



## Continuous Disclosure Notice Resumption of redemptions - HFA Diversified Investments Fund

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On 23 December, 2008 HFA Asset Management Limited (**HFAAM**), the responsible entity of the HFA Diversified Investments Fund (**DIF** or the **Fund**), suspended redemptions in DIF due to insufficient liquidity in DIF's underlying investments which was triggered by the global financial crisis.

HFAAM is now pleased to confirm that DIF is again liquid as defined in the Corporations Act and, subject to certain conditions, redemptions will recommence.

### Redemption procedures

You will be able to apply to redeem units on a quarterly basis and subject to the conditions specified below. Redemptions will again be processed on the last business day of each calendar quarter (**Redemption Day**), and a 30 calendar day notice period will apply. Redemption requests must be received by 4pm (AEST) on the day which is 30 calendar days before the applicable Redemption Day. Redemption requests received after this date will be carried forward to the next Redemption Day.

The first Redemption Day will be Thursday, 30 September 2010 and redemption requests for the September Redemption Day must be received by HFAAM on or before 4pm (AEST) on Monday, 30 August 2010. We will advise Unitholders of each Redemption Day, the deadline by which redemption requests must be received and the terms and conditions attaching to each quarterly redemption on our website, [www.hfaam.com.au](http://www.hfaam.com.au), at least 45 days prior to the applicable Redemption Day.

Redemptions may be made by completing a redemption form which can be obtained by calling 1300 309 092 or visiting our website at [www.hfaam.com.au](http://www.hfaam.com.au).

Redemptions requests can be sent by facsimile to 1300 365 601 or by mail to:

HFA Asset Management Limited  
c/o National Australia Bank Limited  
Registry Services  
PO Box 1406  
MELBOURNE VIC 3001

Redemption payments will be processed within approximately 45 days after a Redemption Day, although under the constitution, HFAAM can take up to 12 months to process a redemption request.

### What conditions apply to redemptions?

To ensure the fair and equitable treatment of all Unitholders, and the continued liquidity of DIF ensure, until further notice HFAAM expects the amount of funds available for each quarterly redemption will generally be limited to 10-15% of the Fund's NAV.

However, the amount of redemption proceeds available each quarter may be higher or lower than this amount depending on economic, financial market and investment conditions. HFAAM will advise Unitholders of the maximum value of redemptions available for each quarterly redemption at least 45 days prior to the Redemption Day. The maximum redemption amount available for the 30 September 2010 redemption is 15% of the Fund's NAV.

The minimum redemption amount is 1,000 units.

## **What happens if the amount available to meet redemptions is insufficient to satisfy all redemption requests?**

If there are not enough redemption proceeds available each quarter to satisfy all requests made by Unitholders, the requests will be satisfied proportionately based on the amount the Unitholder has requested to redeem, compared to the total amount all Unitholders have requested to redeem. The proportion, which will be applied to each Unitholder's redemption request, is calculated according to the following formula:-

$$\% \text{ of request paid} = \frac{\text{Total redemption amount available}}{\text{Total Unitholder redemption requests received}}$$

For example, if the redemptions proceeds available for a quarterly redemption was \$50 million and redemption requests received from Unitholders totalled \$100 million each Unitholder who lodged a redemption request would have 50% of their redemption request satisfied. In this example, if a Unitholder lodged a redemption request for 10,000 Units, then 5,000 Units would be redeemed and the Unitholder would continue to own the remaining 5,000 Units (as well as any other Units for which a redemption request was not lodged).

If redemption requests are satisfied proportionately, the redemption request is deemed to be rejected for the unsatisfied proportion and is not carried over to the next Redemption Day. Therefore, if a redemption request is proportionately satisfied and the Unitholder wishes to redeem the unsatisfied proportion on the next Redemption Day, they will need to lodge a further redemption request.

Where the processing of a redemption request, including a redemption request which is satisfied proportionately due to redemption requests received from all Unitholders exceeding the redemption proceeds for a particular quarter, will result in the Unitholder holding less than the minimum number of Units or Units with a value less than the minimum investment amount, HFAAM may treat the request as applying to all Units held and process the request accordingly (even if such redemption results in total redemptions exceeding the available redemption proceeds), subject to HFAAM believing it is in the best interests of Unitholders to do so and HFAAM determining the Fund has sufficient funds to do so.

## **Management Fees**

In June, 2009, HFAAM agreed to reduce Management Fees for direct Retail Unitholders from 1.54% p.a. to 1.23%p.a. and for Wholesale Unitholders (including retail investors investing via master trusts and wrap accounts) from 1.28% p.a. to 1.03%p.a whilst the Fund remained illiquid.

The Board of HFAAM advises that it will continue to charge the reduced Management Fees whilst all of the conditions set out in this notice, remain in place.

## **Investment objective and strategy**

The redemption conditions have been imposed to ensure that all Unitholders are treated equally and that the redemptions do not materially impact or change the Fund's investment objectives and strategy. The Fund will continue to provide Unitholders with exposure to the Lighthouse Diversified Investment Fund Limited.

Monthly Fund updates will continue to be available on HFAAM's website.

## Foreign currency hedging

The Fund currently has hedged and unhedged Units on issue. As the Fund holds primarily United States Dollar denominated assets, fluctuations in the exchange rate between foreign currencies and the Australian Dollar are unpredictable and can have significant impact on the return on investment for each Unitholder.

There is a possibility that due to hedging requirements, redemption amounts may be reduced to ensure that the hedged unit classes remain substantially hedged or that redemption proceeds are provided to Unitholders in the timeframe stipulated in the Fund's Constitution.

## Summary

Subject to the conditions set out above, DIF has recommenced redemptions on a quarterly basis.

The first Redemption Day is Thursday, 30 September 2010 and redemption requests for the September redemption must be received on or before 4pm (AEST), on Monday, 30 August 2010. Redemptions for the 30 September 2010 Redemption Day will be limited to 15% of the Fund's NAV.

Details of each subsequent Redemption Day, the deadline by which redemption requests must be received and the terms and conditions attaching to each quarterly redemption will be published on our website, [www.hfaam.com.au](http://www.hfaam.com.au), at least 45 days prior to the applicable Redemption Day.

If you have any queries in relation to this quarterly redemption process, please do not hesitate to contact HFAAM Investor Services on 1300 309 092.