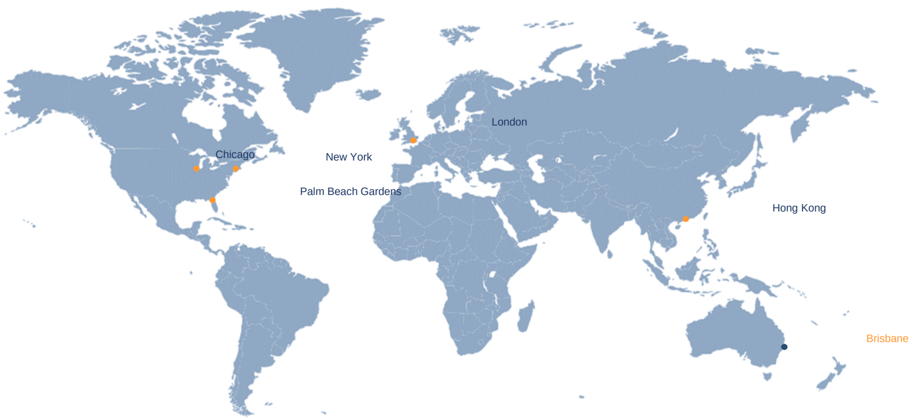
Hedge Fund Research HFRX Global Hedge Fund Index: *This HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.*

Business overview

Who we are

LIGHTHOUSE PARTNERS

We take a global view in everything we do



US$9.47 billion
Total AUM[1]

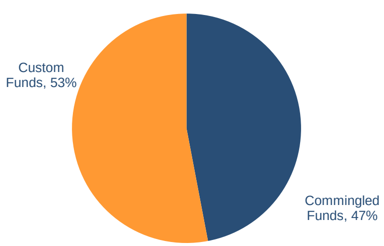
80
Total employees

20
Year track record

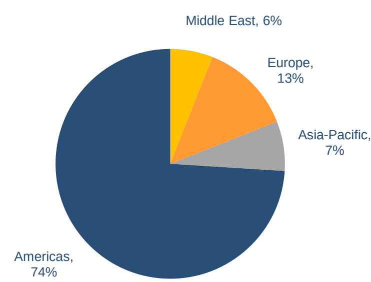
22
Investment professionals

1000+
Investors worldwide

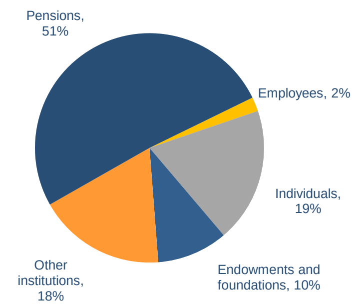
By services provided



By geographical location



By investor type



1 See notes 1 to 3 on page 12 for additional information on the calculation of AUM.

What we do

Lighthouse's purpose is to protect and grow our clients' assets. We believe it is how we do it that sets us apart.

The global asset management industry is a highly competitive space. Our focus is on the alternatives sector, and more specifically multi-manager hedge fund solutions. Our purpose is to protect and grow our investors' assets, and we seek to achieve this through diversification from traditional markets with exposure to intelligently and actively managed portfolios of hedge fund strategies.

We believe that what sets Lighthouse apart is:

Experience of our investment team	• Experienced Lighthouse senior investment professionals are responsible for the major steps of the investment process
Managed Accounts	• The managed accounts structure provides more transparency, protection and control as compared to traditional hedge fund structures
Liquidity	• Lighthouse is aware of real liquidity (i.e., liquidity of each security) and prefers more rather than less
Manager selection	• Lighthouse prefers smaller managers that are highly focused on their particular specialty
Risk management	• Active diversification of traditional market risks is the overriding emphasis for all funds

Lighthouse managed accounts help redefine hedge fund investing

Lighthouse managed account benefit	Why we think it's important to our clients
Lighthouse funds own underlying securities and positions	Our accounts are segregated from underlying manager's commingled funds
Lighthouse has position-level transparency	Lighthouse knows what the managed accounts own and independently value each account
No lock-ups, gates, suspensions, or holdbacks of capital at the managed account level*	Managers may not apply artificial barriers to liquidity with respect to our funds' capital
Ability to revoke managers' authority to trade in the event of breach**	Style drift or unapproved risk may be detected and acted on swiftly if necessary
Account governed by a negotiated Investment Agreement	Explicit and enforceable contract of investments constraints empowers monitoring and better asset protection as compared to investing via a commingled fund
Lighthouse can reallocate intra-month if necessary	Active management of exposure may help manage risk and/or enhance investment opportunity

* Lighthouse retains certain of these rights at the Lighthouse fund level

** The Investment Advisory Agreement, which governs the managed account relationship, generally allows Lighthouse to revoke a manager's trading authority over an account subject to limited exceptions

A minority of investments in the Lighthouse funds may be through more traditional structures.

Business strategy

Our strategy continues to centre around retaining and growing assets through a quality client base:

HFA's strategic goals continue to center around retaining and growing our AUM through a quality client base. To achieve this, our focus is on four key areas:

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 consistent growth of AUMA.

Growing net inflows

There is a strong focus on client service throughout Lighthouse. A high level of client service provides the right environment to ensure we retain our existing clients.

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

Lighthouse will continue to pursue new distribution markets in Asia, the Middle East and Europe.

Innovate

Be innovative in how we can deliver solutions to existing and prospective clients.

There is continuing evolution of technology and data management within the funds management industry, and we seek to harness these innovations so we can deliver better investing solutions to clients.

Acquisition opportunities

We see the industry 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 continue to look to execute our strategy whilst operating in a competitive market. The 2017 financial year delivered success through 13% AUM growth, with several key mandate wins underpinning this growth. We look to build on this success by continuing to convert our existing pipeline as well as seeking out new opportunities.

2017 has demonstrated that growth will be dependent on our ability to provide a quality investment service, consistent results and flexible solutions for clients.

Proposed name change

The board has been considering a change of name for the parent entity since the sale of the Australian subsidiary in 2015. The board is pleased to advise that it will be putting a resolution to shareholders to change the Company's name to:

Navigator Global Investments Limited

Disclaimers

This presentation has been prepared by HFA Holdings Limited (**HFA**) and provides information regarding HFA and its activities current as at 9 August 2017. It is in summary form and is not necessarily complete. It should be read in conjunction with HFA's 30 June 2017 Annual Report.

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