



13 April, 2010

**MEDIA ANNOUNCEMENT**

**HFA DIVERSIFIED INVESTMENTS FUND LOOKING TO RE-OPEN FOR NEW INVESTMENTS**

HFA Asset Management Limited (HFAAM) is poised to re-open its flagship \$565m HFA Diversified Investments Fund (Fund) to new investments. A 20% increase in the value of the Funds net assets coupled with a significant improvement in the liquidity of the underlying investments, since the fund suspended applications and redemptions, could lead to the re-opening of the Fund for new investments from July 2010. A final determination of the specific re-opening date depends on the continued improvement in the liquidity of the Funds' underlying investments.

In addition, the HFAAM Board has announced an additional withdrawal offer to unitholders of \$75 million to be made in May 2010.

The May 2010 withdrawal offer follows a \$25 million offer which was implemented in March 2010 and will bring the Funds' total return of capital to investors via withdrawal offers to over \$235 million.

The Fund imposed restrictions on applications and redemptions at the end of December 2008 due to a rapid decline in the liquidity of global investment markets. A meeting of unitholders in June 2009 voted overwhelmingly, with 99% support, for the Fund to continue its investment mandate while at the same time offering limited liquidity windows to those investors desiring to redeem from the Fund.

HFAAM Joint Managing Director Oscar Martinis said, with a continuation of current market conditions and increasing liquidity of the Funds underlying investments, it is expected the Fund could re-open as early as July 2010 and return to its pre-GFC administrative terms in early 2011.

"The liquidity of the Fund's underlying investments continue to improve at a rate beyond our expectations and combined with the strong positive investment performance we are confident the fund will be back to its pre-GFC terms much earlier than we originally anticipated," he said.

"After experiencing difficult market conditions in 2008 and 2009, we are seeing investors' appetite for fund of hedge fund strategies steadily increasing. Applications for redemptions are decreasing and investor sentiment is quite positive."

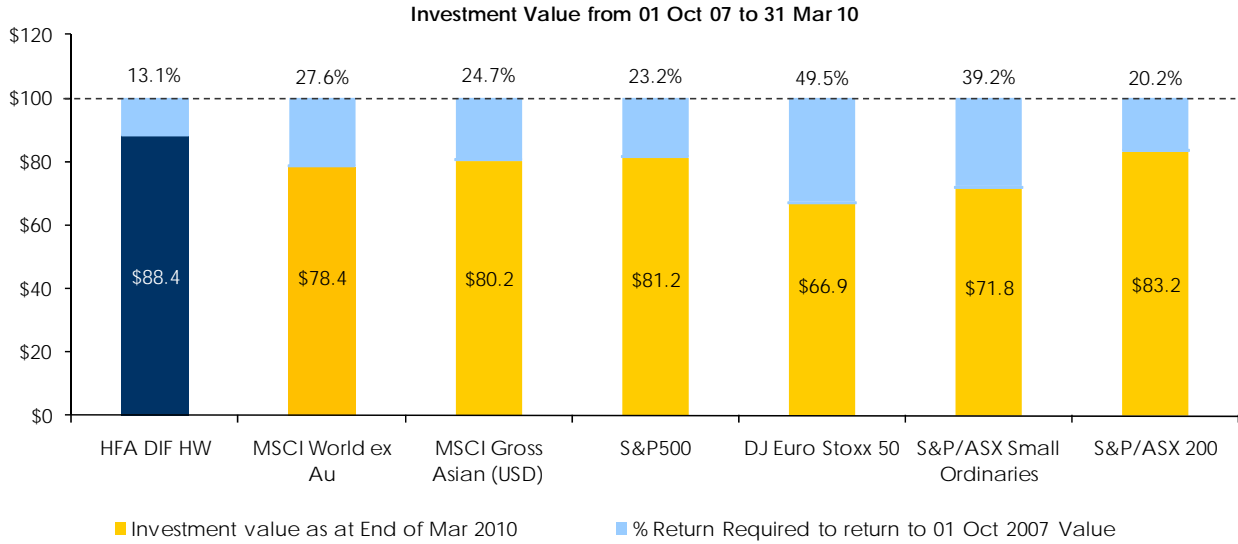
For the 2009 calendar year the Fund's net assets appreciated in excess of 19% and since applications and redemptions were restricted the fund investments have appreciated in excess of 20%. Overall the Fund needs to return approximately 13% to reach its 1 October 2007 net asset value compared to international equity markets, which need to return more than 27% to recover losses since their 2007 peaks.

Mr Martinis said that upon the Fund re-opening, amended administrative terms would be applied on the redemption process for the remainder of 2010 to ensure any residual subscription to the withdrawal offers are managed for the benefit of all unitholders.

A change from monthly redemption periods with 30 days notice to quarterly periods with 30 days notice is initially expected on re-opening plus administrative terms on the redemption process.

HFAAM is part of international fund manager holding company HFA Holdings Limited (ASX: HFA), which also owns US-based fund manager Lighthouse Partners, which it acquired in early 2008. As at 31 December 2009, HFA Holdings had in excess of A\$5.7 billion in assets under management.

**Attachment: Investment Return Required to Return to Historical Net Asset Value**



Source: HFA, Bloomberg, Morningstar.

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