



HFA Holdings Limited
ACN 101 585 737

12 December, 2008
ASX/MEDIA ANNOUNCEMENT

HFA HOLDINGS – BUSINESS UPDATE

The Board of HFA Holdings Limited (ASX: HFA) provides the following general business update to the market and in addition addresses a number of issues which it believes are having a material adverse impact on investor perceptions of the company.

INVESTMENT PERFORMANCE

The HFA Group's core funds, the Lighthouse Partners (LHP) Diversified Fund and LHP Global Long/Short fund, which combined represent approximately 75% of the Groups total AUM, have on a relative basis continued to significantly outperform key industry benchmarks, particularly during the current global financial crisis period from October 2007 to November 30, 2008.

Investment performance figures for the month to November 30 show HFA's core funds continued to significantly outperform key industry benchmarks, with the LHP Global Long/Short fund reporting a relatively small decline of 0.43% and the LHP Diversified Fund down 2.5%. Over the same period the MSCI World (ex AUS) was down 6.38%.

Since market highs in October 2007, the LHP Global Long/Short has reported a decline of 13.07% and the LHP Diversified Fund a decline of 15.64%, materially outperforming the MSCI World (ex AUS) which has declined 43.19%.

Over the past three years, the LHP Diversified Fund has been relatively stable with a 0.21% return and the LHP Global Long/Short fund gaining 4.04%, while the MSCI World (ex AUS) lost 7.95%.

Since its inception in August 1996, the LHP Diversified Fund (Onshore) has returned a total of 177.89% or 8.64% per annum which significantly outperforms the MSCI World (ex AUS) which over the same period has delivered a total return of 50.06% or 3.35% per annum, while the LHP Global Long/Short fund has returned a total of 33.45% or 6.04% per annum since its inception in January 2004, this return materially outperforms the return of the MSCI World (ex AUS) which over the same period has delivered a total return of negative -3.73% or -0.77% per annum.

Comprehensive performance tables are provided in Appendices to this announcement.

FUND FLOWS

As at 30 November, 2008, the groups FUM and AUM were A\$8.48 billion and A\$10.28 billion respectively. Net group investment fund flows for November resulted in a net outflow of A\$115m.

While difficult to provide an accurate forecast figure due to volatile investment markets, the Board believes that as at 31 December 2008 the group will retain approximately 90% of its current FUM. The actual forecast FUM remains subject to adjustments caused by investment performance and currency movements.

The Board expects further net outflows while there is investor uncertainty about the length and severity of the global economic crisis.



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HFA is continuing with an ongoing strategic deleveraging process within its leveraged funds, as previously advised. The process adjusts the funds' leverage to be in line with target ratios, and is subject to the performance of the respective products where the leverage is employed.

Despite ongoing speculation about the future of the global hedge fund industry, HFA is confident its comprehensive and proven investment processes will ensure its funds continue to outperform the market.

GLOBAL PRESENCE

In a recent survey dated October 2008, as completed by Institutional Investor Alpha, HFA retained its position in the top 50 largest fund of fund providers in the world with a ranking of 35. The HFA Group continues to retain offices in New York, Chicago, London, Hong Kong, Sydney, Melbourne and Brisbane.

APPOINTMENT OF NEW INDEPENDENT NON EXECUTIVE DIRECTOR

The Board is pleased to announce that it has appointed Mr John Larum as an Independent Non Executive Director of the Company.

Mr Larum has extensive experience in the financial services industry having held a range of senior positions including, President of China Business for UBS Global Asset Management, Chief Executive Officer of UBS Global Asset Management, and Chief economist for UBS Warburg. Having fulfilled these positions in Hong Kong, London, New York and Sydney for a substantial part of his career, the Board believes John can contribute significantly to the HFA Group's international expansion efforts.

Prior to joining UBS, Mr Larum spent more than a decade with the Federal Treasury in Canberra, where he rose to the position of Assistant Secretary, Domestic Economy Branch, Economic Division. Mr Larum holds a Bachelor of Commerce (Econometrics) from the University of New South Wales and a Master of Economics from the Australian National University.

CORPORATE DEBT

This month, HFA repaid a A\$10m loan facility with its corporate lender. The company's corporate lender has also amended the company's US\$ debt facility by removing the Debt/EBITDA ratio covenant. The company is discussing further changes to this facility.

ENDS

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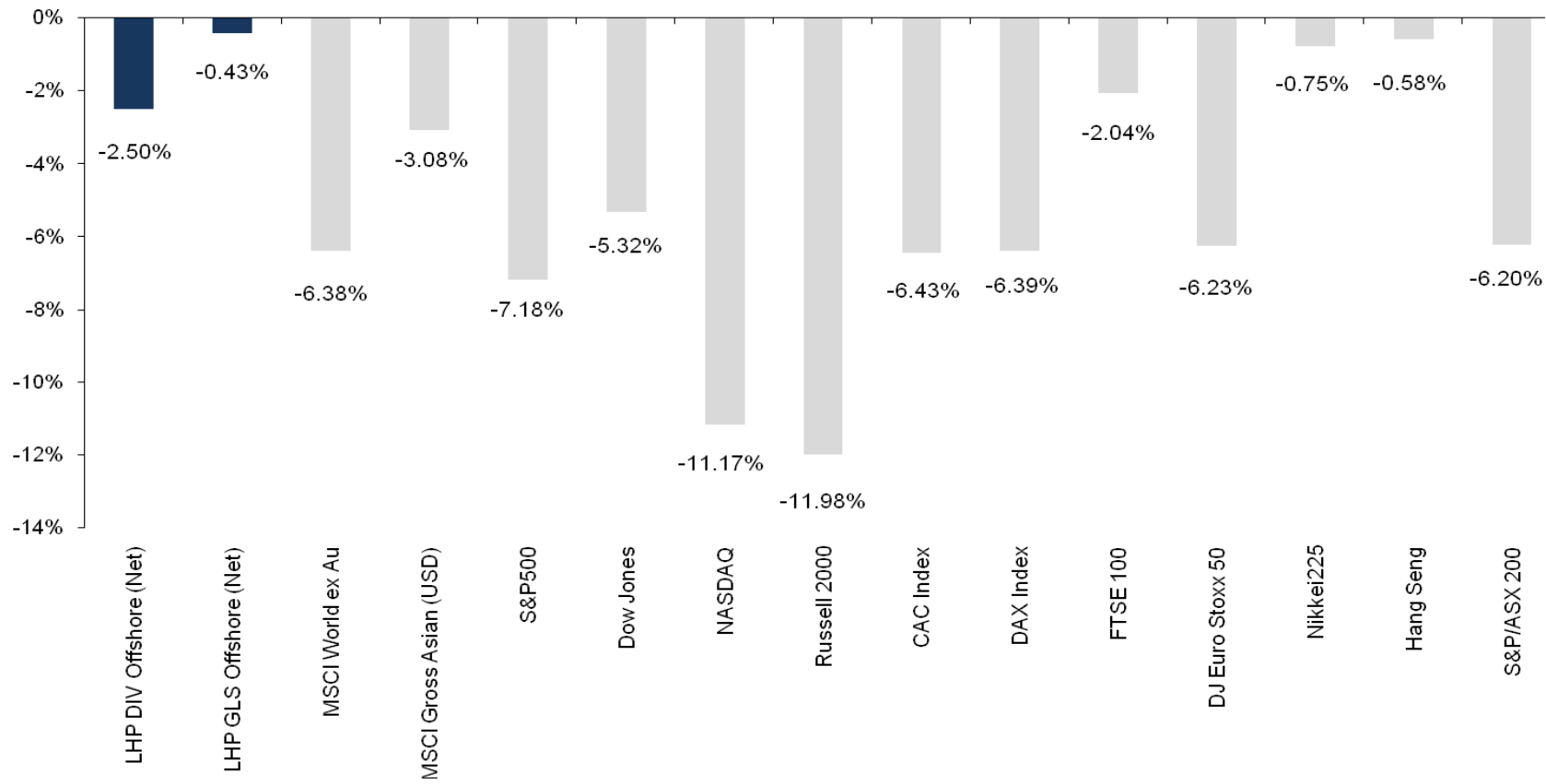


Appendix A – Comparative Investment Returns to 30 November, 2008

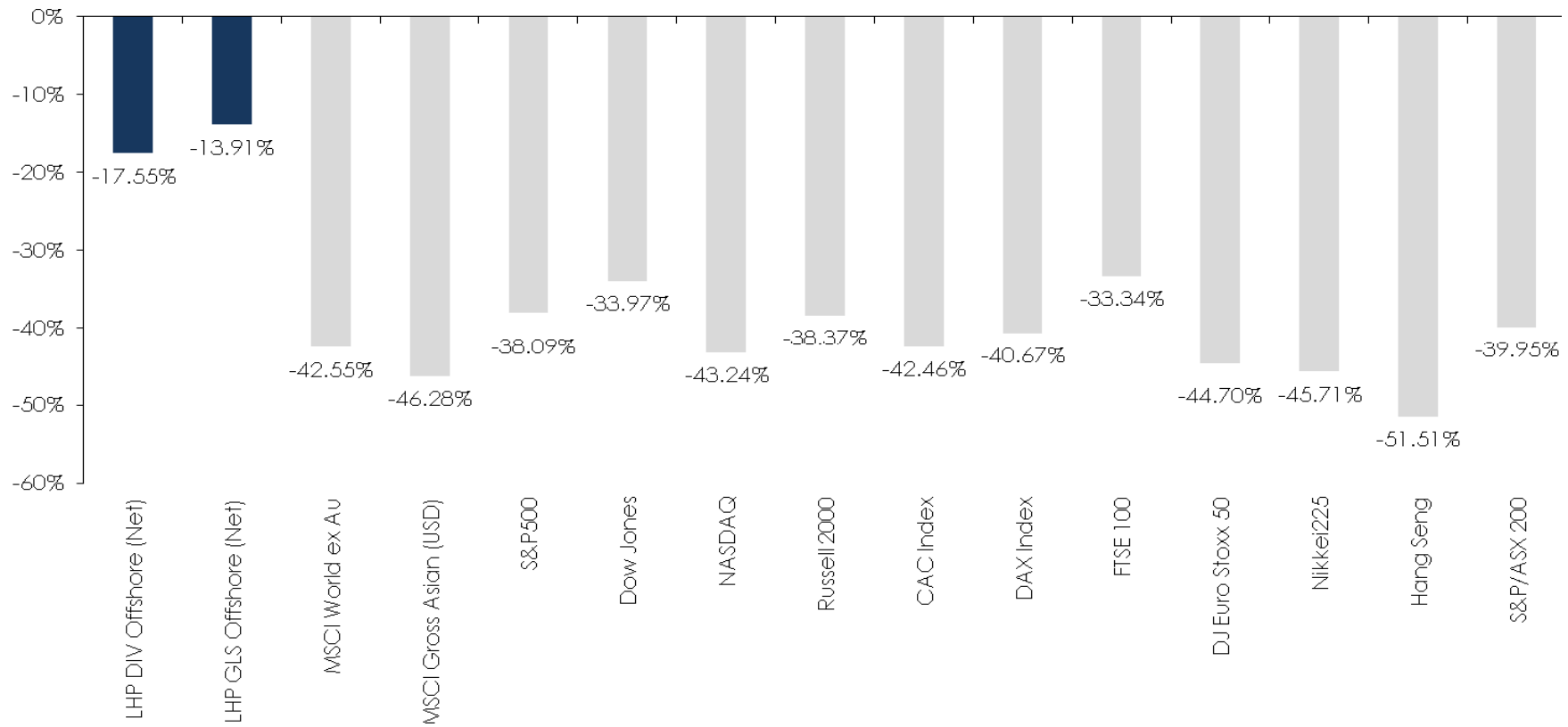
30 November, 2008	LHP DIV Offshore (Net)	LHP GLS Offshore (Net)	MSCI World ex Au	MSCI Gross Asian (USD)	S&P500	Dow Jones	NASDAQ	FTSE 100	DJ Euro Stoxx 50	Nikkei225	Hang Seng	S&P/ASX 200
1 Month	-2.50%	-0.43%	-6.38%	-3.08%	-7.18%	-5.32%	-11.17%	-2.04%	-6.23%	-0.75%	-0.58%	-6.20%
3 Months	-13.47%	-8.40%	-32.81%	-31.81%	-29.65%	-23.52%	-36.68%	-23.93%	-27.79%	-34.89%	-34.68%	-26.10%
6 Months	-17.50%	-10.52%	-40.35%	-42.60%	-35.20%	-30.14%	-41.66%	-29.16%	-35.67%	-40.63%	-43.39%	-32.06%
12 Months	-17.55%	-13.91%	-42.55%	-46.28%	-38.09%	-33.97%	-43.24%	-33.34%	-44.70%	-45.71%	-51.51%	-39.95%
2 Years	-4.06%	0.12%	-19.59%	-20.21%	-18.34%	-15.01%	-18.64%	-15.80%	-21.93%	-27.68%	-14.41%	-13.81%
3 Years	0.21%	4.04%	-7.95%	-8.60%	-8.67%	-6.51%	-10.83%	-7.53%	-11.00%	-16.97%	-2.40%	-2.83%
4 Years	2.00%	5.55%	-3.42%	-1.97%	-4.66%	-4.08%	-6.80%	-2.28%	-4.13%	-5.99%	-0.31%	3.07%
5 Years	2.64%	n/a	0.45%	1.87%	-1.39%	-2.03%	-3.60%	-0.25%	-1.57%	-3.36%	2.43%	7.75%
Inception p.a.	3.91%	6.04%										
Inception Total	35.00%	33.45%										

Since Inception Returns are different for various Funds

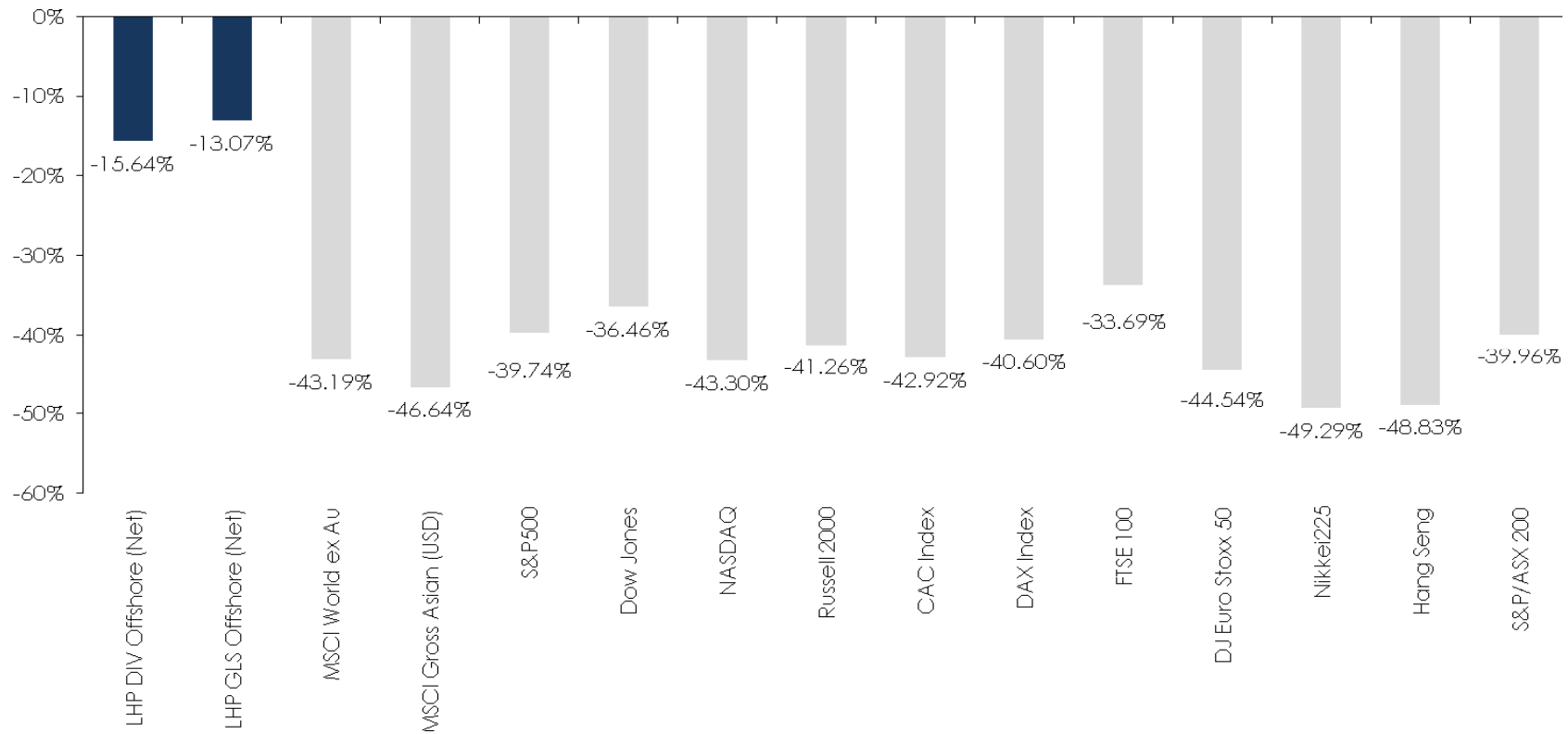
Appendix B – Comparative Investment Returns for one month to 30 November, 2008



Appendix C – Comparative Investment Returns for 12 months to 30 November, 2008



Appendix D – Comparative Investment Returns from 1 October, 2007, to 30 November, 2008



Appendix E – Restoring Investment Value

