



5 March 2010

Dear Investor

Withdrawal Offer - HFA Diversified Investments Fund

In the most recent HFA Diversified Investments Fund (**DIF**) investor update (dated 16 November 2009), we indicated that HFA Asset Management Limited (**HFAAM**) expects to make withdrawal offers every quarter commencing 31 March 2010.

HFAAM is now pleased to provide you with the following withdrawal offer.

Details of the Withdrawal Offer

The board of HFAAM has resolved to approve a withdrawal offer of \$21,250,000 to retail and wholesale unit holders (**Withdrawal Offer**).

As a unit holder you are not obliged to take up this Withdrawal Offer or any subsequent withdrawal offer that may be made. The Withdrawal Offer is being made available to assist those unit holders who need access to capital.

If you wish to redeem some or all of your investment please read the following information carefully and complete the **attached** Withdrawal Request Form. We recommend you seek advice from your financial adviser, accountant or tax adviser on the implications of redeeming your investment.

Important dates

The Withdrawal Offer will open on 10 March 2010 and close on 31 March 2010. Your Withdrawal Request Form must be received by 4 pm (AEDT) on 31 March 2010. Forms received after this time will not be accepted.

We must apply this deadline strictly to ensure payments are processed promptly. Should you wish to accept the Withdrawal Offer, we recommend completing and returning the form promptly. If we receive your Withdrawal Request Form after 4pm (AEDT) on 31 March 2010 you will not be eligible to participate in this Withdrawal Offer.

Withdrawal Request Forms must be posted or faxed to:

Attention: Unit Registry
National Australia Bank Limited
Registry Services
PO Box 1406
Melbourne VIC 3001
Facsimile: 1300 365 601

Members returning their form by mail should allow time for posting.

We will only process one Withdrawal Offer for each member. If you send multiple Withdrawal Request Forms we will process the last form we receive prior to the closing time.

Any amendments or cancellations must be in writing and received by us by 4pm (AEDT) on 31 March 2010.

How many units can you apply to redeem?

If you wish to participate in the Withdrawal Offer, you can apply to withdraw all or part of your investment by specifying on your Withdrawal Request Form whether you wish to redeem all of your units or a part of your investment by specifying a partial withdrawal dollar amount. However, if we receive withdrawal requests for an amount greater than the \$21,250,000 available, all withdrawal requests will be scaled back pro rata.

Your Withdrawal Request Form shows your current unit holding in DIF as at 28 February 2010.

Units will be redeemed at their Net Asset Value per Unit as at 28 February 2010. The Net Asset Value per Unit as at 31 January 2010 for each class of retail and wholesale units are set out below:

Unit class	Net Asset Value per Unit
Hedged retail	\$0.995814
Unhedged retail	\$0.783418
Hedged wholesale	\$1.015883
Unhedged wholesale	\$0.793450

The Net Asset Value per Unit as at 28 February 2010 will be calculated after the close of the offer and posted on our website, www.hfaam.com.au, when available. This is expected to be on or around 12 April 2010.

If you intend to participate in the Withdrawal Offer, you may wish to consider the 31 January 2010 Net Asset Value per Unit to decide how many Units you will apply to redeem (and therefore the amount of redemption proceeds you will receive if your redemption request is satisfied in full).

The Net Asset Value per Unit amounts for 31 January 2010 are provided to give you an indication only of the price, in broad terms, at which units may be redeemed under the Withdrawal, should you wish to participate in the Withdrawal Offer. You must appreciate that units will be redeemed under the Withdrawal Offer at the Net Asset Value per Unit calculated as at 28 February 2010 and this amount may be higher or lower than the Net Asset Value per Unit as at 31 January 2010.

Funding of the Withdrawal Offer

We have made up to \$21,250,000 available for this Withdrawal Offer. This represents approximately 4% of the estimated value of DIF’s assets as at 31 January 2010, and is funded from available cash in DIF, including cash realised from the partial redemption of DIF’s investments, including a partial redemption of DIF’s investment in the Lighthouse Diversified Fund Limited.

Should we receive redemption requests in excess of \$21,250,000 from retail and wholesale unit holders, we will (as required for the *Corporations Act 2001*) scale back each member’s request on a pro rata basis. In this scenario, DIF’s proceeds available for redemption will be applied as follows:

$$\text{Amount of money available} \times \frac{\text{Amount member requested to withdraw}}{\text{Total of all amounts members request to withdraw}}$$

For example:

There is \$21,250,000 available to meet withdrawal requests.

Mr Smith lodges a withdrawal request for his entire holding of 20,000 units representing \$20,000.

The total amount of valid withdrawal requests received from those investors participating in the Withdrawal Offer is \$40 million.

Mr Smith would therefore receive \$10,625 and 10,625 of his units would be redeemed and cancelled.

This is an example only. What a member (who participates in the Withdrawal Offer) receives will depend on the amount of their withdrawal request and the total amount of all withdrawal requests.

Payment of the Withdrawal Offer

Members participating in the redemption will receive the proceeds from the Withdrawal Offer within 21 days after the close of the Withdrawal Offer. All proceeds will be paid by electronic funds transferred to your nominated account. If you have not previously advised us of your nominated financial institution account details, or require proceeds to be transferred to a different account to that previously advised, please ensure you insert your account details in the relevant part of the Withdrawal Request Form.

What if you have previously lodged a redemption request?

All previously lodged redemption requests will not be considered a withdrawal request under this offer. In order to be included in this Withdrawal Offer you must complete and return the Withdrawal Request Form attached to this letter so that we receive it by no later than 4 pm (AEDT) on 31 March 2010.

Do you need to accept this Withdrawal Offer?

No. You are not obliged to take up this or any subsequent withdrawal offer that may be made. Whilst many investors wish to continue their investment, we understand that some investors need to access capital and this Withdrawal Offer is designed to enable those investors to realise their investment.

If you do not accept this Withdrawal Offer you will still be able to accept subsequent withdrawal offers, including the quarterly withdrawal offers proposed to be made available by HFAAM as referred to in the correspondence to investors on 16 November 2009.

Confirmation of Withdrawal

On the conclusion of the Withdrawal Offer members who participate will be issued a new statement reflecting their revised holding. This will be posted to you. The redeemed units will be cancelled by us.

Summary

If you do not wish to redeem your investment, you do not need to do anything.

If you wish to participate in this Withdrawal Offer, please complete the attached Withdrawal Request Form and return it to:

Attention: Unit Registry
National Australia Bank Limited
Registry Services
PO Box 1406
Melbourne VIC 3001

OR Facsimile: 1300 365 601

We thank you for your ongoing support of the HFA Diversified Investments Fund. If you have any queries in relation to the Withdrawal Offer, this letter or the Withdrawal Request Form, please do not hesitate to contact HFAAM Investor Services on 1300 30 90 92.

Yours faithfully

HFA ASSET MANAGEMENT LIMITED

A handwritten signature in black ink, appearing to read 'Oscar Martinis', with a stylized flourish at the end.

Oscar Martinis
Joint Managing Director

HFA Asset Management Limited ABN 25 082 364 AFSL 246747 is the issuer of units in HFA Diversified Investment Fund ARSN 093 497 600 ("the Fund"). The information contained in this report does not constitute an investment offer or financial product advice. It does not take into account the objectives, financial situation or needs of any particular person. Before making any decision to continue to invest in the Fund you should obtain and read the Product Disclosure Statement ("PDS") dated 28 February 2008 and consider, with or without the assistance of a financial or other professional adviser, whether an investment is appropriate in light of those matters. Neither HFA, nor its associates, the directors or officers of HFA and its associates, or any party named in the PDS guarantee the repayment of capital or the performance of the Fund. The information contained in this report has been taken from sources believed to be reliable. HFA relies on various data sources when compiling this report and does not represent that the information is accurate or complete and it should not be relied upon as such. Past Performance and asset allocation is not a reliable indicator of future performance.