



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

28 February 2017

Henry Morgan Limited - Interim Financial Results

Henry Morgan Limited (ASX:HML) today released its Interim Financial Report for the half-year ended 31 December 2016.

Operations

Henry Morgan Limited provides investors with the opportunity to gain exposure to an investment portfolio which is actively managed. The investment portfolio is invested in global markets in derivative instruments providing exposure to equities, equity indices, bonds, currencies and commodities, and also in listed and unlisted securities with the aim of achieving above average returns over the medium to long term.

Business and market view

Stuart McAuliffe, Henry Morgan Limited's Managing Director and Chief Investment Officer, said, "Henry Morgan has had a very successful 6-month period, and has laid the foundation for significant investment gains. This followed carried-over gains from the first half of 2016.

"When we start a new investment, we tend to scale up gradually. We began investment activities for Henry Morgan Ltd in January 2016 by initially trading \$2 million only and achieving profits. We then began to scale up as we saw new opportunities around mid-year.

"Every year has its themes and several emerged in the second half of 2016, including OPEC moving to limit supply, oil dramatically bouncing off its lows, and also the equity rally following the USA Presidential Election. While some of our investment decisions regarding elections and referendum outcomes were widely noted, our most critical call was investing in financial stocks around their five-year low in July 2016. The rally has been marked and has continued into February 2017. We expect this to continue realising a multi-year rally.

"In July, we began targeting unlisted companies where we believed real value existed and sought approval from shareholders to pursue this. This is an investment space in which management has decades of experience and in which we have been very active, so we assembled a portfolio of key assets, valuable licensing and experienced teams. As previously announced to the market, it is intended that certain of these investments be taken to IPO later this year.

"We further expect equity markets to continue to rally globally and dips along the way will probably yield opportunities for investment. We also believe the US Dollar will top out around these and this will benefit the US and emerging markets, in particular. Many have asked about the elections in Europe, particularly France. In response, we believe Le Pen loses in the second round, Europe holds together and enjoys a significant economic recovery, driving equity prices higher.

"We are looking forward to 2017 and think we are well placed to make it a very successful year."

Half year performance commentary

In determining the value of the Company's investments in listed and unlisted securities, the Company applies the concept of fair value.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. For quoted instruments, the fair value is based on current bid prices. For investments that are not publicly listed, given that these investments were acquired shortly before 31 December 2016, for the purposes of statutory financial reporting they have been included at 31 December 2016 at their investment cost to the Company. However, the Directors consider it appropriate to take into consideration and maximise the use of observable market pricing information, market conditions, purchase price, nature of investment, estimation of liquidity value, subsequent equity financing involving third parties or a significant change in operating performance or potential resulting in a change in valuation, and other pertinent information, when determining current fair value.



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The Directors regularly review significant market information and make valuation adjustments accordingly when updating the market on the Company's progress.

The Directors believe over the next six to 12 months, the Company will see significant returns on its investments in listed and unlisted entities for the benefit of shareholders as expansions and proposed liquidity events and stock exchange listings are achieved, and the investments will be realised at substantially greater value to the Company for the benefit of shareholders.

Stuart McAuliffe said, "The Board is appreciative of the support of its retail and institutional investors over the period, and looks forward to providing further returns to shareholders as the value of the Company's investments are realised."

ENDS

Stuart McAuliffe
Managing Director

Henry Morgan Limited

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