



Annual General Meeting
HFA Holdings Limited (ASX: HFA)

Radisson Plaza Hotel
26 October, 2009
11.00am

New York

Chicago

Florida

London

Hong Kong

Brisbane

Sydney

Melbourne

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EXECUTIVE CHAIRMAN

Mr Spencer Young

Reaction to International Events – 2008-2009

External Challenges

- Sub-prime Crisis** • Triggered by a dramatic rise in mortgage delinquencies and foreclosures in the United States.
 - Crisis created by excessive leverage and poor underwriting
- Banking Crisis** • Questions over asset quality and solvency of banks created a lack of confidence, resulting in the collapse and subsequent bailout of many banks and financial institutions (*Bear Sterns, Lehman Brothers, Washington Mutual, Merrill Lynch, AIG, Northern Rock, RBS and HBOS*).
- Credit Crisis** • The de-leveraging process by banks created (post Lehman Bros failure) a freeze in bond and commercial paper markets with credit, fixed income and other markets also affected / freezing up.
- Economic Crisis** • The combination of these events began to impact real economies with most developed countries entering technical recessions

Internal Responses

- Reduce Risk** • Immediately commenced process of de-leveraging investment funds where possible to preserve investors' capital
- De-leverage Balance Sheet** • Extended existing loan facility until November 2011 and reduced US\$ denominated debt from US\$127.76 million to US\$113.07 million, and A\$ denominated debt from A\$10 million to A\$6.9m
- Reduce Expenses** • Implemented Group-wide cost saving initiatives to streamline operations
- Accelerate Managed Account Implementation** • Rapidly extended proprietary Lighthouse managed account program to meet investor expectations for greater transparency and security.

Key Drivers of Result

The full year result was characterised by strong underlying cash earnings but severely impacted by acquisition-related impairment expense

Net Operating Income
(up \$19.27m, 25%)

- Increase attributable to full year contribution from Lighthouse of \$70.21m (2008: \$39.25m).
- Increase offset by reduction in management and performance fees received from HFAAM due to difficult market conditions.

Expenses
(up \$16.78m, 64%)

- Increased expenses due largely to the inclusion of a full year of Lighthouse expenses.
- Offset by cost control measures across the Group.

Equity Settled Transactions
(up \$12.40m)

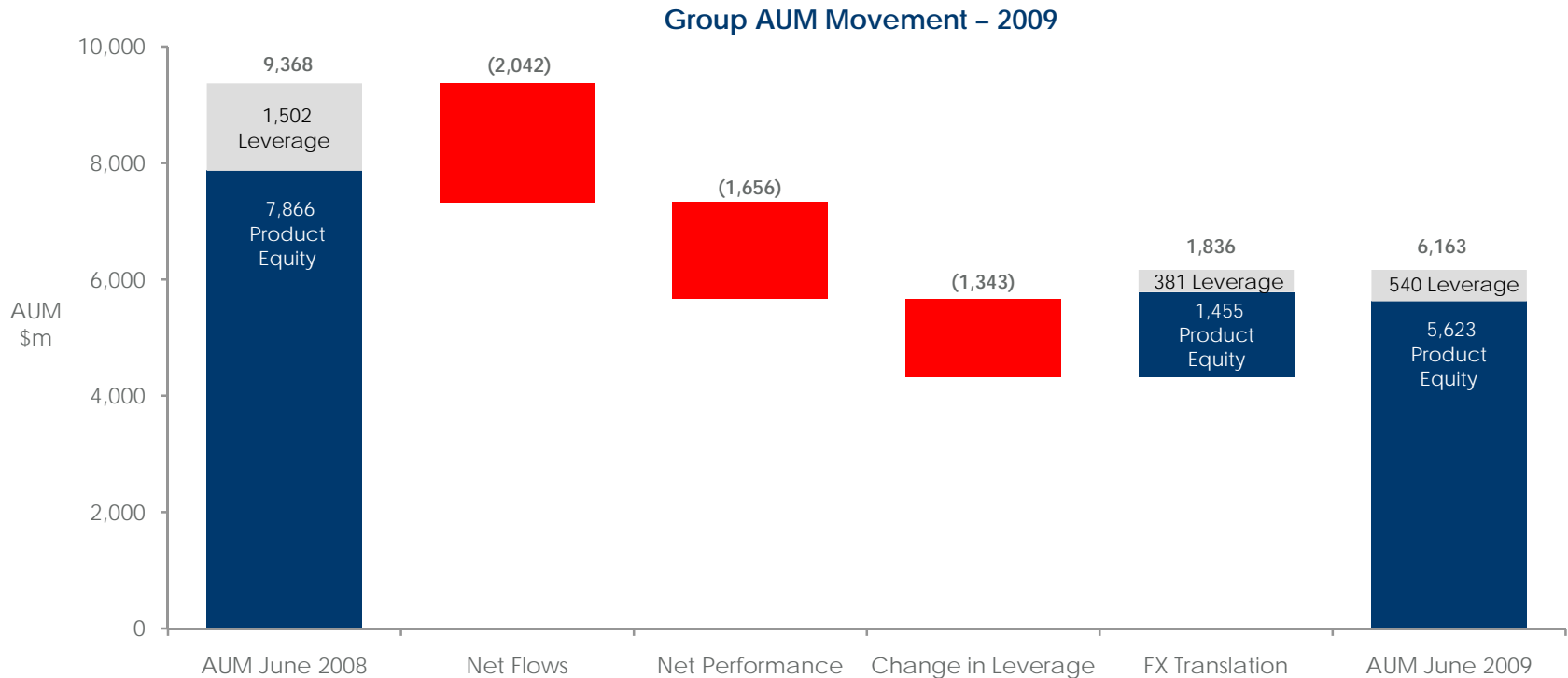
- An expense of \$12.40m (2008: \$0.55m) relating to employee incentive schemes was recognised during the year. This is a non-cash expense to the company.

Impairment
(\$599.53m)

- An impairment expense has been recognised in relation to goodwill management rights and non-current receivables in the Australian business (\$13.91m) and goodwill relating to the merger with Lighthouse (\$585.62m).

AUM & FUM

\$M	HFA Asset Management		Lighthouse Partners		HFA Holdings		
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	% Change
Funds Under Management	1,585	2,350	4,038	5,516	5,623	7,866	(29%)
Assets Under Management	2,125	3,852	4,038	5,516	6,163	9,368	(34%)



Lighthouse Partners Product Performance

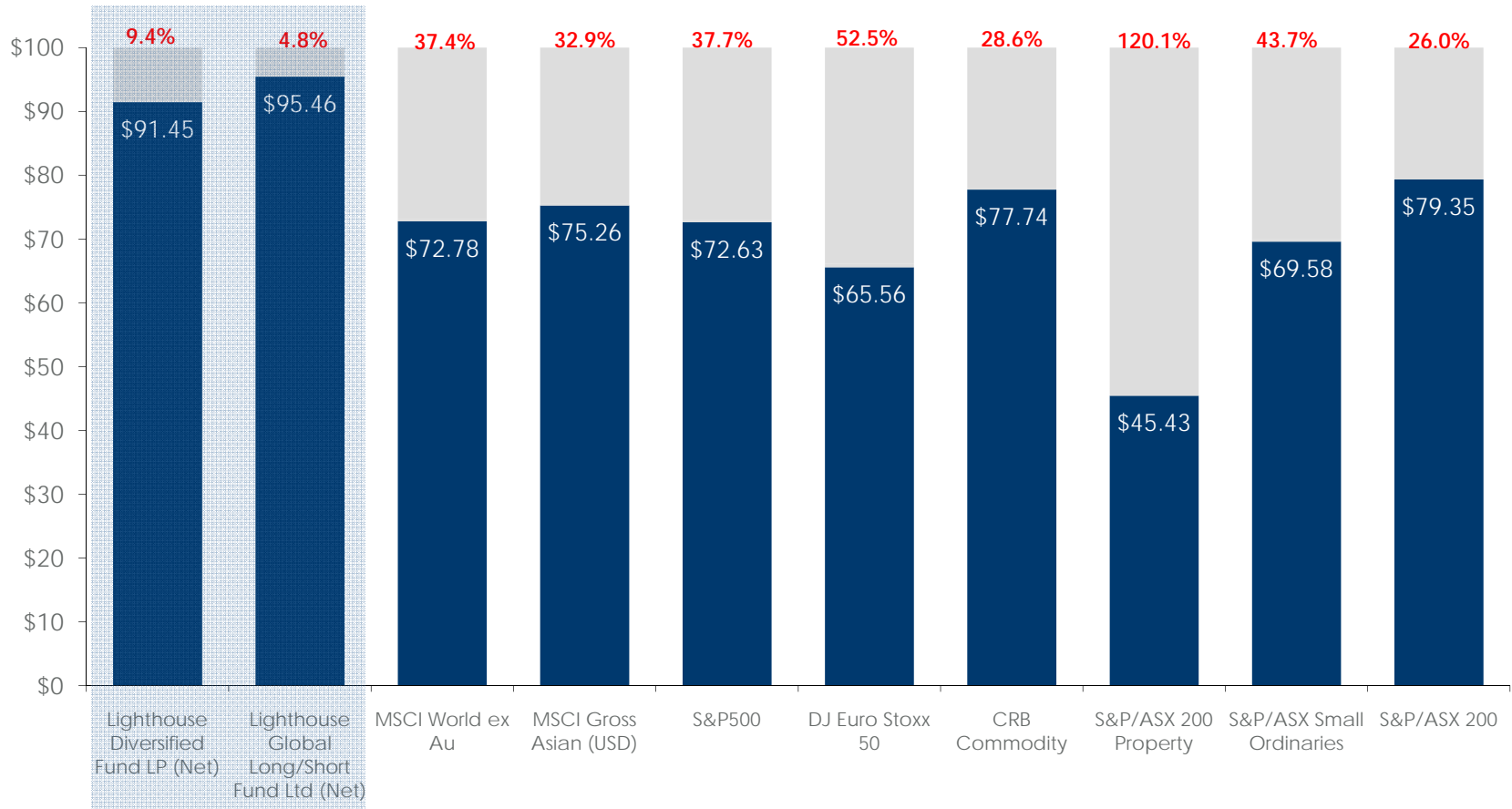
Comparative Fund Returns to 30 September, 2009

	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	1.80%	1.50%	3.64%	3.19%	6.24%	3.73%
3 Months	6.13%	4.55%	16.91%	12.35%	21.50%	15.61%
6 Months	12.61%	9.02%	41.22%	43.99%	35.21%	34.02%
12 Months	0.23%	7.25%	-2.54%	11.19%	8.34%	-6.91%
2 Years p.a.	-4.37%	-2.30%	-14.69%	-13.25%	-10.92%	-14.77%
3 Years p.a.	1.30%	4.71%	-4.21%	-1.85%	1.66%	-5.43%
4 Years p.a.	3.17%	5.43%	0.22%	2.42%	5.06%	-1.61%
5 Years p.a.	4.49%	7.26%	3.73%	7.09%	9.99%	1.02%
Inception p.a. ¹	8.84%	6.87%	Since inception returns are different for various funds			
Inception Total ¹	205.21%	46.53%				

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 30 September 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.

Managed Accounts - The way forward

The transparency of underlying investments provided by a managed account program is regarded as a critical advantage in the future success of fund of hedge fund managers.

HFA/Lighthouse has made significant progress towards implementing its managed accounts infrastructure

Transparency

- A key strategy of HFA/Lighthouse is to protect, diversify and grow its asset base, while providing greater transparency and certainty around clients' investments.

Direct Ownership

- A managed account program allows direct ownership of the underlying assets by the Lighthouse fund, rather than having to hold them via other pooled fund vehicles.
- This means that the Lighthouse fund's liquidity is not impacted by the decision of an external manager who moves to gate or suspend their fund. Lighthouse maintains control of how and when any particular asset is liquidated.
- This means Lighthouse knows real time exactly what assets are held and thus are not exposed to any misleading asset statements by underlying hedge funds.

Significant Progress

- The development of a comprehensive managed account infrastructure, which combines the support of technology, operations and legal resources, has allowed HFA/Lighthouse to invest in approximately 80 managed account relationships. Practical completion of the managed account program is expected within 12 – 18 months.

Outlook

Markets are returning to more normal levels of functionality and performance

Investment Performance

- Throughout the second half and into the new financial year we have seen hedge fund investment returns move to more traditional levels
- Capital preservation remains the highest priority for investment performance.

AUM & FUM

- Redemption levels witnessed at the height of the crisis have diminished.
- Cautiously optimistic overall fund flows will stabilise throughout the year.
- Positive net inflows for the Group achieved in both August and September.
- Retention and growth in FUM remains a key focus for the group and through the rollout of its proprietary managed account program HFA will be well positioned to benefit from a rationalisation of the fund of hedge fund industry.

Financial

- Given the considerable uncertainty still surrounding the global economy and financial markets HFA does not believe it is appropriate to provide definitive guidance on future earnings.
- Future earnings are largely dependent on the Group's level of funds under management. Increased FUM will improve earnings and decreased FUM will decrease earnings.

FORMAL BUSINESS

Proxies Received - Resolution 2(a)

“That Mr John Larum, who retires in accordance with clause 8.1 (c) of the constitution of the Company and, being eligible, offers himself for election, be elected as a director of the Company.”

FOR	74,736,207
AGAINST	11,631,992
OPEN	1,419,235
TOTAL	87,787,434
ABSTAIN	7,889,723

Proxies Received - Resolution 2(b)

“That Mr Sean McGould, who retires by rotation in accordance with clause 8.1 (d) of the constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

FOR	75,153,707
AGAINST	11,076,792
OPEN	1,453,235
TOTAL	87,683,734
ABSTAIN	7,993,423

Proxies Received - Resolution 2(c)

“That Mr F.P (Andy) Esteban, who retires by rotation in accordance with clause 8.1 (d) of the constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

FOR	74,647,707
AGAINST	11,574,792
OPEN	1,453,235
TOTAL	87,675,734
ABSTAIN	8,001,423

Proxies Received - Resolution 3

“That the Remuneration Report as it appears on pages 13 to 19 inclusive of the Directors’ Report for the financial year ended 30 June 2009 be adopted.”

FOR	36,310,909
AGAINST	49,809,745
OPEN	1,341,735
TOTAL	87,462,389
ABSTAIN	8,214,768



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