

Hyperion Quarterly Report

September
2005

Hyperion Australian Growth Companies Fund

Hyperion Australian Growth Companies Fund No 2

Hyperion Small Growth Companies Fund

Hyperion Listed Property Fund

Hyperion Overseas Equity Fund

Hyperion Managed Fund

Hyperion Monthly Income Fund

Hyperion Bond Fund

Hyperion Balanced Superannuation Fund

A different horizon

About Hyperion

Who we are

Hyperion Asset Management provides its clients with a new perspective.

We are:

- ☞ A boutique satellite investment manager
- ☞ An Australian equity specialist, currently with a small to mid-cap bias
- ☞ A high conviction growth manager
- ☞ Benchmark insensitive
- ☞ Agnostic to trends, sectors and fads
- ☞ Process and research driven
- ☞ Investment out-performance driven
- ☞ Always true to label

Hyperion was incorporated in 1997. **Hyperion** is an associate of the Wilson HTM Investment Group. We are a successful boutique funds management business, highly focused on meeting our clients' performance objectives.

The Hyperion Portfolios

Our equity investment process creates portfolios which are dominated by investments:

- ☞ That have high quality business franchises
- ☞ With above average growth potential
- ☞ With low levels of gearing
- ☞ With predictable medium to long-term earnings streams

Hyperion's diversified portfolios have a bias towards property and domestic equities, while cash and fixed interest portfolios are chosen with the objective of providing a regular income and capital security.

The Hyperion Philosophy

At **Hyperion**, we believe that we can achieve consistent above average investment returns over a rolling five year period by buying high quality and predictable businesses with superior growth prospects and attractive risk-adjusted return profiles.

We believe that **the economics of a business drive its long-term share price**. Our research process focuses on identifying businesses with superior economics.

We invest in high quality business franchises **that are able to demonstrate a sound and sustainable competitive advantage** and have the ability to grow revenue at rates above GDP.

Long-term earnings streams of established businesses are predictable. Our process largely concentrates on business specific and industry structure research, in order to identify a smaller number of quality businesses with predictable earnings.

Portfolios should outperform the risk free rate. We weight the holdings in our portfolios on risk-adjusted estimated returns above the long-term bond rate.

Investments are made from the viewpoint of a business owner, not as a trader of shares. We don't try to predict short-term share price movements.

A businesses share price is generally more volatile than the underlying medium-term fundamental value of the business it owns. Share price volatility, created through investor sentiment and information asymmetries, provides attractive medium-term investment opportunities. We exploit these opportunities by applying higher weightings in quality stocks where we identify underlying value.

Performance Review

Fund Name	Activation Date	Fund Size
Hyperion Australian Growth Companies Fund	February 1994	\$25,129,841
Benchmark		
Hyperion Australian Growth Companies Fund No 2	September 1999	\$8,020,891
Benchmark		
Hyperion Small Growth Companies Fund	January 1995	\$13,988,280
Benchmark		
Hyperion Listed Property Fund	September 1998	\$2,500,961
Benchmark		
Hyperion Overseas Equity Fund	February 1993	\$11,903,597
Benchmark		
Hyperion Managed Fund	September 1996	\$10,083,957
Benchmark		
Hyperion Monthly Income Fund	March 2000	\$772,538
Benchmark		
Hyperion Bond Fund	May 1993	\$6,172,445
Benchmark		
Hyperion Balanced Superannuation Fund	November 1992	\$3,419,841
Benchmark		

The benchmarks used are detailed on the individual fund pages in this report. Performance numbers are calculated using Net Asset Value unit prices after fees with distributions reinvested. These numbers do not allow for entry fee, income tax, inflation effects, or for the fees charged by the **Hyperion** Retail Access Fund or a master trust.

3 Months	2005	2004	2003	Since Inception
13.7%	37.7%	13.5%	11.8%	12.0%
10.0%	31.7%	20.7%	11.8%	10.6%
13.0%	35.0%	15.6%	5.1%	16.8%
10.0%	31.7%	20.7%	11.8%	12.6%
12.9%	24.6%	38.8%	16.1%	14.6%
12.9%	30.0%	20.6%	25.6%	10.3%
3.0%	13.4%	31.1%	4.2%	7.4%
4.0%	16.8%	29.1%	6.2%	12.4%
4.9%	14.0%	9.0%	12.7%	8.3%
6.5%	11.2%	7.6%	-1.9%	6.4%
7.5%	16.3%	13.9%	8.6%	N/A
5.0%	16.1%	11.6%	6.6%	N/A
5.9%	14.5%	10.6%	2.3%	5.0%
1.5%	6.0%	6.0%	6.0%	6.0%
0.4%	4.7%	3.9%	2.2%	4.7%
0.9%	5.2%	5.7%	4.9%	5.7%
7.8%	16.1%	13.4%	9.3%	N/A
5.0%	16.1%	11.6%	6.6%	N/A

The '3 months' performance numbers are for the three months to 30 September 2005. For the years 2005, 2004 and 2003, performance numbers are for the 12-month period to 30 September of the year stated. Performance numbers 'Since Inception' are annualised from the fund inception date to 30 September 2005.

All performance numbers represent past returns and are not necessarily an indicator of future returns. All figures are in Australian dollar terms.

Hyperion Australian Growth Companies Fund

APR BNT0003ALU
ARSN 089 548 443

Investment Activity

- ⌚ During the September quarter we increased the portfolio's exposure to Billabong, Westpac Bank and Commonwealth Bank.
- ⌚ We reduced the holding in Macquarie Bank, BHP Billiton and Flight Centre during the quarter.
- ⌚ Materials and Investment Banks were the two strong themes during the September quarter with Rio Tinto, BHP Billiton, Babcock and Brown and Macquarie Bank all performing strongly. Rio Tinto and BHP Billiton appreciated strongly on the back of strong financial results, increasing capacity, resilient growth in China and increases in commodity price forecasts.

Distributions

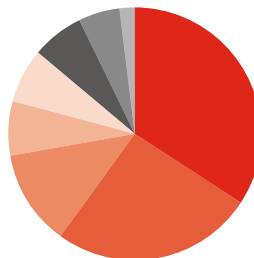
Income is distributed quarterly. The September quarter distribution was 1.70 cents per unit.

Benchmark

S&P/ASX 300 Accumulation Index

Asset Allocation

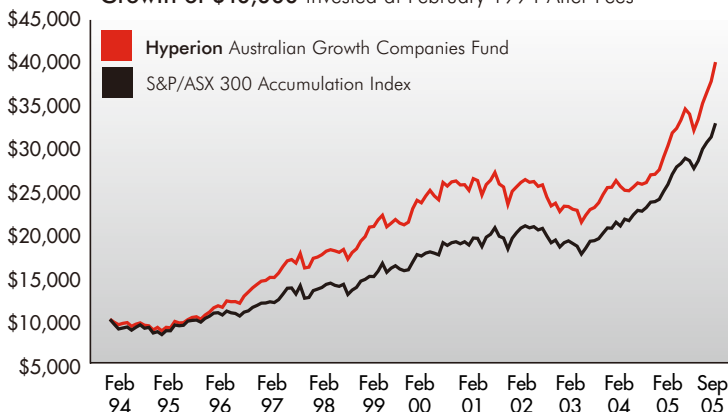
As at 30 September 2005



Financials *	34.2%
Consumer Discretionary	26.0%
Materials	12.2%
Healthcare	7.0%
Industrials	6.9%
Cash and Equivalent	6.6%
Consumer Staples	5.4%
Other	1.7%

* Excluding Property Trusts

Growth of \$10,000 Invested at February 1994 After Fees



Hyperion Australian Growth Companies Fund No 2

APR VH0001AU
ARSN 093 196 617

Investment Activity

- During the September quarter we increased the portfolio's exposure to Billabong, Westpac Bank and Commonwealth Bank.
- We reduced the holding in Macquarie Bank, BHP Billiton and Flight Centre during the quarter.
- Materials and Investment Banks were the two strong themes during the September quarter with Rio Tinto, BHP Billiton, Babcock and Brown and Macquarie Bank all performing strongly. Rio Tinto and BHP Billiton appreciated strongly on the back of strong financial results, increasing capacity, resilient growth in China and increases in commodity price forecasts.

Distributions

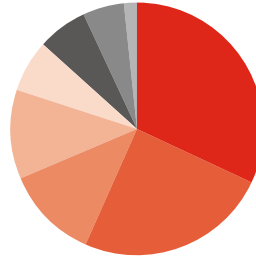
Income is distributed quarterly. The September quarter distribution was 1.11 cents per unit.

Benchmark

S&P/ASX 300 Accumulation Index (from 1/1/2003)
S&P/ASX 300 (to 30/12/2002)

Asset Allocation

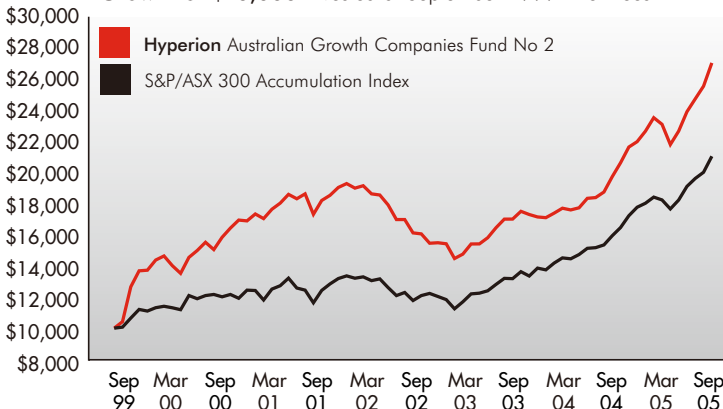
As at 30 September 2005



Financials *	32.2%
Consumer Discretionary	24.5%
Cash and Equivalent	12.0%
Materials	11.5%
Healthcare	6.6%
Industrials	6.5%
Consumer Staples	5.1%
Other	1.6%

* Excluding Property Trusts

Growth of \$10,000 Invested at September 1999 After Fees



Hyperion Small Growth Companies Fund

APR BNT0101AU
ARSN 089 548 943

Investment Activity

- ☉ During the quarter we added a new company, The Reject Shop to the portfolio and increased our exposure to JB HI-FI, STW Communications and Nick Scali.
- ☉ The portfolio's exposure to Blackmores, Cabcharge and Flight Centre was reduced during the September quarter and Boom Logistics, Arrow Pharmaceutical and Realestate.com were removed from the portfolio.
- ☉ During the quarter Realestate.com was an extremely strong performer after News Corp announced a take over for the company. Considering the valuation that the company was trading at post the announcement and the limited possibility of further increases, the investment team decided to remove the company from the portfolio. Other strong performers during the month included Mortgage Choice, BNB Environmental Investments and Cabcharge Australia.

Distributions

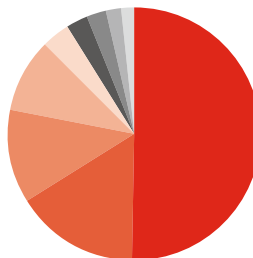
Income is distributed quarterly. The September quarter distribution was 0.95 cents per unit.

Benchmark

S&P/ASX Small Ordinaries Accumulation Index

Asset Allocation

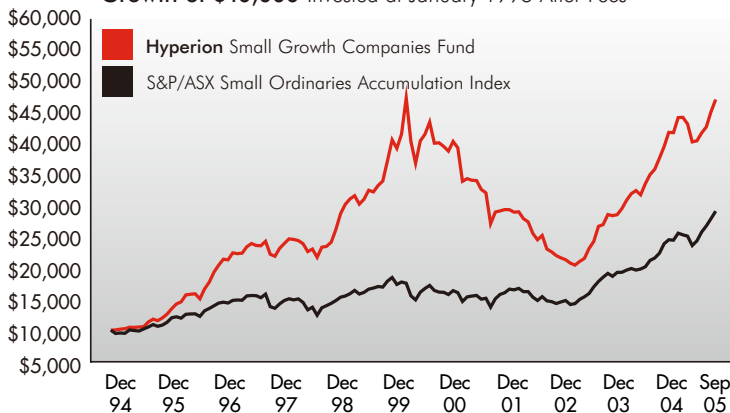
As at 30 September 2005



Consumer Discretionary	50.5%
Financials *	15.8%
Healthcare	12.0%
Industrials	9.2%
Materials	3.7%
Information Technology	2.8%
Cash and Equivalent	2.6%
Consumer Staples	1.9%
Other	1.5%

* Excluding Property Trusts

Growth of \$10,000 Invested at January 1995 After Fees



Hyperion Listed Property Fund

APR VH101 00AU
ARSN 089 548 130

Investment Activity

- ⊙ A substantial proportion of the portfolio was sold on the last day of the month and has subsequently been re-invested into a more diversified fund.
- ⊙ The listed property sector backed by its strong June quarter performance with further solid returns during the September quarter. The strongest performers held in the portfolio were ING Industrial, General Property Trust and ING Office Fund.

Distributions

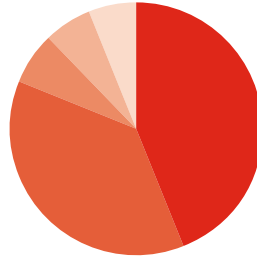
Income is distributed quarterly. The September quarter distribution was 0.52 cents per unit.






Benchmark

S&P/ASX 300 Property Trusts Accumulation Index.

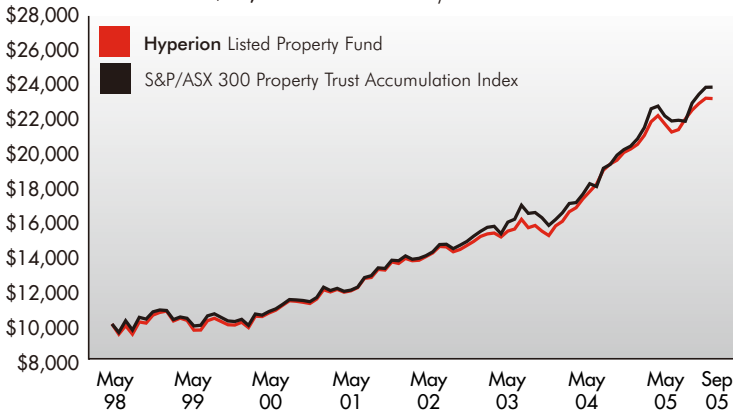
Asset Allocation

As at 30 September 2005



Cash and Equivalent		44.1%
Retail Property		37.1%
Commercial Property		6.8%
Diversified Property		6.0%
Industrial Property		6.0%

Growth of \$10,000 Invested at May 1998 After Fees



Hyperion Overseas Equity Fund

APR BNT0007AU
ARSN 089 548 041

Investment Activity

- The portfolio's asset allocation was virtually unchanged over the quarter with only a slight increase in the exposure to North America being offset by a decrease in exposure to Asia ex Japan and Europe.
- The portfolio continues to maintain a large overweight position to Emerging markets and in particular the developing nations of Asia. The portfolio's exposure to North America is underweight compared to the benchmark.

Distributions

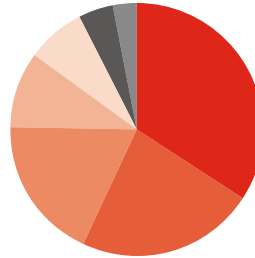
Income is distributed quarterly. There was no distribution for the September quarter.

Benchmark

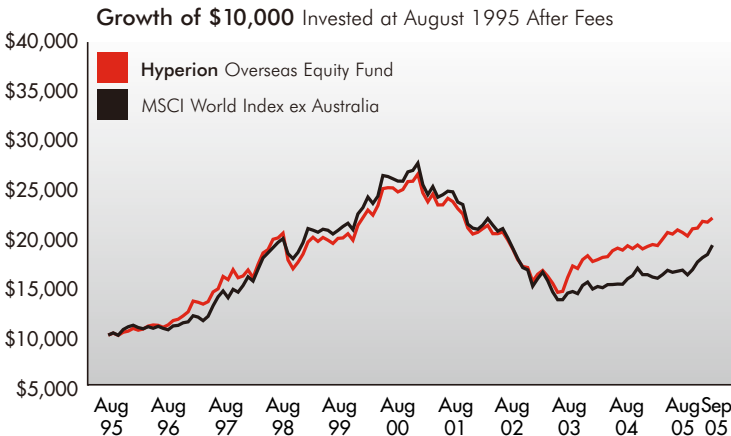
MSCI World Index ex Australia in Australian dollars.

Asset Allocation

As at 30 September 2005



North America	34.2%
Asia Ex Japan	22.8%
Europe	18.3%
United Kingdom	9.8%
Japan	7.5%
Cash and Equivalent	4.5%
Other	2.9%



Hyperion Managed Fund

APIR BNT0002AU
ARSN 089 548 201

Investment Activity

- Whilst there was only moderate adjustment to the portfolio's asset allocation during the September quarter, the Portfolio's exposure to the Property sector was reduced. This was achieved by increasing the exposure to Australian Equities and Cash.
- The Australian Equity sector has performed extremely well over the past 12 months. The S&P/ASX 300 Accumulation Index posted its fifth consecutive month of positive returns during September with an increase of 5.1 percent during the month. Over the past five months the index has appreciated by 19 percent and close to 32 percent over the past 12 months.

Distributions

Income is distributed quarterly. The September quarter distribution was 0.19 cents per unit.

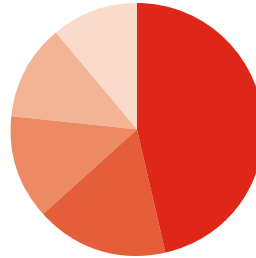
Benchmark

InTech Balanced Growth Survey (from 1/2/2005)
All returns for the Average Manager, after fees and tax.

Wilson HTM Balanced Index (to 31/1/2005)
Is a benchmark composed by Wilson HTM Investment Group.

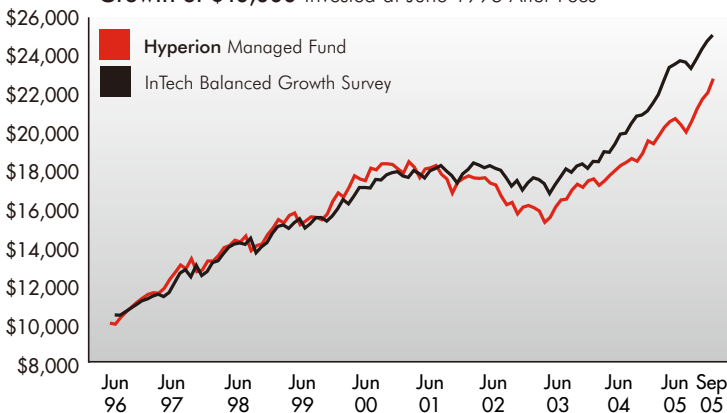
Asset Allocation

As at 30 September 2005



Australian Equities	46.6%
Australian Fixed Interest	16.9%
Cash and Equivalent	13.4%
Property	12.1%
International Equities	11.0%

Growth of \$10,000 Invested at June 1996 After Fees



Hyperion Monthly Income Fund

APIR WHT0004AU
ARSN 093 196 555

Investment Activity

- During the September quarter the portfolio's exposure to Property was decreased. This was offset by increasing the exposure to Australian Equity and Cash.
- The Australian Equity sector has performed extremely well over the past quarter generating a return of approximately 10 percent and close to 32 percent over the past 12 months. International Equity also performed strongly with Property and Fixed Interest producing more moderate returns.

Distributions

The fund pays a fixed monthly distribution of 0.5% of the monthly unit prices. Distributions for the quarter were:

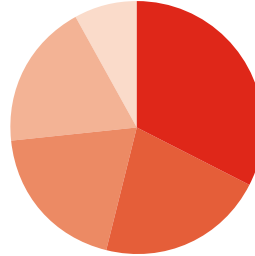
September: 0.42 cents per unit
 August: 0.42 cents per unit
 July: 0.41 cents per unit

Benchmark

Distribution of 6% p.a.

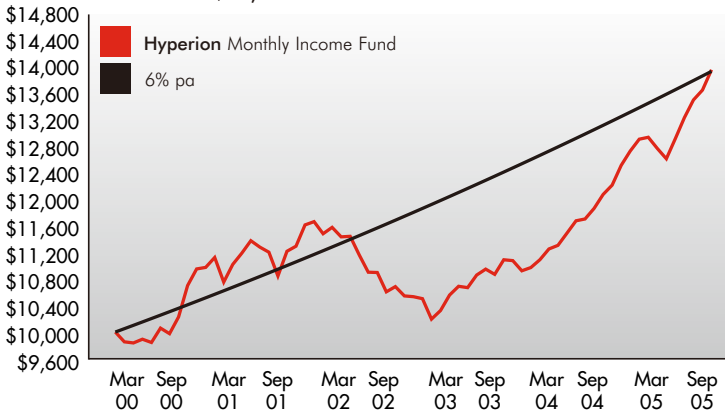
Asset Allocation

As at 30 September 2005



Australian Equities	32.5%
Fixed Interest	21.4%
Property	19.6%
Cash and Equivalent	18.6%
International Equities	7.9%

Growth of \$10,000 Invested at March 2000 After Fees



Hyperion Bond Fund

APIR BNT0005AU
ARSN 089 548 998

Investment Activity

- ⊙ The bond portfolio performed slightly below its benchmark over the quarter. Capital gains over the quarter were minimal with the majority of the return being derived from income distributions.
- ⊙ The portfolio retains its well diversified exposure to government, semi-government, corporate, mortgage and other fixed interest securities. The portfolio currently has a large overweight exposure to Government Bonds.

Distributions

Income is distributed quarterly. There was no distribution for the September quarter.

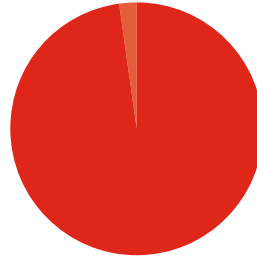
Benchmark

UBS Australia Treasury 0 to 5 Year Return Index (from 1/7/2004).

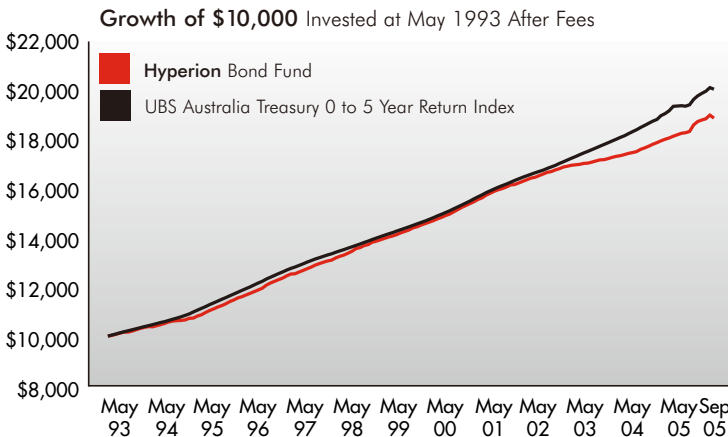
UBS Warburg Bank Bill Index (to 30/6/2004).

Asset Allocation

As at 30 September 2005



Fixed Interest	97.8%
Cash and Equivalent	2.2%



Hyperion Balanced Superannuation Fund

APIR BNT0001AU
SFN 280 420 943

Investment Activity

- Whilst there was only moderate adjustment to the portfolio's asset allocation during the September quarter, the Portfolio's exposure to the Property sector was reduced. This was achieved by increasing the exposure to Australian Equities and Cash.
- The Australian Equity sector has performed extremely well over the past 12 months. The S&P/ASX 300 Accumulation Index posted its fifth consecutive month of positive returns during September with an increase of 5.1 percent during the month. Over the past five months the index has appreciated by 19 percent and close to 32 percent over the past 12 months.

Eligible Investors

Regulated superannuation funds, approved deposit funds or other pooled superannuation trusts.

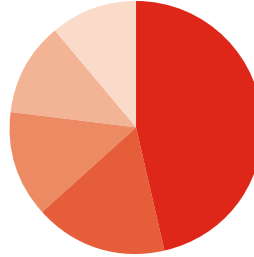
Benchmark

InTech Balanced Growth Survey

All returns for the Average Manager, after fees and tax.

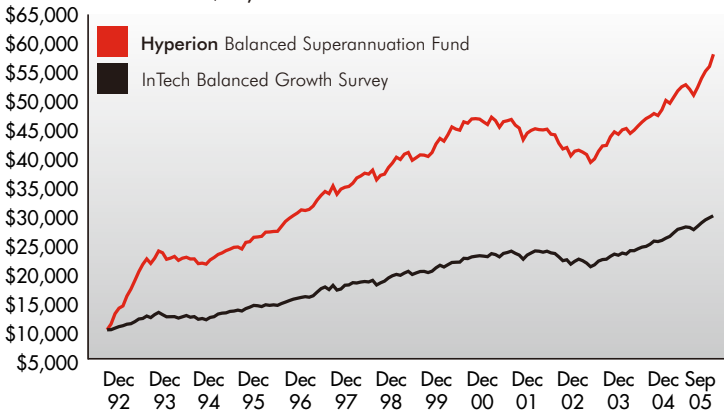
Asset Allocation

As at 30 September 2005



Australian Equities	46.5%
Australian Fixed Interest	16.9%
Cash and Equivalent	13.6%
Property	12.0%
International Equities	11.0%

Growth of \$10,000 Invested at December 1992 After Fees



How to Invest?

Indirect Access

Hyperion Retail Access Fund

The **Hyperion** Retail Access Fund is an innovative, flexible fund designed to provide access to the **Hyperion** Australian Equity Solutions and **Hyperion** Wholesale Managed Funds (**Hyperion** Funds) as follows:

Hyperion Australian Equity Solutions PDS

Hyperion Australian Growth Companies Fund

Hyperion Australian Growth Companies Fund No 2

Hyperion Small Growth Companies Fund

Hyperion Wholesale Managed Funds PDS

Hyperion Listed Property Fund

Hyperion Overseas Equity Fund

Hyperion Managed Fund

Hyperion Monthly Income Fund

Hyperion Bond Fund

Investors in this fund may choose to spread their investments across a range of **Hyperion** Funds, starting with just \$1000 per **Hyperion** Fund. Investors may add to their investments via monthly instalments of \$100 or more per **Hyperion** Fund or via a lump sum contribution.

External Master Trusts

The **Hyperion** Funds are available via master trusts, wrap accounts and other Investor Directed Portfolio Services (IDPS). Investors gaining exposure to these **Hyperion** Funds through an IDPS do not themselves become investors in the **Hyperion** Fund. It is generally the operator of the IDPS, or their custodian or nominee, who invests on behalf of the investor and has the rights of an investor. They exercise their rights in accordance with their arrangements with the investor. Indirect investors complete an application form for the IDPS and receive reports from their operator, not from the Responsible Entity, WHTM Capital Management Limited ABN 29 082 494 362, AFSL Number 238371.

Direct Access

Direct Investors with more than \$50,000 of investable cash may invest directly in the **Hyperion** Funds. Investment into these funds must be via an application form attached to the relevant **Hyperion** Funds' PDS dated 1st February 2005, a copy of which may be downloaded from our website www.hyperionam.com.au

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HYPERION
ASSET MANAGEMENT

A different horizon