

FY16 Interim Results Presentation

19 February 2016



Headline results for FY16 first half

As at 31 December 2015:

AUMA

\$8.607 billion

Net profit after tax from continuing operations

\$5.6 million

EBITDA from continuing operations

\$14.6 million

EPS from continuing operations

3.46 cps

Interim Dividend

5.0 cents per share

Financial results

AUMA & performance

Business overview

Financial performance

Summary of financial performance

<i>USD millions</i>	31 December 2015	31 December 2014 (Restated)	% Change
Management and platform fee income	34.683	34.300	1%
Performance fee income	0.246	0.477	(48%)
Distribution costs	(2.987)	(3.275)	9%
Operating income	31.942	31.502	1%
Sublease income	0.492	0.411	20%
Operating expenses, excluding depreciation and amortisation	(17.735)	(17.501)	(1%)
Net finance income / (costs), excluding interest	(0.133)	0.306	(143%)
Loss on settlement and conversion of convertible notes	-	(2.217)	-
EBITDA from continuing operations	14.566	12.501	17%
Underlying EBITDA from continuing operations	14.566	14.718	(1%)
Depreciation and amortisation	(4.995)	(4.590)	(9%)
Net interest expense	(0.097)	(0.317)	69%
Profit before income tax from continuing operations	9.474	7.594	25%
Underlying profit before income tax from continuing operations	9.474	9.811	(3%)
Income tax benefit / (expense)	(3.867)	118.606	-
Net profit after income tax from continuing operations	5.607	126.200	(96%)
Net profit/(loss) after tax from discontinued operations	(0.890)	(1.190)	25%
Net profit after income tax from continuing operations	4.717	125.010	(96%)
Underlying net profit after income tax from continuing operations	5.607	9.795	(43%)
Basic EPS from continuing operations (cents)	3.46	77.74	(96%)

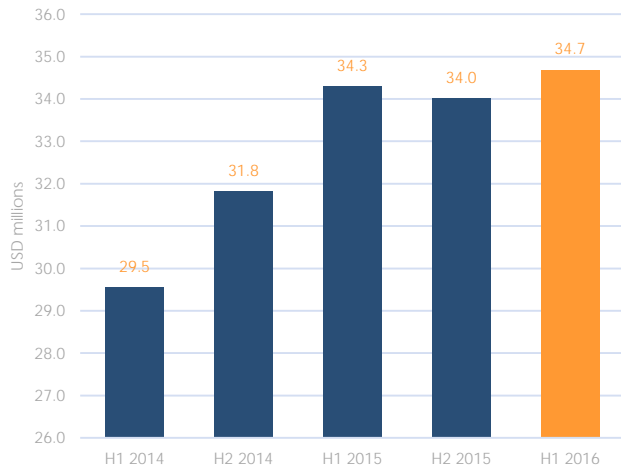
Summary of financial performance

Management & platform fees

Management and platform fee income from continuing operations remained steady at \$34.7 million compared to the prior interim period:

- a 1 basis point decrease in the average net management & platform fee rate which applied for the period to 0.73%pa was off-set by
- a 3% increase in the average AUMA compared to the corresponding half year period; and

Management & Platform Fees for each half year period



Performance fees

The Group earned \$0.25 million in performance fees this period, down 48% on the prior period.

This reflects the difficult markets encountered during the first half of this financial year, and the resultant impact on those funds earning performance fee being able to meet high watermark hurdles during the period.

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. Performance fees generally represent a small proportion of the Group's overall revenue.

Distribution costs

Distribution costs relate to third party distribution arrangements in place for Lighthouse.

Distribution costs reduced by 9% compared to the prior period, and represent 8.6% of management and platform fees.

Operating expenses

Operating expenses, excluding depreciation and amortisation, decreased by 1.3% or \$0.2 million compared to the corresponding prior year.

- Personnel costs decreased by \$0.2 million or 1.8%, due primarily to non-recurring director and executive recruitment fees incurred in H1 FY15.
- Occupancy costs, professional fees and travel costs decreased by a total of \$0.4m.
- Other expenses increased by \$1.0m, of which \$0.6m relates to risk management software license fees which commenced from January 2015.

The above comments relate to the FY16 interim underlying results from continuing operations

Key balance sheet items as at 31 December 2015

\$19.9 million	Current assets	Cash	<p>Key sources and uses of cash for the period:</p> <ul style="list-style-type: none"> + \$8.6 million cash generated from operating activities - \$3.4 million used to acquire investments - \$3.9 million paid in interest and principal repayments on the bank loan - \$16.0 million paid in dividends to shareholders
\$11.5 million		Investments	<p>Investments held by the Group:</p> <ul style="list-style-type: none"> ▪ \$8.48 million invested in Lighthouse funds and products ▪ \$2.89 million investment in 361 Capital ▪ \$0.15 million investment in a promissory note
\$95.9 million	Non-current assets	Intangible assets	<p>Intangible assets recognised in the balance sheet:</p> <ul style="list-style-type: none"> ▪ \$93.8 million of goodwill ▪ \$2.1 million of trademarks and software
\$122.7 million		Deferred tax assets	<p>Recognised in the balance sheet – relate to US tax consolidated group</p> <ul style="list-style-type: none"> ▪ \$38.4 million of US carried forward tax losses ▪ \$84.3 million of other impairment losses and other deductible temporary differences <p>Unrecognised – relate to Australian tax consolidated group</p> <ul style="list-style-type: none"> ▪ \$65.1 million, comprised of \$3.3 million of carried forward tax losses and \$61.8 million of impairment losses and other temporary differences
(\$4.8 million)	Liabilities	Bank debt	<p>\$3.75 million repaid during the period.</p> <p>The loan will be repaid in full March 2016.</p>

AUMA and investment performance

AUMA has held steady throughout the half-year

	1 July 2015 AUMA	Net Flows	Performance	31 December 2015 AUMA
	1	2	3 & 4	4
Funds	USD 4.46 bn	↑ USD 0.06 bn	↑ USD 0.01 bn	USD 4.53 bn
Customised Client Accounts	USD 4.26 bn	↓ USD 0.13 bn	↓ USD 0.05 bn	USD 4.08 bn
Combined total	USD 8.72 bn	↓ USD 0.07 bn	↓ USD 0.04 bn	USD 8.61 bn

1 The 1 July 2015 AUMA reflects a reclassification of USD 106 million from Lighthouse Funds to Lighthouse Customised Client Accounts.

2 Net flows includes monies received by Lighthouse for applications effective 1 January 2016, and accordingly excludes monies received by Lighthouse for applications which were effective 1 July 2015. This convention in relation to the reporting of net flows and AUMA has been consistently applied by HFA since Lighthouse became a part of the HFA Group in January 2008.

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

4 31 December 2015 AUMA is based on performance estimates which may be subject to revision upon final audit.

Key Lighthouse Funds – performance

January 2016 performance estimates

Lighthouse Multi-strategy Funds	January 2016	3 year	5 year	10 year	3 year volatility
Lighthouse Diversified Fund LP	-2.00%	7.19%	5.47%	4.46%	3.46%
Lighthouse V Fund Ltd	-1.50%	5.35%	4.25%	3.55%	3.30%
Lighthouse Multi-Strategy Fund Ltd	-1.70%	6.08%	5.10%	n/a	3.31%
Lighthouse Strategy-Focused Funds	January 2016	3 year	5 year	10 year	3 year volatility
Lighthouse Global Long/Short Fund LP	-3.55%	8.32%	6.56%	5.51%	4.61%
Lighthouse Credit Opportunities Fund LP	-3.30%	3.26%	4.33%	3.87%	5.31%
Lighthouse Healthcare Series	-5.95%	11.75%	8.23%	n/a	8.40%
Benchmarks	January 2016	3 year	5 year	10 year	3 year volatility
S&P 500 (with reinvested dividends)	-4.96%	11.32%	10.91%	6.48%	10.94%
MSCI AC World Index	-6.01%	4.45%	5.01%	4.15%	11.34%
Barclays Government / Credit Bond Index	1.41%	1.96%	3.67%	4.64%	3.33%
91 Day US Treasury Bills	0.00%	0.05%	0.07%	1.21%	0.02%
HFRX Global Hedge Fund Index	-2.76%	-0.84%	-1.38%	-0.47%	3.90%

- Performance may vary among different share classes or series within a fund. Past performance is not indicative of future results.
- Please refer to slide 15 for important information on the information provided above.

Financial results

AUMA & performance

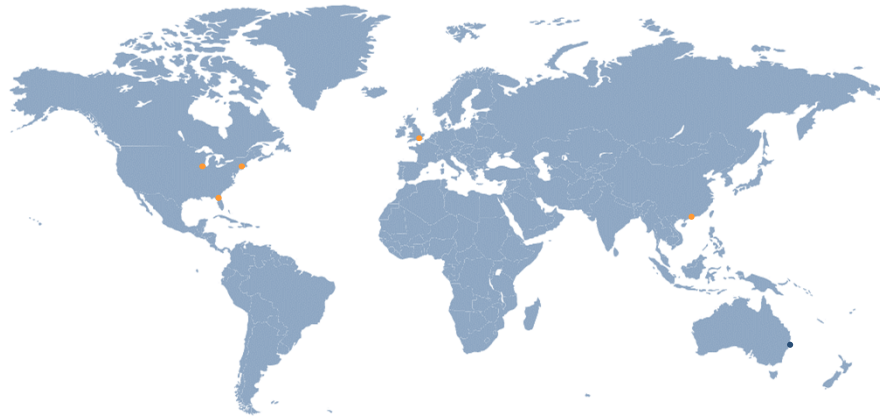
Business overview

Business overview

Who we are



We take a global view in everything we do



\$8.61 billion
Total AUMA¹

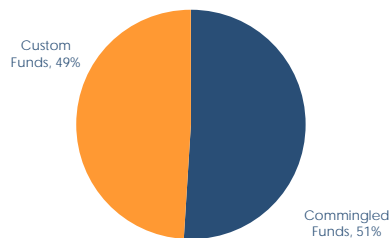
19
Investment professionals

20
Year track record

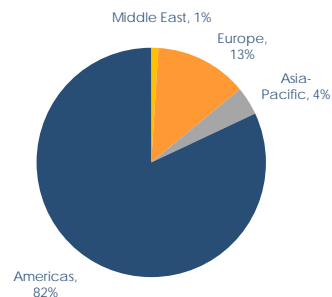
900+
Investors worldwide

72
Total employees

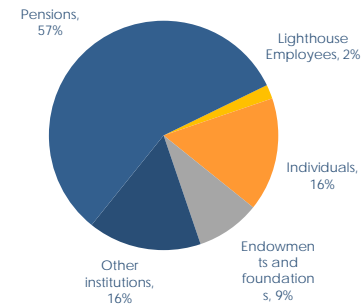
By services provided



By geographical location



By investor type



As at 31 December 2015

¹ Lighthouse AUMA as at 31 December 2015 is based on performance estimates, and includes application monies received effective 1 January 2016

What we do

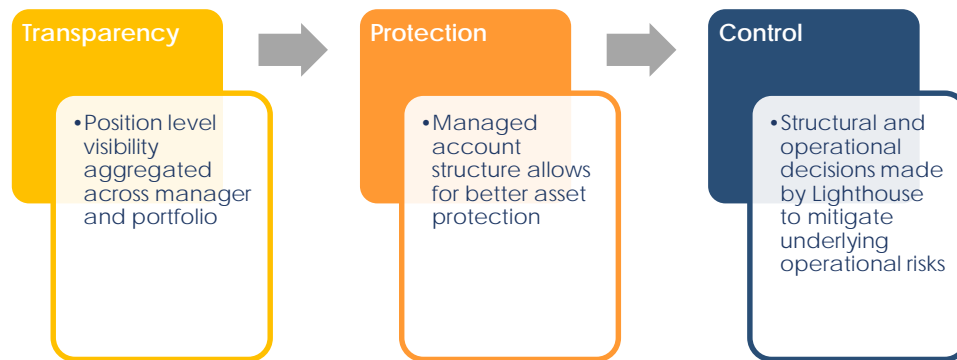
Lighthouse's purpose is to protect and grow our clients' assets. We believe it is how we do it that sets us apart.

Lighthouse believes the most effective way to achieve diversification from traditional markets is through exposure to intelligently designed and actively managed portfolios of hedge funds. Lighthouse's overall objective is to create and deliver innovative investment solutions that compound investor capital.

We believe that we have a better way to invest with hedge fund talent:

- We're a leader and early adopter in managed accounts
- We have transparency into our portfolios at the security level
- We manage many of the operational risks of investing in hedge funds
- We're able to be opportunistic and flexible

Lighthouse strives for consistent, risk-adjusted investment returns combined with strong investment governance



- Approximately 100 funded managed account investments
- Approximately 85% of Lighthouse AUMA is managed via managed accounts

Lighthouse managed accounts help redefine hedge fund investing

Lighthouse managed account benefit

- ✓ Lighthouse funds own all underlying securities and positions
- ✓ Lighthouse has position-level transparency
- ✓ No lock-ups, gates, suspensions, or holdbacks of capital at the managed account level*
- ✓ Ability to revoke managers' authority to trade in the event of breach**
- ✓ Account governed by a negotiated Investment Agreement
- ✓ Lighthouse can reallocate intra-month if necessary

Why we think it's important to our clients

Our accounts are segregated from underlying manager's commingled fund

Lighthouse knows what the managed accounts own and independently value each account

Managers may not apply artificial liquidity to our clients' capital

Style drift or unapproved risk may be detected and acted on swiftly if necessary

Explicit and enforceable contract of investments constraints empowers monitoring and better asset protection as compared to investing via a commingled fund

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

Business strategy

We did not believe it was possible to orchestrate a smooth transition to more normalised interest rates after such an extended period of quantitative easing and seven years of zero interest rate policy in the US, particularly as that process diverged dramatically from other parts of the world. Add to that heightened concerns around global growth, a struggling energy complex, and increased geopolitical concerns, and we believe that the turbulence may persist. As flagged in our August company update, we acknowledged that performance could be challenging in such an environment.

Confirming this view, our flagship Diversified Fund had flat to slightly negative performance during the first half of FY2016. With more volatile markets and the implications on investment performance, the focus of the last six months has been on carefully monitoring our risk exposures, looking for opportunities as dislocations appear, as well as ensuring that we are proactive in our communications with our clients.

AUMA has remained flat, which we believe is a good result when taking into consideration how difficult it is to attract new clients and capital during such volatile market conditions.

Our longer term strategy remains unchanged :



Disclaimers

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Performance data

Performance information contained in this presentation is estimated and subject upon final audit. Certain of the funds may have no external investors. The performance data represents the returns for each of respective Lighthouse Funds, or any related predecessor Fund, net of all fees and expenses, including reinvestment of earnings. Results include reinvestment of income and capital gains. Performance for periods over one year has been annualised. Past performance is not indicative of future results. This information is neither an offer to sell nor a solicitation of an offer to purchase any securities.