



HFA Holdings Limited
Macquarie Securities
Emerging Leaders
Conference

2 May 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 38%, Spencer Young 13%, Management 8%
Free Float:	61% (after 10 May 2006)
Issued Shares:	201.8 million
Offices:	Sydney, Brisbane, Melbourne, Perth, Hobart
Staff:	36



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

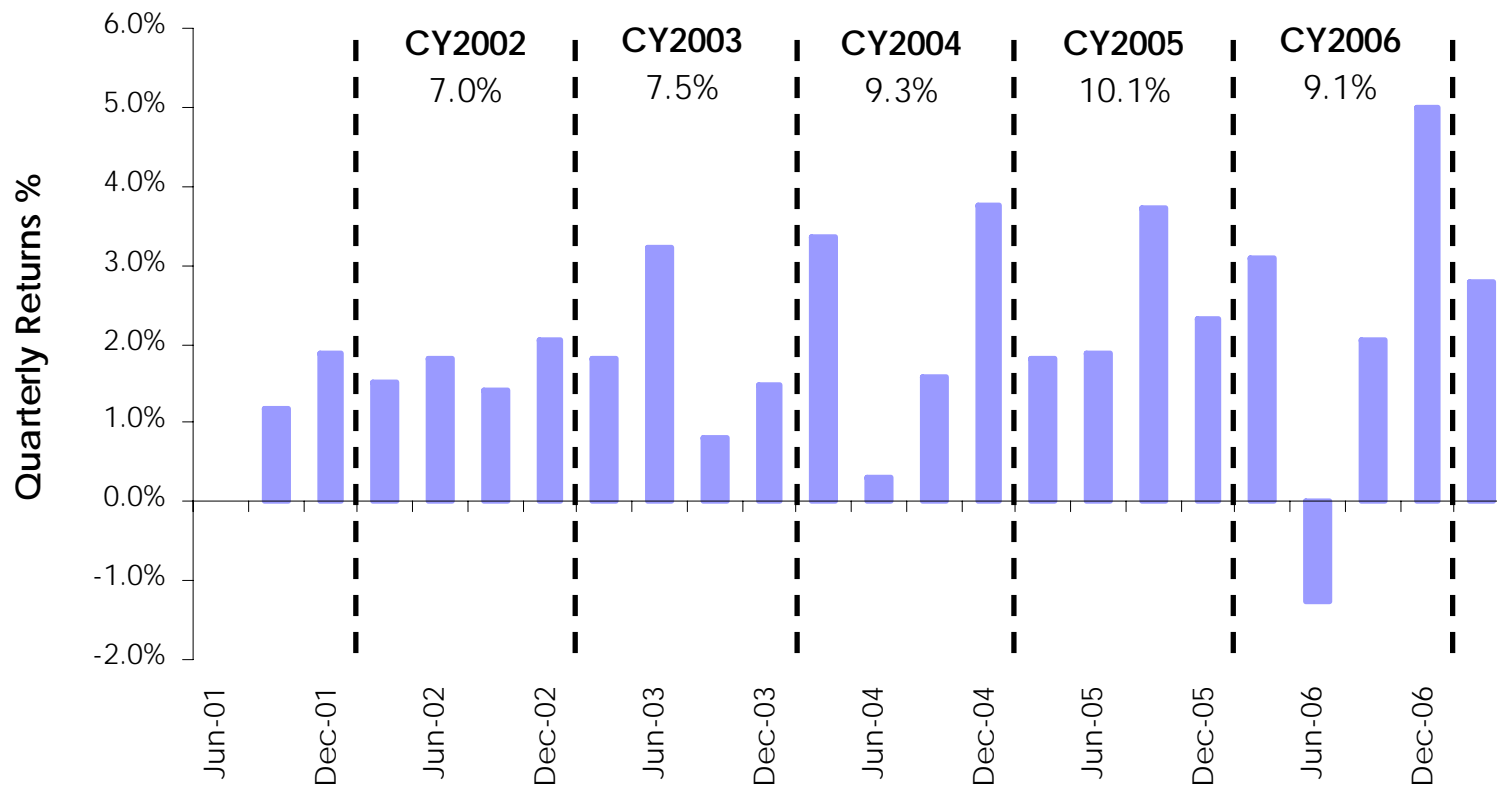
- HFA outsourced to Lighthouse Partners
- Screens and selects hedge fund managers
- Portfolio construction
- Diversification: Investment manager & investment strategy

“Give up some of the upside performance for protection on the downside”

Return Profile of an Absolute Return Fund

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

HFA Diversified Investments Fund



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

“a smarter way to manage money”

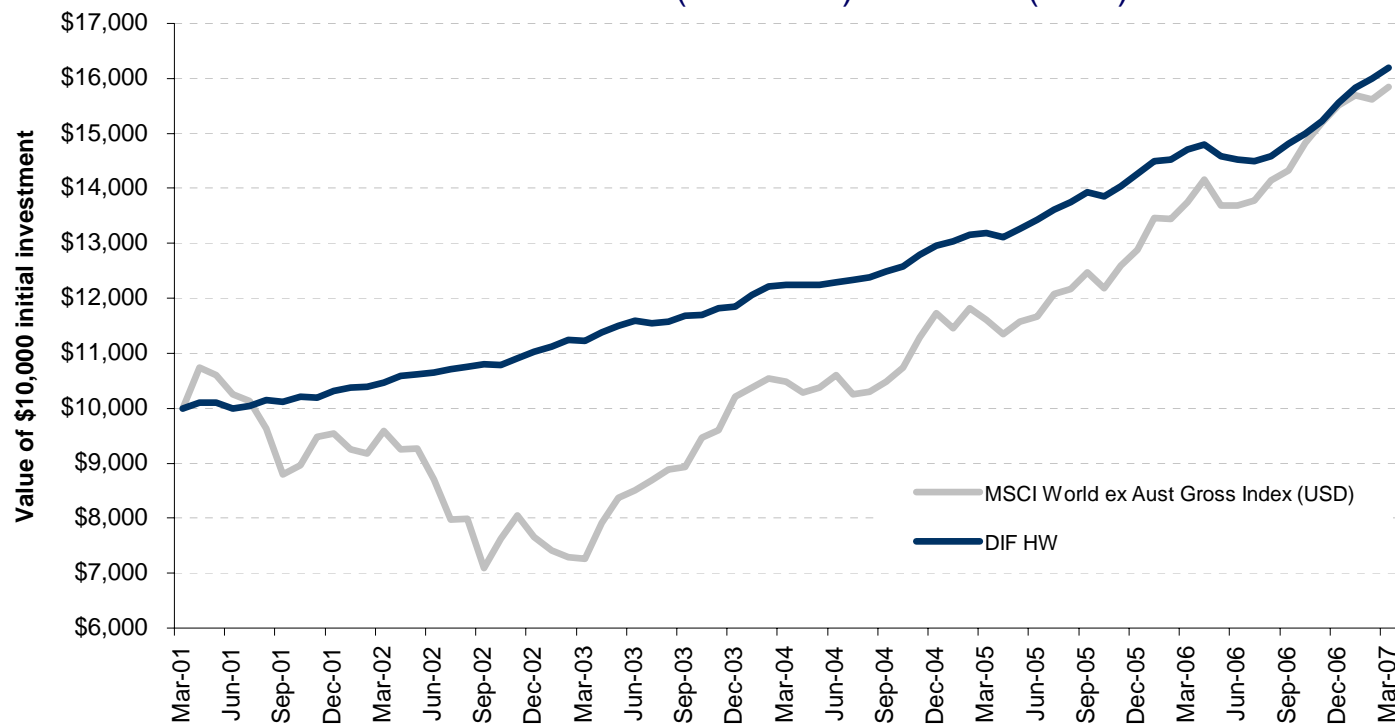
- Growth in HFA’s AUM
- Increasing competitor activity
- Increasing asset allocations to Absolute Return Funds
 - Asset Consultants
 - Platforms
 - US Endowment Funds

The Absolute Return Fund market is expanding



“a smarter way to manage money”

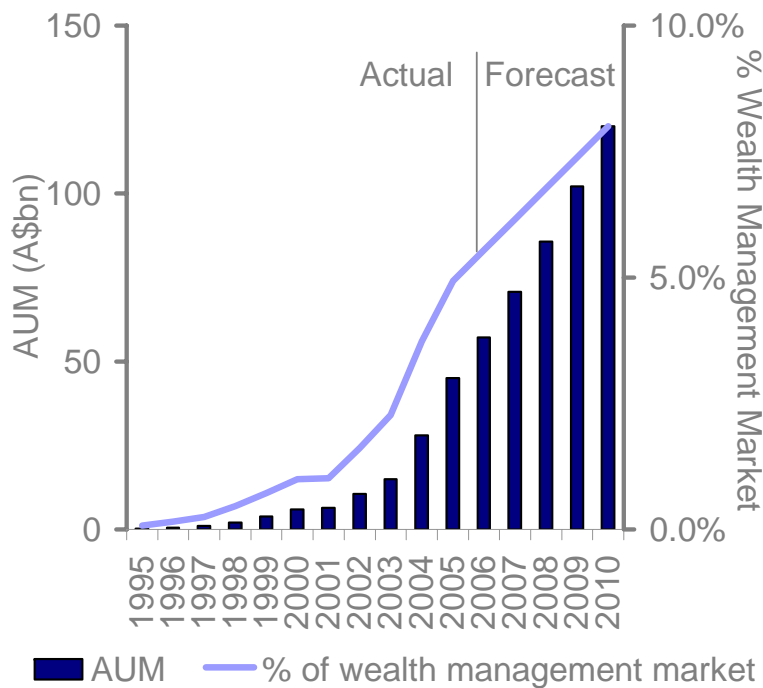
Value of \$10,000 invested since 31-Mar-2001 (after fees)
HFA DIF HW (after fees) vs MSCI (USD)



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

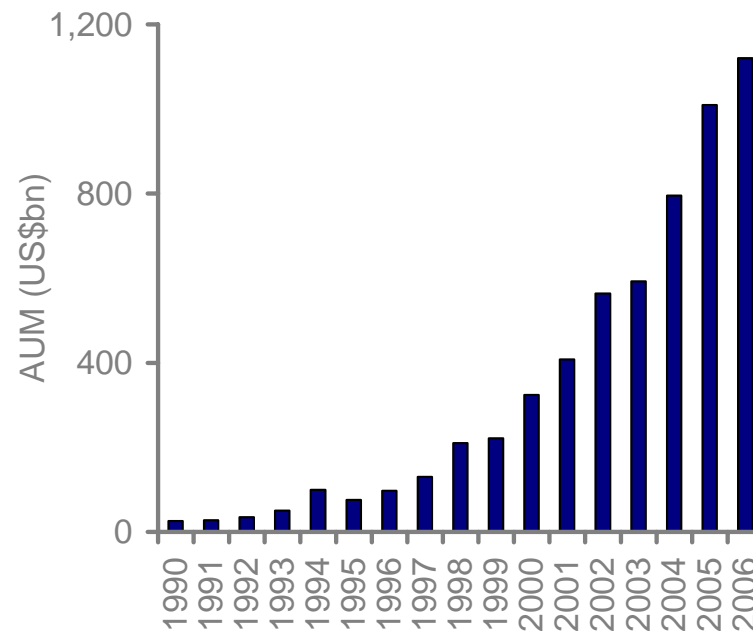
Absolute Return Funds are being recognised as a smarter way to manage money

Australian Absolute Return Fund Sector
Historical growth



Source: ICAP Plc and Reserve Bank of Australia

Global Absolute Return Fund Sector
Historical growth

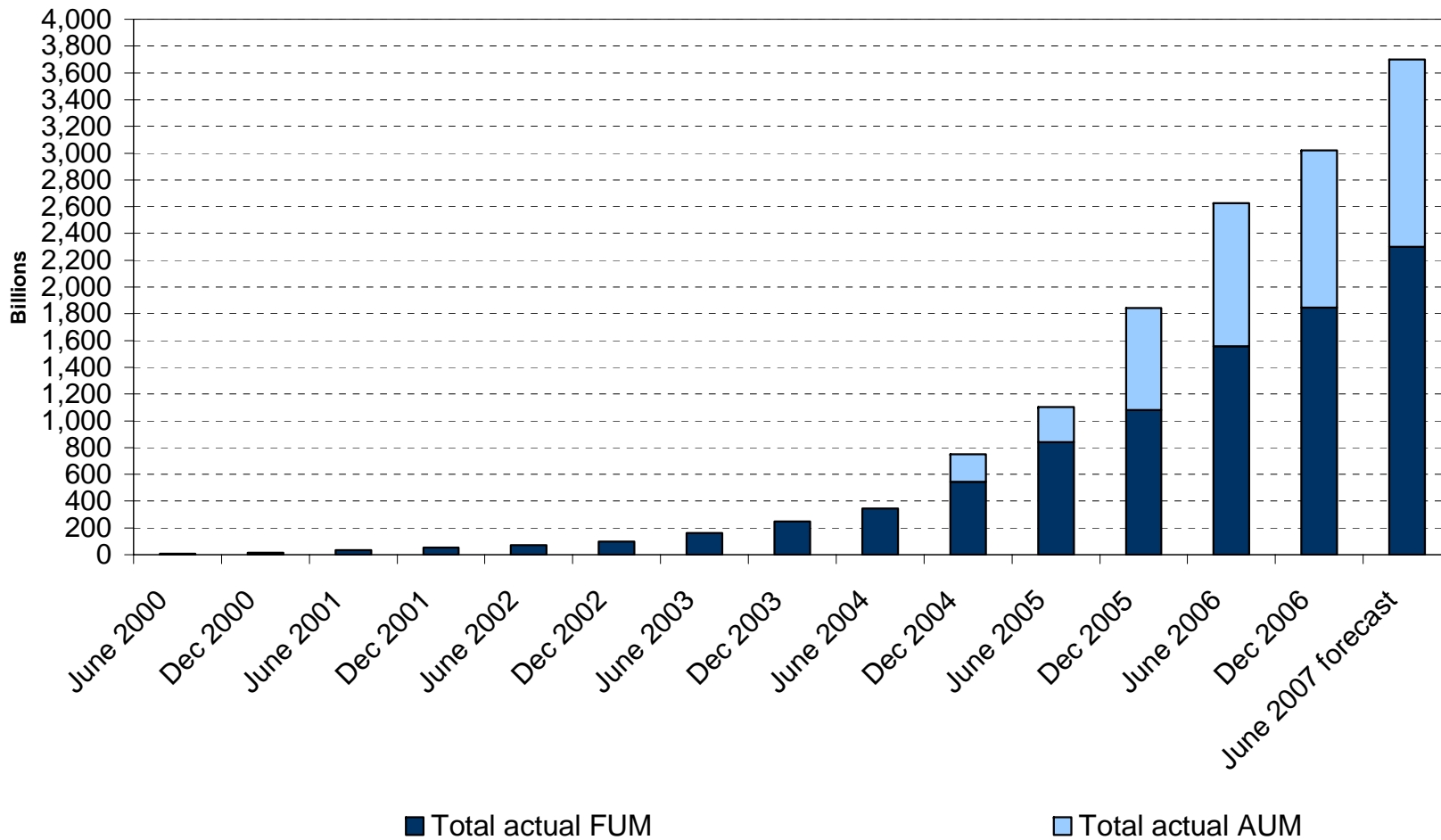


Source: Hennessee Group LLC

Strong FUM & AUM Growth

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

HFA Assets Under Management (\$ million)



HFA's Core Assets

- Exclusive arrangement with Lighthouse 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 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
- Growing with significant recent growth in AUM
- Significant capacity to accommodate future AUM growth



Funds with investment integrity

“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	10.20%	10.83%	9.76%	8.37%	2.39%
HFA International Shares Fund	12.15%	12.20%	10.95%	6.98%	4.78%
HFA Accelerator Plus (after tax)	13.53%	13.49%	-	13.43%	5.79%
HFA Octane Fund	8.80%	9.66%	-	9.68%	3.40%
HFA Octane Fund 2	8.42%	-	-	9.62%	3.64%
HFA Octane Asia	-	-	-	13.85%	3.45%
MSCI World Index US\$	12.97%	14.45%	12.40%	5.83%	12.89%

Source: **Past performance is not a reliable indicator of future performance.** HFA and Bloomberg. Performance is shown as at 31 March 2007 for DIF, ISF, APL and MSCI World as at 28 February 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)

The investment integrity is recognised externally

HFA Funds are highly rated by the retail Research Houses

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

HFA Funds continue to be highly rated by leading research houses

Distribution Capability - unique in Australia

Experienced, stable executives servicing a network of financial advisers

- 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



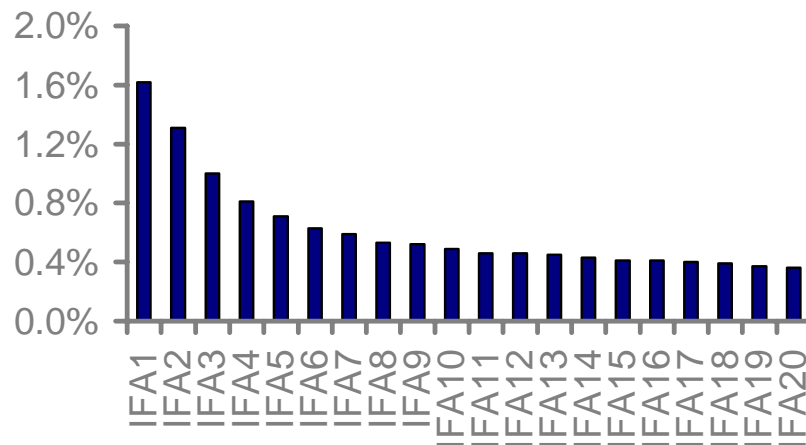
Retail investors are our target market

Supported by a diverse & expanding network of financial advisers

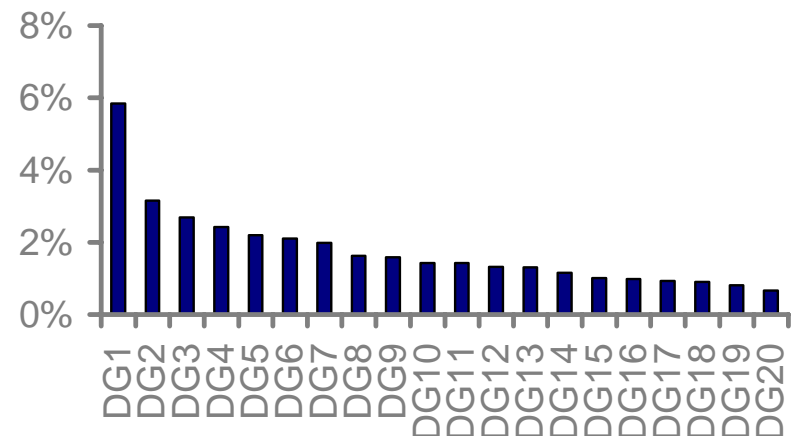
Diversified distribution network limits exposure to individual sources

- 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 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

HFA Board

HFA Holdings Limited Board of Directors

Brett Howard	Chairman
Michael King	Non Executive Director
John Morrison	Non Executive Director
Paul Manka	Non Executive Director
Spencer Young	Non Executive Director
Paul Jensen	Executive Director



Financial Performance



December 2006

Results on track to exceed Prospectus forecast

\$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

December 2006

Balance Sheet remains sound

	31 December 2006	30 June 2006
Cash	10.6	8.1
Receivables	19.4	8.3
Intangibles	9.0	9.4
Other current assets	2.7	-
Other assets	1.1	0.9
Total Assets	42.8	26.7
Payables	11.8	8.3
Borrowings	10.0	7.5
Other liabilities	7.5	2.5
Total Liabilities	29.3	18.3
Total Equity	13.5	8.4

June 2007

Results on track to meet 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 quarter fund performance has been solid	✓
Efficiency	Forecast, cost/income ratio higher than 31 December 2006	✓
NPAT	Forecast range, \$14m - \$17m Highly dependant on performance fees for the June Quarter	✓
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

Outlook



2007 / 2008 Outlook

“Attractive Environment - Continued Growth”

Australian Wealth Management Sector

- Continued strong organic growth

Absolute Return Funds Sector

- Being recognised as a ‘smarter’ way to manage money - a higher relative return for the risk

HFA’s Focus

- Increase number of “active” Financial Advisers that support HFA Funds
- Increase share of wallet from existing Financial Advisers



2007 / 2008 Outlook

HFA Initiatives

Investment in people and processes to capture market growth

- Focus on listening to our clients
 - financial advisers and their clients
- Continuous development and enhancements of our funds
 - enhance existing funds to provide greater investor liquidity and pricing
 - innovate new and exciting structured investments
- Expand Distribution Capacity
 - expand the number of our Business Development Managers
 - launch coaching and training programs, transforming sales efficiency
- Investment in client management systems
 - expand the Financial Adviser services team
 - invest in CRM technology
- Maintain the highest compliance & reporting standards
 - investment in systems & people



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 expected performance 10%pa
- HFA International Share Fund expected performance 12%pa

Expenses

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



Outlook

Possible merger transaction and escrow release

- Active negotiations are at an advanced state with a US Fund Manager
- HFA staff have been released from up to 4m escrowed shares to assist them in meeting their tax commitments. The balance of the shares (approx 12m shares) will remain subject to escrow until April 2009
- The Board of HFA has partially released MFS from 50% (approx 39m shares) their escrow arrangements effective 10 May 2007
 - enhance liquidity in HFA stock
 - create a staged release from the escrow arrangements
- MFS remaining shares remain in escrow until April 2008
- An indemnity for up to \$5m of acquisition expenses has been negotiated with MFS if the merger is not agreed to and approved by 31 December 2007



Q&A

