

FUND UPDATE

Hyperion Small Growth Companies Fund

June 2009

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 ^	5.77	23.16	12.89	2.67	12.30
Net Excess Return – versus S&P/ASX Small Ords Accum Index	2.72	-2.53	41.47	9.05	6.72

Performance Comparison to 30th June 2009 ^

	3 mth	1 yr	3 yr	5 yr
Hyperion Small Growth Companies Fund	23.16	12.89	2.67	12.30
Aberdeen Australia Small Companies Fund	15.64	-7.33	-0.65	9.92
Ausbil Australian Emerging Leaders Fund	18.65	-22.99	-4.72	9.65
Schroder – Australian Smaller Companies Fund	17.30	-12.65	n/a	n/a
Eley Griffiths Group – Small Companies Fund	20.65	-23.07	-2.67	10.20

^Source: Morningstar

Top 10 Holdings

Stock	Weight
The Reject Shop Limited	10.21%
Seek Limited	9.69%
Fantastic Holdings Limited	8.15%
Reckon Limited	7.98%
Iress Market Technology Limited	7.66%
Platinum Asset Management	7.46%
Wotif.com Holdings Limited	7.37%
Sky Network Television Limited	7.23%
Count Financial Limited	5.85%
Technology One Limited	4.64%

Sector Holdings

Sector	Absolute Weight	Active Weight
Cons. Discretionary	46.84%	38.21%
Cons. Staples	0.00%	-2.93%
Energy	0.00%	-13.50%
Financials	13.31%	7.05%
Health Care	2.08%	-5.76%
Industrials	15.47%	-2.04%
Information Technology	20.27%	17.08%
Materials	0.00%	-25.60%
Property Trusts	0.00%	-6.85%
Telecoms	0.45%	0.37%
Utilities	0.00%	-7.63%

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 portfolio outperformed its benchmark during June, returning 5.77% versus the S&P/ASX Small Ordinaries Accumulation Index return of 3.05%. The largest contributors to this excess performance during June included Fantastic Holdings (18.75%), Austar Communications (21.38%) and Count Financial (9.91%). Reckon (-7.6%) was the largest detractor from performance during the month.

Fantastic Holdings (FAN) raised A\$13 million in June via a placement at A\$2.30 per share. FAN's directors used A\$3 million from the raising to add to their A\$175 million share holding. Management explained the capital raising was necessary in order to allow the company to take advantage of emerging opportunities. The placement also provided additional liquidity to the trading in FAN shares that allowed new institutional shareholders to accumulate a stake in the company.

Outlook

The portfolio's relative performance over the past 12 months has been outstanding and while it is unrealistic to expect this to be continued on a month to month basis, the investment team is confident in the portfolio's ability to achieve superior long-term out-performance. The portfolio's 5 year internal rate of return remains above 20% p.a., the trailing PE at 16x appears modest and the dividend yield is consistently around 5%. The investment team's outlook also appears reasonable with earnings growth forecast to be 15% p.a. and the 5 year PE forecast is expected to expand from its current level to 17.3x.

Fund Size	\$4.49M	Platforms	BT Wrap CFS – First Wrap Macquarie Wrap ASGARD Ewrap NETWEALTH
APIR code	BNT0101AU		
Minimum Direct Investment	\$50,000	Unit Prices	Application: \$1.6053 Net Asset Value: \$1.6005 Redemption: \$1.5957
MER (30 April 2009)	1.96%		
Ratings	Lonsec – Recommended Morningstar – Investment Grade		

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

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