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## **INVESTOR UPDATE – 31 March 2021**

### **Halifax Investment Services Pty Limited (In Liquidation) (Halifax AU)**

### **Halifax New Zealand Limited (In Liquidation) (Halifax NZ) (together the Halifax Group)**

#### **Court process**

As outlined in our previous updates dated 17 December 2020 and 16 January 2021, their Honours Justice Venning and Justice Markovic have reserved judgement on Client Money proceedings. We are unable to confirm when the judgment will be handed down. However, given the volume of material before the Courts and the evidence filed in this matter, we have always anticipated that this process would take some months from the conclusion of the hearing in December 2020.

We will provide Investors with an update shortly after judgement is handed down by the Courts. The Liquidators are unable to provide any indication as to when this might be.

#### **Distribution planning**

In the meantime, we are working on the planning process for the distribution. Given the number of Investors (approximately 12,000) and the value of the assets currently held by the Halifax Group, this is a complex process which requires significant work by the Liquidators. This work includes:

- The deployment of an online portal to allow Investors to log-in and submit their claims, provide supporting documentations, lodge disputes with the Investors, verify their identity and update their bank details if necessary.
- A detailed planning process for the timeline of the distribution and the issue of various documents and correspondence to Investors.
- Preparation of correspondence to be issued to Investors regarding the Investor portal and how to submit their claims and receive payment.
- Planning work for the distribution of assets to Category 3 Investors in circumstances where Orders are made by the Courts that shares be transferred to these Investors.

We confirm that we do not require Investors to provide any information or details for the payment of their distribution at this point. Investors will be contacted about this in due course and once judgment has been handed down.



### Deficiency update

We have prepared an analysis in the movement in Investor equity balances between 23 November 2018 and 28 February 2021. These equity balances represent the balance of client accounts on the trading platforms and are not an indication of the value of assets held by Halifax AU and Halifax NZ. These values are calculated using exchange rates as at 23 November 2018 and 28 February 2021.

The following table indicates that the increase in the value of equity balances is relatively evenly split across platforms (with the exception of MT4 which does not hold a significant volume of shares).

Platform	Portfolio value as at 23/11/2018 AU\$	Portfolio value as at 28/02/21 AU\$	Movement since appointment AU\$	Movement since appointment %
IB NZ	44,367,970	59,840,013	15,472,043	35%
IB AU	110,045,790	154,007,957	43,962,167	40%
MT4	23,911,032	23,735,110	(175,922)	(1%)
MT5	33,277,030	48,200,631	14,923,591	45%
<b>Total</b>	<b>211,601,822</b>	<b>285,783,711</b>	<b>74,181,879</b>	<b>35%</b>

As at 23 November 2018, there was an estimated deficiency of \$19 million, representing 9% of client equity positions as at that date. That is, the total amount of assets held on trust for clients of Halifax AU and Halifax NZ was \$192.6 million and client equity positions totalled \$211.6 million.

As at 28 February 2021, there is an estimated deficiency of \$44.6 million, which represents 16% of client equity positions (as at 28 February 2021), with the total amount of assets held on trust for clients of Halifax AU and Halifax NZ being \$241.1 million and client equity positions being \$284.8 million.

Account	Balance as at 23/11/2018 AU\$	Balance as at 28/02/2021 AU\$
Total cash and assets held	196,269,496	241,134,999
Less: Company funds	(3,668,446)	(13,385)
Client Moneys held	192,601,050	241,121,615
Client equity positions	211,601,823	285,783,711
<b>Deficiency in Client Moneys</b>	<b>(19,000,773)</b>	<b>(44,662,096)</b>

The increase in the deficiency from 23 November 2018 to 28 February 2021 reflects market fluctuations in respect of unhedged positions and the cost of the Voluntary Administration and Liquidation including platform costs, wages, rent, legal fees and remuneration of the Voluntary Administrators and Liquidators and other operating costs which have been incurred and paid (with the approval of the Courts).



*Disclaimer – it is important to note the following:*

- Investor equity balances and assets held continue to be subject to market fluctuations given open positions which continue to be held on the trading platforms.
- Costs, expenses and remuneration continue to be incurred for the period from 1 January 2020.
- Distribution of the Client Moneys is subject to the outcome of the Court proceedings and any distribution process determined by the Court.
- The Investor equity balances set out above have not been the subject of an audit since the appointment of the voluntary administrators on 23 November 2018

This update should not be interpreted as providing Investors with an update as to the quantum of the distribution they should expect to receive following the resolution of the court process. The Liquidators have previously issued an Estimated Outcome Statement (EOS) to assist Investors in this regard. The EOS is available at the following link:

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-estimated-outcome-statement-31-august-2020.pdf>

Since the EOS has been issued, there have not been any circumstances which would cause us to amend the estimated return to Investors as outlined in the EOS (or to change our views in respect of the reasonableness of the assumptions on which the EOS was based).

Please visit the links to the following websites for a copy of the correspondence issued to investors:

- **Halifax Australia:** <https://home.kpmg/au/en/home/creditors/halifax-investment-services.html>
- **Halifax New Zealand:** <https://home.kpmg/au/en/home/creditors/halifax-nz-limited.html>