

Market Commentary

Major equity indices performance were mixed through February 2023 as uncertainty around inflation and resilient economic data dominated headlines. In the U.S., many companies released their December quarter results and the S&P 500 Total Return Index fell 2.4% over the month. While annual CPI inflation in the U.S. slowed for the seventh consecutive month to 6.4% in January, the U.S. Core PCE price index (the Federal Reserve's preferred measure of inflation) rose by 4.7% annually in January, up from the 4.6% increase in December. At their February meeting, the FOMC raised the federal funds rate by 25bps with Chair Powell noting that "the disinflationary process has started". A strong January employment report showed non-farm payrolls increased by 517,000 over the month, the highest since July 2022. In Europe, the Euro STOXX 50, FTSE 100, and Germany DAX total return indices returned 1.9%, 1.8%, and 1.6% over the month, respectively. Annual inflation in the Euro Area decelerated for the third consecutive month to 8.6%, attributed primarily to lower energy price inflation. In Australia, most companies released their H1 FY23 results and the S&P/ASX 300 Index returned -2.5% over February. Inflation continues to be elevated in Australia with the annual CPI inflation rate accelerating to 7.8% in Q4 of 2022, the highest since 1990.

Fund Update and Outlook

The Hyperion Global Growth Companies Fund (Managed Fund)* returned 4.4% for February, outperforming its benchmark (MSCI World Accumulation Index (AUD)) by 2.3%. Tesla Inc, Meta Platforms Inc and Roku Inc. saw the strongest share price performance while Alphabet Inc., Amazon.com Inc and Intuitive Surgical, Inc. saw the largest price declines over the month.

As we progress through the start of the year, Hyperion has been pleased with a number of our global companies' full-year financial reports. Share prices over the month have responded positively to favourable financial reports released in February.

As we discussed in our most recent [webinar](#), Hyperion believes that macroeconomic factors are still relevant, but the period of higher-than-expected inflation and bond yields that had such a negative influence on our portfolio returns may have come to an end. The headline inflation rate in the US appears to have peaked mid-last year and in recent months, the inflation rate has been declining and this trend is likely to continue in the coming months.

We believe we are slowly returning to an environment of low, but positive economic growth, lower inflation, and eventually lower bond yields. To that end, it is likely that we are in the process of returning to a macro environment that once again rewards investing in high quality structural growth stocks (read more on our view in our latest [whitepaper](#)).

Of course, the future is unknown, but we believe the probabilities have moved in our favour and that this is an attractive time to allocate to growth equities. The forecast 10-year IRR for the global strategy remains elevated relative to its historical average.

Please consider the Product Disclosure Statement (PDS) of the Fund, which provides more complete information on risks and fees, in its entirety and Target Market Determination (TMD) before making an investment decision. The current PDS and TMD of the Fund can be found at <https://www.hyperion.com.au/>. Companies mentioned are illustrative only and not a recommendation to buy or sell any particular security.

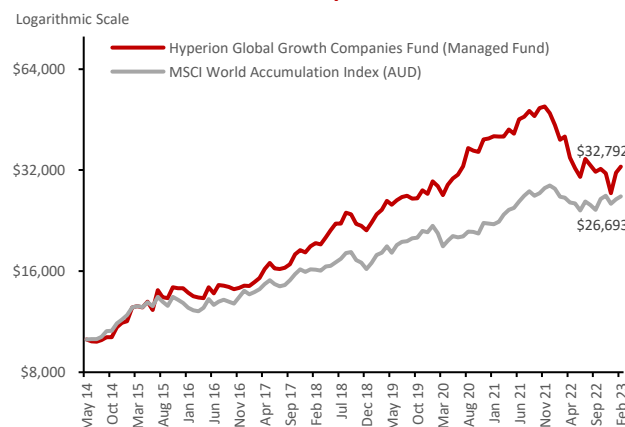
Fund Features

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Investors can buy or sell units on ASX like any other listed security, or apply and redeem directly with the Responsible Entity
- This product is likely to be appropriate for a consumer seeking capital growth to be used as a small allocation within a portfolio where the consumer has a minimum investment timeframe of 5 years, and a high risk/return profile

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: 1st June 2014. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

Fund Performance*

	Portfolio – Net (%)	Benchmark [^] (%)	Excess Performance (%)
1 Month	4.4	2.0	2.3
3 Month	4.7	-0.5	5.2
1 Year	-16.8	0.2	-17.0
3 Year (p.a.)	4.6	8.8	-4.2
5 Year (p.a.)	11.1	10.6	0.5
7 Year (p.a.)	13.6	11.8	1.8
Inception (p.a.)**	14.5	11.9	2.7
Inception (TR)**	227.9	166.9	61.0

*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.

**Inception date: 1st June 2014. NAV to NAV, with all distributions reinvested.

[^] MSCI World Accumulation Index (AUD) [^]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 28th February 2023.

Investors who apply for units directly with the Responsible Entity may pay a different price per unit to an investor who purchases those units on the ASX at the same time, and such differences may have a material impact on the performance of that investment. The above performance reflects the performance of the fund where units are purchased and redeemed directly with the Responsible Entity only.

Top 5 Holdings

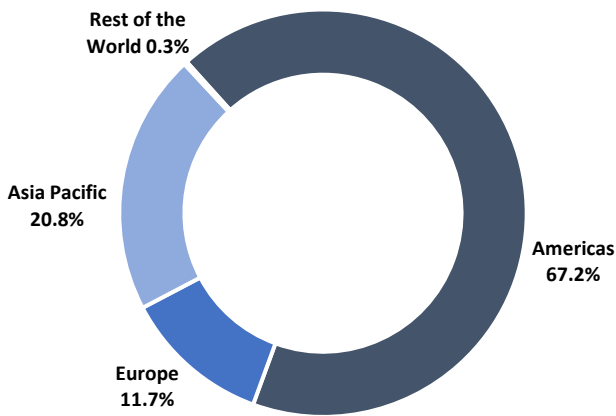
	Portfolio (%)	Benchmark (%)
Tesla Inc.	12.6	1.1
ServiceNow, Inc.	11.7	0.2
Microsoft Corporation	11.0	3.4
Amazon.com, Inc.	10.6	1.7
Block, Inc.	6.3	0.1

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	8.9	6.6
Consumer Discretionary	35.9	10.7
Consumer Staples	2.3	7.5
Health Care	1.7	13.3
Information Technology	50.1	21.3
Cash	1.2	--

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

Geographical Weight by Source of Revenue



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

Market Capitalisation (AUD)

	Portfolio (%)	# Stocks
\$0 - \$50bn	7.3	3
\$50 - \$100bn	11.7	2
\$100bn +	79.8	16
Cash	1.2	--
Total	100	21

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

All data as at 28th February 2023. Source: Hyperion Asset Management
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Top Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Hermes International SCA	40.3	2.9	1.4
Visa Inc.	9.5	4.1	0.6
LVMH	21.5	1.1	0.4
Mastercard Incorporated	6.0	2.8	0.3
Kering SA	-11.5	1.9	0.1

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Amazon.com, Inc.	-34.0	11.6	-3.7
Tesla, Inc.	-23.7	12.4	-3.2
Block, Inc.	-35.2	6.8	-3.1
Roku, Inc.	-50.1	1.8	-1.9
Palantir Technologies Inc.	-33.6	2.0	-1.3

*Stock not currently held in the portfolio.

Portfolio Characteristics ^

	Portfolio
Number of Holdings	21
Top 10 Security Holdings (%)	76.0
Dividend Yield (%)**	0.3
Portfolio Beta	1.5

Before fees. **Trailing.

Fund Facts

Name	Hyperion Global Growth Companies Fund (Managed Fund)*
Inception Date	01/06/2014
ARSN	611 084 229
APIR Code	WHT8435AU
Ticker	HYGG
Currency	Australian Dollar, Unhedged
Mgt. Fee (% p.a.)	0.70% per annum
Buy/Sell Spread^	0.30%/0.30%
Perf. Fee (% p.a.)	20% over Benchmark, net of Mgt Fee
Benchmark	MSCI World Accumulation Index (AUD)
Fund Size (AUD)	\$1,915.0 million
NAV Price	\$3.1497
Pricing Frequency	Daily
Registry	Automatic
Risk/Return Profile	The Fund's risk band is 6 (high)

^Only applicable for investors who apply for units directly with the Responsible Entity

Investors can buy or sell units on the ASX

Ticker	HYGG	
Exchange	ASX	
Trading Currency	Australian Dollar	
iNAV Provider	Solactive	
Market Making Agent	Citigroup Global Markets Australia	
Pricing	Intra-day	
	Ticker	iNAV Ticker
Bloomberg	HYGG AU Equity	HYGGAUIV
Reuters/Refinitiv	HYGG.AX	HYGGAUDINAV=SOLA
IRESS	HYGG.AXW	HYGGAUDINAV

Portfolio Holdings Update

Airbnb, Inc. (ABNB-US)

Primary Exchange **NASDAQ**
GICS Sector **Consumer Discretionary**
Market Cap (US\$m) **50,413**



Airbnb, Inc. (Airbnb) reported their fourth quarter and full year 2022 results for the period ended December 2022, reporting Q4 revenue of US\$1.9b, up 31% year-on-year (YoY) in constant currency (CC) driven by growth in nights and experiences booked (up 20%) as strong travel demand continues. Over the full year, revenue grew 46% YoY in CC to US\$8.4b, while the company achieved its first full year of GAAP profitability with FY22 net income of US\$1.9b (compared to a loss of US\$352m in FY21). Supply growth was also strong with over 900,000 more active listings (representing an increase of 16%) over the year on the back of strong demand, as well as new product innovations for hosts and guests that aim to reduce friction. Despite ongoing macroeconomic uncertainties, the company continues to see strong demand for guests on Airbnb's platform as it heads into 2023 with a stronger backlog for Q1 and longer lead times for bookings in Q4 compared to the year prior. Airbnb have guided to Q1 FY23 CC revenue growth between 18% and 23% and expect to maintain their EBITDA margin for FY23.

Spotify Technology SA (SPOT-US)

Primary Exchange **NYSE**
GICS Sector **Communication Services**
Market Cap (US\$m) **22,480**



Spotify Technology SA (Spotify) released a strong Q4 FY22 result with revenue growing 18% YoY to approximately €3.2b largely driven by ongoing, robust user growth. Total Monthly Active Users (MAUs) increased to 489m (up 20%), with 33m net additions in the final quarter, beating guidance by 10m. Premium subscribers climbed to 205m (up 14%) driven by strength across several regions, particularly Latin America. Gross margin came in above guidance at 25.3%, primarily attributed to strength in the marketplace business and lower spending on podcast content while operating loss was €231m. Having previously described FY22 as an investment year, management expects meaningful improvements to profitability in the years ahead. For Q1 FY23, the company guided to reaching 500m MAUs (+11m) and 207m premium subscribers (+2m) while achieving revenue of €3.1bn and a gross margin of 25%.

Meta Platforms, Inc. (META-US)

Primary Exchange **NASDAQ**
GICS Sector **Communication Services**
Market Cap (US\$m) **389,375**



Meta Platforms, Inc. (Meta) released its Q4 FY22 results for the quarter ended December 2022, reporting total revenue of US\$32.2b, down 4% YoY (or +2% YoY in CC), and underlying operating income of US\$10.6b. The Family of Apps saw continued strength as daily active users increased by 5% YoY to 2.96 billion while monthly active users surpassed 3.74 billion (+4% YoY). Ad impressions increased by 23% YoY while the average price per ad decreased by 22% as a result of strong impression growth from lower monetised surfaces (such as Reels), region mix and lower demand for advertising. Management described 2023 as the "year of efficiency" and have announced several initiatives including the removal of middle management roles, a consolidation of office facilities, and reduced data centre construction spend to better manage costs. The company reduced their FY23 operating expenses guide by US\$5b to US\$89-\$95b while the guide for capital expenditures was also reduced by US\$3b to US\$30-\$33b. Meta has guided to Q1 FY23 revenue of US\$26-\$28.5b representing growth of -6% to +2.1% including a 2% foreign exchange tailwind. The company also announced a US\$40b increase to its share purchase program.

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



CERTIFIED BY RIAA

The Hyperion Global Growth Companies Fund (Managed 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.¹

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