



HFA Holdings Limited
Merrill Lynch Conference
20 June 2007

Paul Jensen - Chief Executive Officer
Rod Hughes - Chief Financial Officer

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Agenda

1) The Business

2) Financial Performance

3) Outlook

4) Q&A



The Business



HFA Asset Management

Established:	1999 by Spencer Young
Listed ASX:	April 2006 at \$1.10
Major Shareholders:	MFS AAL 19%, Spencer Young 13%, Management 8%
Free Float:	60%
Issued Shares:	201.8 million
Offices:	Sydney, Brisbane, Melbourne, Perth, Hobart
Staff:	43 (July 2007)



HFA is a Fund of Funds, Absolute Return Fund Manager

Absolute Return Fund Manager

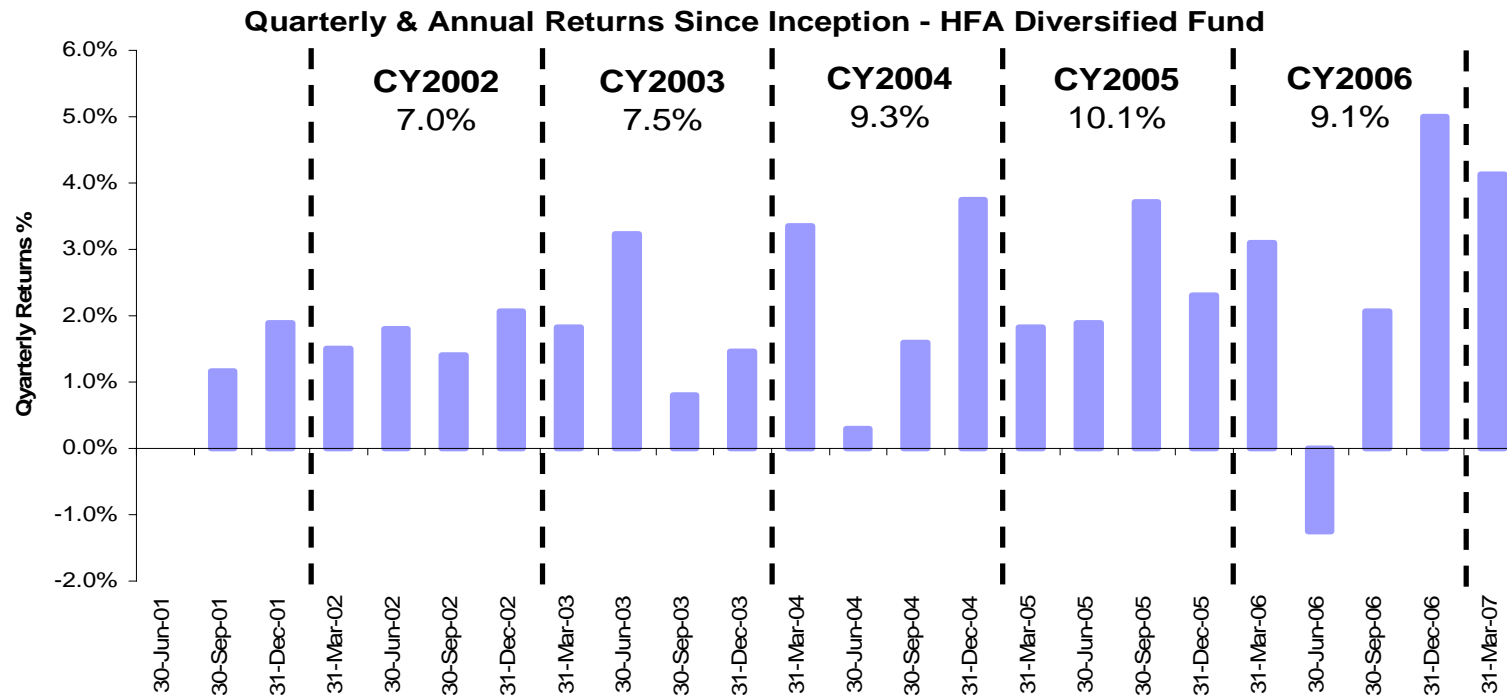
- Consistent performance in bull & bear markets
- Low portfolio correlation to equity markets
- Focused on managing risk

Fund of Funds

- HFA outsourced to Lighthouse Investment Partners
- Screens and selects hedge fund managers
- Portfolio construction
- Diversification: investment manager & investment strategy

Return Profile of an Absolute Return Fund

1 negative performance quarter out of 23 quarters (after fees) - HFA DIF



Past performance is not a reliable indicator of future performance
 Net quarterly returns since 2001

Absolute Return Funds are “a smarter way to manage money”

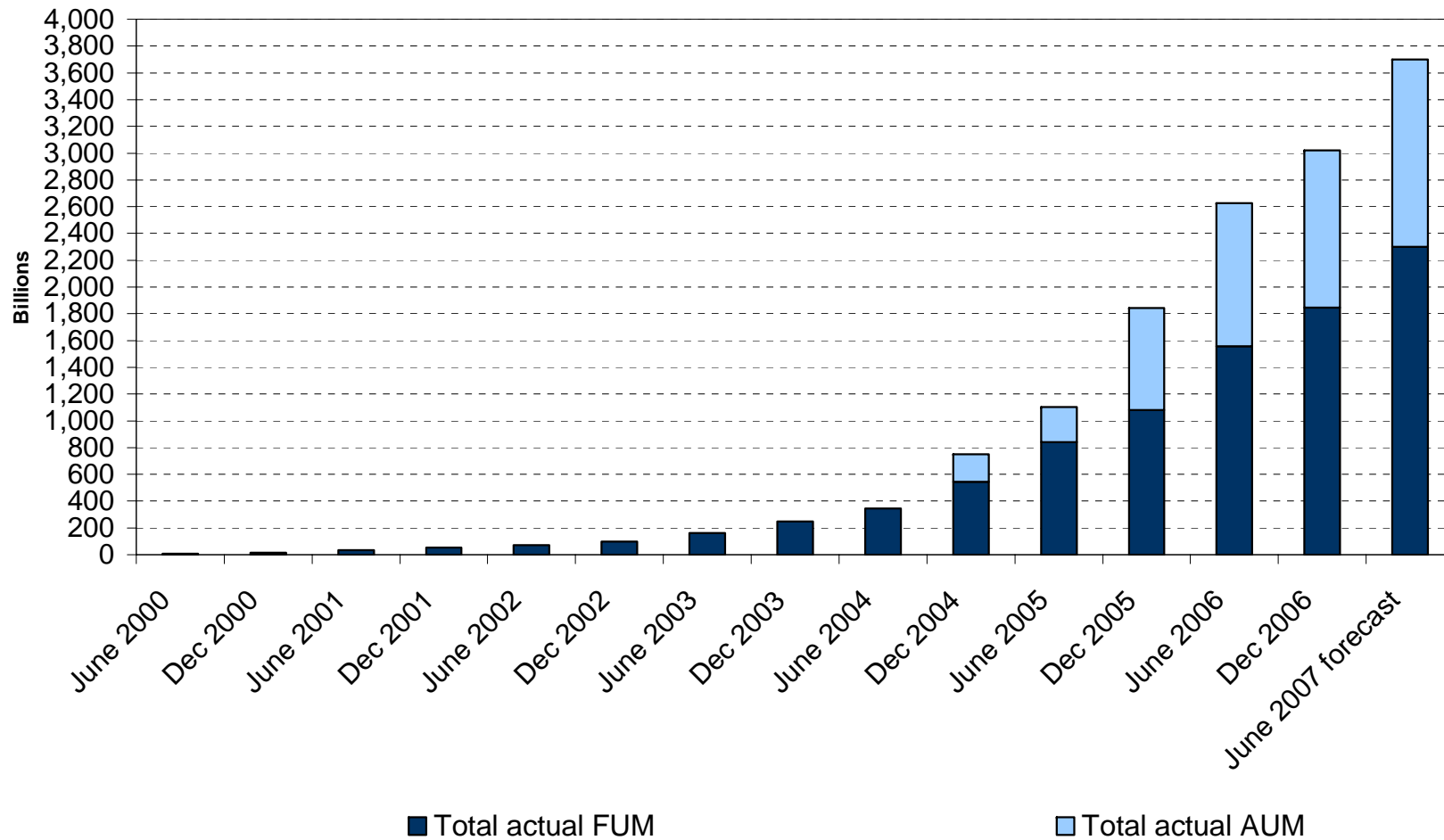
- Growth in HFA's AUM
- Increasing competitor activity
- Increasing asset allocations to Absolute Return Funds
 - Asset Consultants
 - Platforms
 - US Endowment Funds



HFA has experienced strong growth in FUM & AUM

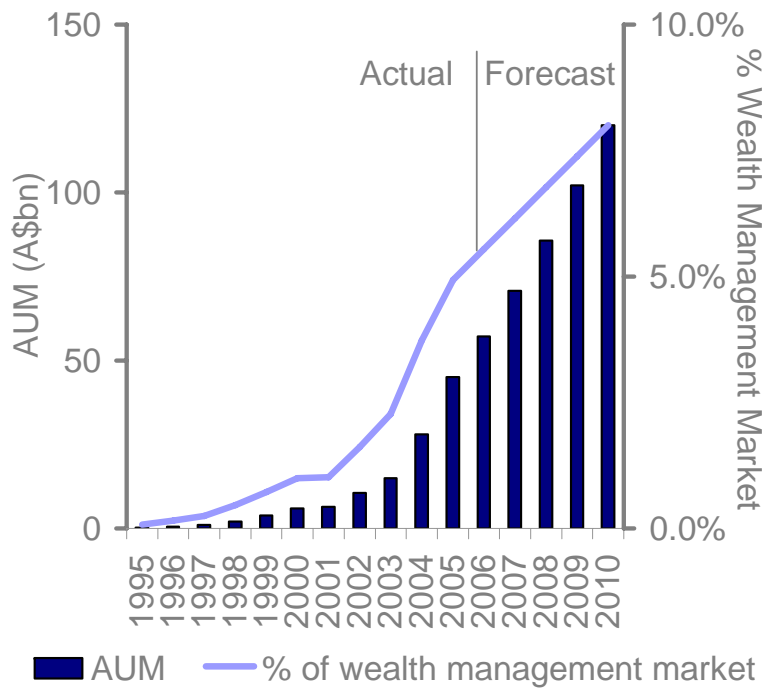
Forecast 2006/07 annual growth - FUM 48% & AUM 41%

HFA Assets Under Management (\$ million)



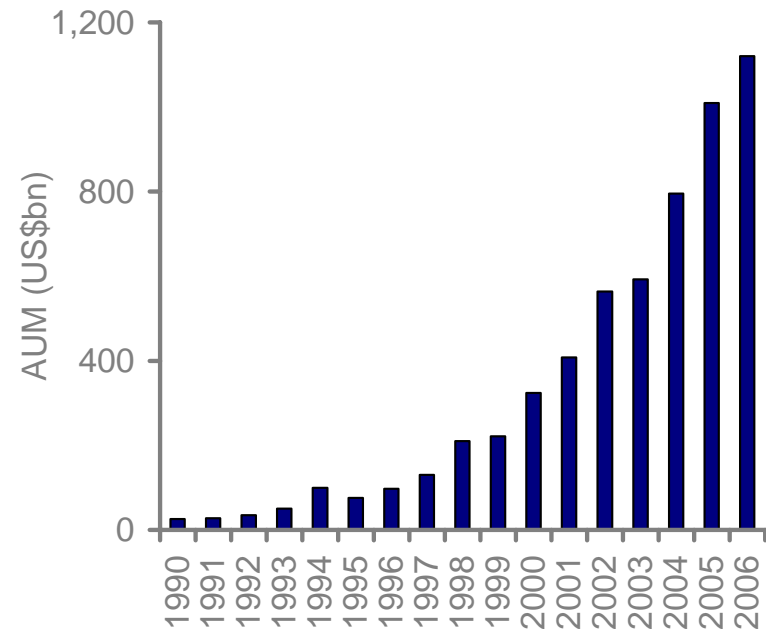
Absolute Return Funds are recognised as a smarter way to manage money

Australian Absolute Return Fund Sector
Historical growth



Source: ICAP Plc and Reserve Bank of Australia

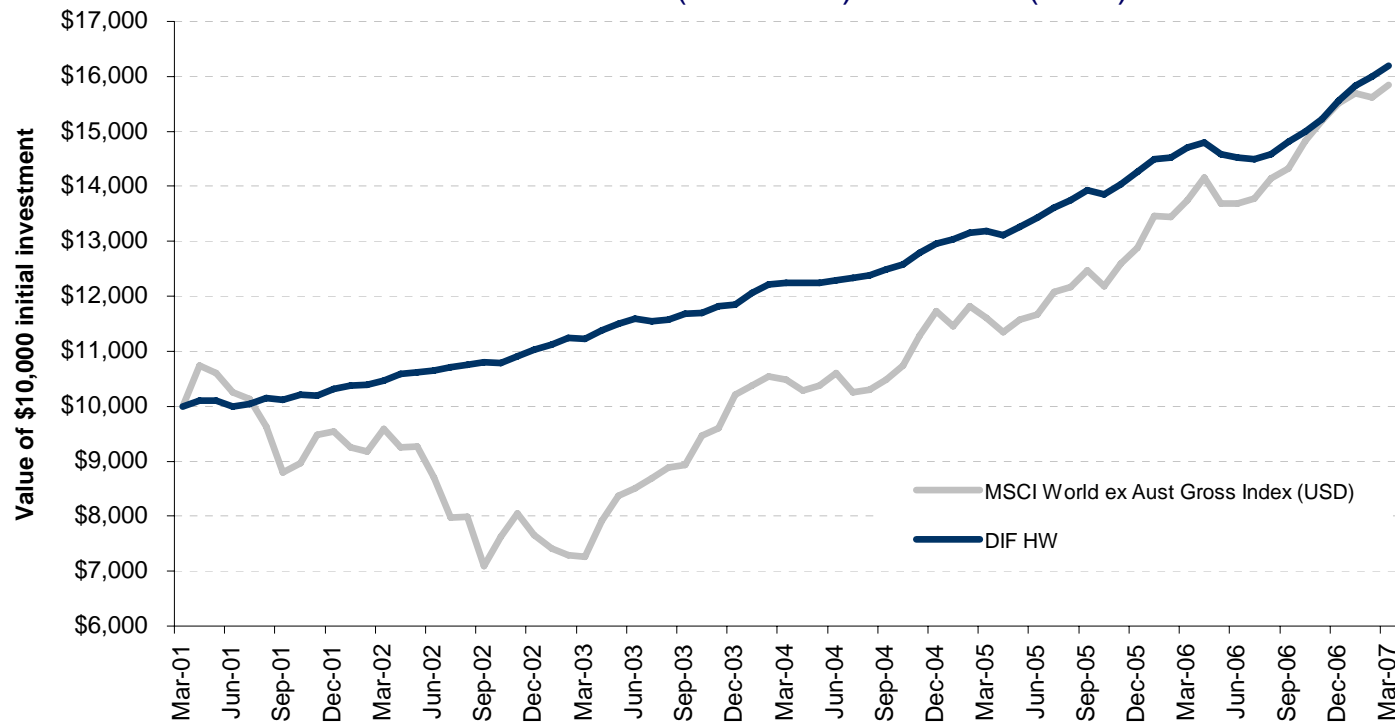
Global Absolute Return Fund Sector
Historical growth



Source: Hennessee Group LLC

HFA Diversified Fund - get to the same place without the volatility

Value of \$10,000 invested since 31-Mar-2001 (after fees)
HFA DIF HW (after fees) vs MSCI (USD)



Past performance is not a reliable indicator of future performance
Source: HFA Asset Management, MSCI & van Eyk

HFA's Three Core Assets

- Exclusive arrangement with Lighthouse Investment Partners
 - Funds with investment integrity
 - Exclusive agreement with HFA for Australia & New Zealand
- Product structuring capability (capital guarantee, leverage, options)
 - HFA Octane Asia June 2006
 - HFA Partners Fund December 2006
 - HFA Octane Global June 2007
- Distribution capability
 - Experienced and stable sales and client service teams
 - Focused only on sale of absolute return funds
 - All HFA Funds highly rated by the Research Houses



Lighthouse Partners LLC

HFA

- Exclusive agreement for Australia & New Zealand until 2016 + 5 year option

Lighthouse Investment Partners

- Established in 1993
- Owned by management & 51 staff
- Offices in Miami, Chicago, New York - expansion London and Hong Kong
- Specialist Fund of Fund, Absolute Return Fund Manager
 - Experts with a track record in selecting 'tier 1' Hedge Fund Managers
 - Proprietary portfolio construction model
 - Continuous risk assessment (investment & operational risks)
- Strong and consistent risk adjusted returns since inception
- AUM US\$ 6.8bn



The HFA Funds have investment integrity



“they are doing what we said they would do, year after year after year....”
consistent performance with low volatility

Returns after Fees	1 year Return pa	2 year Return pa	3 year Return pa	Since inception Return^pa	Volatility since inception pa
HFA Diversified Investments Fund	11.49%	12.16%	10.44%	8.58%	2.42%
HFA International Shares Fund	14.28%	13.78%	11.71%	7.28%	4.85%
HFA Accelerator Plus (after tax)	15.78%	16.37%	-	14.30%	5.92%
HFA Octane Fund	10.86%	11.70%	-	10.48%	3.45%
HFA Octane Fund 2	10.69%	-	-	10.74%	3.70%
HFA Octane Asia	-	-	-	12.52%	3.69%
MSCI World Index US\$	14.55%	18.24%	14.76%	6.46%	13.21%

Source: **Past performance is not a reliable indicator of future performance.** HFA and Bloomberg. Performance is shown as at 30 April 2007 for DIF, ISF, APL and MSCI World as at 30 April 2007 for Octane products. The performance of Accelerator Plus shown after tax.

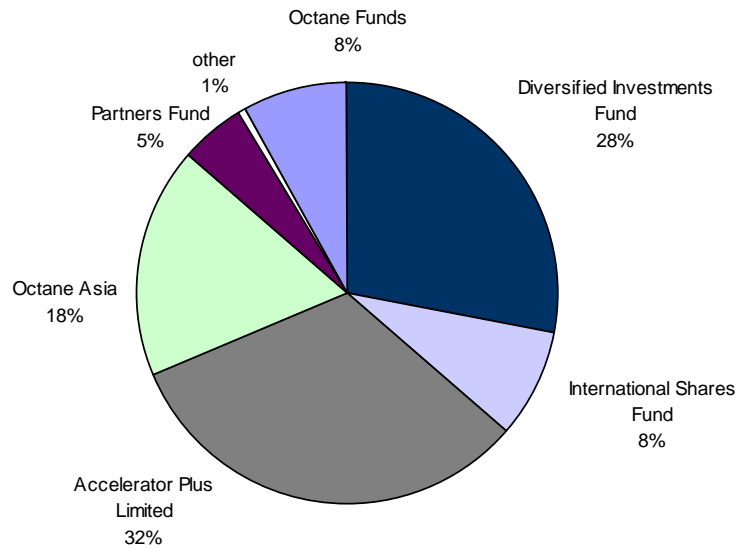
^ The inception date is for DIF (1-Apr-01), ISF (1-Apr-01), APL (1-Nov-04), Octane (8-Nov-04), Octane 2 (30-Jun-05) and Octane Asia (30-Jun-06). MSCI World Index (1-Apr-01)

HFA Funds are highly rated by the retail Research Houses

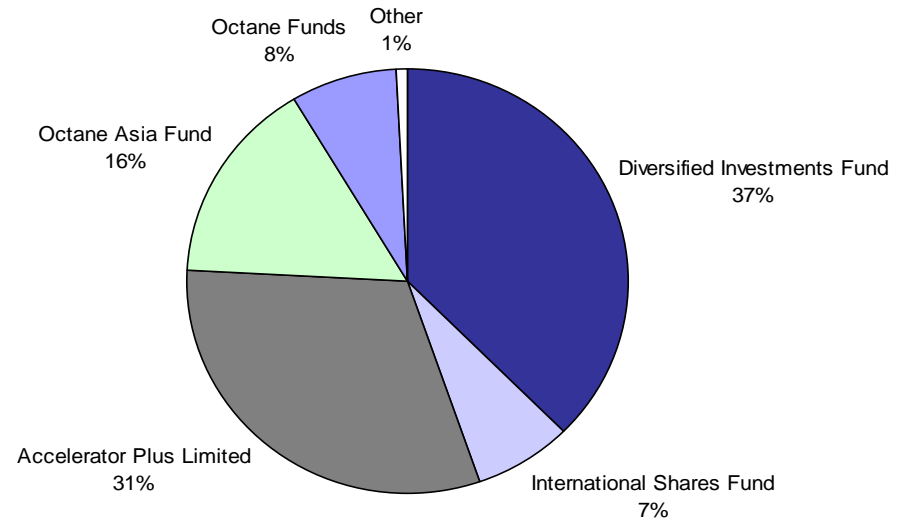
						
HFA Diversified Investments Fund	Highly Recommended	AA	4 star	Recommended	Strong Buy	-
HFA International Shares Fund	Highly Recommended	-	3 star	Recommended	Strong Buy	-
HFA Accelerator Plus Limited	Highly Recommended	Endorsed	-	-	Buy	Recommended
HFA Octane Asia	Recommended	Endorsed	-	-	-	Approved
HFA Partners Fund	Recommended	-	4 star	-	-	-
HFA Octane 1 & 2	-	Endorsed	Investment Grade	-	-	-
Octane Global	Recommended	-	Investment Grade	-	-	-



Continued diversification of our AUM



AUM = \$3.02 billion
As at 31 Dec 2006



AUM = \$2.63 billion
As at 30 June 2006



HFA's Distribution Capability - unique in Australia

Experienced, stable executives servicing a network of financial advisers

- BDM's that are specialists in Absolute Return Funds
- Experienced and stable (10) Business Development Managers
 - Average age 38 years
 - 3.9 years with HFA
- HFA is supported by over 375 financial planner groups representing over 9,000 financial advisers
- We have active support of over 2,500 financial advisers
- Listed on 25 master trusts & platforms



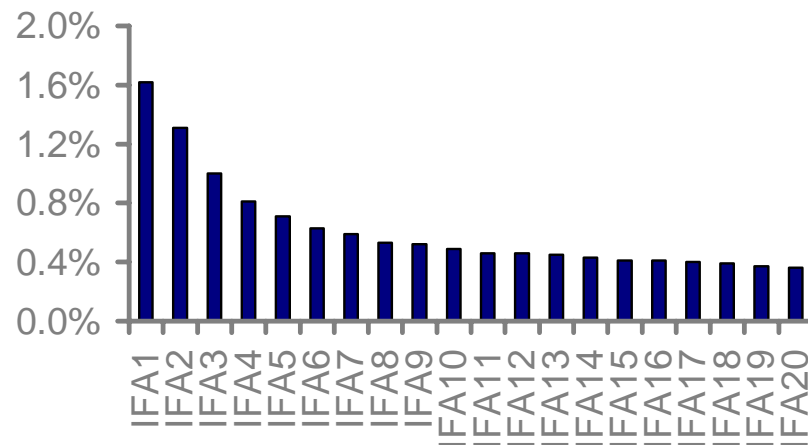
Retail investors are our target market

Supported by a diverse & expanding network of financial advisers

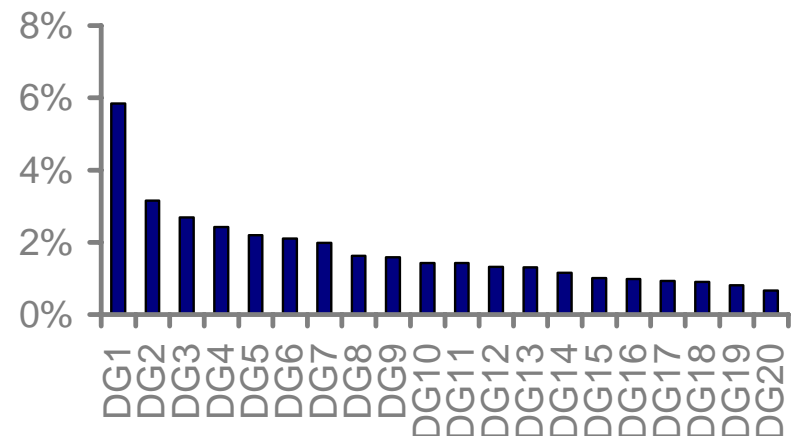
Diversified distribution network limits exposure to individual sources

- No single dealer group contributes more than 6% of FUM
- No single independent financial adviser contributes more than 1.7% of FUM

Top 20 Financial Advisers



Top 20 Dealer Groups



HFA on a page

1. Absolute Return Fund Sector

- highly attractive and rapidly growing

2. We focus only on Absolute Return Fund investing, that is what we do

- 41% year on year growth in AUM. Forecast AUM \$3.7bn (June 2007)

3. Targeted at the Retail Market

- over 98% of our AUM is retail money

4. We are doing what we said our Absolute Return Funds would do

- consistent returns with low volatility, year after year after year....

5. Our Funds are highly rated by the Research Houses

- we have investment products with integrity

6. We have a stable and experienced sales & client management teams, servicing financial advisers

7. We are actively supported by a large, diverse and growing group of financial advisers, planning groups, master trusts and platforms

Financial Performance



FY June 2007

- AUM will exceed \$3.7bn
- Cost income ratio will be circa 38%
- NPAT will exceed \$17.5m
- 2007 EPS growth of 107% (2007 EPS >8.7c, 2006 EPS 4.2c*)

*Normalised for equity settled transaction (Employee Share Plan)



June 2007

Results to outperform market (broker) forecasts

AUM	Forecast June 30 2007 \$3.7bn	✓ ✓
Fees	Management Fee 1.3% of AUM Performance Fee 10% of performance with a high water mark 2007 March & June quarter fund performance has been solid	✓ ✓
Efficiency	Forecast, cost/income ratio higher than 31 December 2006	✓
NPAT	Forecast guidance – at least \$17.5m Dependant on performance fees for the month of June	✓ ✓
Multiple	2006/2007 AUM growth rate forecast 40.7% <u>Drivers</u> <ul style="list-style-type: none"> ➤ Attractive market environment, high growth ➤ Investment funds with integrity ➤ Highly rated funds ➤ Experienced team with a track record ➤ Expanding financial adviser network 	

✓✓ Out-perform

✓ On-target

✗ Under-perform

June 2007

Results will outperform 2006 Prospectus forecasts

\$M	31 Dec 06 Actual	31 Dec 05 Actual	% change	FY2007 Prospectus Forecast	
Operating revenue	30.1	16.6	81%	49.0	✓✓
Net operating income	17.9	8.6	108%	28.7	✓✓
Expenses	(6.3)	(3.7)	70%	(8.7)	✗
EBIT	11.6	4.8	139%	20.0	✓✓
Net profit after tax	8.1	3.9	107%	13.9	✓✓
AUM (\$b)	3.02	1.84	64%	3.57	✓✓
Basic Earnings per share	4.025c	2.122c	90%	6.9c	✓✓
Dividend	4.1c ¹	-		4.5c	✓✓

✓✓ Out-perform

✓ On-target

✗ Under-perform

¹ 1.5c special dividend paid October 2006 + 2.6c interim dividend

Outlook



2007 / 2008 Outlook

HFA Financial Outcomes

AUM

- Maintain aggressive growth in AUM

Fees

- Maintain at current levels

Fund Performance

- We remain confident in the on going performance of our core funds
- HFA Diversified Investments Fund expected performance 10%pa
- HFA International Shares Fund expected performance 12%pa

Expenses

- Continued investment in people, processes & technology to drive efficiency
- Cost income ratio to remain around current level



MFS Escrow Transfer

- MFS owned approximately 19.3% of HFA shares, these shares were in escrow until April 2008
- MFS has a publicly stated intention to continually recycle its capital in investments held
- The HFA Board was aware of this causing a potential 'overhang' on the HFA share price.
- HFA Board agreed to allow MFS to transfer its holding in MFS to MFS Alternative Asset Limited (MFS AAL) on the following terms:
 - identical terms to the existing MFS escrow agreement
 - an extension of the escrow period by 15months to June 2009.
- MFS AAL has a mandate to invest in alternative investment managers and are a natural owner of HFA shares



Outlook

Lighthouse Investment Partners

- HFA is working within LHP to merge our respective businesses
- Negotiations are at an advanced state
- Expect to be able to further comment in the near future



Q&A

