

Market Commentary

Global equity markets finished mostly lower in April, with surging inflation, upward pressure on interest rates, and ongoing COVID-19 lockdowns in China making headlines. In the U.S., the S&P 500 Index returned -8.7% over the month. Economic data revealed the Core Personal Consumption Expenditure Price Index rose 5.2% Year-on-Year (YoY) in March while the IHS Markit Composite PMI declined to 55.1 in April, the lowest in three months, reflecting the impact of inflation on consumer spending. The Federal Reserve remains committed to taming inflation which is currently at 40-year highs, while opening the door for a faster rate-hike path. In Europe, the German DAX, Euro STOXX 50, and FTSE 100 indices returned -2.2%, -2.0%, and +0.8%, respectively. The Harmonised Index of Consumer Prices (HICP) in the Eurozone accelerated 7.5% YoY in April, driven primarily by commodities prices, while the HICP excluding volatile food and fuel prices rose by an annual rate of 3.9%. In the U.K., the annual CPI inflation rate reached a 30-year high, increasing to 7% in March, mostly attributed to higher energy prices. In Australia, the S&P/ASX 300 Index returned -0.8% over April. The annual CPI inflation rate in Australia rose by 160bps in the first quarter of 2022 to 5.1%, driven by a surge in fuel prices and increased dwelling costs.

Fund Update and Outlook

The Hyperion Australian Growth Companies Fund returned -7.0% for the month of April, underperforming its benchmark (S&P/ASX 300 Accumulation Index) by 6.1%. CSL Ltd and Macquarie Group Limited performed well during the month as financials improved. Block Inc. and Wisetech Global Limited were detractors.

Macroeconomic and geopolitical pressures continue to weigh heavily on equity markets. Macro factors (not stock fundamentals) appear to be driving the recent portfolio underperformance. Capital rotation continues, what we describe as selling the future to buy the past or selling long duration, high growth (non-cyclical) stocks, and buying short duration, low growth (cyclical) stocks.

We believe that short-termism and fear are dominating market pricing currently. Our view remains unchanged that high levels of inflation will likely be temporary as supply-side disruptions ease and as central banks begin withdrawing monetary policy support. However, if we are wrong and a high-inflation environment remains more persistent than anticipated, we believe that our companies have superior pricing power due to their strong value propositions that will be resilient through a period of rising rates. Read more on our views on inflation [here](#).

Over time, superior earnings growth will overwhelm the impact of changes in interest rates. We remain confident that the companies in the portfolios will achieve attractive rates of organic revenue, EPS and DPS growth over the next ten years, well ahead of the broader market.

Objective

Long-term capital growth by investing in high-calibre Australian companies primarily listed within the S&P/ASX 300 at the time of investment.

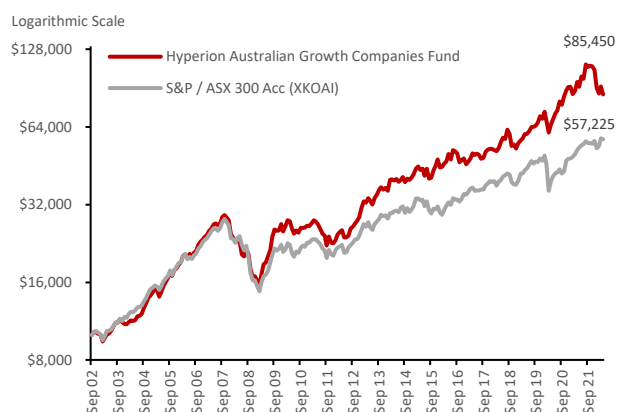
Our Philosophy

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

We believe companies in our portfolio have:

- Predictable earnings
- Low debt
- High interest cover
- Sustainable competitive advantages
- High return on capital
- Strong free cash flow
- Organic growth options
- Experienced and proven management teams

Performance Chart growth of \$10,000 since inception



Inception date: 30th September 2002. Source: Hyperion Asset Management

Fund Performance

	Portfolio – Net (%)	Benchmark ¹ (%)	Excess Performance (%)
1 Month	-7.0	-0.8	-6.1
3 Month	-5.6	8.2	-13.8
1 Year	-10.5	10.2	-20.7
3 Year (p.a.)	12.6	9.7	2.9
5 Year (p.a.)	11.1	9.0	2.1
7 Year (p.a.)	10.1	8.1	2.0
10 Years (p.a.)	12.9	9.9	3.0
15 Years (p.a.)	8.3	5.6	2.7
Inception (p.a.)*	11.6	9.3	2.3
Inception (TR)*^A	754.5	472.2	282.2

1. S&P/ASX 300 Accumulation Index. *Inception date that Hyperion became Investment Manager: 30th September 2002. ^Total return. All p.a. returns are annualised. Returns are net of applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance. Data as at 30th April 2022. Due to rounding, excess performance figures may not equate perfectly to the difference between Hyperion Australian Growth Companies Performance and the S&P/ASX 300 Accumulation Index Performance.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Xero Ltd	10.7	0.5
Block Inc.	10.2	0.6
CSL Limited	9.2	5.7
Macquarie Group Ltd	8.1	3.3
Resmed Inc.	7.2	0.5

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	9.8	4.0
Consumer Discretionary	6.5	6.8
Financials	12.0	28.3
Health Care	29.0	9.2
Industrials	2.0	5.8
Information Technology	32.8	3.5
Materials	4.8	25.1
Cash	3.0	--

Portfolio weights may not sum perfectly to 100.0% due to rounding.

Market Capitalisation (AUD)

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-20	22.1	58.2	-36.2	3
S&P/ASX 21-50	39.7	17.2	22.5	6
S&P/ASX 51-100	28.7	12.2	16.5	7
S&P/ASX 101-200	4.6	8.6	-4.0	5
S&P/ASX 201-300	--	3.5	-3.5	--
Ex S&P/ASX 300	1.9	0.4	1.6	1
Cash	3.0	--	3.0	--
Total	100	100	--	22

Portfolio weights may not sum perfectly to 100.0% due to rounding.
All data as at 30th April 2022

Top 5 Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Wisetech Global Ltd	44.0	5.8	1.5
Macquarie Group Ltd	29.0	6.7	1.5
Resmed Inc.	11.3	9.8	1.4
Cochlear Ltd	4.2	4.3	0.6
Carsales.com Limited	9.3	1.7	0.3

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Afterpay Ltd*^	-43.5	8.3	-4.1
Xero Ltd	-31.9	10.4	-3.6
Fisher & Paykel Healthcare	-41.1	5.7	-2.9
Block Inc.^	-17.8	2.8	-1.5
Domino's Pizza Enterprises	-29.4	4.2	-1.1

*Stock not currently held in the portfolio. ^Afterpay Ltd commenced trading as Block Inc. on 20th January 2022

Fund Characteristics

Universe	S&P/ASX 300
Launch	Managed by Hyperion since September 2002, launched October 1996
Fees	MER 0.95%
Distribution	AUD 0.6988 CPU at 30 September 2021 AUD 86.6742 CPU at 30 June 2021 AUD 0.4324 CPU at 31 March 2021 AUD 0.7676 CPU at 30 September 2020
Fund Size	\$2,130.8 million
APIR Code	BNT0003AU
The Fund's PDS contains more complete information on risks and fees	

Portfolio Holdings Update

Brambles Limited (BXB-AU)

Primary Exchange	ASX
GICS Sector	Industrials
Market Cap (\$m)	15,146

Brambles

Brambles Limited (Brambles) released its third quarter FY22 results, reporting Year-on-Year (YoY) revenue growth of 7% to \$4.1b. Within its operating segments, CHEP Americas reported revenue growth of 11% YoY to \$2.1b, driven by price growth to recover input cost inflation and increased cost-to-serve within the region. This was offset by lower volumes (down 2%) as the company cycled strong pallet demand from COVID-19 in the previous year. CHEP EMEA reported revenue growth of 3% YoY to \$1.5b, attributed to price increases, contractual surcharges, and net new business wins in European pallets, offset by lower like-for-like volumes which cycled strong pallet demand from COVID-19 and Brexit in the prior year. CHEP Asia-Pacific reported revenue growth of 4% to \$396.8m, driven by price increases and like-for-like volume growth in pallets, as well as RPC business growth benefiting from a large Australian contract win, offset by lower pallet issuance and returns in Australia. Management increased revenue growth guidance to 8-9%, from 6-8%, primarily driven by price increases in response to cost inflation and pallet scarcity, particularly in the US. EBIT growth guidance was also increased to 6-7%, from 3-5%, despite ongoing cost pressures. Brambles continues to face challenging operating conditions, noting sustained pallet supply constraints and below-average pallet returns in all regions as customers manage their own availability. Lumber price inflation remains elevated with ongoing disruptions in global freight and lumber markets exacerbated by the war in Ukraine and associated supply chain impacts.

Netwealth Group Ltd. (NWL-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (\$m)	3,196

netwealth

Netwealth Group Ltd (Netwealth) released its third quarter FY22 business update, reporting total Funds Under Administration (FUA) YoY growth of 37.6% to \$57.6b. This was primarily driven by net inflow growth of 16.3% to \$2.6b, offset by market movements of -\$1.7b. Total Funds Under Management (FUM) increased to \$13.8b, up 31.4% YoY, attributed to managed account YoY growth of 34.5% to \$11.7b and managed funds increasing 15.7% YoY to \$2.0b. Netwealth noted that their non-custodial administration services will launch in the fourth quarter of FY22. Management maintained FUA net inflow guidance for FY22 of exceeding \$13.5b, however noted that this is 'subject to timing of client transitions and no deterioration in market conditions'.

HUB24 Limited (HUB-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (\$m)	1,930

HUB²⁴

HUB24 Limited (HUB24) released its third quarter FY22 business update, reporting a YoY total Funds Under Administration (FUA) increase of 33% to \$68.3b. Platform segment FUA increased 43.3% YoY to \$51.0b, driven by net inflow growth of 36.4% YoY to \$2.6b, offset by market movements of -\$1.6b. Portfolio, Administration and Reporting Services FUA increased 9.7% YoY to \$17.3b but saw a decrease of \$1.0b during the quarter attributed to market movements. HUB24 noted the total number of advisers using the platform increased 24.2% to 3,432 advisers. 21 new distribution agreements were signed during the quarter while HUB24 is now ranked first, up from second place, in the annual Adviser Ratings Financial Advice Landscape survey which asks advisers to rate their experience across several categories including adviser and client experience, product offer, service and support.

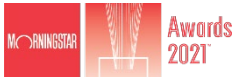
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DOMESTIC EQUITIES LARGE CAP**
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