



The HFA Diversified Investments Fund invests into the Lighthouse Partners Diversified Fund Limited (Underlying Fund), which has exposure to a portfolio of diversified specialist investment managers, with each manager concentrating on a market sector where they are based and have expertise. Utilising seven investment strategies, the HFA Diversified Investments Fund remains the most diversified absolute return fund in the Certitude stable.

Portfolio update

The HFA Diversified Investments Fund Hedged Wholesale class returned -0.12% for December 2011. As a reference, the MSCI World Ex Australia (USD) returned 0.04% for the month.

Key Points

- Credit had a modestly negative month in December despite tightening credit spreads. Several restructured equities fell precipitously, which added to losses. Fundamental credit strategies were down slightly, as hedges against Europe's challenges performed poorly as a result of the latest policy action by the European Central Bank.
- Long/short equity managers delivered mixed results. Concerns over funding in Europe continued to dominate global market sentiment; however, improving macroeconomic indicators eased the pressure on non-European equities.
- Market neutral equity was lower for the month, with all three sub-strategies posting losses. Realised volatility was about 40% lower in December than in November, and correlations continued to drop, ending the month just slightly elevated to long-term averages.
- Relative value strategies had a modestly negative month in December. Merger and event strategies were profitable with several deals closing and attractive pricing on the Amgen Dutch tender also contributing to gains. Allocations to more traditional convertible strategies also generated positive performance, mostly due to credit spread tightening.
- Fixed income was marginally positive. Municipal bond issuance was strong in early and mid December, before trending down towards the end of the month due to seasonal factors.
- December was moderately negative for global trading with losses in short-term trading more than offsetting small gains in trend following and fundamental strategies. The portfolio oscillated between small long and short equity index positions over the month, leading to moderate losses.

Portfolio facts & fees ¹

	Wholesale	Retail
APIR code	HFL0104AU	HFL0102AU
Unit price	\$1.094781	\$1.067477
Management costs	1.52% p.a.	1.78% p.a.
Performance fee	Nil	
Buy/Sell spread	Nil	

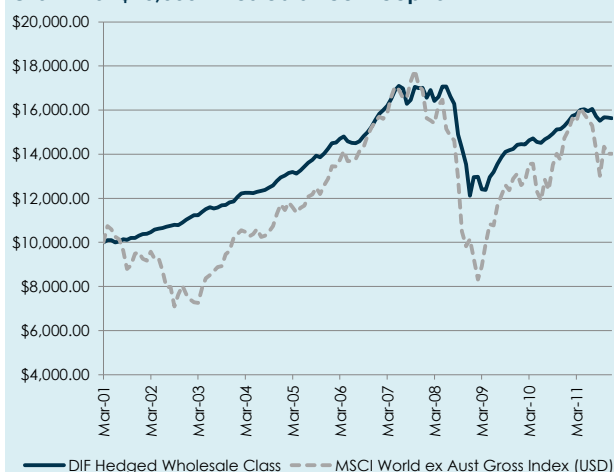
Inception date	31 March 2001
Portfolio value (\$M)	\$221.035
No. of underlying managers	82
Income distribution	Annual, 30 June
Liquidity	Monthly (91/30)

Performance ²

	Hedged		MSCI World Ex Australia (USD) %
	Wholesale %	Retail %	
1 month	-0.12	-0.14	0.04
3 months	0.75	0.67	7.73
6 months	-1.98	-2.14	-9.91
12 months	2.28	2.05	-4.78
2 years p.a.	4.12	3.82	3.38
3 years p.a.	8.87	8.58	11.42
5 years p.a.	0.10	-0.18	-1.99
7 years p.a.	2.73	2.44	2.59
10 years p.a.	4.25	4.01	3.92
Since inception p.a.	4.24	3.98	3.19
Volatility %p.a.	6.78	6.78	16.76
Positive months	72.87	(94)	
Negative months	27.13	(35)	
Total	100.00		

Past performance is not a reliable indicator of future performance.
Source: Certitude Global Investments Limited, Morningstar.

Growth of \$10,000 invested since inception ²



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Source: Certitude Global Investments Limited, Morningstar.

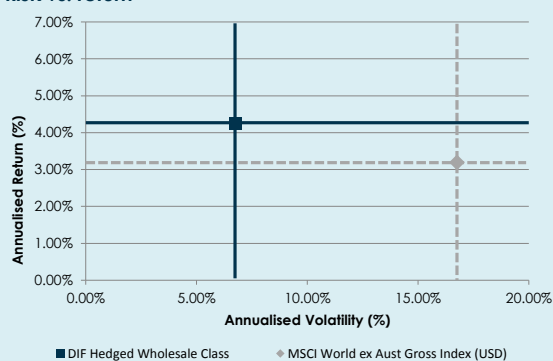
Portfolio allocation & contribution ³

Strategy	Weight	Contribution	
	%	No.	%
Credit	11.2	(11)	-0.05
Fixed Income	9.5	(4)	0.07
Global Trading	7.3	(25)	-0.06
Long / Short	20.9	(19)	-0.14
Market Neutral Equity	17.5	(9)	-0.04
Options	2.0	(1)	0.02
Relative Value Arbitrage	27.4	(13)	-0.04
Cash & Cash Equivalents	4.4	-	0.12
Total	100.0	(82)	-0.12

Manager allocation

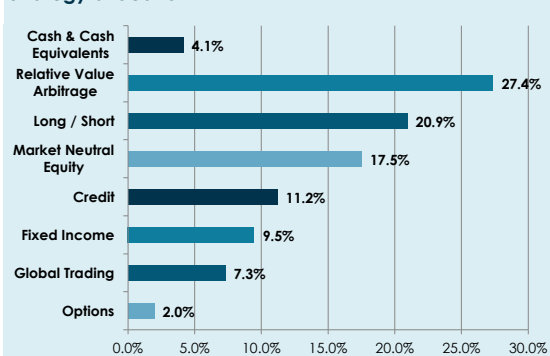
	%
Top 5	26.3
Top 10	43.3
Top 20	66.2
Top 40	88.8

Risk vs. return ⁴

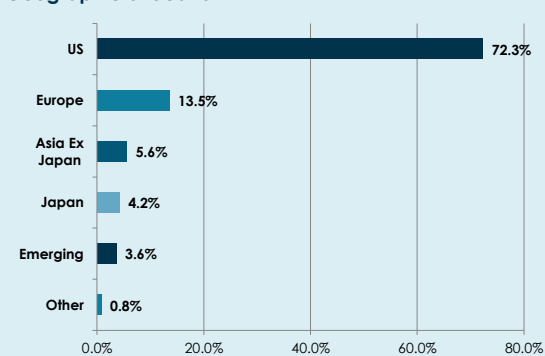


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Source: Certitude Global Investments Limited, Morningstar.

Strategy allocation ³



Geographic allocation ⁵



Fund ratings

STANDARD & POOR'S

S&P FUND RATING
★★★★☆

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Further information

Please contact 1300 30 90 92 or visit the website at www.certitudeglobal.com.au for further information.

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Disclaimers

- Total management costs include 1.28% p.a. management fee for wholesale units or 1.54% p.a. management fee for retail units, 0.11% p.a. administrative fee and 0.13% p.a. administration costs of the LHP Fund in which the Fund invests. Costs incurred by the 0.13% p.a. LHP Fund administration costs are reflected in the price of units in the LHP Fund.
Income is distributed annually for the period ending 30 June each year where income is available.
- DIF returns to 31 December 2011 assume distributions are reinvested and are net of all fees.
The MSCI World Ex Australia Gross USD is provided as a reference only.
- Allocations are for the underlying fund, are current as at the date of this report and are not necessarily indicative of future strategy allocations.
- Volatility is calculated as the annualised standard deviation of returns since DIF's inception.
- With respect to investments made by the underlying manager through managed accounts, geographic information comes directly from the managers in the form of daily position level transparency. With respect to investments made with managers via traditional fund investments, geography is calculated based on equity and credit instruments' notional exposure.

Further details of DIF can be found on the website at www.certitudeglobal.com.au.

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