



HFA Holdings Limited

31 December 2007
Half-Year Results

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Chief Executive Officer
28 February 2008

A truly global

Absolute Return

investment manager

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Agenda

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- c. Structure
- d. Scale
- e. Global Ranking

4. FY08 Outlook

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- b. The HFA Advantage
- c. Fund Inflows
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Financial Scorecard

\$M	31 December 2007 Actual	31 December 2006 Actual	% Change
Operating revenue	33.0	30.1	10%
EBITDA	22.4	12.1	85%
EBITDA ¹	13.5	12.1	12%
NPAT	16.5	8.1	104%
NPAT ¹	10.26	8.1	27%
EPS (cents per share)	7.06c	3.90c	81%
EPS ¹	4.39c	3.90c	6%
Dividend per share ³	2.1c ²	2.6c	(19%)
Weighted Average Shares on Issue	233,768,399	208,205,672	12%

1 Excludes impact of \$8.9m one-off FX gain on hedging of Lighthouse acquisition.

2 DPS is calculated based on shares on issue at 31 December 2007. Shares issued to Lighthouse vendors as consideration on 3 January 2008 are not entitled to participate.

3 Dividend payout ratio is 65% of NPAT (excluding one-off FX gain)



Business Scorecard

	31 December 2007 Actual	30 June 2007 Actual	% Change
Assets Under Management (AUM)	\$4.07 billion	\$3.88 billion	5%
Funds Under Management (FUM)	\$2.40 billion	\$2.29 billion	5%
Fund Ratings (Research Houses)	High Ratings	High Ratings	unchanged
Distribution	~2,600 IFAs	~2,500 IFAs	increased
Product Performance	Capital preservation demonstrated	Very Strong	



Strong Investment Performance (to 31 December 2007)

Return net of 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	9.38%	9.24%	9.52%	8.19%	3.32%
HFA International Shares Fund	11.16%	10.56%	11.02%	7.18%	4.87%
HFA Accelerator Plus (After Tax)	10.55%	11.16%	10.69%	11.25%	8.76%
HFA Partners Fund	14.36%	-	-	14.36%	11.73%
HFA Octane Fund 1	8.17%	8.08%	8.75%	8.71%	5.06%
HFA Octane Fund 2	8.33%	8.08%	-	8.58%	5.79%
HFA Octane Asia	16.53%	-	-	15.42%	8.90%
MSCI World Index US\$	6.60%	12.02%	10.48%	5.87%	12.62%
Australian Fixed Interest**	3.46%	3.31%	4.13%	4.99%	2.67%

* Returns for December are estimates only for Octane Asia and Partners Fund. Source: HFA, Bloomberg and Morningstar. Performance is shown as at 31 December 2007. Past performance is not a reliable indicator of future performance. 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), Octane Asia (30-Jun-06) and Partners Fund (1-Jan-07). MSCI World and Australian FI (represented by the UBS Warburg Composite Bond Index) is shown since (1-Apr-01)



HFA Asset Management Fund Inflows

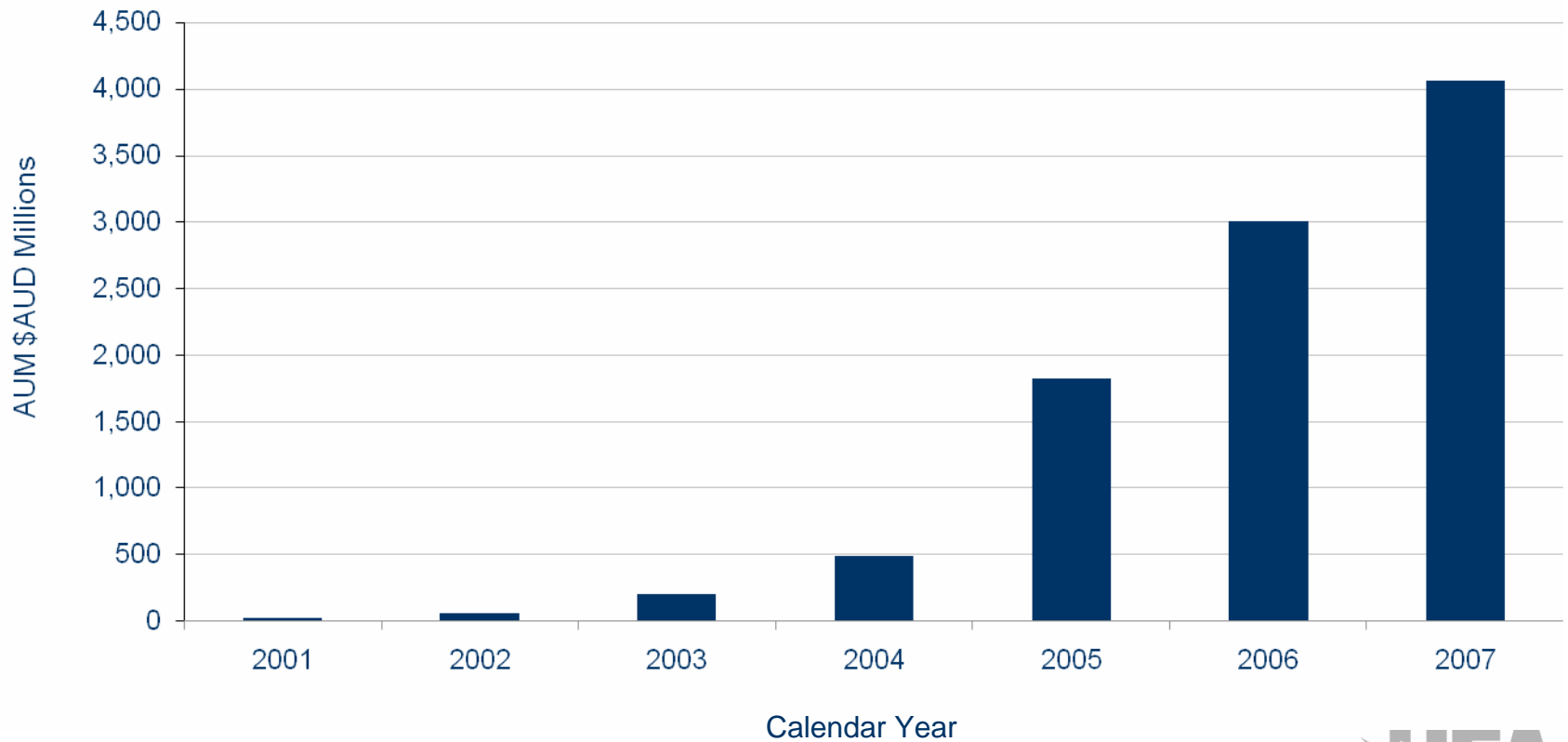
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Net inflows (A\$m)	75.6	18.8	6.1	21.5	15.9	64.8	202.7

- Positive fund inflows for every month of H108
- Increased penetration of financial planner dealer groups (~350) and financial advisers (~2600)
- Increased diversification across distribution channels
- Core product (DIF, ISF) net inflows of \$151.8 million
- Structured product (Retrospective Fund, Partners Fund) net inflows of \$50.9 million



Consistent AUM Growth

HFA Asset Management Growth in AUM



FY08 Half Year Financial Results



Solid Result - 31 December 2007

\$M	31 December 2007 Actual	31 December 2006 Actual	% Change
Management fee revenue	24.9	17.1	46%
Performance fee revenue	8.1	12.9	(37%)
Other	-	0.1	(100%)
Operating Revenue	33.0	30.1	10%
Investment costs	(12.4)	(12.2)	2%
Net Operating Income	20.6	17.9	15%
FX gain on hedging contract	8.9	-	
Expenses	(7.1)	(5.8)	22%
EBITDA	22.4	12.1	85%
Depreciation and Amortisation	(0.6)	(0.5)	20%
Net interest income	1.6	(0.1)	
Profit/loss Before Tax	23.4	11.5	103%
Income tax expense	(6.9)	(3.4)	103%
Profit/(loss) After Tax	16.5	8.1	104%

First Half Overview – HFAAM Only

Financial

- 1H08 earnings includes operations of HFA Asset Management (HFAAM) only – impact of Lighthouse acquisition will be reflected in 2H08.
- Earnings include a one-off FX gain of \$8.9 million relating to the Lighthouse acquisition
- Excluding the one-off FX gain:
 - Operating Revenue up 10% to \$33.0 million
 - EBITDA up 12% to \$13.5 million
 - Interim dividend of 2.1 cents. Shares issued to Lighthouse vendors are not eligible to participate
 - Shares issued as part of November capital raising (123.1 million) will participate in dividend
- One-off FX gain will be utilised to reduce total debt by A\$4 million

Operational

- Assets Under Management of \$4.07 billion up 5% from 30 June 2007.
- Net fund inflows of \$202.7 million
- Fund returns continue to be in line with expectations and achieving their stated goals of providing investors with above average risk-adjusted returns with a focus on capital preservation.

Lighthouse

- Acquisition completed 3 January, 2008, three months ahead of schedule.



Key Drivers of Solid Operating Result

Net Operating Income (up \$2.7m, 15%)

- Strong growth in AUM since December 2006 has driven the increase in management fees.
- Performance fees have been driven by the strong performance in the Octane Asia and Octane Global products during the first quarter of 1H08, reflecting the benefits of continuing diversification of AUM.

Total Expenses (up \$1.5m, 24%)

- Average headcount has increased by 29% to 40. The increase of nine employees took place during 2H07 and was largely in the distribution team.
- Increased administration expenses and wholesale platform fees resulting from business growth
- Higher amortisation of management rights resulting from the successful Octane Global capital raising
- Expenses are down 12% (\$1.1m) compared to 2H07 reflecting tight expense control

Net interest income

- Includes interest income on the \$258m capital raised during November 2007

Unrealised FX gain

- One-off gain on the forward FX contract hedging the foreign currency exposure on the cash consideration for the Lighthouse merger. As a result of the early completion of the merger the contract was not deemed to be an effective hedge for accounting purposes movement in the fair value was recognised in the income statement.



The New Global HFA

HFA Asset Management (HFAAM)

+

Lighthouse Investment Partners (LHP)



HFA / Lighthouse Merger – Business as Usual

- HFA Lighthouse merger was completed 3 January, 2008.
- The merger will not affect the investment process or the investment team at Lighthouse or HFA in any way.... business as usual.
- Continuity of investment process remains the first priority for directors and management.
- All investment decisions for HFAAM products now under control of LHP investment management team. HFAAM analyst and investment team report to LHP CIO
- HFA and LHP businesses were highly integrated pre-merger. Other than Financial reporting there is no significant integration required.



Merger Benefits - Overview

Increased Scale

- Over A\$9.5 billion in AUM at 31 January, 2008
- Offices in major global financial centres (New York, Chicago, London, Hong Kong, Palm Beach, Sydney, Brisbane, Melbourne)
- More than 90 staff

Stronger Business Model

- Vertical integration
- In-house investment management skills
- Alignment of interests between HFA and Lighthouse

Financially Sound

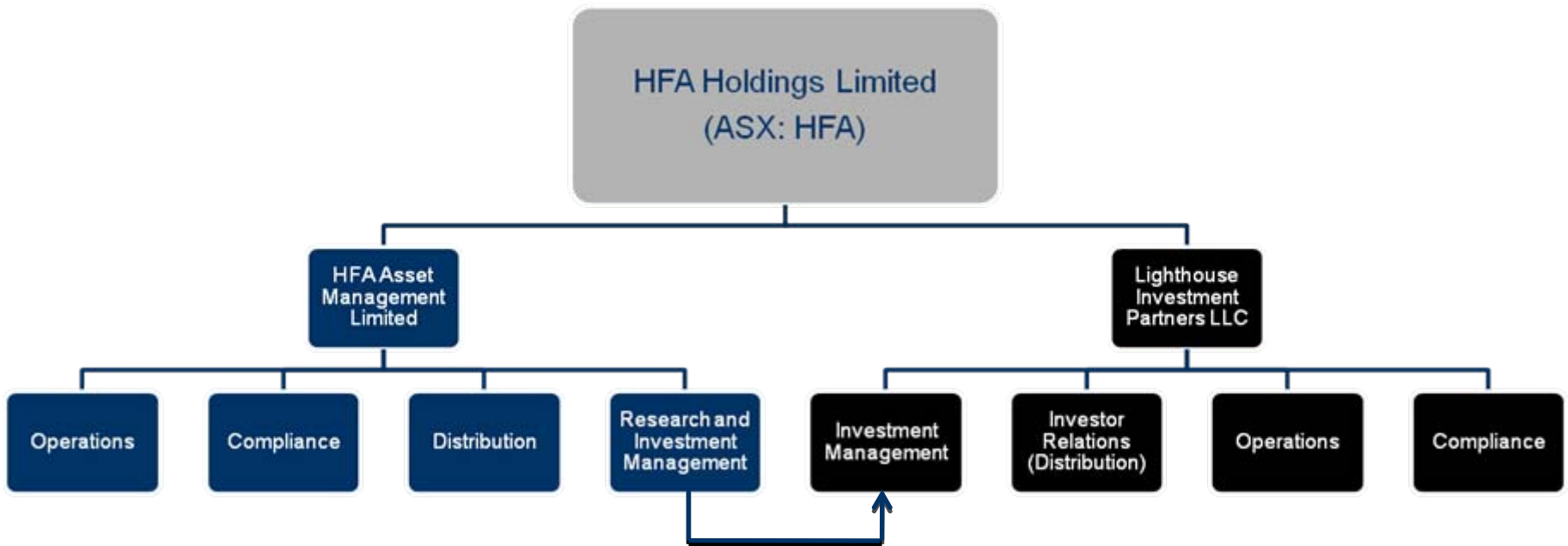
- EPS accretive
- Diversification of fee base with less reliance on performance fees

Income and Geographic Diversity

- Greater exposure to high net worth and institutional markets
- New markets in US, Europe, Canada and Asia



HFA Holdings - Corporate Structure



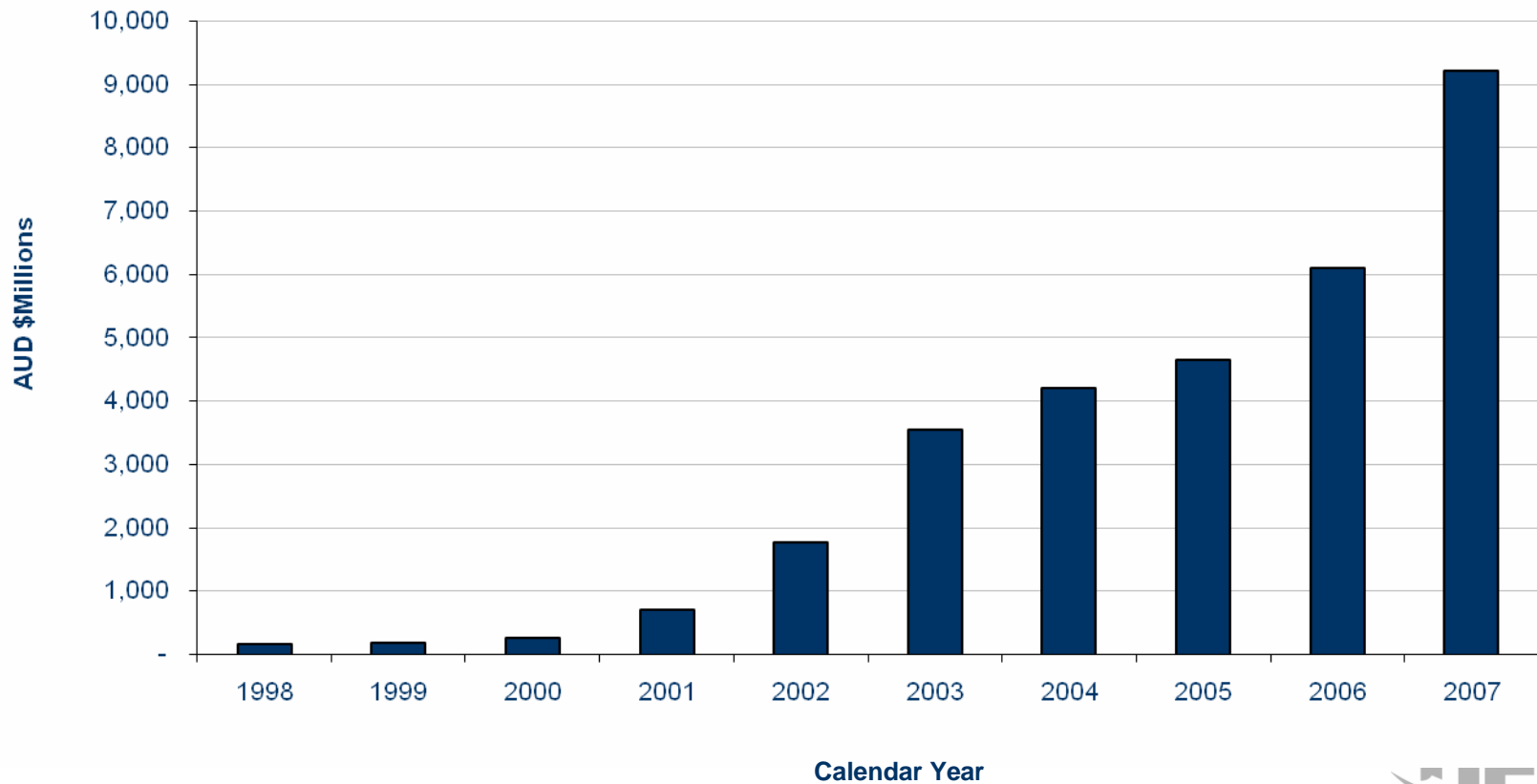
Increased Presence

Together HFA and Lighthouse employ 90 investment professionals and support staff in offices around the world



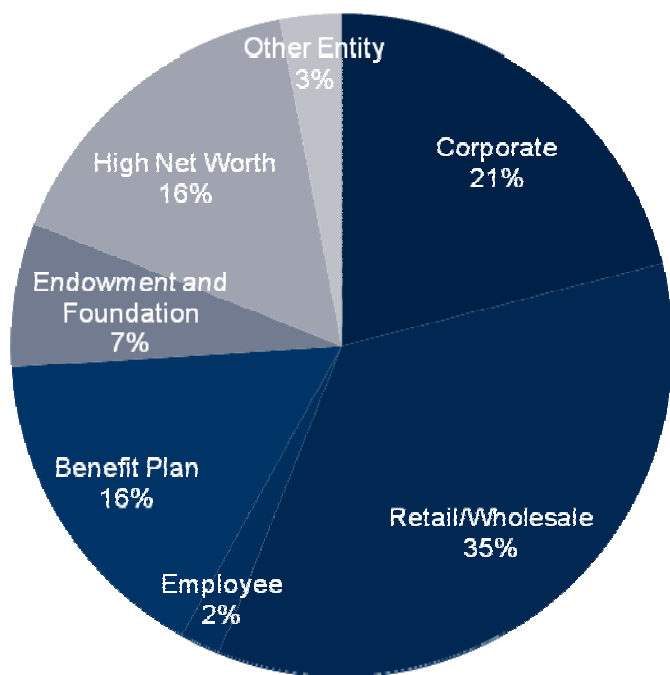
Increased Scale

HFA Holdings (HFAAM & LHP) AUM Growth

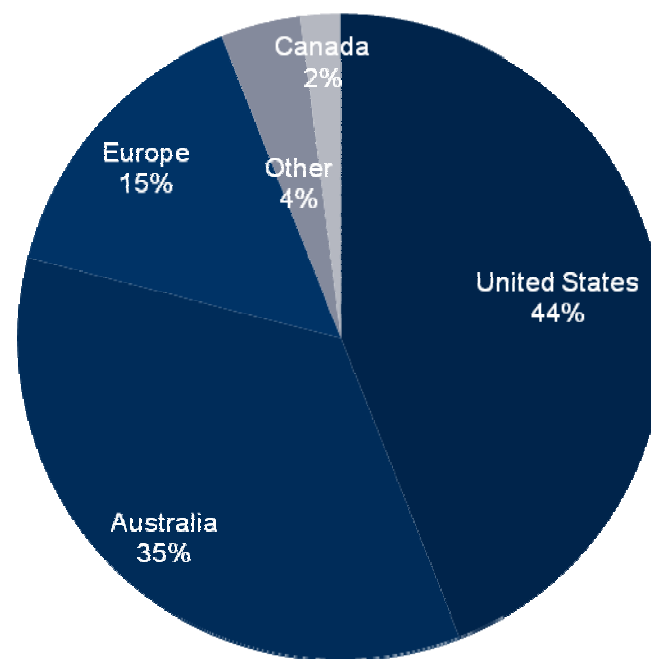


Increased Diversity

AUM by Investor type*



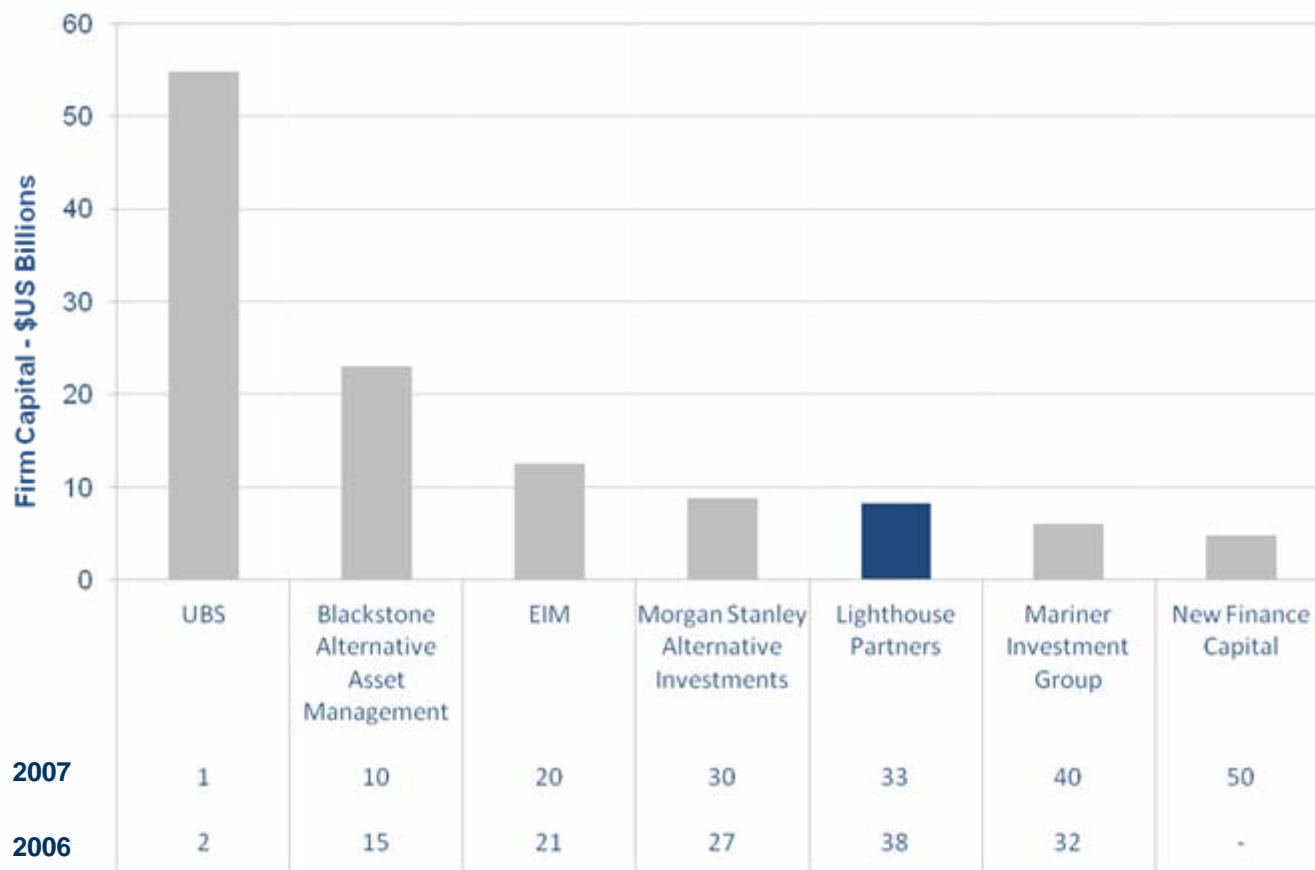
AUM by Geography*



*As at 31 December, 2007.



Global FoHF Rankings – Top 50



- HFA / LHP is ranked 33 in the top 50 global Fund of Hedge Fund (FoHF) managers
- Top 50 Global FoHF managers have a combined AUM of US\$750 billion
- AUM growth for the top 50 FoHF managers was 35% for the 12 months to June 2007

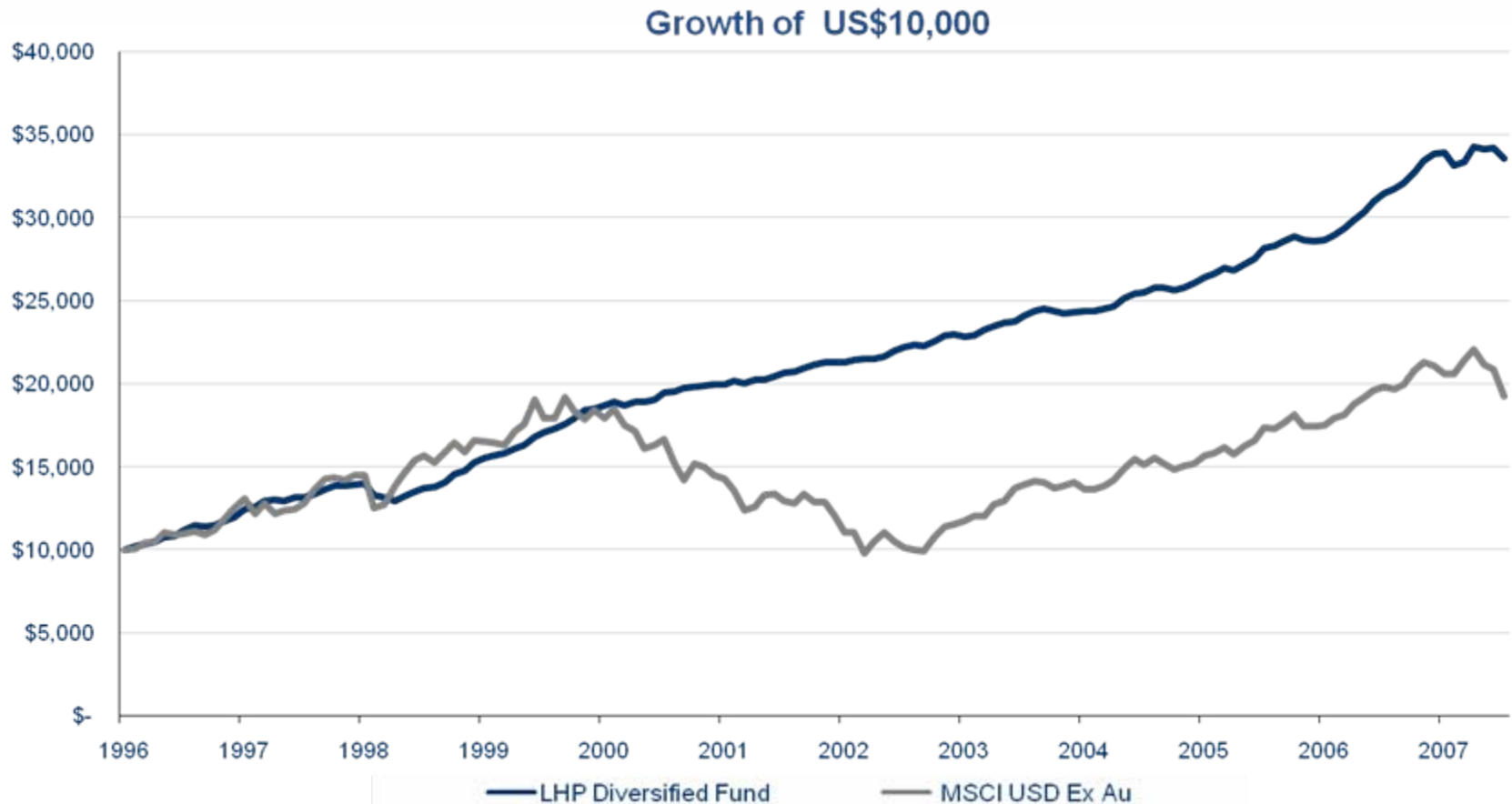
Global Rankings



Full Year Outlook



The HFA Advantage - Better Results, Less Volatility



SOURCE: IRESS and MSCI World ex Aus (USD)



The HFA Advantage – Core Fund Performance

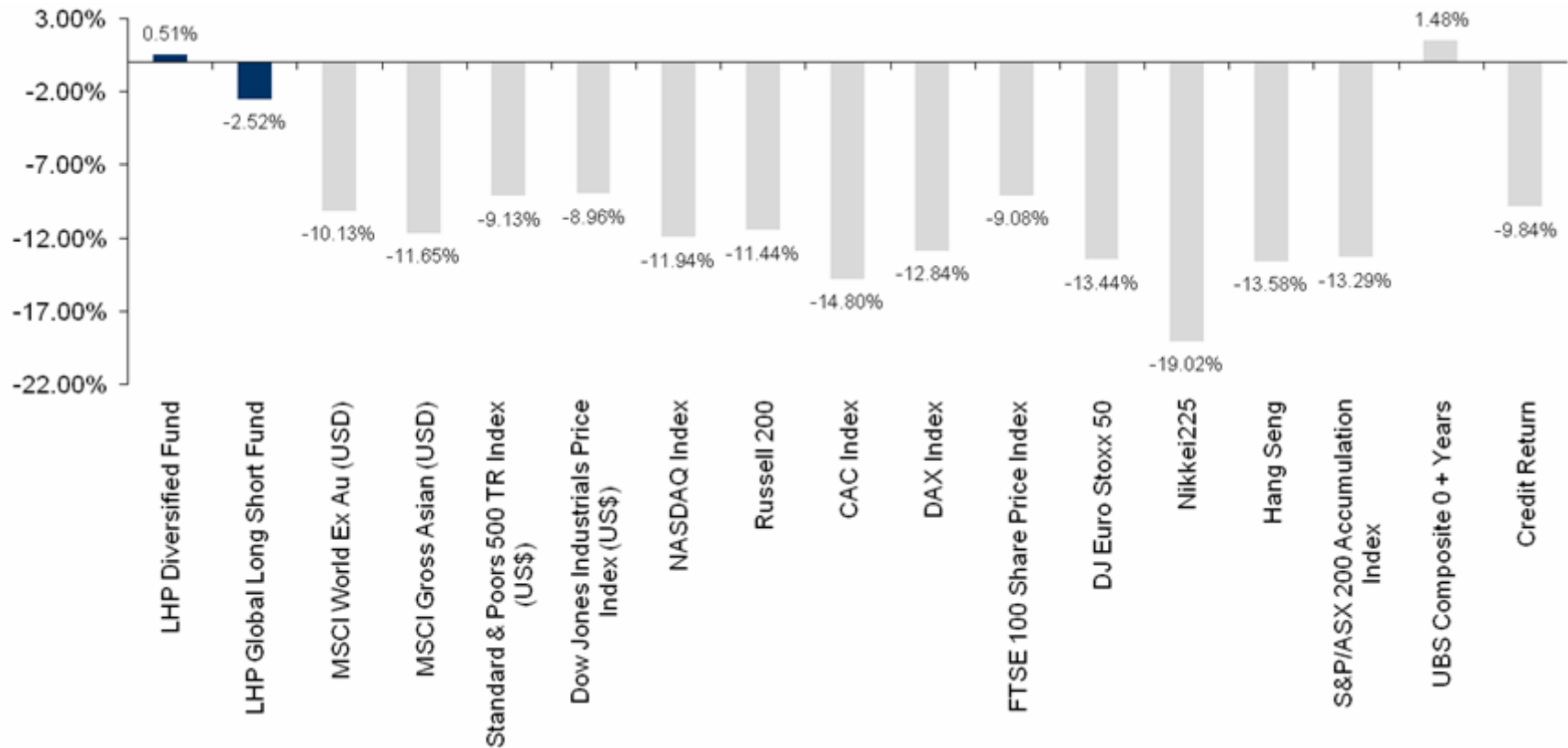
(to 31 January 2008)

	LHP Diversified Fund	LHP Global Long Short Fund	MSCI World Ex Au (USD)	UBS Composite 0 + Years	MSCI Gross Asian (USD)	S&P/ASX 200 Accumulation Index	Standard & Poor's 500 TR Index (US\$)
1 Month	-1.96%	-3.61%	-7.66%	1.22%	-8.94%	-10.85%	-6.00%
3 Months	-2.23%	-5.48%	-12.61%	1.52%	-15.47%	-15.73%	-10.55%
6 Months	-1.11%	-3.35%	-6.44%	2.30%	-8.04%	-6.22%	-4.32%
12 Months	5.86%	6.68%	-2.68%	4.24%	2.09%	1.63%	-2.31%
2 Years p.a	7.79%	9.51%	5.39%	3.85%	5.31%	11.45%	5.77%
3 Years p.a	8.31%	10.68%	8.45%	4.53%	14.07%	15.91%	7.28%
4 Years p.a	7.50%	10.07%	8.37%	5.20%	13.38%	19.48%	7.02%
5 Years p.a	7.51%	n/a	13.58%	4.64%	19.48%	18.69%	12.04%
Inception p.a.	7.04%	10.39%	Since Inception Return are different for various Funds				
Inception Total	59.20%	49.73%					



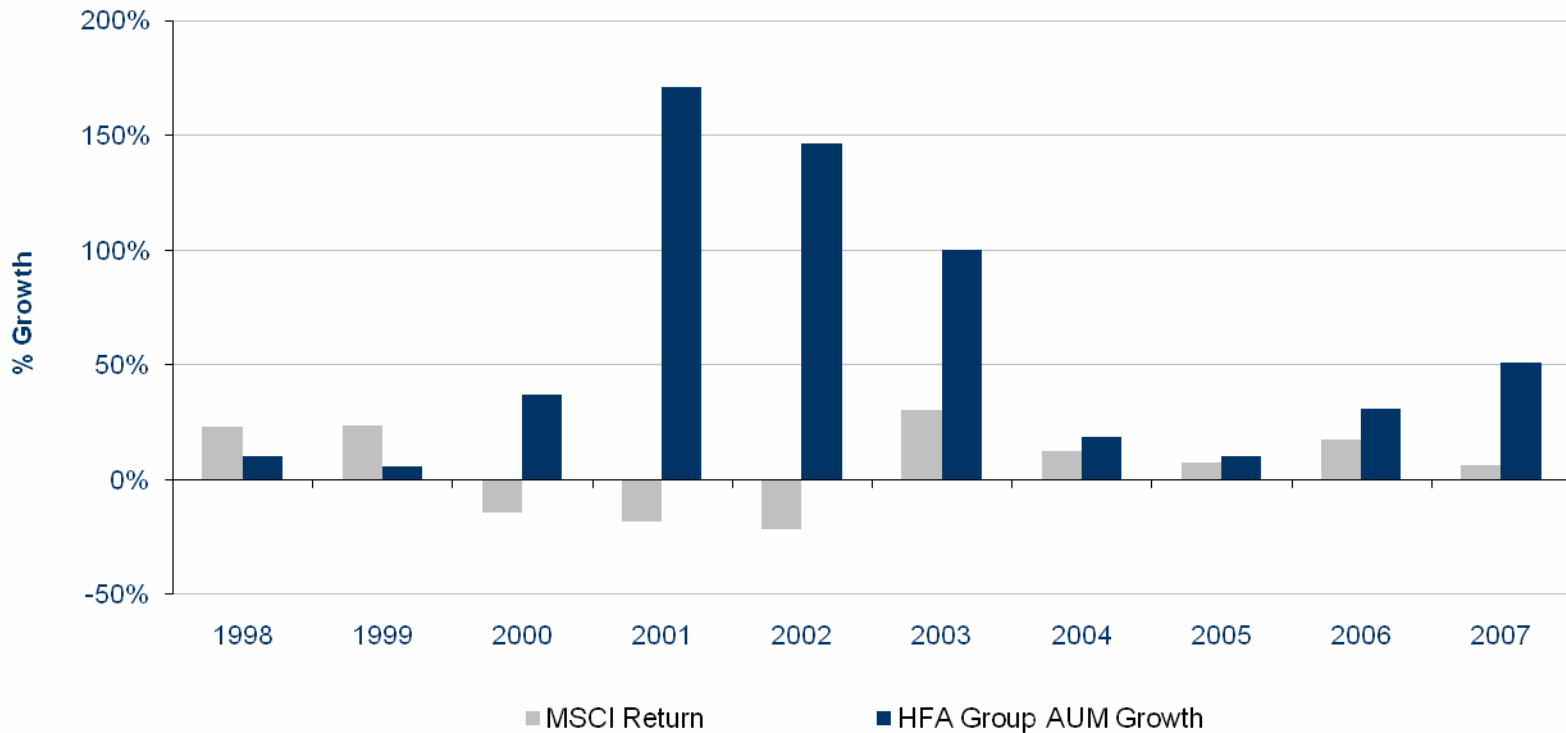
The HFA Advantage – Capital Preservation

Comparative Returns – October 1, 2007, to 31 January, 2008.



Market Volatility Presents Opportunity

Growth in Group AUM v's MSCI Return (Calendar Year)



Strong Inflows Continue

	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	H108
Net inflows (A\$m)	75.6	18.8	6.1	21.5	15.9	64.8	202.7
	Jan-08*	Feb-08#	Mar-08	Apr-08	May-08	Jun-08	2008 Total YTD
Net inflows (A\$m)	39	140	-	-	-	-	381.7

- Both HFA Asset Management and Lighthouse Partners reported positive fund inflows in Jan and Feb 2008.
- Every month financial YTD HFA has achieved positive inflows
- Increased awareness of capital preservation qualities of absolute return investing during periods of volatility.

*Includes Lighthouse Investment Partners. # Estimate only.



Full Year Outlook

Issues

- Challenging global equity and credit markets for investors and financial services providers
- Maintaining performance fee revenue in volatile markets
- Currently below high watermarks on HFA AM products

Forecasts

- Full year EBITDA to be at least \$56 million, against Prospectus forecast of \$52.2 million (assuming nil performance-based fee revenue).
- Post merger adjusted cash EPS will be higher than accounting EPS due to benefit of:
 - Add back of depreciation and amortisation
 - Tax deductibility of amortisation of Goodwill in US over 15 years.



Sound Debt Profiles

HFA Holdings Limited Debt Profile

- Primary Debt Obligations
 - Lighthouse Acquisition Facility – US\$128.5 million
 - Working Capital - A\$14 million (limit A\$30 million)
- Funding Costs
 - US\$ Acquisition Facility – LIBOR plus 80 bpts (currently 3.87%)
 - A\$ Working Capital – BBSY plus 80 bpts (currently 8.6%)
- No corporate debt repayment due for three years
- Plan to reduce total debt by A\$4m in March 2008 utilising proceeds of FX gain
- Debt reduction will further strengthen HFA's financial undertakings
- US\$ earnings from Lighthouse provide natural currency hedge for the US\$ debt

Investment Product Leverage Profile

- Long term agreements (1 to 8 year terms)
- Swap or Note structures – HFA Fund purchases from counterparty, counterparty adds leverage and purchases fund from LHP.
- Underlying investments exhibit low volatility return characteristics suitable for the addition of leverage
- High quality counterparties
- USD Funding – fixed margin above short term US Libor, negotiated for term of structure (lower USD rate beneficial to structure)
- Re / De-leverage mechanism as part of risk management control driven by underlying fund returns
- Strong counterparty demand to enter into structures with HFA
- HFA has strong experience in managing the risk of the structure



Financial Undertakings – Excess Capacity

Gearing Ratio

Pro forma Forecasts	FY08	FY08 (No performance fees)	FY08 (pro forma long term perf fees)
Debt ¹	\$151.2m	\$151.2m	\$151.2m
EBITDA ²	\$87.3m	\$75.4m	\$111.6m
Debt / EBITDA	1.73x	2.01x	1.35x
Financial Undertaking to debt provider	< 3.5x	< 3.5x	< 3.5x

1. Translated at A\$/US\$ exchange rate of 0.91 as per prospectus and includes planned debt reduction of \$4m in March 08.

2. Includes full year Lighthouse earnings (1/7/07 – 30/06/08)

Minimum Interest Cover Ratio

Pro forma Forecasts	FY08	FY08 (No Performance fees)	FY08 (pro forma long term perf fees)
EBITDA ²	\$87.3m	\$75.4m	\$111.6m
Interest expense ¹	\$6.8m	\$6.8m	\$6.8m
EBITDA / Interest expense	12.8x	11.1x	16.4x
Financial Undertaking to debt provider	> 3.5x	> 3.5x	> 3.5x

1. Interest assuming acquisition took place on 1/7/07

2. Includes full year Lighthouse earnings (1/7/07 – 30/06/08)

Financial undertakings are being comfortably met and are expected to continue to be met over the term of the debt even in an unlikely worse case of nil performance fees.



Growth Opportunities

- Product performance demonstrating capital preservation qualities and outperforming key indices
- Bear markets create greater differentiation of Absolute Return products compared to traditional products
- Investigating growth opportunities in Japan and Europe
- Increased institutional interest and focus - recent institutional mandate awarded to HFAAM
- Market volatility provides opportunities for:
 - Enhanced fund investment returns
 - Product distribution growth opportunities – attracting new investors and attracting greater allocations away from traditional investment strategies.
- White label product for top four Australian bank
- Specific resource appointed to drive increased dealer and platform representation
- New Optimisation software to help investors and advisers better understand absolute return funds
- New product development Q1 and Q2 FY08





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Absolute Return
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