



HYPERION GLOBAL GROWTH COMPANIES FUND (CLASS B) DECEMBER 2020

OBJECTIVE: LONG-TERM CAPITAL GROWTH AND INCOME BY INVESTING IN HIGH QUALITY GLOBAL COMPANIES.



GLOBAL MARKET OVERVIEW

Global equity market indices extended their gains for a second consecutive month, ending December near all-time highs. Major global headlines featured the confirmation of the U.S. presidential election victory by the Biden-led Democratic Party while Great Britain and the European Union reached a Brexit Trade Deal after five years of negotiations. Headlines also featured news of the newly discovered highly contagious strain of COVID-19 which sparked strict Christmas border restrictions and shutdowns. In the U.S., the S&P 500 Index returned +3.8% during the month. New York Federal Reserve November economic data revealed one-year forward consumer inflation expectations beat consensus estimates, reaching 3.0%. In addition, the IHS Markit Manufacturing PMI increased to 57.1 in December, marking the sharpest observed recovery in U.S. manufacturing sector operating conditions since September 2014. In Europe, the FTSE 100, Euro STOXX 50 and German DAX indices returned +3.3%, +1.8% and +3.2%, respectively. During the month, the European Commission Economic Sentiment Indicator improved +2.7 points to 90.4 and Flash Consumer Confidence data revealed improved conditions with the indicator increasing to -13.9 from -17.6 in November. Lockdown restrictions continued leading into Christmas, as Eurozone retail sales decreased by -6.0% over the month. In Australia, the S&P/ASX 300 Index returned +1.3% during December. It was revealed by ANZ that Job Advertisements grew +13.9% in November as reopening throughout the country continued. During the month, the IHS Markit Manufacturing PMI declined slightly from the 35-month high reached in November to 55.7, while the seasonally adjusted Business Activity Index rose to 57.0, signalling boosted activity as restrictions were eased. The best performing S&P/ASX 300 Index sectors for the month were Materials (+8.8%), Information Technology (+8.6%) and Consumer Staples (+2.2%) while Utilities (-5.4%), Health Care (-4.7%) and Industrials (-2.2%) were the worst performers. Global commodity prices continued to rise across the board, with energy commodities and non-energy commodities increasing +15.0% and +4.7% respectively during the month. The U.S. dollar depreciated against all G10 currencies, most notably against the Australian Dollar (-4.5%), Swedish Krona (-3.9%) and Norwegian Krone (-3.3%).

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

Our Philosophy

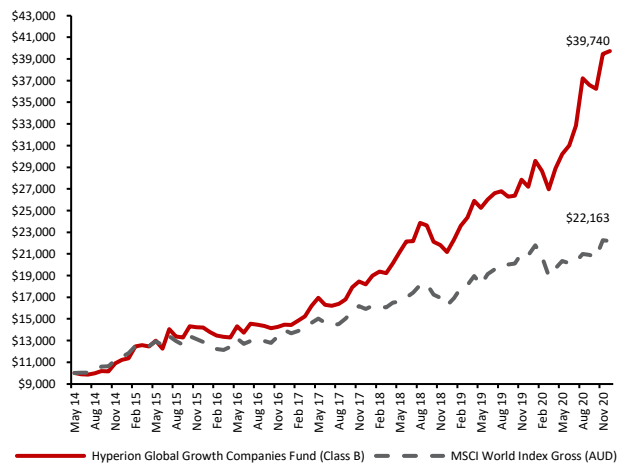
High quality, structural growth businesses produce attractive shareholder returns over the long-term.

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

Net Performance - Growth of AUD \$10,000*



Source: Hyperion Asset Management

	Portfolio – Net (%)	Benchmark [^] (%)	Excess Performance (%)
1 Month	0.7	-0.4	1.1
3 Month	8.6	6.0	2.6
1 Year	46.1	6.1	39.9
3 Year (p.a.)	29.8	11.6	18.1
5 Year (p.a.)	22.8	11.5	11.3
Inception (p.a.)**	23.3	12.8	10.5

*Investment of \$10k since inception. **Inception date: 1st June 2014.

[^] MSCI World Index Gross (AUD).

Returns are net of applicable fees, costs and taxes. Past performance is not a reliable indicator of future performance. Data as at 31st December 2020. Due to rounding excess performance figures may not equate perfectly to the difference between Hyperion Global Growth Performance and the MSCI World Index Performance.



Hyperion named Winner,
FUND MANAGER OF THE YEAR
Morningstar 2016 Awards, Australia.



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



Hyperion named Finalist
FUND MANAGER OF THE YEAR
Morningstar 2020 Awards, Australia.



Hyperion named Finalist,
DOMESTIC EQUITIES SMALL CAP
Morningstar 2020 Awards, Australia.

PORTFOLIO HOLDINGS UPDATE

Salesforce.com, Inc (CRM-US)

Primary Exchange	NYSE
GICS Sector	Information Technology
Market Cap (US\$m)	203,615



Salesforce.com, Inc. (Salesforce) released its results for the third quarter ended 31 October 2020, reporting total revenue growth of 20% to US\$5.4 billion and operating margin expansion of 40bps to 19.8% (non-GAAP). Divisionally, Sales Cloud revenue was up 12% to US\$1.3 billion, Service Cloud revenue was up 21% to US\$1.4 billion, Platform & Other revenue was up 24% to US\$1.6 billion and Marketing and Commerce Cloud revenue was up 25% to US\$804 million. Geographically, Americas revenue increased 17% to US\$3.8 billion, Europe revenue increased 31% to US\$1.1 billion and Asia Pacific revenue increased 23% to US\$512 million. FY21 guidance was raised to US\$21.10 – US\$21.11 billion, and at the subsequent investor day FY22 guidance was confirmed at US\$25.6 billion and a FY26 revenue target of US\$50 billion was set. In addition, the acquisition of Slack Technologies, Inc. (Slack), a modern enterprise communication platform, was announced for an Enterprise Value of US\$27.7 billion. Slack will become an operating unit of Salesforce and will continue to be led by current CEO and co-founder, Stewart Butterfield. It was noted that 90% of Slack enterprise users are also Salesforce customers, with the integration of Slack into every Salesforce Cloud expected to increase the value proposition to customers.

Costco Wholesale Corporation (COST-US)

Primary Exchange	NASDAQ
GICS Sector	Consumer Staples
Market Cap (US\$m)	166,897



Costco Wholesale Corporation (Costco) released its first quarter FY21 operating results. The company reported net sales during the quarter increased 16.9% to US\$42.4 billion due to elevated sales during COVID-19, while greater efficiencies on higher throughput increased the company's operating margin. Total gross margin increased by 50bps year-on-year while the Core Merchandise category margins, in relation to own sales, increased by 65bps year-on-year. The company noted fresh food was a large driver due to efficiency gains, labour productivity, and lower product spoilage. Operating income benefitted from stronger margins with Costco reporting an increase of 35% to US\$1.4 billion year-on-year. Online sales for the business continue to be strong, now comprising 7% of Group Sales, as e-commerce comparable same store sales increased 86.4% for the quarter. Management noted the stronger departments of food and sundries, housewares, and pharmacy, among others. Shopping frequency for the business increased 5.5% globally and 7.6% in the U.S., with average transactions increasing by 9.4% and 6.5% for the group and the U.S. respectively. During the quarter, Costco opened 8 new warehouses net of relocations, providing guidance for the net opening of 20 to 22 warehouses for the FY21 period.

Visa Inc. Class A (V-US)

Primary Exchange	NYSE
GICS Sector	Information Technology
Market Cap (US\$m)	370,895

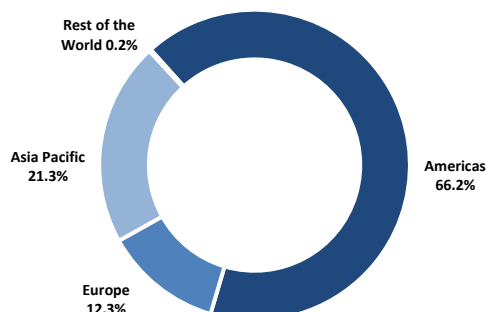


Visa Inc. (Visa) released a payment volume update for October and November 2020. The company noted year-on-year spending had slowed in regions impacted by increased COVID-19 restrictions, whilst in some countries increased holiday spending had offset this decrease and supported payment volumes. In the U.S., total payments rose 10% and 6% in October and November respectively as debit transactions continued to experience strong growth, increasing 19% in November, while credit transactions lagged, declining 5% for the month. Internationally, management also noted mixed market trends as a result of varying COVID-19 restrictions and holiday-period spending. In European countries such as the U.K., Italy and Germany, card-not-present payments were supported by increased COVID-19 restrictions however overall volume growth slowed. In India and Hong Kong, national holidays benefitted domestic spending while domestic spending in Australia, UAE, Japan and Brazil was similar to October. Management do not expect week-by-week comparisons to be largely reflective of holiday spending due to COVID-19 restrictions. Overall, the company reported ongoing growth of card-not-present transactions while card present volumes declined. Travel-related cross-border volumes were depressed by 65%, with management citing COVID-19 is likely causing the holiday period to look different than prior years in terms of consumer buying behaviour.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Tesla Inc.	12.8	1.0
Square, Inc.	10.5	0.2
Amazon, Inc.	9.2	2.7
PayPal Holdings Inc.	5.8	0.5
Workday, Inc.	5.5	0.1

Geographical Weight by Source of Revenue



Source: Hyperion Asset Management
Due to rounding, portfolio weights may not sum perfectly to 100.0%

Portfolio Characteristics [^]

	Portfolio
10-year Forecast IRR (%) ¹	20.0
Return on Equity (%) [*]	19.5
Dividend Yield (%) [*]	0.2

[^] Data relates to the Composite ¹ Before fees ^{*} Trailing

Fund Characteristics

Domicile	Australia, authorised by ASIC
Fees	Management fee of 0.70% p.a. of the gross asset value of the Fund, plus a performance fee of 20% of the Fund's excess return versus the MSCI World Index (AUD), net of management fee.
Composite size	\$1,628.6 million
Fund size	\$1,000.9 million
APIR Code	WHT8435AU

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

Market Capitalisation (AUD)

	Portfolio (%)	# Stocks
\$0 - \$50bn	4.5	3
\$50 - \$100bn	11.0	3
\$100bn +	82.8	19
Cash	1.8	--
Total	100.0	25

Due to rounding, portfolio weights may not sum perfectly to 100.0%

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	18.1	8.9
Consumer Discretionary	31.6	12.2
Consumer Staples	1.5	7.6
Financials	1.5	12.8
Health Care	3.9	13.0
Information Technology	41.5	22.1
Cash	1.8	--

Due to rounding, portfolio weights may not sum perfectly to 100.0%

Top 5 Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Tesla Inc.	430.5	8.6	20.7
Square, Inc.	86.6	5.8	8.1
Amazon, Inc.	60.6	10.9	7.4
Paypal Holdings Inc.	97.2	6.4	5.2
Microsoft Corporation	28.5	7.4	3.9

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
LVMH SE	22.5	1.9	-0.2
Kering SA	0.9	1.8	-0.2
Cochlear Ltd*	-29.1	0.4	-0.3
Moncler SpA*	-18.6	0.5	-0.7
Rightmove plc*	-29.6	0.8	-2.0

* Stock not currently held

CONTACT HYPERION ASSET MANAGEMENT Tel: 1300 497 374 or Email: clientservices@hyperion.com.au

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