

OBJECTIVE: LONG-TERM CAPITAL GROWTH BY INVESTING IN HIGH CALIBRE AUSTRALIAN COMPANIES PRIMARILY LISTED WITHIN THE S&P/ASX 300 INDEX AT THE TIME OF INVESTMENT.



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

Our Philosophy

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

Long term capital preservation is paramount.

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

Global Market Overview

Global equity market indices were down in January as hawkish central bank policies and escalating tensions in Ukraine dominated headlines. The MSCI World Index fell 4.9% over the month. In the U.S., the S&P 500 Index returned -5.2%, the NASDAQ Composite Index returned -9.0% and the Dow Jones Industrial Average ended the month down 3.2%. While the Federal Reserve (Fed) maintained the federal funds rate at 0.00% to 0.25%, it signalled it may soon be appropriate to raise its target rate range given the remarkable progress in the labour market and inflation that is above its 2% long-term goal. Economic data revealed the Core Personal Consumption Expenditure Price Index, the Fed’s preferred inflation measure, rose at an annualised rate of 4.9% in December, the fastest gain since September 1983. The Employment Cost Index, a popular measure of wage growth, also rose at an annualised rate of 4.0% in December, marking the biggest annual gain on record. In Europe, the Euro STOXX 50, German DAX, and FTSE 100 indices returned -2.7%, -2.6%, and 1.1%, respectively. In the UK, the Consumer Prices Index rose by 5.4% in the 12 months to December 2021 while the Euro area saw annual inflation hit 5.0%. The European Central Bank held its benchmark refinancing rate, marginal lending facility, and deposit facility at 0.00%, 0.25%, and -0.50%, respectively. In Australia, the S&P/ASX300 Index posted a -6.5% return for January. Headline CPI rose 3.5% in the year to December 2021 while the RBA’s preferred measure of inflation, the trimmed mean CPI rose by 2.6% on the prior year. NAB’s Monthly Business Survey pointed to a decline in business confidence with the index falling 24 points to -12 in December. Most States and Territories saw coronavirus infections peak in mid- January, though Western Australia has delayed the opening of its borders to the rest of Australia. Energy (+7.5%), Utilities (+2.6%), and Materials (+0.4%) were the best performing S&P/ASX 300 Index sectors for January while Information Technology (-17.1%), Healthcare (-12.1%), and Consumer Staples (-9.6%) were the worst performers.

Performance

	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	10 Years (p.a.)	15 Years (p.a.)	Since Inception* (p.a.)	Inception* ^
Portfolio – Net (%)	-14.9	-18.1	-1.2	17.8	14.5	11.6	14.5	9.3	12.1	805.1
<i>Benchmark (%)¹</i>	-6.5	-4.5	9.6	10.1	8.6	7.6	9.5	5.6	9.0	428.8
Relative Performance – Net (%)	-8.4	-13.6	-10.8	7.8	5.9	4.0	5.0	3.6	3.1	376.3

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 31st January 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.



Hyperion named Winner
FUND MANAGER OF THE YEAR
Morningstar 2021 Awards, Australia.



Hyperion named Category Winner
DOMESTIC EQUITIES LARGE CAP
Morningstar 2021 Awards, Australia.



Hyperion named Category Winner,
DOMESTIC EQUITIES LARGE CAP
Morningstar 2020 Awards, Australia.

PORTFOLIO HOLDINGS UPDATE

Netwealth Group Limited (NWL-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	3,689



Netwealth Group Limited (Netwealth) provided a quarterly business update to the market, reporting net inflows of \$3.6b and market movements of \$1.1b taking Funds Under Administration (FUA) to \$56.7b as of quarter end (up 46.0% on 31 December 2020). As a result of the strong start to FY22, FUA guidance for FY22 year-end was upgraded to exceed \$13.5b, a \$1b increase over previous guidance. Member accounts increased by 21.4% compared to quarter-end 2020, to 107,103. The balance of the Netwealth cash transaction account was 6.1% at quarter end, down from 6.7% on 30 September 2021. Netwealth's market share increased by 1.2% over the 12 months to 30 September 2021, reaching 5.2%. The company reiterated its investments in people and technology to ensure market leadership and signed a new interest rate agreement with ANZ that will see the margin across all Netwealth cash accounts set at approximately 50bps above the RBA Cash Rate Target on average.

ResMed Inc. (RMD-AU)

Primary Exchange	ASX
GICS Sector	Health Care
Market Cap (AUD\$m)	46,649



ResMed Inc. (ResMed) announced their results for Q2FY22 (ending December 2021), reporting revenue growth of 13% year-over-year (YoY) in constant currency (CC) to US\$894.9m for the quarter. Globally, revenue from Devices increased 16% YoY in CC to c.US\$456m while revenue from Masks increased 10% in CC YoY. SaaS revenue was up 8% YoY to c.US\$98m. The company continues to benefit from their main competitor Philips' recent recall of their sleep apnea and ventilator products, though were unable to completely fulfil the higher demand due to the global semiconductor shortage. Over Q2FY22, the total benefit ascribed to the Philips' recall was US\$45-55m, below the US\$80-90m benefit in Q1FY22. ResMed expects supply to remain tight in Q3 though believes it will still meet the guided US\$300-350m in incremental device revenue from the recall as supply constraints improve by Q4FY22. The company is also more positive on the pricing environment moving forward and expects considerable market share to be gained over CY22.

HUB24 Limited (HUB-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	1,864



HUB24 Limited (HUB24) released a market update for the quarter ending December 2021, achieving a record second quarter platform net inflow of \$3.6b, up 110.8% on the prior-corresponding-period (pcp). Total FUA grew 118.4% on pcp to \$68.3b. HUB24's market share also grew from 4.3% in June 2021 to 4.6% in September 2021. Over the December quarter, HUB24 signed 28 new distribution agreements. In addition, the integration of the Xplore business is tracking to plan, with the transition of Super FUA from Xplore to HUB24 expected to complete during Q4FY22 with further product migration expected to follow in FY23. HUB24's proposed acquisition of Class Limited (Class) announced in October 2021 continues to progress with Class shareholders voting in favour of the scheme of arrangement takeover on 31st January 2022.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Xero Ltd	11.6	0.7
Resmed Inc.	10.3	0.6
Block Inc.	9.6	0.7
CSL Ltd	9.4	5.8
Macquarie Group Ltd	6.7	3.0

Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-20	21.2	57.3	-36.1	3
S&P/ASX 21-50	41.1	17.8	23.2	6
S&P/ASX 51-100	27.1	12.1	15.0	7
S&P/ASX 101-200	4.8	9.2	-4.4	5
S&P/ASX 201-300	--	3.3	-3.3	--
Ex S&P/ASX 300	1.9	0.3	1.5	1
Cash	4.0	--	4.0	--
Total	100	100	--	22

Portfolio weights may not equate to 100.0% due to rounding.

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	8.7	4.1
Consumer Discretionary	6.2	7.6
Financials	10.7	27.1
Health Care	31.0	9.4
Industrials	1.8	6.8
Information Technology	32.6	3.9
Materials	5.1	24.3
Cash	4.0	--

Portfolio weights may not equate to 100.0% due to rounding.

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	\$2,262.1 million
APIR Code	BNT0003AU
The Fund's PDS contains more complete information on risks and fees	

Top Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Resmed Inc.	17.4	8.8	2.0
James Hardie Industries	27.9	6.7	1.9
Macquarie Group Ltd	39.7	6.3	1.8
Domino's Pizza Ltd	12.4	4.7	1.2
Wisetech Global Ltd	44.8	5.8	1.1

Detractors

Afterpay Ltd^	-50.8	10.7	-5.4
Fisher & Paykel Ltd	-18.4	5.7	-1.5
Block Inc.	-8.6	0.2	-0.8
Xero Ltd	-13.1	10.4	-0.7
Nanosonics Ltd	-25.7	1.4	-0.6

All data as at 31st January 2022

*Stock no longer held in the portfolio ^Afterpay Ltd commenced trading as Block Inc. on 20th January 2022.

CONTACT US

HYPERION DISTRIBUTION

Jolon Knight
Mob: 0414 805 862
Jolon.knight@hyperion.com.au

INVESTOR SERVICES

Tel: 1300 497 374
Investorservices@hyperion.com.au

DISCLAIMER – HYPERION AUSTRALIAN GROWTH COMPANIES FUND

This communication is prepared by Hyperion Asset Management Limited (ABN 80 080 135 897 AFSL 238 380) ('Hyperion'), as the investment manager of the Hyperion Australian Growth Companies Fund (ARSN 089 548 443) ('the Fund'). Pinnacle Fund Services Limited (ABN 29 082 494 362 AFSL 238 371) ('PFSL') is the product issuer of the Fund. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund is available at <https://www.hyperion.com.au/>. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Unless otherwise specified, all amounts are in AUD. Due to rounding, numbers presented throughout this report may not sum precisely to the total indicated and performance percentages may not precisely reflect the absolute returns.

Whilst Hyperion, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Hyperion, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication.

Any opinions and forecasts reflect the judgment and assumptions of Hyperion and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future.

Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Hyperion. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.

This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Hyperion.

Morningstar Disclaimer: Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'classservice' have been prepared by Morningstar Australasia Pty Ltd (ABN:95090665544, AFSL:240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to Morningstar Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement (Australian products) or Investment Statement (New Zealand products) before making any decision to invest. Morningstar publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance is for illustrative purposes only and is not indicative of future performance. To obtain advice tailored to your situation, contact a professional financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN004523782 ("ASXO").

Morningstar Awards 2021 (c). Morningstar, Inc. All Rights Reserved. Hyperion Asset Management has been Awarded the Overall Fund Manager of the Year in Australia. Awarded in both the categories Domestic Equities - Large Cap and Domestic Equities - Small Cap. Morningstar Awards 2020©. Morningstar, Inc. All Rights Reserved. Awarded to Hyperion Australian Growth Companies Fund for Winner, Domestic Equities Large Cap, Australia.