

# HYPERION SMALL GROWTH COMPANIES FUND

JULY 2011 FUND UPDATE

FOR FINANCIAL ADVISORS ONLY

## OVERVIEW

### OBJECTIVE

Long-term capital growth and income.

### STRATEGY

High-conviction portfolio of quality Australian listed equities from a research driven, bottom-up investment philosophy.

### UNIVERSE

Ex S&P/ASX 100

### LAUNCH DATE

Managed by Hyperion since September 2002<sup>†</sup>

<sup>†</sup> Launched October 1996

### MINIMUM INVESTMENT

A\$20,000

### RATINGS

- Lonsec – Highly Recommended<sup>1</sup>
- Van Eyk – A<sup>2</sup>
- Morningstar – Recommended<sup>3</sup>
- Zenith – Recommended

### RECENT AWARDS

- Hyperion Asset Management
- Money Management / Lonsec Fund Manager of the Year 2010 – Australian Equities (Small Cap)
- The Australian Fund Manager Awards 2010 – Australian Equities Winner

### PLATFORMS

- Asgard
- Avanteos Ausmaq
- BT Wrap
- CFS – First Wrap
- Macquarie Wrap
- Netwealth

### APIR CODE

BNT0101AU

## OVERVIEW

The Hyperion Small Growth Companies Fund underperformed the benchmark during the month. The fund returned 0.04% versus the S&P/ASX Small Ordinaries Accumulation Index return of 1.40%. The biggest positive contribution to active performance came from Reckon (+12.72%), Sky Network Television (+6.74%) and not owning Adelaide Brighton (-15.21%). The largest detractors from active performance were Platinum Asset Management (-5.34%), IRESS Market Technology (-4.11%), and not owning Sundance Resources (+54.4%).

Sundance Resources had a stellar run during the month. The company received a take-over offer from Hanlong Mining, a substantial shareholder of Sundance Resources. Hanlong made a conditional cash offer for 100% of outstanding Sundance Resources script at a price of 50 cents per Sundance Resources share under a scheme of arrangement. The Sundance Resources Board believed that the offer was not adequate and have advised shareholders to take no action at this stage. Hyperion has a disciplined stock selection process where unless a company has a proven track record of achieving above-average returns on equity for shareholders we cannot invest. Sundance is an exploration company and therefore doesn't meet the criteria.

## OUTLOOK

The current uncertainty in the financial markets, while taking its toll on the portfolio, has meant there is a significant opportunity to deploy capital appropriately. The forecast five year IRR of the portfolio is currently 24% pa. In periods of significant uncertainty, quality companies should outperform and we have selected companies with the franchise strength necessary to prosper in these conditions. The investment team is confident that the portfolio will continue to drive earnings and dividends per share growth which will lead to significant alpha generation over our five year investment horizon.

### PERFORMANCE (as at 31 July 2011)

	Since Inception*	1 mth	3 mths	1 yr	3 yrs	5 yrs
Portfolio - Net <sup>^</sup>	24.27	0.04	-6.73	3.52	13.46	8.23
UBS Bank Bill Index	-	1.23	2.67	5.51	6.58	6.31
S&P/ASX Small Ords Accum	10.18	1.40	-5.58	12.19	-0.28	1.58

<sup>^</sup> Source: Morningstar, <sup>#</sup>UBS Bank Bill Index (0+yr) Maturity \*(Oct 2002)

### Performance Comparison (to 31 July 2011)

	3 yrs	5 yrs
Hyperion Small Growth Companies Fund	13.46	8.23
Aberdeen Classic Series Australian Small Companies Fund	2.23	0.02
Ausbil Australian Emerging Leaders Fund	4.51	4.01
Schroder – Australian Smaller Companies Fund	4.84	n/a
Eley Griffiths Group – Small Companies Fund	4.44	5.04

### SECTOR HOLDINGS (as at 31 July 2011)

Sector	Absolute weight	Active weight
Consumer Discretionary	47.71%	35.83%
Consumer Staples	0.00%	-2.12%
Energy	0.00%	-13.54%
Financials	14.92%	11.06%
Health Care	3.28%	0.37%
Industrial	1.78%	-17.71%
Information Technology	30.05%	26.99%
Materials	0.00%	-32.77%
Property Trusts	0.00%	-4.55%
Telecoms	0.00%	-2.54%
Utilities	0.00%	-3.31%

### TOP 10 STOCK HOLDINGS (as at 31 July 2011)

Carsales.com	10.60%	IRESS Market Technology	8.05%
Sky Network Television	9.38%	Wotif.com Holdings	7.08%
REA Group	8.83%	Count Financial	6.67%
Platinum Asset Management	8.25%	Navitas	4.57%
Reckon	8.24%	Dominos Pizza	3.42%

## INVESTMENT PROCESS



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## FUND MANAGER

Hyperion is a boutique Australian equities investment manager that only invests in high quality companies where quality is defined as companies that have:

- above average growth potential
- low levels of gearing
- stable management with proven track-records
- predictable earnings streams.

## STRUCTURE AND TERMS

Legal Domicile	Australia Regulated and authorised by ASIC
Fees	Entry fee – Nil Exit fee – Nil Buy/Sell Spread – 0.60% (0.30% in/ 0.30% out) Management Expense Ratio 1.25 % (plus 15% of outperformance above the S&P/ASX Small Ordinaries Accumulation Index)
Reporting and Correspondence	Daily prices on <a href="http://www.hyperionam.com.au">www.hyperionam.com.au</a> , Monthly fund performance report, Fund's quarterly reports, Fund's annual reports
Quarterly Distribution	AUD 0.0189652 CPU at 30 June 2011 AUD 0.0113223 CPU at 31 March 2011 AUD 0.0171556 CPU at 31 December 2010 AUD 0.0121000 CPU at 30 September 2010
Administrator	Fund BPO Pty Ltd
Auditor	PricewaterhouseCoopers
Custodian	Citigroup Nominees Pty Ltd
Registrar	Fund BPO Pty Ltd
Fund size	AUD 13.84 million
Unit prices & Net Asset Value	<a href="http://www.hyperionam.com.au">www.hyperionam.com.au</a>

## RATINGS' DISCLAIMERS

<sup>1</sup> Current rating as at August 2010. Any Lonsec Limited ("Lonsec") (ABN 56 061 751 102) rating presented in this document is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s) alone. It is not a recommendation to purchase, sell or hold any securities, and you should seek independent financial advice before investing in this product. The ratings contained in this document are reasonably held at the time of completion but are subject to change without notice and Lonsec assumes no obligation to update this document following publication.

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