



IDPS GUIDE

Hyperion ASX300 Australian Equities Portfolio

Non-Unitised Portfolio Disclosure Document for IDPS Investors dated 22 December 2011.
The Portfolio Manager is Hyperion Asset Management Limited.

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Non-Unitised Portfolio

Non-Unitised Portfolio	Hyperion ASX 300 Australian Equities Portfolio
Code	HYP001
Inception date	18/01/2010
Manager	Hyperion Asset Management Limited (AFSL 238380, ABN 80 080 135 897)
Benchmark	S&P/ASX 300 Accumulation Index
Designed for	<p>The Hyperion ASX 300 Australian Equities Portfolio is designed for investors who:</p> <ul style="list-style-type: none">• Are primarily seeking an income stream and capital growth from investing in the Australian equity market (excluding property trusts) over at least 5 years;• Are willing to accept the risk of price fluctuations; and• Prefer a lower portfolio turnover for tax-effective performance.
Investment objective	The objective of the Hyperion ASX 300 Australian Equities Portfolio is to produce returns of at least 3% above the S&P/ASX 300 Accumulation Index, over rolling 5-year periods.
Investment strategy	Refer to Hyperion Asset Management Limited's ASX 300 Australian Equities Portfolio's investment strategy below.
Investment universe	<ul style="list-style-type: none">• Securities within the S&P/ASX 300 Index.• Cash <p>The Non-Unitised Portfolio does not invest in derivatives.</p>
Typical number of stocks	Stock Count: typically 15 to 35 stocks
Investment management fee	0.825% p.a. (inc GST)
Performance fee	16.5% (inc GST) of the out-performance of the S&P/ASX 300 Accumulation Index

Hyperion Asset Management

Hyperion Asset Management is a boutique Australian equities fund manager. We aim to deliver investment out-performance for our clients across a full equity market cycle. The cornerstone of our success is our unique investment process which identifies quality companies that demonstrate sound economics, long term sustainability and a competitive advantage.

Hyperion Asset Management Limited (Hyperion) is a high conviction growth manager that specialises in identifying and investing in quality Australian equities. Our investment process produces a relatively concentrated portfolio of predictable, high calibre companies with superior growth potential.

Hyperion Asset Management Limited is focused on high alpha generation investment returns based on high conviction stock selection and supported by rigorous research.

We are:

- Benchmark insensitive;
- Focused on delivering high alpha returns across a complete business cycle;
- Research driven with a bottom-up investment process which identifies quality companies;
- Process driven where the construction of the portfolios is a direct outcome of our proprietary process with companies weighted according their risk adjusted 5 year prospects;
- A dedicated and experienced team with a substantial investment in our own funds;
- Stable given we have not had any staff turnover within the core investment management team since inception of the business.

We consider ourselves different to other managers. Our consistent deep growth style, benchmark insensitivity and long term horizon ensures that within a diversified portfolio we are a good choice as a satellite fund manager to:

- Generate high excess returns above the benchmark;
- Supply negative correlation to other Australian equity managers.

Hyperion's executives are half owners in the business with the remainder owned by Pinnacle Investment Management Limited, a subsidiary of the Wilson HTM

Investment Group, one of Australia's oldest financial services companies. This combination makes for a nimble, independent asset manager backed by significant resources.

As a high conviction manager, we think like business owners rather than as short-term stock pickers. This means that if a company doesn't pass our strict selection process, we don't hold it. Of course the true test of any process is performance. Hyperion's core investment team, which has been together for more than 10 years, has delivered top quartile returns over the long-term and, given the team's commitment, our clients know the team that delivered in the past is the team making the investment decisions in the future.

Investment strategy

Hyperion believes that the highest quality businesses with the strongest competitive advantages and organic growth opportunities produce superior shareholder returns over the long term.

Hyperion also believes that equity investments should be able to outperform the return on a term deposit over rolling 5 year periods.

The investment strategy of the Hyperion ASX 300 Australian Equities Portfolio is to invest in the highest quality ASX listed companies that are assessed as likely to provide investors with attractive long-term returns (capital growth plus above average earnings growth), and at the time of purchase are included in the S&P/ASX 300 Index.

Risks

This summary is a guide only and is not an exhaustive list of all the risks.

Diversification risk

Lack of diversification across asset classes (for example shares, property, cash, fixed interest) over your entire portfolio of investments may result in more volatility of your portfolio return.

Market risk

Movements in a market sector, due (for example) to interest rate movements, or economic factors may have a negative impact on your investment and/or on the returns generated by your investment. Market values may be volatile and loss of capital may occur.

Global risk

International factors such as exchange rate fluctuations and movements in international stock markets may affect the value of your investment if they are priced in foreign currency. Additionally, these investments may not be hedged effectively or hedged at all from exchange rate fluctuations.

Sector risk

Risk associated with a particular industry's specific products or services due (for example) to changes in consumer demand or commodity prices.

Liquidity risk

We may be unable to sell underlying investments in a timely manner, for example illiquid Securities that are rarely traded on the ASX or are restricted or suspended from trading may not be able to be sold, or property trusts where the underlying property asset requires a considerable amount of time to sell.

Specific asset risk

Risks associated with specific assets, for example certain investments may use leverage, undertake short selling or invest in sophisticated financial products (i.e. derivatives, futures, foreign exchange contracts and options), and such use may potentially cause losses that are large in proportion to the money invested in them. Before selecting any investment as part of your Investment Strategy, you must read the relevant product disclosure document which will provide more details.

Inflation risk

Your investments may not keep pace with inflation so that over time your money has less purchasing power.

How Hyperion Asset Management manages risk

Hyperion manages the fundamental business risk of investing in equities by only buying the highest quality businesses in the market

The risk of paying too much for quality companies and not achieving a satisfactory return of the long run is managed by the strict application of our disciplined valuation-based approach to owning equities.

Whilst it is not possible to identify all risks, through careful analysis and research, Hyperion seeks to identify as many risks as possible and apply risk mitigation where practicable before investing.

Performance fees (for actively managed non-unitised portfolios)

Investment Performance Fee

Some Managers may charge a performance fee in addition to the investment management fee, as an additional incentive for the Manager to outperform the Non-unitised Portfolio's Benchmark. Performance fees relate to the outperformance of the Non-Unitised Portfolio in relation to the relevant Benchmark and will generally be paid to the relevant Manager. Please refer to the relevant Non-Unitised Portfolio disclosure documents provided to you by your Adviser for more information including the performance fee % which is used to calculate the \$ amount of performance fee to be deducted from your Account.

Benchmark

Each Manager sets an appropriate Benchmark for the Non-Unitised Portfolio so that performance can be measured in relation to this Benchmark. For example, the "S&P/ASX 200" may be a Benchmark for an Australian shares fund. HUB24 obtains data on these indices from Standard and Poor's including performance data, and we use this to determine the Non-Unitised Portfolio Benchmark return % each day.

We calculate the Non-Unitised Portfolio performance by measuring the daily returns on a notional amount (\$10,000,000) invested in accordance to the Manager's instructions (i.e. in the Securities that make up the Non-Unitised Portfolio using the weights as advised by the Manager).

This identifies the Value Added (defined below) by the Manager compared to its Benchmark, without being distorted by the timing of contributions and withdrawals, and the timing and settlement of trades, all of which can vary for each investor. In this manner the same value added % is charged to each investor in a particular Non-Unitised Portfolio. The % return each day is termed the Non-Unitised Portfolio return %.

Note that dividends are assumed to be reinvested in the Non-Unitised Portfolio in the form of cash. The Manager must regularly rebalance the Non-unitised

Portfolio to redistribute any cash weight among Securities as it sees fit. The Non-Unitised Portfolio weights will have in the meantime moved from the original set of weights due to price movements and (possibly) other corporate actions – this is referred to as a “floating Non-unitised Portfolio”.

Calculation method

The Performance Fee is calculated as a set percentage applied to the Value Added by the Manager, so the higher the Value Added the higher the Performance Fee as the Manager shares the outperformance with the investor.

The fee is removed from the Account cash reserves at the end of each month (or on prior to full withdrawal from the Non-Unitised Portfolio).

Value Added is a dollar amount and is defined as Value Added % x your Non-Unitised Portfolio value, where Value Added % = (Non-Unitised Portfolio return % less the Non-Unitised Portfolio Benchmark return %) for that day.

Performance is calculated for the Non-Unitised Portfolio and the Benchmark in exactly the same way to identify the Value Added %.

The Value Added dollar amount is accumulated daily so that at the end of a given month, if the cumulative Value Added is greater than \$0 then a Performance Fee is payable on the Cumulative Value Added \$ x the Manager’s performance Fee %, at which time the Cumulative Value Added is set to \$0. If the Cumulative Value Added is less than \$0 then a Performance Fee is not payable and the cumulative underperformance amount carries forward to the next month and must be made up before any outperformance fee can be charged.

Example

If at the end of the previous month the cumulative outperformance was negative or -\$1,000 (i.e. a cumulative underperformance) and this month’s outperformance is \$1,500 then the cumulative outperformance is \$500. If the Manager charged a performance fee % of 25% then $25\% \times \$500 = \125 would be the performance fee for that month.

Say at the end of the previous month the cumulative outperformance was positive \$1,000 and a performance fee was charged of $25\% \times \$1,000 = \250 , then the cumulative outperformance is reset to \$0. If this month’s outperformance is \$1,500 then the

cumulative outperformance is $\$0 + \$1,500$ and another performance fee is due of $25\% \times \$1,500 = \375 .

The performance of the Manager’s Non-Unitised Portfolio will usually differ to your actual Non-unitised Portfolio for many reasons including:

- cashflows – the timing of capital contributions into and out of your Non-Unitised Portfolio – the Manager’s Non-Unitised Portfolio makes no allowance for capital contributions or withdrawals
- your Non-Unitised Portfolio will not be identical to the Manager’s Non-Unitised Portfolio, and (minor) rounding adjustments and minimum trade sizes – the notional amount invested in the Manager’s Non-Unitised Portfolio is assumed to start at \$10,000,000 which may be different to your actual Account size.

Important information

This document is intended only for purposes of providing an overview of the key features of the Non-Unitised Portfolio available via the IDPS Service operated by HUB24 Custodial Services Ltd (ABN 94 073 633 664, AFS licence No. 239 122) ("the Operator"). The information contained in this document is not intended to be a definitive statement on the subject matter nor an endorsement that this Non-Unitised Portfolio is appropriate for you and should not be relied upon in making a decision to invest in the Service.

Financial commentary contained within this document is provided by Hyperion Asset Management Limited (AFS Licence No. 238380), who is the Portfolio Manager of this Portfolio. Hyperion Asset Management does not guarantee the performance of the Portfolio, the repayment of capital or any particular rate of return.

You must read the IDPS Guide and the Financial Services Guide for this IDPS Service available from your Adviser, in particular, in relation to the risks associated with, and the amounts that may be payable for using, the Service. You must speak to your Adviser and obtain your own independent financial, legal or tax advice before considering whether an investment in this Non-Unitised Portfolio and the Service is suitable for you.

Refer to the IDPS Guide for a general overview of the general risks associated with investing in this Non-Unitised Portfolio via this Service.

No representations or warranties, express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this document. In preparing this document, the Operator has relied upon and assumed, without independent verification, the accuracy and completeness of all information supplied by or obtained from third parties.

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The information contained in this document does not take into account the objectives, financial situation or needs of any particular person. The Operator is NOT authorised to provide any personal financial advice. The investment strategy may or may not be successful

and the Manager may or may not be successful in identifying investment opportunities.

The Operator, its associates and their respective directors and other staff each declare that they, from time to time, may hold interests in financial products and/or brokerage, fees or other benefits from transactions arising as a result of information contained in this Non-Unitised Portfolio Disclosure Document.

The Benchmark referred to above is a registered trademark unconnected with the Operator, its related parties or associates or the Manager.

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