



HFA Holdings Limited
ACN 101 585 737

28 January, 2010
ASX/MEDIA ANNOUNCEMENT

HFA HOLDINGS LIMITED – MARKET UPDATE

International fund manager holding company HFA Holdings Limited (ASX: HFA) has today provided an update on the company's performance for the six months to 31 December, 2009.

The company expects to report EBITDA (before non-cash equity settled transactions) for the half-year of \$13.8 million and EBITDA (after equity settled transactions) of \$11.4 million. The company expects Net Profit Before Tax of \$2.1 million.

Funds under Management (FUM) at the end of the half-year were \$5.54 billion falling less than 1.5%, from \$5.62 billion at 30 June 2009. Assets under Management (AUM) at the end of the half were \$5.65 billion, down 8% from \$6.16 billion at 30 June 2009.

The decrease in AUM was primarily due to the continuing deleveraging of the HFAAM products during the half-year. As at 31 December 2009, only \$113million of leverage remains in the HFAAM products.

In US dollar terms, Lighthouse has experienced a 10% growth in AUM for the half-year due to the strong performance of its core products and an overall positive net inflow for the half. AUM appears flat in Australian dollar terms as this growth has been off-set by the higher Australian dollar compared to 30 June 2009.

The interim results are currently undergoing Auditor review and are expected to be released to the market on 23 February 2010.

For further market commentary please refer to the attached presentation.

ENDS

Media Enquiries:
Spencer Young
Chief Executive Officer
HFA Holdings Limited
(02) 8302 3316



Market Update

HFA Holdings Limited (ASX: HFA)

28 January 2010

HFA HOLDINGS LIMITED
ABN: 47 101 585 737

Level 5, 151 Macquarie Street
Sydney NSW 2000

Telephone: (02) 8302 3333
Facsimile: (02) 9252 4580

E-mail: info@hfaholdings.com.au
Website: www.hfaholdings.com.au

New York Chicago Florida London Hong Kong Brisbane Sydney Melbourne

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Update for the FY2010 half-year

AUM & FUM

AUM as at 31 December 2009 of AUD5.7bn

- FUM of AUD5.5bn, broadly unchanged since 30 June 2009
- AUM of AUD5.7bn, a reduction of 8% since 30 June 2009
- Decrease in AUM has been primarily due to the continuing deleveraging of the HFAAM products during the half-year. As at 31 December 2009, only AUD113m of leverage remains in the HFAAM products.
- In US dollar terms, Lighthouse has experienced a 10% growth in AUM for the half-year due to the strong performance of its core products and an overall positive net inflow for the half-year. AUM appears flat in Australian dollar terms as this growth has been off-set by the higher Australian dollar compared to 30 June 2009.

Fund flows

- Lighthouse fund flows for H1 2010 are positive AUD30m, with 5 of the 6 months of this first half recording net inflows.
- HFAAM fund flows have been negative, primarily driven by the withdrawal windows offered by the HFA Diversified Investments Fund.

Results

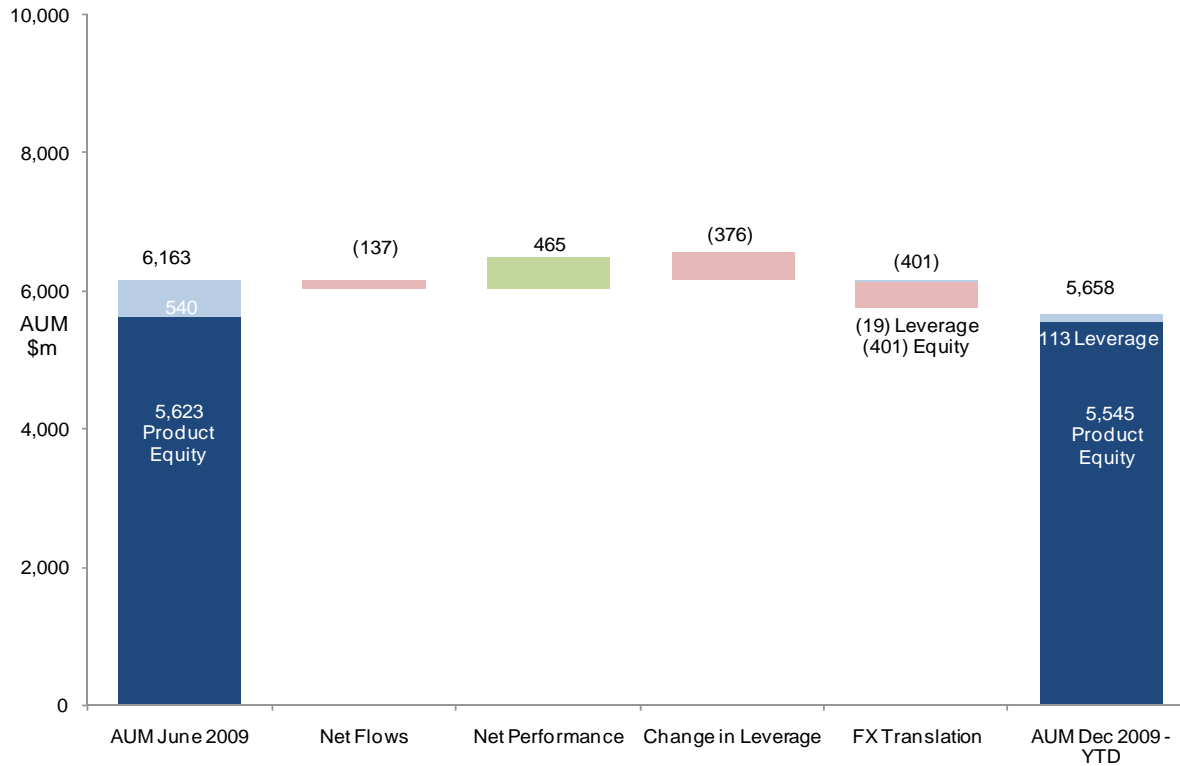
FY2010 interim results reflect full impact of the reduction in AUM due to the Global Financial Crisis

- HFA Holdings expects half-year results to be:
 - EBITDA before equity settled transactions of \$13.8m
 - EBITDA after equity settled transactions of \$11.4m
 - Net profit before tax of \$2.1m
- The interim results are currently undergoing Auditor review and are expected to be released to the market on 23rd of February 2010.

AUM & FUM

\$M	HFA Asset Management		Lighthouse Partners		HFA Holdings		
	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09	% Change
Funds Under Management	1,517	1,585	4,028	4,038	5,545	5,623	(1%)
Assets Under Management	1,630	2,125	4,028	4,038	5,658	6,163	(8%)

HFA Holdings Limited - YTD AUM (AUD) Movements



Lighthouse Partners Product Performance

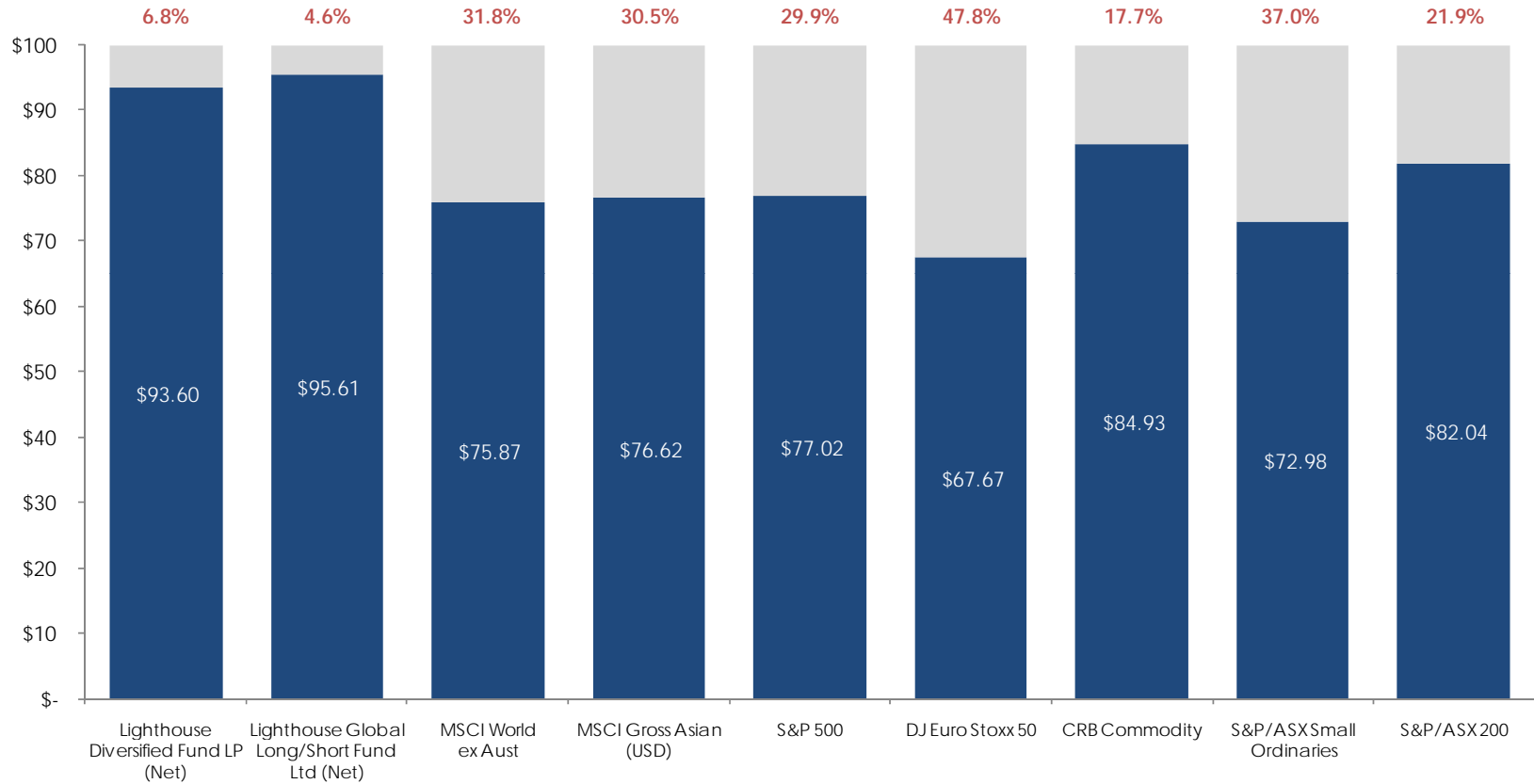
Comparative Fund Returns to 31 December, 2009

	LHP Diversified Fund LP (Net)	LHP Global Long Short Fund Ltd (Net)	MSCI World Ex Au (USD)	MSCI Gross Asian (USD)	S&P/ASX 200 Accumulation Index	Standard & Poor's 500 TR Index (US\$)
1 Month	1.21%	0.73%	1.83%	2.57%	3.74%	1.93%
3 Months	2.18%	0.22%	4.15%	1.80%	3.39%	6.04%
6 Months	8.62%	4.71%	21.86%	14.38%	25.62%	22.59%
12 Months	17.87%	10.01%	29.43%	31.98%	37.03%	26.46%
2 Years p.a.	-4.46%	-2.81%	-11.89%	-11.14%	-8.16%	-10.74%
3 Years p.a.	0.27%	2.48%	-5.41%	-3.93%	-0.70%	-5.63%
4 Years p.a.	3.20%	4.63%	0.46%	0.42%	5.02%	-0.67%
5 Years p.a.	4.22%	6.06%	2.27%	4.87%	8.36%	0.42%
Inception p.a. ¹	8.86%	6.60%	Since inception returns are different for various funds			
Inception Total ¹	205.21%	46.77%				

1. LHP Diversified Fund LP inception being August 1996. LHP Global Long Short Fund Ltd inception being January 2004.
 Source: Lighthouse, MSCI and Bloomberg
 Past performance is not an indicator of future performance.

Strong Relative Outperformance for Lighthouse Funds

Investment Value from 1 October 2007 to 31 December 2009¹



Capital retained from an initial \$100 invested AND the % return required to restore the initial capital investment

1. The above chart represents the period since the previous market high and how the Funds performed against the major market sectors.

SOURCE: Lighthouse, MSCI and Bloomberg.

Past performance is not an indicator of future performance.

HFA Asset Management Product Performance

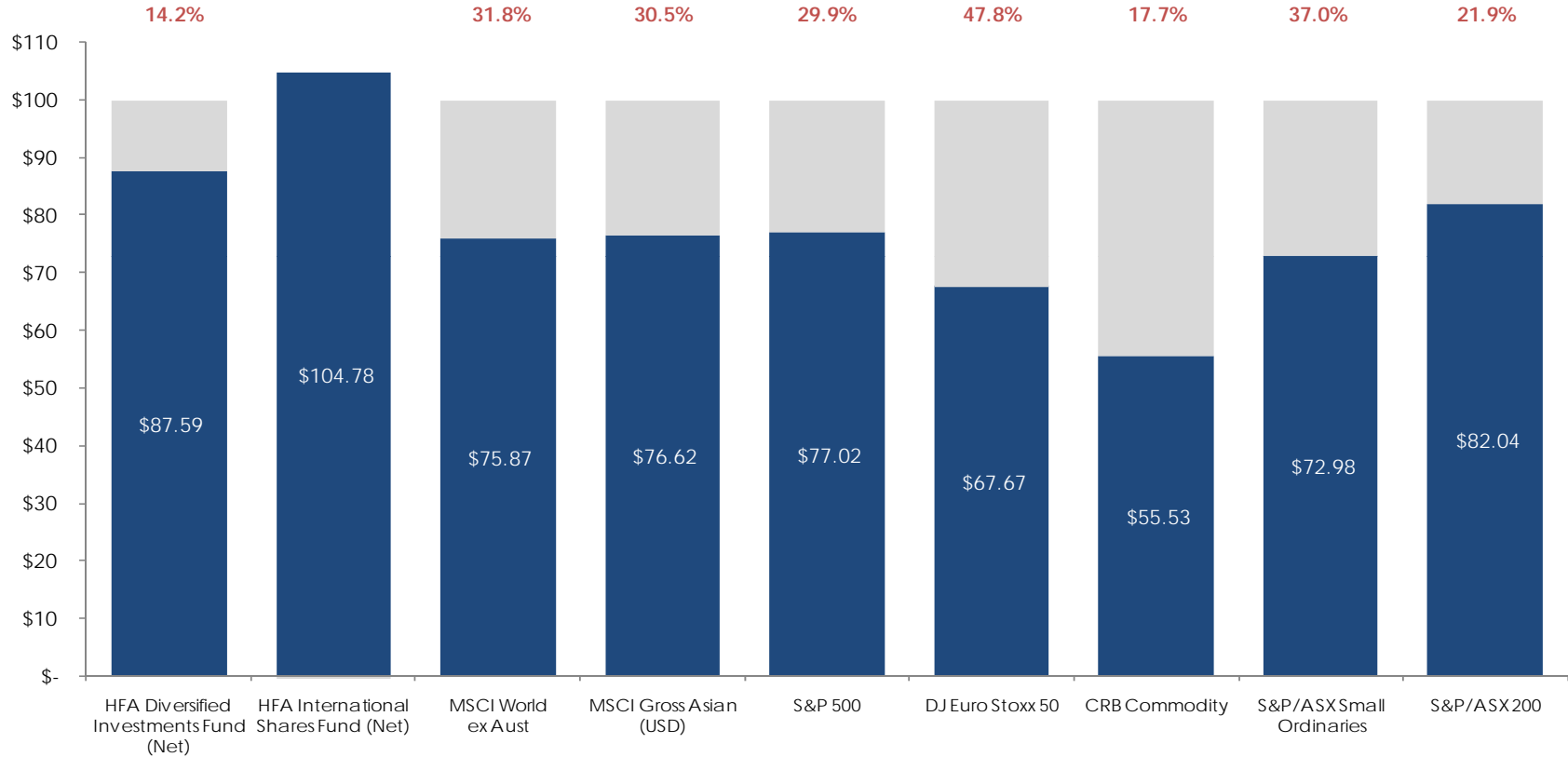
Comparative Fund Returns to 31 December, 2009

	HFA Diversified Investments Fund (Net)	HFA International Shares Fund (Net)	MSCI World Ex Au (USD)	MSCI Gross Asian (USD)	S&P/ASX 200 Accumulation Index	Standard & Poor's 500 TR Index (US\$)
1 Month	1.33%	0.67%	1.83%	2.57%	3.74%	1.93%
3 Months	2.19%	0.77%	4.15%	1.80%	3.39%	6.04%
6 Months	9.34%	4.86%	21.86%	14.38%	25.62%	22.59%
12 Months	19.04%	8.19%	29.43%	31.98%	37.03%	26.46%
2 Years p.a.	-7.94%	1.51%	-11.89%	-11.14%	-8.16%	-10.74%
3 Years p.a.	-2.49%	4.63%	-5.41%	-3.93%	-0.70%	-5.63%
4 Years p.a.	0.29%	5.94%	0.46%	0.42%	5.02%	-0.67%
5 Years p.a.	2.17%	7.11%	2.27%	4.87%	8.36%	0.42%
Inception p.a. ¹	4.27%	5.86%	Since inception returns are different for various funds			
Inception Total ¹	44.22%	64.59%				

¹HFA Diversified Investments Fund inception being March 2001. HFA International Shares Fund inception being March 2001.
 Source: HFA Asset Management, MSCI and Bloomberg
 Past performance is not an indicator of future performance.

Strong Relative Outperformance for HFA Asset Management Funds

Investment Value from 1 October 2007 to 31 December 2009¹



Capital retained from an initial \$100 invested AND the % return required to restore the initial capital investment

1. The above chart represents the period since the previous market high and how the Funds performed against the major market sectors.

SOURCE: HFA Asset Management Limited, MSCI and Bloomberg.

Past performance is not an indicator of future performance.

Half-year earnings guidance

FY2010 interim results reflect full impact of the reduction in AUM due to the Global Financial Crisis

**EBITDA
(before equity settled
transactions)
\$13.8m**

- Result reflects decrease in AUM, in particular from the de-leveraging of HFAAM products.
- De-leveraging of HFAAM products is now largely complete.

**EBITDA
(after equity settled
transactions)
\$11.4m**

- Equity settled transactions of \$2.5m (2009: \$12.4m) represents shares provided to employees under the Australian Performance Rights Plan and bonuses to key Lighthouse staff.
- No additional equity settled transactions are expected in the second half of FY2010.

**Net profit before tax
\$2.1m**

Net debt position

The Company continues to reduce its debt facility

- The Company plans a USD8.3m payment, before 31 January 2010. After this payment, the Group's net debt position will be AUD96m (30 June 2009: AUD121m).

Outlook

Industry consolidation will create opportunities for investment performance and market share

Investment Performance

- Throughout the first half of this financial year the Group's products have delivered strong risk-adjusted investment returns.
- On-going rationalisation of the Fund-of-Hedge-Fund industry means that there should be improved opportunities to continue to generate or improve our current investment returns.

AUM & FUM

- We have seen an increase in investor appetite in the US in the absolute return fund space. We expect net fund flows for Lighthouse to continue to be positive.
- The rollout of the managed account platform is complete, with the platform integrated into Lighthouse's existing product offerings. The positive acceptance of the managed account platform should generate significant opportunities for new fund flows.