

Market Commentary

Major equity indices trended lower through September as higher treasury yields, resilient macro-economic data, and dampened disinflationary momentum made headlines. In the U.S., the S&P 500 Total Return Index was down 4.8% over the month. Annual CPI inflation in the U.S. accelerated for a consecutive month in August to 3.7%. The Federal Reserve kept its federal funds rate target at 5.25-5.50%, signalling potential for another hike this year. The updated Summary of Economic Projections still sees the federal funds rate at 5.6% by the end of 2023, though the 2024 forecast was revised up to 5.1% (from the previous 4.6% in June), while the expected real GDP growth for 2023 and 2024 was revised markedly higher. In Europe, the Germany DAX, Euro STOXX 50, and FTSE 100 total return indices returned -3.5%, -2.8%, and +2.4%, respectively, over the month. The HCOB Eurozone Composite PMI indicated a further contraction in private sector activity with both manufacturing and services output declining. Preliminary estimates indicate inflation in the Euro area slowed to 4.3% year-on-year in September. In Australia, the S&P/ASX 300 Total Return Index returned -2.9% over the month. The Reserve Bank of Australia held the cash rate target at 4.1% in its September and October meetings with the board still indicating that while peak inflation has passed, it remains too high.

Fund Update and Outlook

The Hyperion Australian Growth Companies Fund returned -7.9% for September, underperforming its benchmark (S&P/ASX 300 Accumulation Index) by 5.0%. Nanosonics Limited, HUB24 Limited, and Technology One Limited saw the largest positive share price movements, while Block Inc., IDP Education Ltd., and James Hardie Industries PLC saw the largest share price declines.

The domestic strategy produced mixed returns over the September quarter. The quarter started strongly following an encouraging full year financial reporting season in July and August. However, macroeconomic uncertainty centred around further interest rate rises in the U.S. dampened returns into September. This short-term uncertainty and volatility in global bond markets, which we believe is neither fundamental nor entrenched, has been a headwind for longer duration assets such as those held in the portfolio. Short-term volatility often provides a brief opportunity for investors with a long-term mindset.

Our long-term view remains unchanged that we will revert to a lower growth, lower inflation, and lower interest rate world and in fact we are starting to see that in some parts of Asia. A lower growth environment is much more favourable for growth investing.

Although we have seen strong performance for the calendar year-to-date, we believe the long-term return outlook for our portfolio remains attractive, with forecast internal rates of return above their long-run averages.

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.

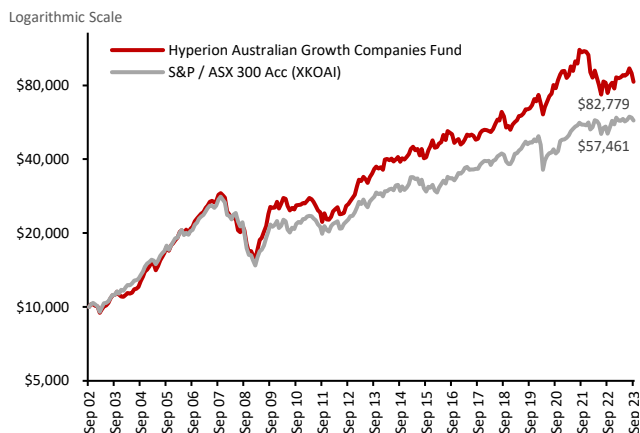
Our Philosophy

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

Growth of \$10,000 Since Inception, Post-Fees



Inception date: 30th September 2002. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

Fund Performance

	Portfolio – Net (%)	Benchmark ¹ (%)	Excess Performance (%)
1 Month	-7.9	-2.9	-5.0
3 Month	-6.9	-0.8	-6.0
1 Year	11.2	12.9	-1.7
3 Year (p.a.)	2.1	10.8	-8.7
5 Year (p.a.)	6.7	6.6	0.1
7 Year (p.a.)	7.3	8.0	-0.7
10 Years (p.a.)	8.5	7.4	1.1
15 Years (p.a.)	9.7	7.3	2.4
20 Years (p.a.)	10.5	8.5	2.0
Inception (p.a.)*	10.6	8.7	1.9
Inception (TR)*^A	727.8	474.6	253.2

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 and costs. Past performance is not a reliable indicator of future performance. Data as at 30th September 2023. 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 Limited	10.6	0.7
Block, Inc.	8.5	0.1
Fisher & Paykel Healthcare	8.3	0.2
Wisetech Global Ltd.	8.0	0.6
Resmed Inc.	7.8	0.4

Companies shown are illustrative only and not a recommendation to buy or sell any particular security.

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	12.3	4.0
Consumer Discretionary	5.7	7.0
Financials	19.5	28.3
Health Care	31.1	9.0
Industrials	3.0	7.0
Information Technology	24.2	2.7
Materials	3.1	24.1
Cash	1.1	--

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

Market Capitalisation (AUD)

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-20	14.6	60.7	-46.2	2
S&P/ASX 21-50	39.1	16.3	22.8	6
S&P/ASX 51-100	40.5	12.2	28.3	9
S&P/ASX 101-200	3.9	7.8	-3.9	3
S&P/ASX 201-300	--	2.7	-2.7	--
Ex S&P/ASX 300	0.9	0.2	0.7	1
Cash	1.1	--	1.1	--
Total	100	100	--	21

Portfolio weights may not sum perfectly to 100.0% due to rounding.
All data as at 30th September 2023

Top Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Xero Limited	52.9	8.7	3.1
Wisetech Global Ltd.	25.1	8.8	2.6
Fisher & Paykel Healthcare	22.9	8.0	1.9
Cochlear Limited	31.2	5.6	1.5
Carsales.Com Limited	49.7	3.0	1.2

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Resmed Inc.	-30.2	9.2	-2.6
Block, Inc.	-18.3	10.6	-1.4
CSL Limited	-12.0	8.6	-0.9
IDP Education Ltd.	-19.2	2.0	-0.3
IRESS Limited*	-27.8	0.4	-0.1

*Stock not currently held in the portfolio.

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Fund Characteristics

Universe	S&P/ASX 300
Launch	Managed by Hyperion since September 2002, launched October 1996
Risk/Return Profile	The Fund's risk band is 6 (high)
Fees	MER 0.95%
Distribution	AUD 1.6371 CPU at 30 Sep 2023 AUD 0.8597 CPU at 30 June 2023 AUD 0.2380 CPU at 31 March 2023 AUD 0.2177 CPU at 31 December 2022
Fund Size	\$1,916.4 million
APIR Code	BNT0003AU

The Fund's PDS contains more complete information on risks and fees



CERTIFIED BY RIAA

RIAA Certified Fund

The Hyperion Australian Growth Companies Fund has been certified by the Responsible Investment Association Australasia (RIAA) according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsiblereturns.com.au for details and the last page of this document for disclaimers.

Portfolio Holdings Update

Carsales.Com Limited (CAR-AU)

Primary Exchange	ASX
GICS Sector	Communication Services
Market Cap (\$m)	10,531



Carsales.com Limited (Carsales) held multiple Investor Days over September, outlining the future strategy and growth opportunities for its Brazilian Webmotors and U.S.-based Trader Interactive businesses. Management believes that Webmotors could one day overtake Carsales' Australian business as the Brazilian market is almost 4x larger, and is significantly underpenetrated and undermonetised. The national plan to increase market share in large areas outside of São Paulo and Rio de Janeiro is progressing well and management are seeking to leverage Carsales' existing suite of sophisticated media products to grow Webmotors' Media revenue. At its Trader Interactive Investor Day, management outlined its goal of growing dealer penetration levels and improving take rates of the business. While 80% of the current audience is direct or organic, management are seeking to further strengthen the Trader Interactive marketplace by optimising paid search marketing and building the best consumer and customer experience. Management also highlighted the impressive uptake of depth products such as Premium Select which should further drive yield growth.

Brambles Limited (BXB-AU)

Primary Exchange	ASX
GICS Sector	Industrials
Market Cap (\$m)	19,896



Brambles Limited (Brambles) released its FY23 results, ended 30 June 2023, reporting revenue growth of 10% YoY to US\$6,076.8m (or 14% YoY growth in constant currency (CC)). Price growth of 16% was the main driver while volumes decreased 2%. The weakness in volumes was attributed to pallet availability challenges in 1H23, lower demand in the European and US pallet business and some inventory optimisation. Net new business growth of 1% was driven by the European pallet business and rollover from prior year contract wins. Operating profit was up 15% YoY to US\$1,067m, (19% in CC) which was at the top end of CC guidance. On a regional basis, revenue in the Americas was up 14%, due to an 18% increase in prices while volumes were down 5%. In EMEA, revenue was up 6%, with prices higher by 14% and net new business of 3%. In APAC, revenue was up 4% driven by price increases of 14%. An FY23 final dividend of 14 US cents per share was declared, bringing full year dividends to 26.25 US cents per share, resulting in a payout ratio of 55%. Brambles' FY24 outlook continues to expect volume growth and consumer demand to be impacted by macroeconomic uncertainty though inflationary pressures are expected to moderate and pricing initiatives are expected to more than offset volumes weakness. Sales revenue growth in FY24 is expected to be between 6% and 8% in CC. FY24 underlying profit growth is expected between 9% and 12% in CC.

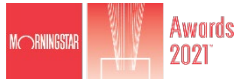
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Hyperion named Category Winner
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Morningstar 2021 Awards, Australia.



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DOMESTIC EQUITIES LARGE CAP
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