

FUND UPDATE

Hyperion Small Growth Companies Fund

April 2010

Fund Objective

To achieve medium to long-term capital growth and income by investing in quality Australian companies.

Fund Overview

The Hyperion Small Growth Companies Fund invests in growth style companies outside the S&P/ASX 100 which pass Hyperion's rigorous investment process. The fund is dominated by companies:

- ☉ that own high quality business franchises
- ☉ with above average growth potential
- ☉ with low levels of gearing
- ☉ with predictable medium to long-term earnings streams

The fund is concentrated, typically comprised of 20-35 stocks, with low turnover.

About Hyperion

Hyperion Asset Management is a boutique Australian equities investment manager. We are:

- ☉ Focussed on delivering high alpha returns across a complete business cycle
- ☉ Research driven with a bottom-up investment process which identifies quality companies
- ☉ Process driven with companies weighted according to their risk adjusted 5 year prospects
- ☉ Stable with a fully aligned investment team

Performance Summary					
	1 mth	3 mths	1 yr	3 yr	5 yr
Fund – Net*	0.40	8.68	61.05	5.00	16.46
Net Excess Return – versus S&P/ASX Small Ords Accum Index	0.38	2.34	21.79	13.99	9.30

Performance Comparison to 30 th April 2010 ^				
	3 mth	1 yr	3 yr	5 yr
Hyperion Small Growth Companies Fund*	8.68	61.05	5.00	16.46
Aberdeen Australia Small Companies Fund	10.47	35.66	-2.86	9.81
Ausbil Australian Emerging Leaders Fund	8.96	46.71	-2.37	10.79
Schroder – Australian Smaller Companies Fund	6.75	34.36	n/a	n/a
Eley Griffiths Group – Small Companies Fund	11.20	47.88	-2.84	11.73

^Source: Morningstar

Top 10 Holdings

Stock	Weight
REA Group Limited	9.43%
Fantastic Holdings Limited	9.06%
Carsales.com Limited	7.45%
IRESS Market Technology Limited	7.34%
Platinum Asset Management Limited	6.79%
Reckon Limited	6.76%
Sky Network Television Limited	5.73%
Wotif.com Holdings Limited	5.64%
The Reject Shop Limited	5.59%
Navitas Limited	5.28%

Sector Holdings

Sector	Absolute Weight	Active Weight
Cons. Discretionary	55.94%	42.86%
Cons. Staples	0.88%	-2.18%
Energy	0.00%	-10.69%
Financials	11.74%	7.27%
Health Care	2.87%	-4.17%
Industrials	3.30%	-14.00%
Information Technology	23.44%	19.99%
Materials	0.00%	-27.14%
Property Trusts	0.00%	-7.30%
Telecoms	0.00%	-1.72%
Utilities	0.00%	-4.77%

The Hyperion Investment Process

The investment team has developed a unique process that drives Hyperion's performance. The process involves evaluating companies through both quantitative filters and fundamental analysis. We believe that the economics of a business drives its long term share price. Our process focuses on identifying businesses with superior economics.

We are benchmark insensitive but understand the risks of our high conviction positions. For us, risk is not simply a deviation from an index, but the extent to which a company does not meet our clients' required financial outcome. Therefore, with a view to maximising performance, our process is one of elimination with the result that the final portfolio is one devoid of companies that do not pass our rigorous investment criteria.

Commentary

The Hyperion Small Growth Companies Fund outperformed during the month. The fund returned 0.40% versus the S&P/ASX Small Ordinaries Accumulation Index return of 0.02%. The biggest contributors to active performance included IRESS Market Technology (+6.38%), REA Group (+5.03%), and not owning Infigen Energy (-23.44%). The largest detractors from active performance included Wotif.com Holdings (-10.21%), Count Financial (-4.04%), and not owning Australand Property Group (+466.67%).

Outlook

As the impact of the Government's stimulus spending from 12+ months ago declines, companies may not be able to grow their earnings as they have in the past year. Companies have also focused on taking costs out of their businesses so they will find it hard to grow their margins going forward as there are few costs to remove now. The companies in the portfolio, due to their quality nature, have kept their costs under control and are looking to gain market share in times of uncertainty which bodes well for the long-term performance of these companies. The Investment Team is confident that the portfolio will continue to generate above market returns over the 5 year investment horizon. The portfolio's estimated 5 year internal rate of return (IRR) sits at 17% pa, still above the long term average

Fund Size	\$10.59M	Platforms	Avanteos Ausmaq BT Wrap CFS – First Wrap Macquarie Wrap ASGARD Ewrap NETWEALTH
APIR code	BNT0101AU		
Minimum Direct Investment	\$20,000	Unit Prices	Application: \$2.2753 Net Asset Value: \$2.2685 Redemption: \$2.2617
MER (From 21st April)	1.25% (plus 15% of outperformance above the S&P/ASX Small Ordinaries Accumulation Index)		
Ratings	Lonsec – Recommended Morningstar – Investment Grade Zenith - Recommended		

If you have any queries regarding Hyperion's managed funds please don't hesitate to contact:

Pinnacle Investment Management		Hyperion Asset Management	
Adrian Whittingham NSW/QLD	02 8247 6679 distribution@pinnacleinvestment.com.au	Tim Samway	02 8247 6678 tim.samway@hyperionam.com.au
Stefan Visser NSW/QLD	02 8247 3124 distribution@pinnacleinvestment.com.au		
Scott Thomas NSW/QLD	02 8247 3152 distribution@pinnacleinvestment.com.au		
Adam Bullpitt SA/TAS/VIC/WA	03 9640 3801 distribution@pinnacleinvestment.com.au	Racheal Croft	02 8247 6649 racheal.croft@hyperionam.com.au
Andrew Chambers SA/TAS/VIC/WA	03 9640 3898 distribution@pinnacleinvestment.com.au		
General number	1300 010 311		

Hyperion Asset Management

Level 8 , Royal Exchange Building
56 Pitt Street
Sydney NSW 2000

PO Box R604
Royal Exchange NSW 1225
clientservices@hyperionam.com.au

T 1300 550 293
F 02 8247 6657
www.hyperionam.com.au

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