

A dark blue world map is centered in the background of the slide. The map shows the outlines of continents and countries in a lighter shade of blue.

Revisiting a low growth, low interest rate, low inflation world through COVID-19

21st July 2021

Hyperion Asset Management
Structural growth and sustainability

HYPERION
ASSET MANAGEMENT

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Presented by the leaders of the award-winning investment team



Jason Orthman

Lead Portfolio Manager & Deputy Chief
Investment Officer
Hyperion Asset Management

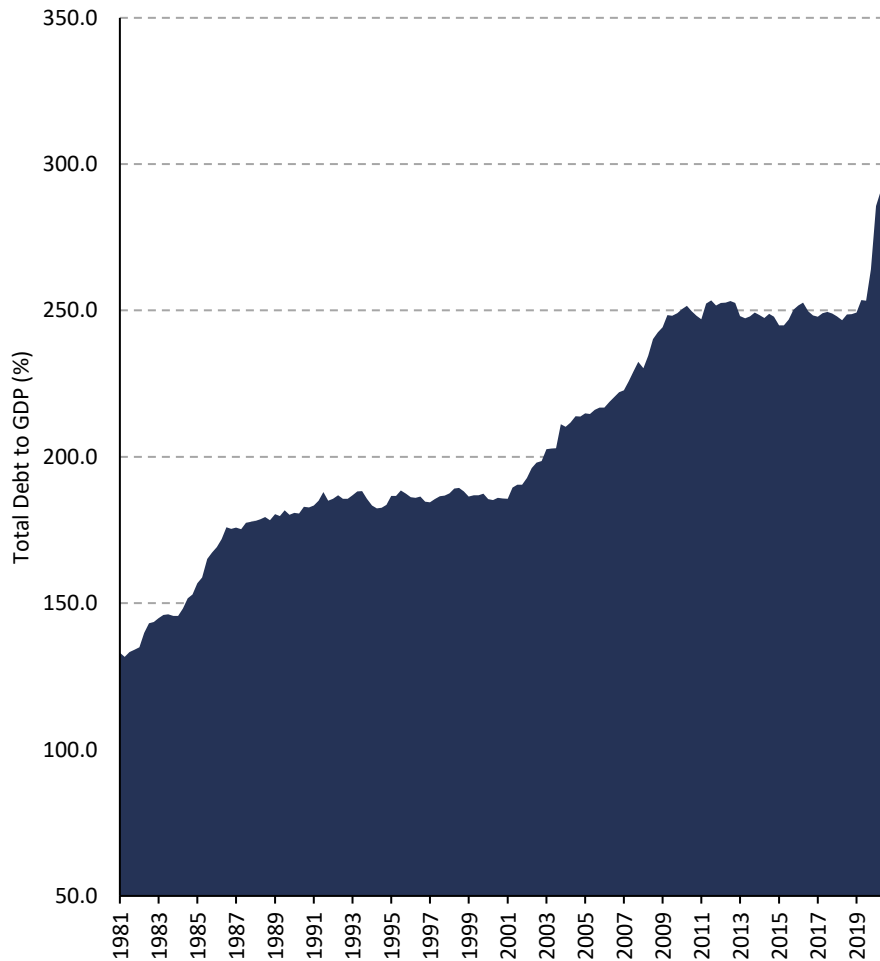


Mark Arnold

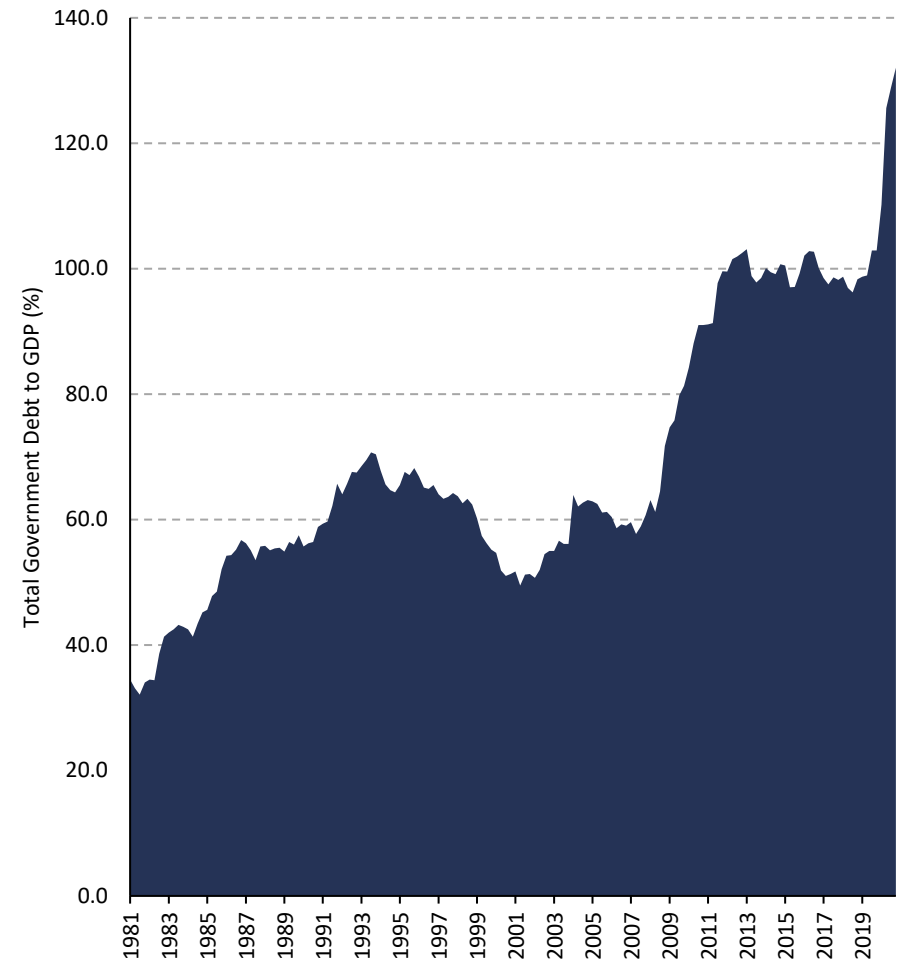
Lead Portfolio Manager, Chief Investment
Officer & Managing Director
Hyperion Asset Management

U.S. Debt Levels

U.S. Total Debt to GDP (%)

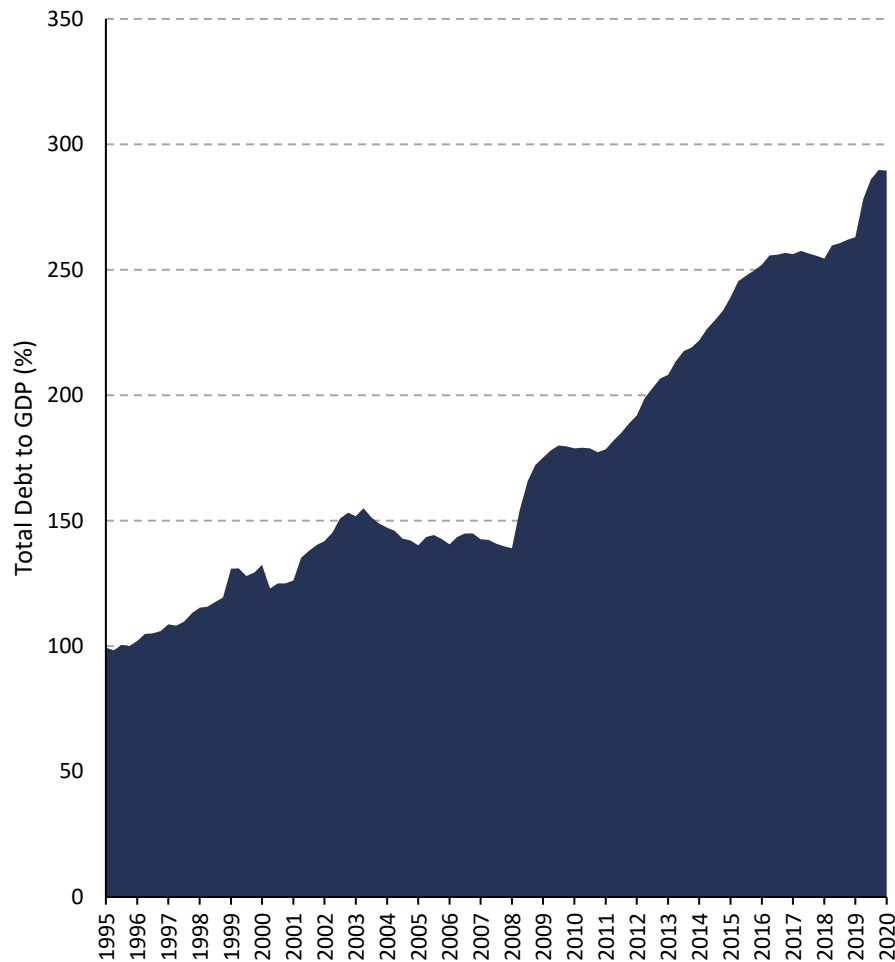


U.S. Government Debt to GDP (%)

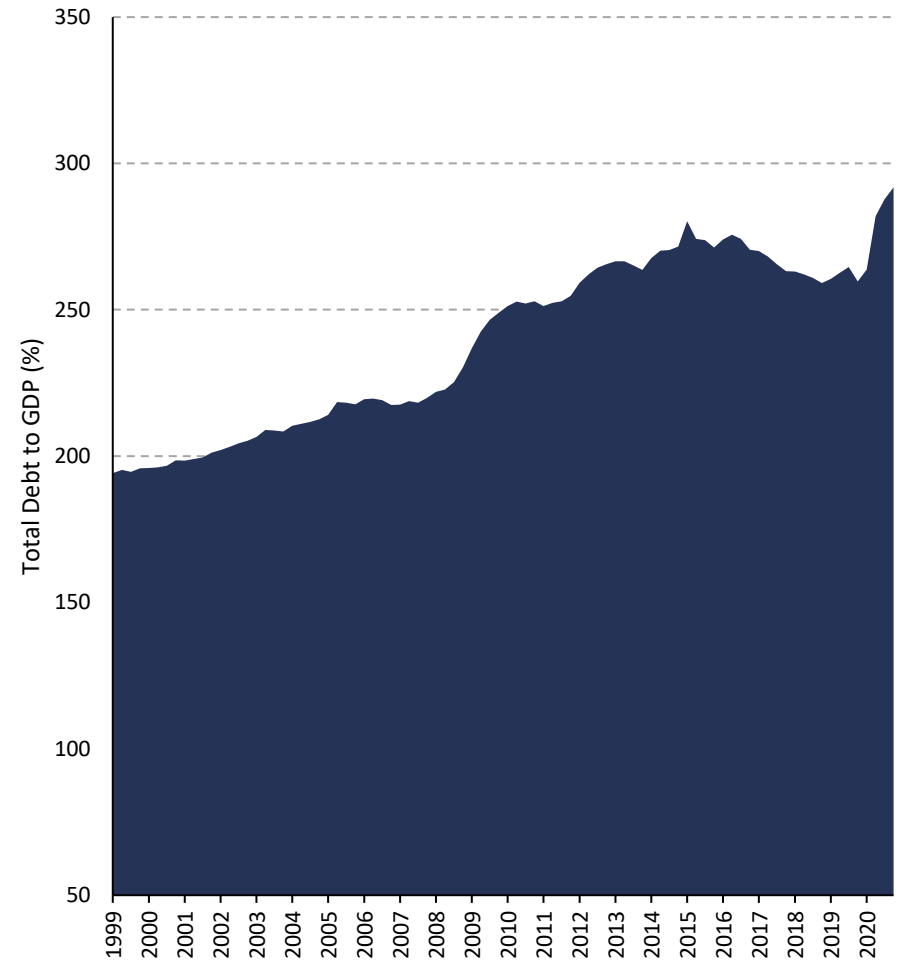


Other Major Economies Debt to GDP

China Total Debt to GDP (%)



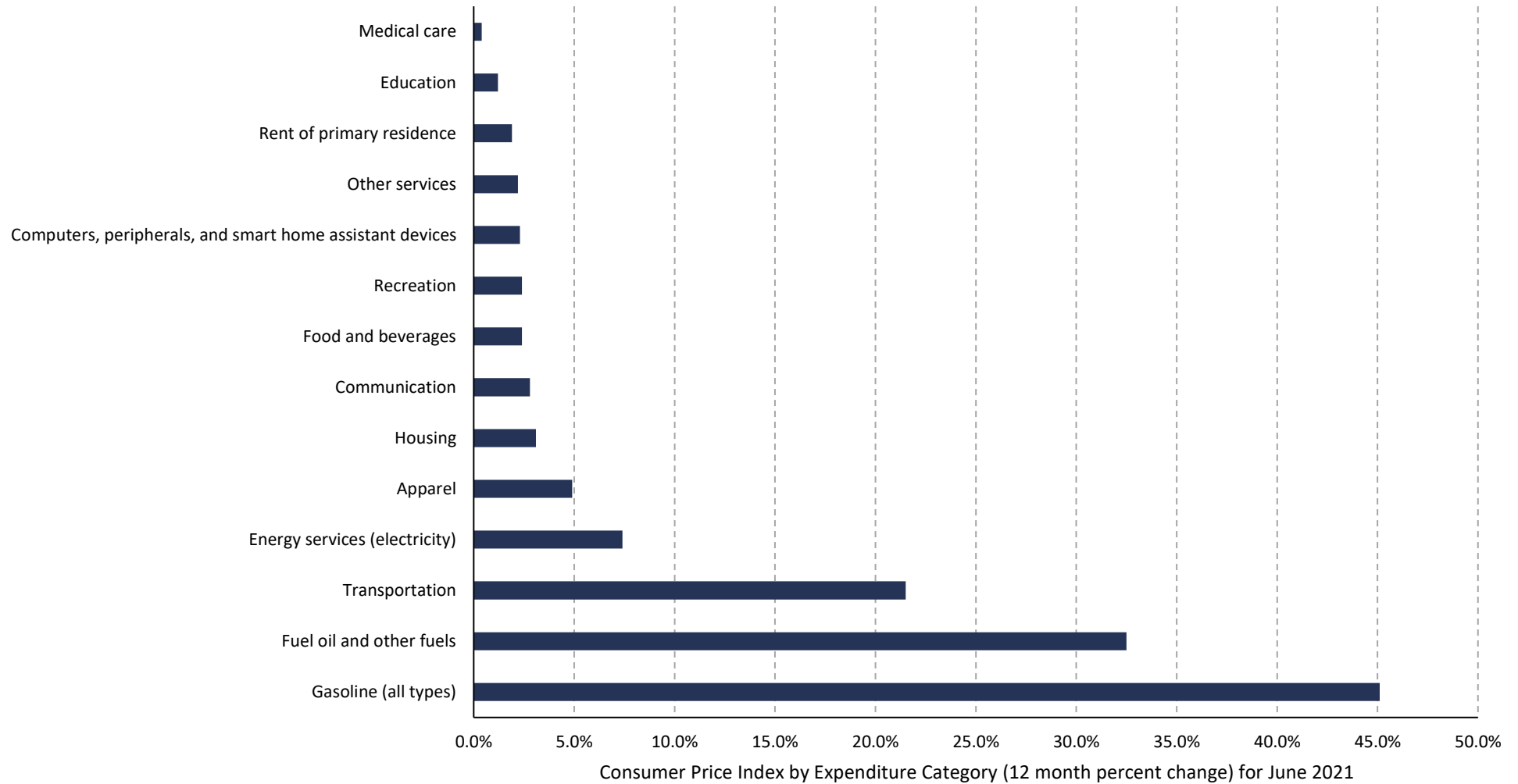
Eurozone Total Debt to GDP (%)



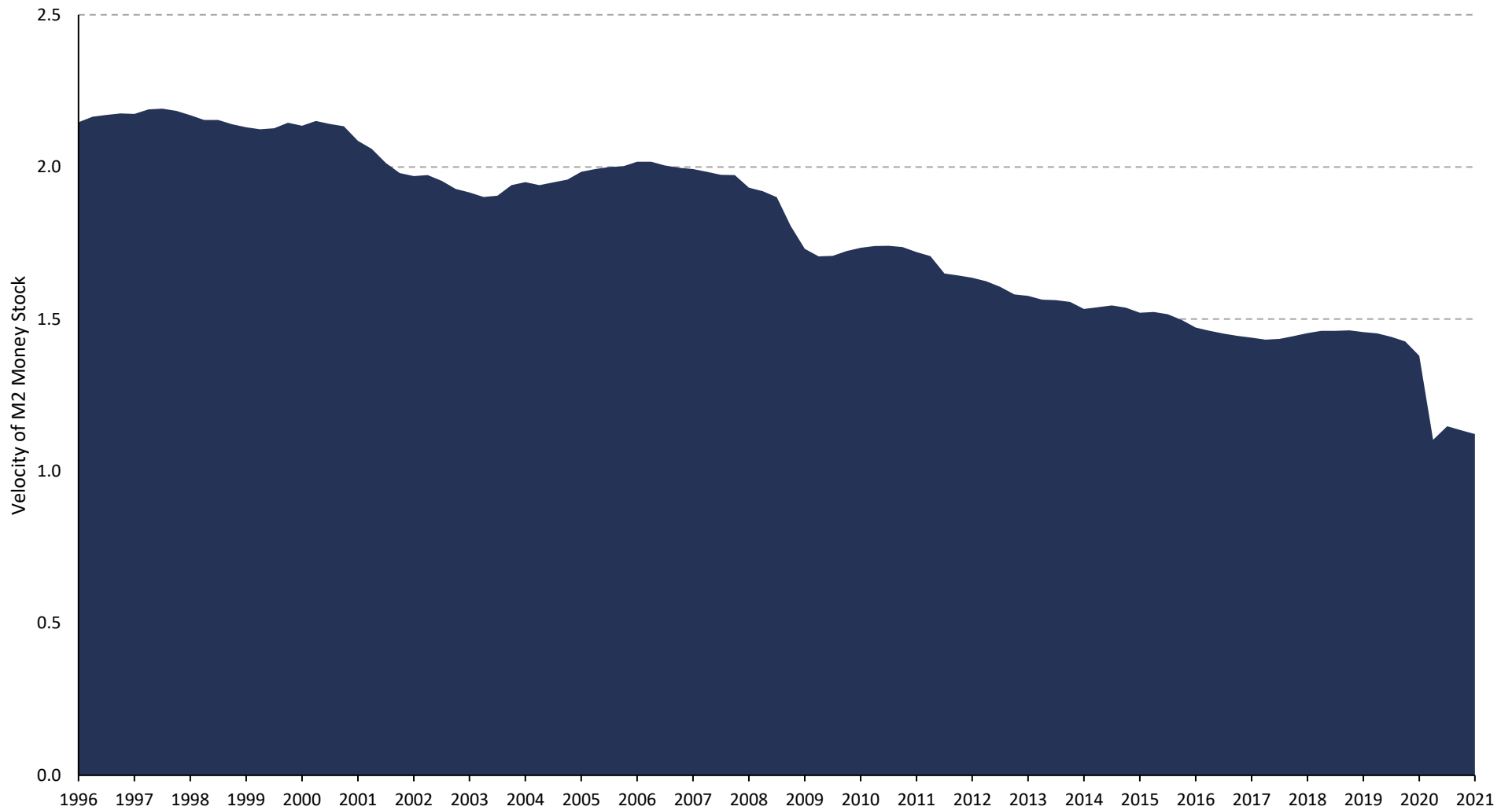
10 Year U.S. Treasury Bonds



Consumer Price Index by Expenditure Category



Velocity of M2 Money Stock



Software moving from edge to core of society



1985 Microsoft's Windows operating system was introduced



1998 Google Search function enabled by Alphabet



2007 Apple launched the iPhone



2010 Instagram photo sharing platform was released



1990 The World Wide Web is created



2005 The YouTube video sharing platform was created



2009 Bitcoin was first mined by Satoshi Nakamoto



Software moving from edge to core of society

U B E R

2011 Uber launched following its 2010 beta launch



2014 Uber launched its food delivery platform, Uber Eats



2015 Apple officially launched the Apple Watch

2012 Tesla Inc. released the Model S all-electric sedan



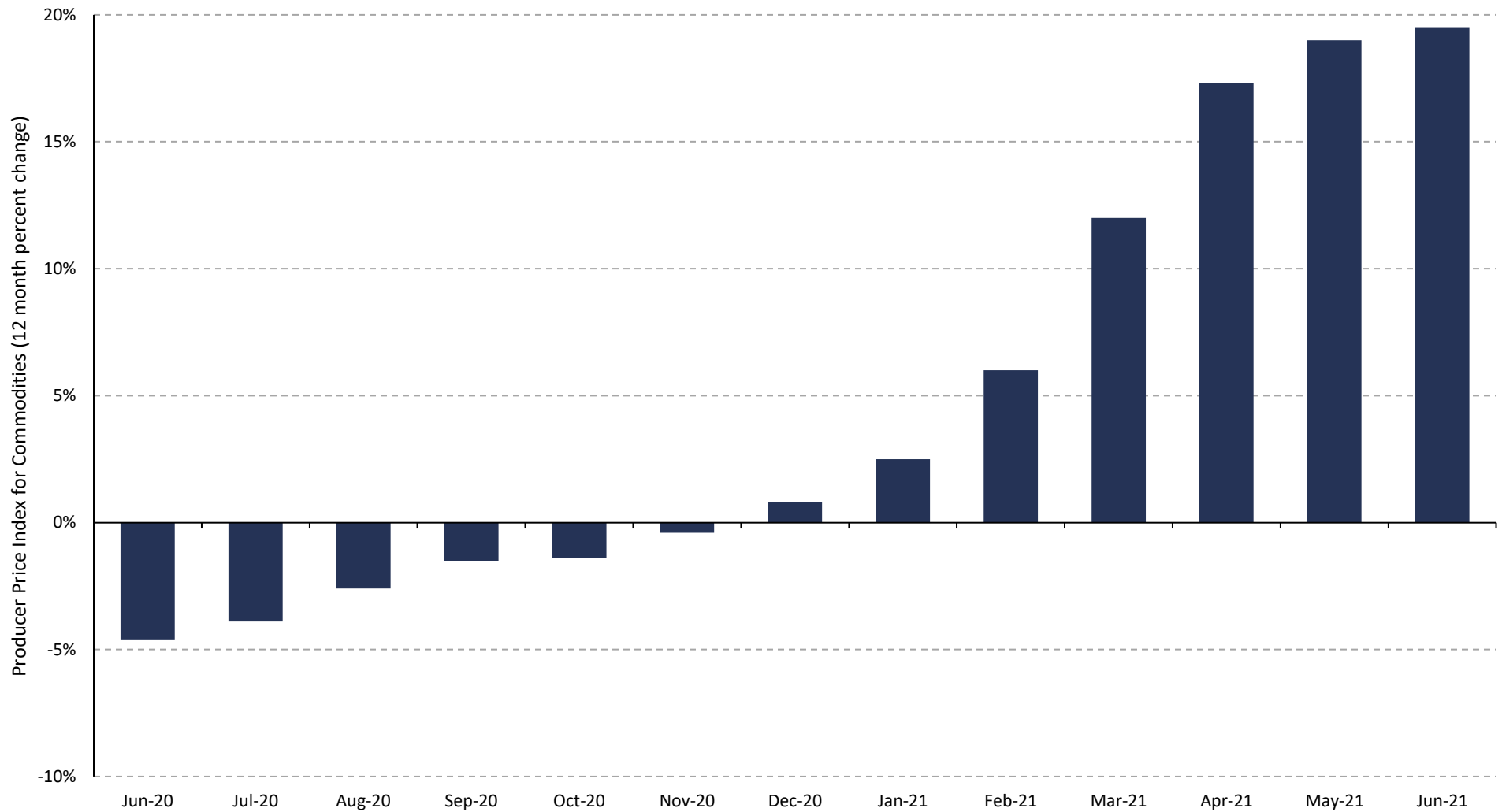
2014 Amazon launched The Echo and Alexa



2020 COVID-19 accelerated the modernization of the world

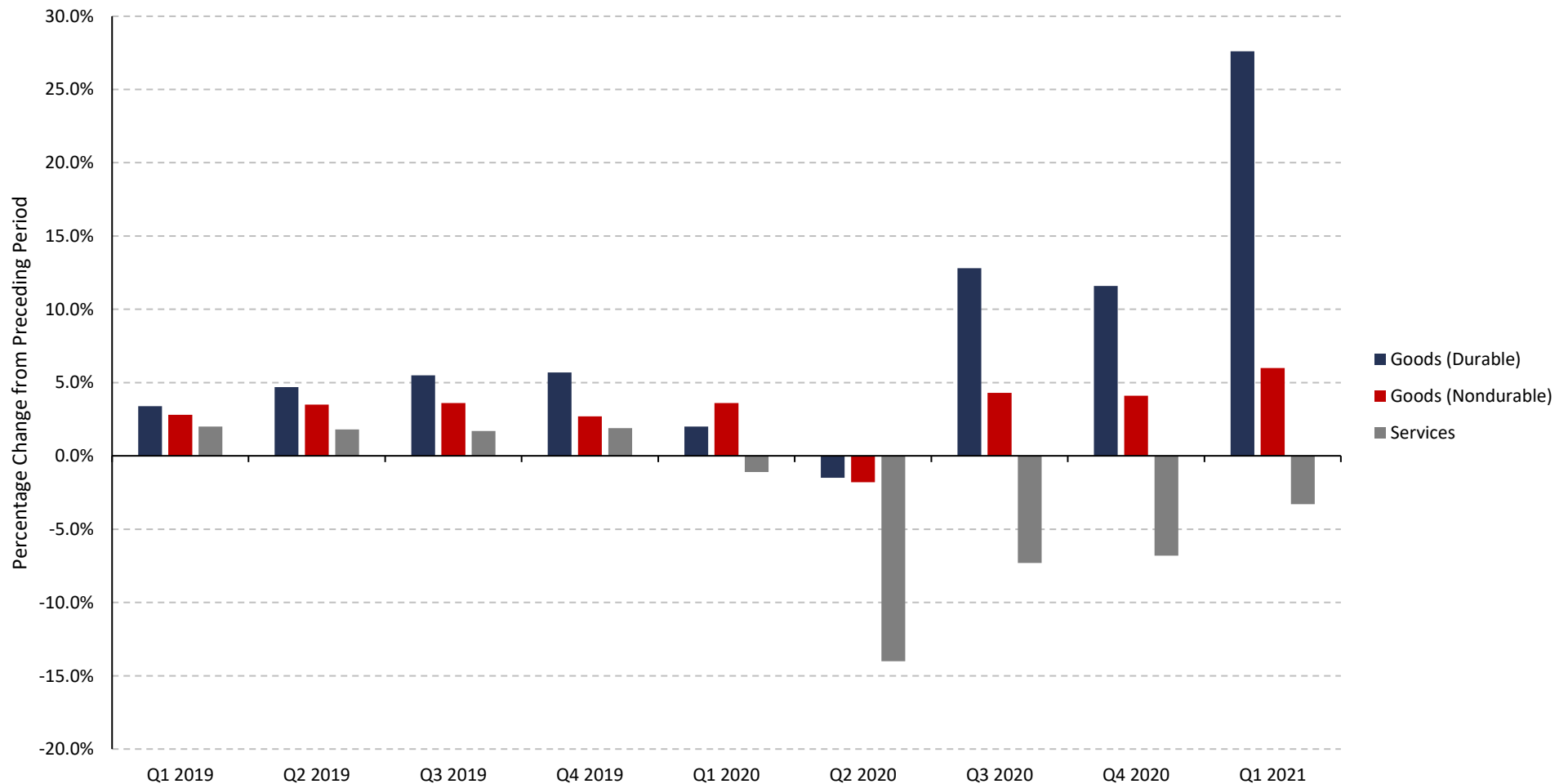


Producer Price Index for Commodities in the U.S.



Consumer shift from Services to Goods Spending

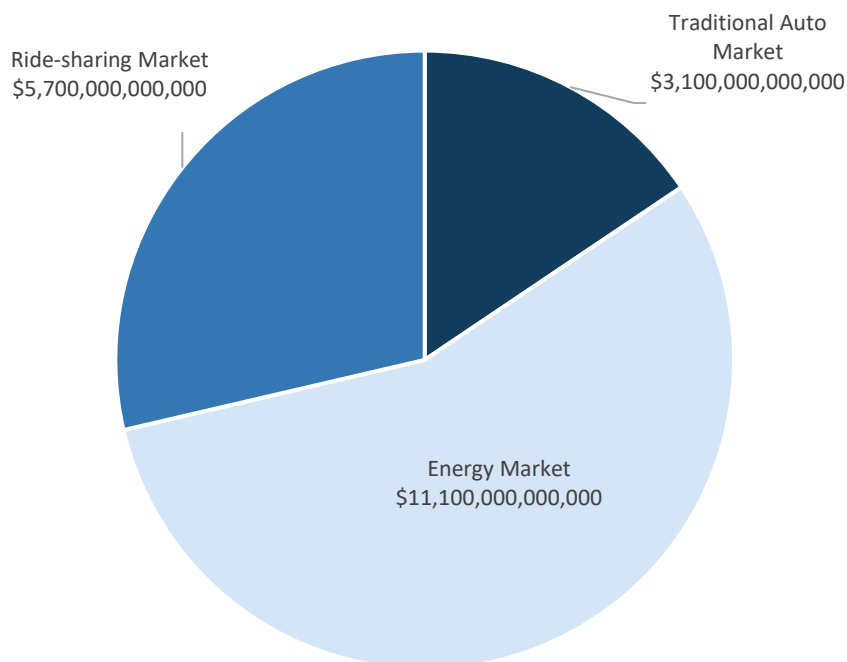
Quarterly U.S. Personal Consumption Expenditures Percentage Change from Preceding Period



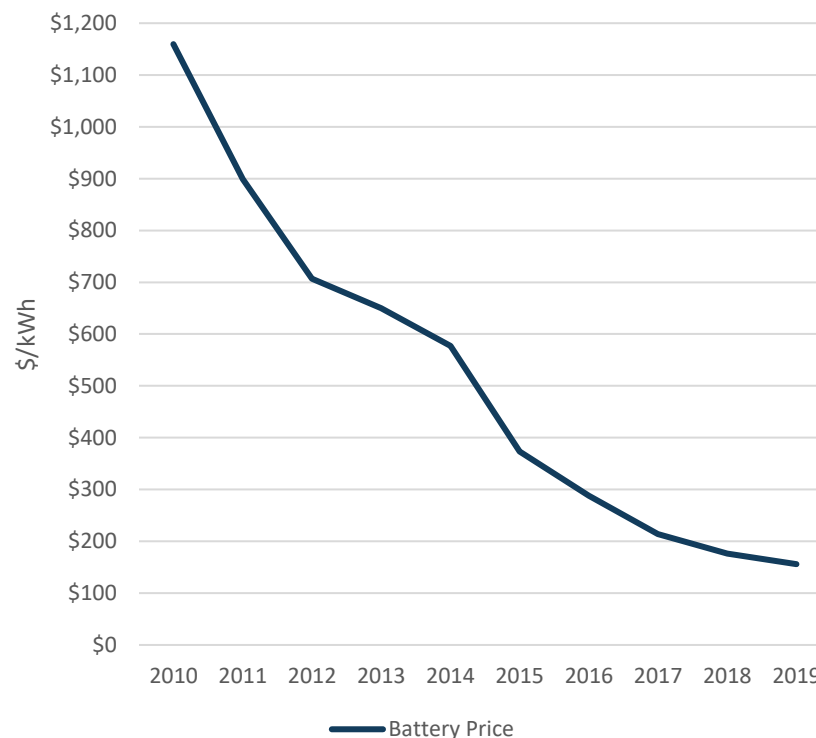
Disrupting transport and energy through declining cost curves

- Transition to sustainable energy and transport will create exponential growth for the new disruptive, market leaders.

\$19.9 Trillion Worth Of Industries To Be Disrupted*

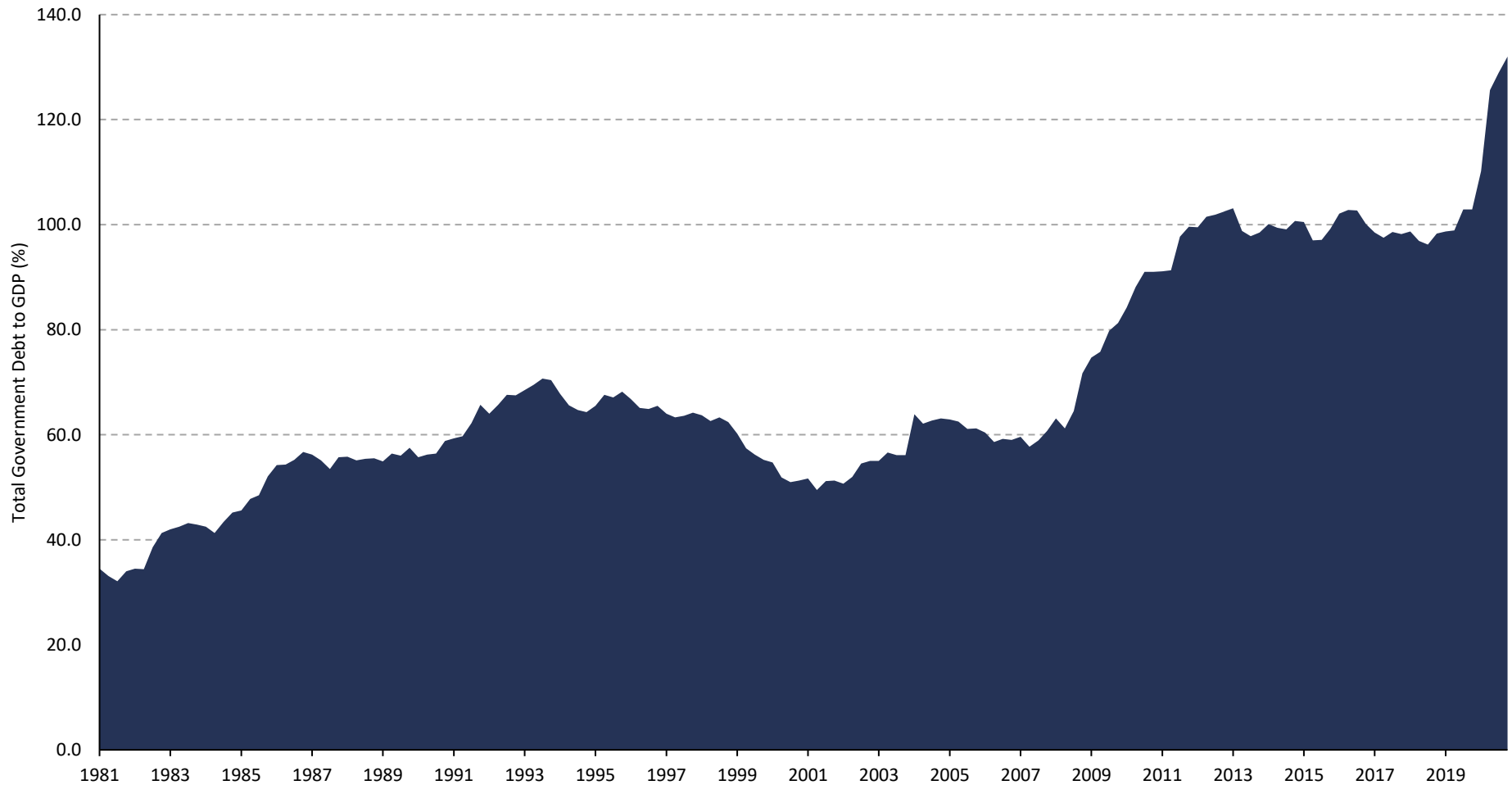


The Decline in Battery Prices^

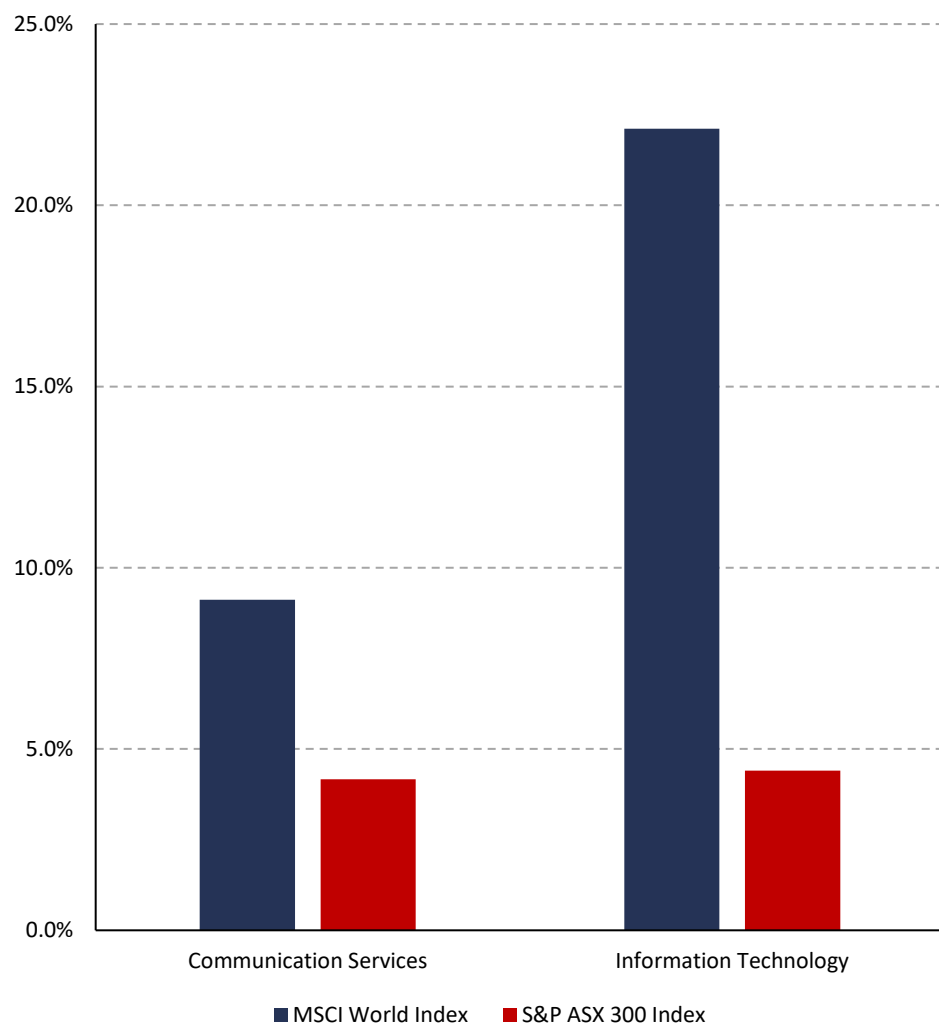


U.S. Government Debt Levels

U.S. Government Debt to GDP (%)



Software Market in Developed Global Equities



	Information Technology	Communication Services
Australia ¹	4.4%	4.2%
Globally ²	22.1%	9.1%

Companies disrupting human capital markets

Exploiting cloud infrastructure to improve workloads for companies all sizes, at competitive prices



Enabling on-demand solutions and full suite enterprise management software



Providing a cloud platform to enhance IT, Employee and Customer workflows



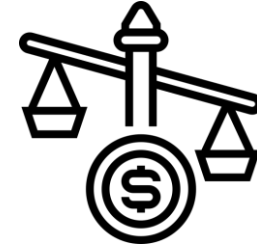
Businesses that Sailed the Tailwinds will Struggle in a World of Headwinds



Ageing population



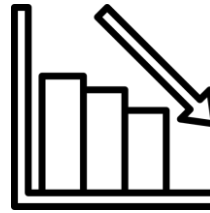
High debt levels



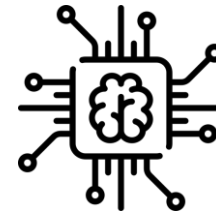
Rising wealth inequality



Natural resource
constraints



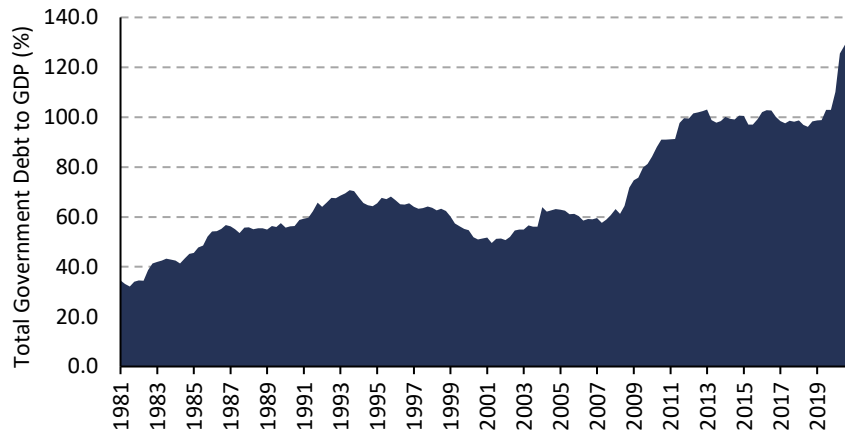
Declining monetary
tailwinds



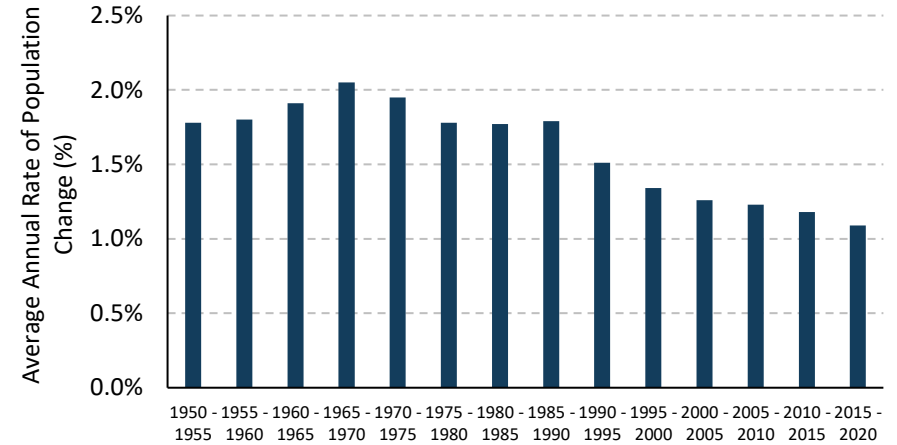
Plus technology – greater
automation, AI & sharing

These headwinds are effecting economies globally

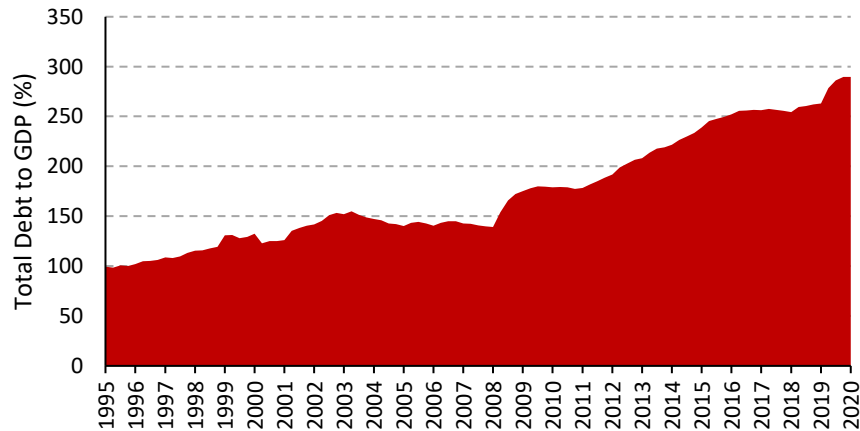
U.S. Government Debt to GDP (%)



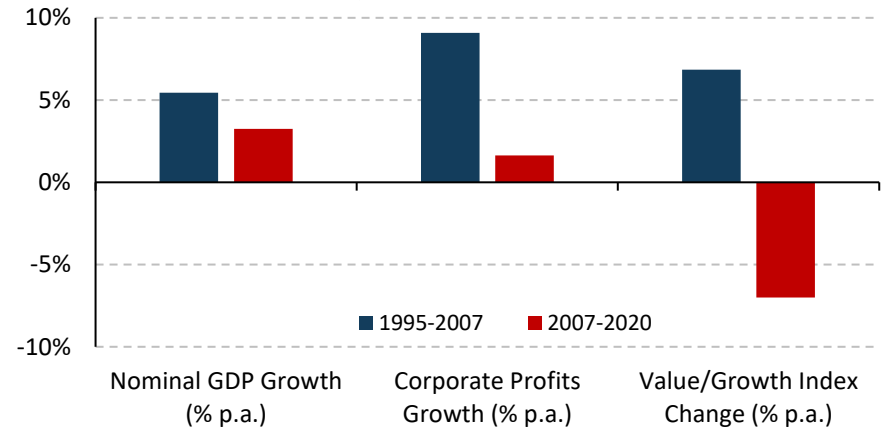
Average Annual World Rate of Population Growth



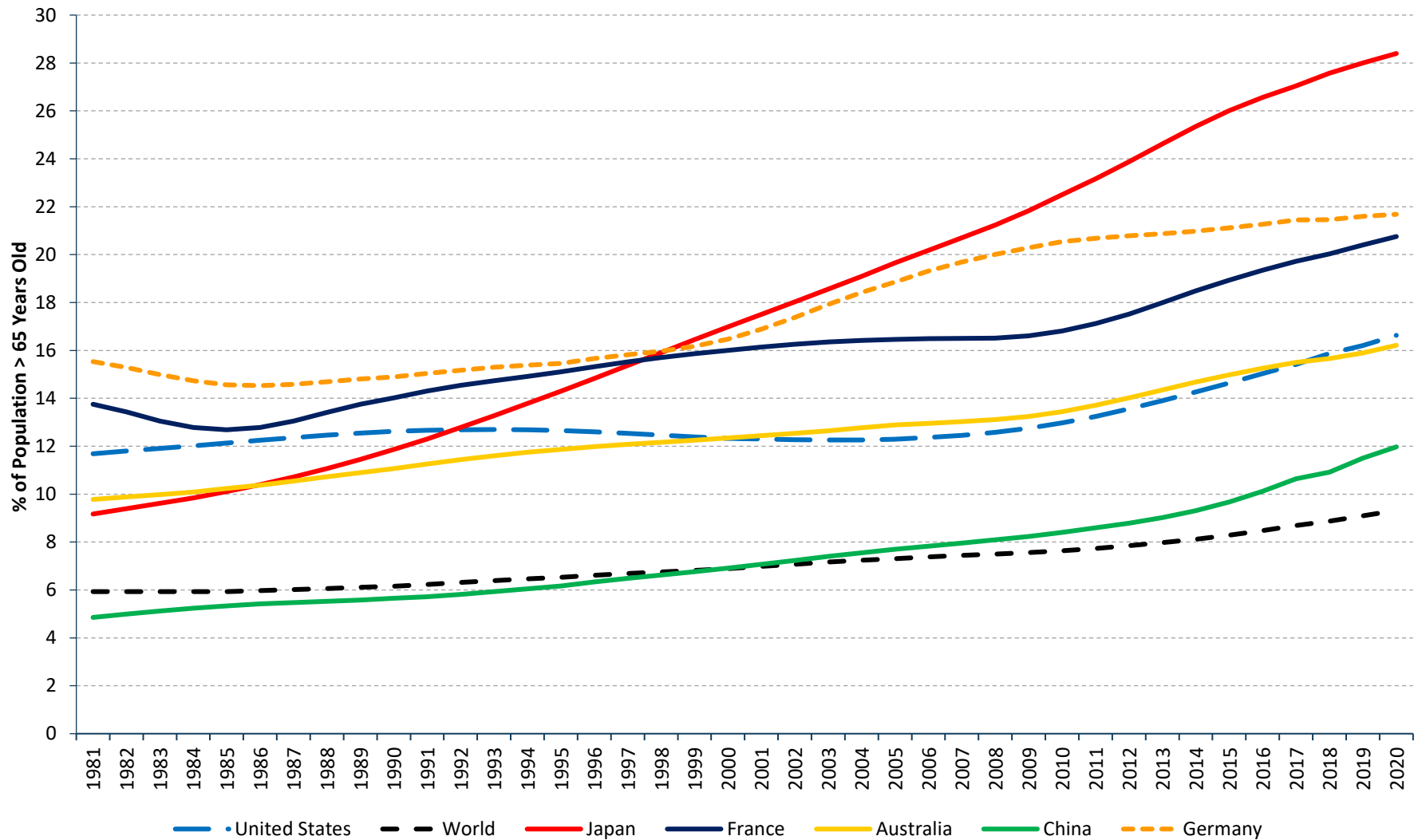
China Total Debt to GDP (%)



U.S. Corporate Profit Growth



An Ageing Population Restricts GDP Growth



The Global Economy will be Soft for Years to Come

“The world faces a low-growth, low-inflation, low-interest rate environment with headwinds including ageing populations, high debt levels and a disappearing middle class in Western economies.”

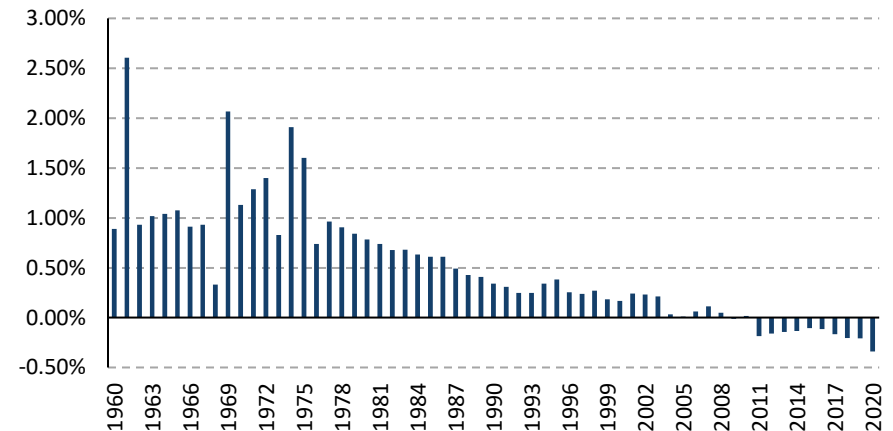
Mark Arnold, CIO
Hyperion Asset Management

No sustained economic growth in Japan since 1990s

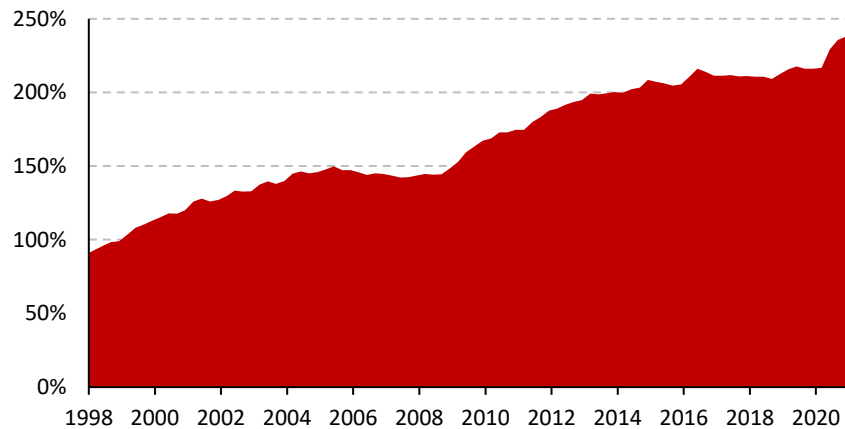
Japan - GDP (current US\$ Trillion)



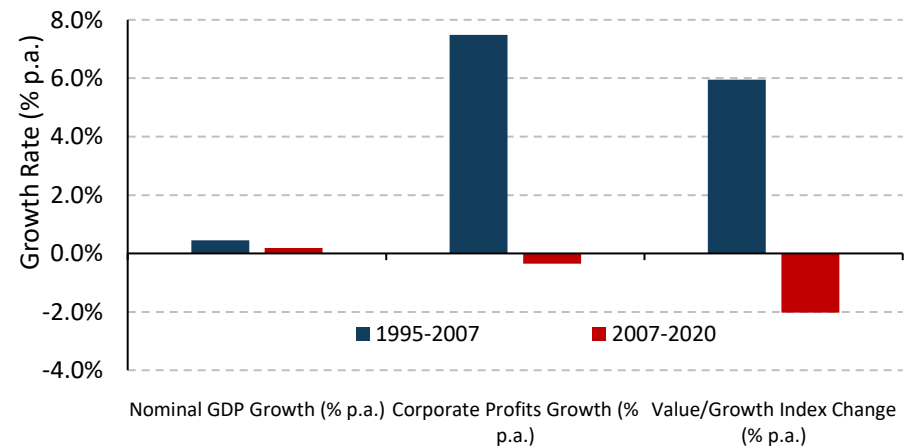
Japan Population Growth Since 1960 (%)



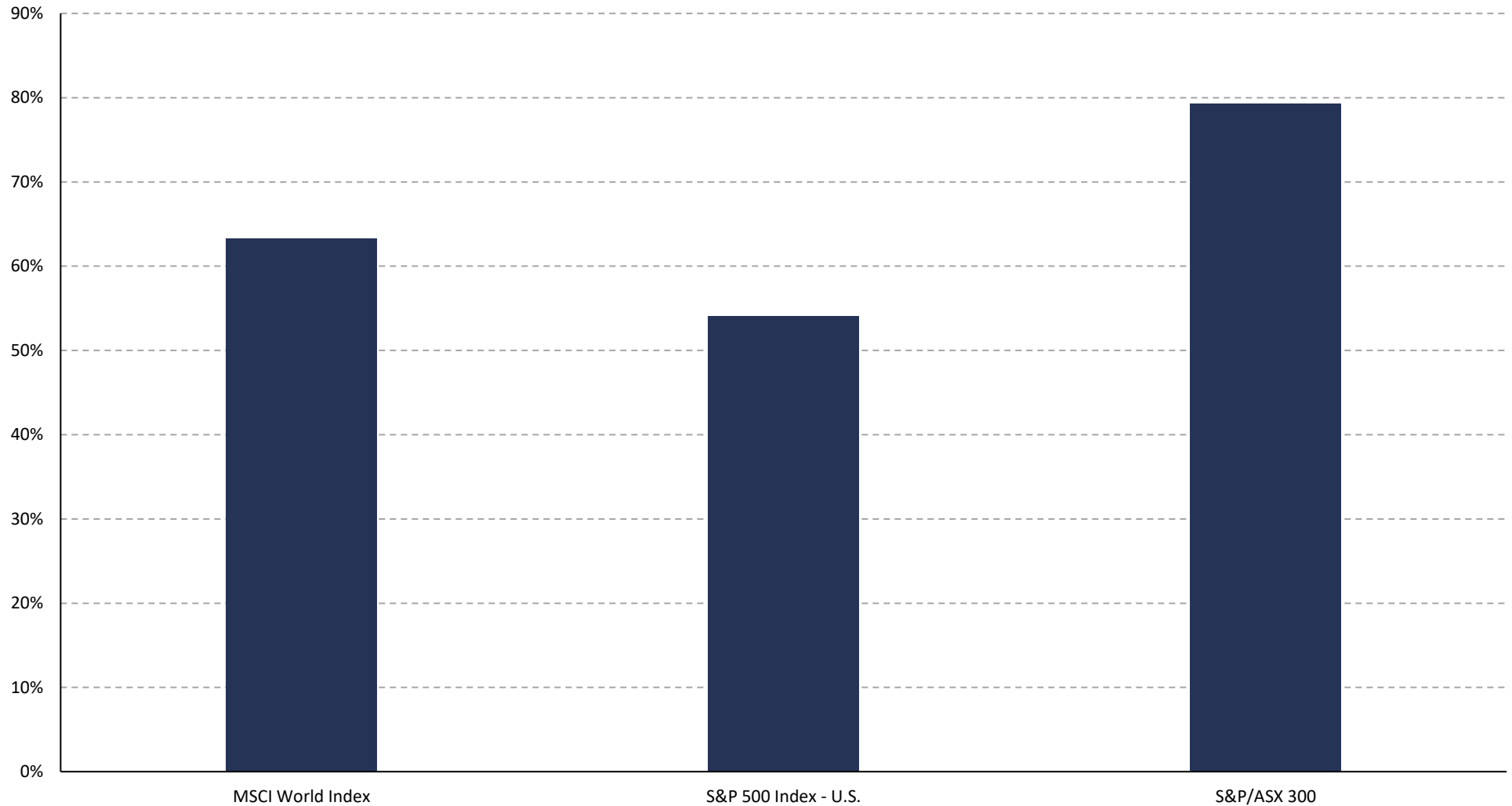
Japan Government Debt to GDP (%)



Japan Corporate Profit Growth



Key broad-based Indices are dominated by “old world” businesses



Old world oil companies and car manufacturers face extinction

The largest companies globally by revenue are old world businesses which will be disrupted over the next decade.

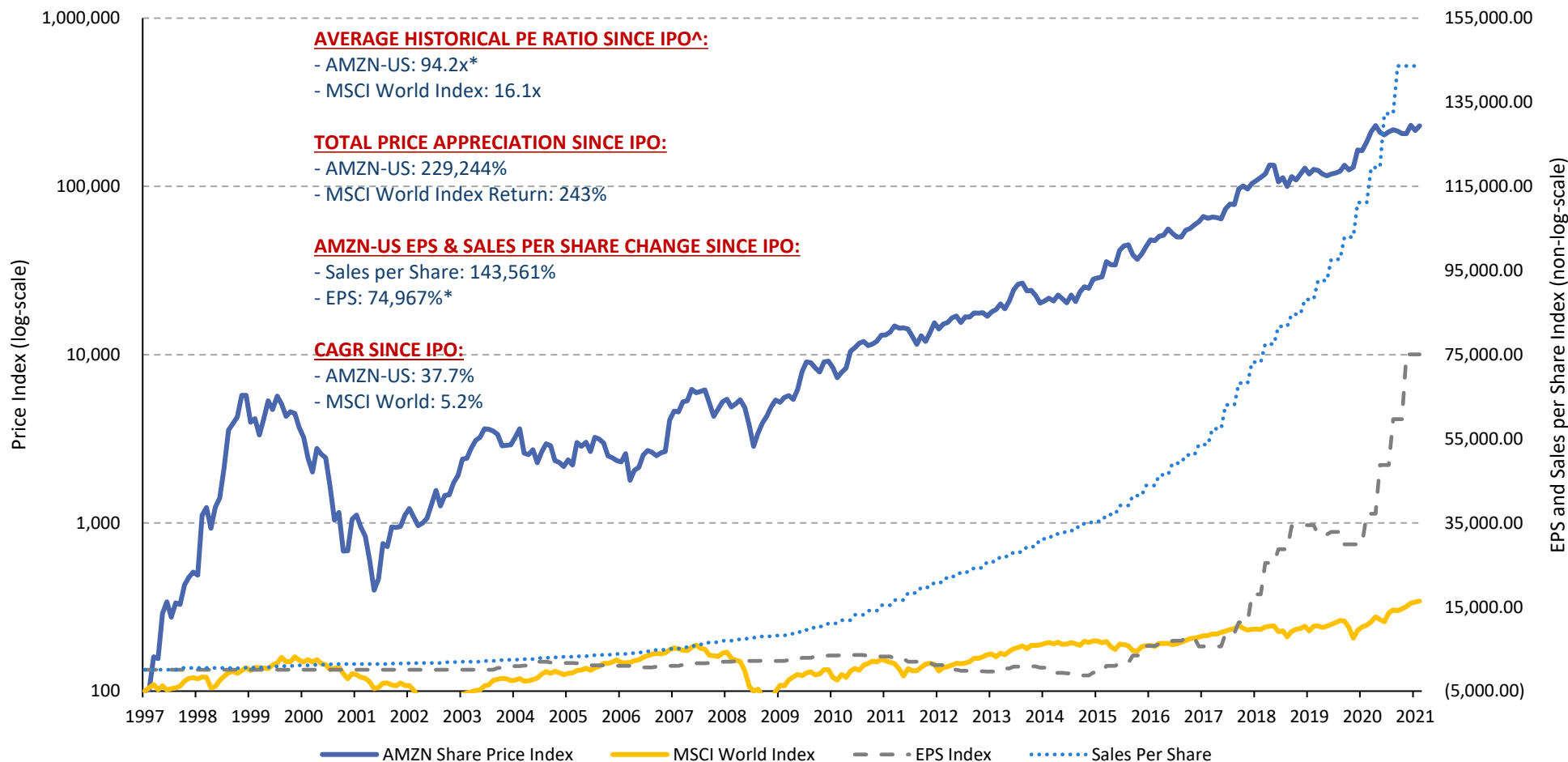
Hyperion estimate **82%** of the top 20 global companies are “old-world”, and **52%** are **fossil-fuel based**.

Rank	Firm	Forecast Revenue (USD billion) *	Industry	MSCI World Index Weight Rank^	MSCI World Index Weight^	“Old World”	Fossil fuel based
1	Amazon	\$581	Retail, Information Technology	3	2.54%	No	No
2	Walmart	\$567	Retail	32	0.38%	Yes	No
3	State Grid	\$390	Electricity	N/A	N/A	Yes	Yes
4	Saudi Aramco	\$369	Oil and gas	N/A	N/A	Yes	Yes
5	Apple	\$368	Electronics	1	3.97%	No	No
6	China National Petroleum	\$366	Oil and gas	N/A	N/A	Yes	Yes
7	PetroChina	\$358	Oil and gas	N/A	N/A	Yes	Yes
8	Royal Dutch Shell	\$316	Oil and gas	134	0.14%	Yes	Yes
9	Volkswagen Group	\$314	Automotive	261	0.08%	Yes	Yes
10	China State Construction Engineering	\$309	Construction	N/A	N/A	Yes	Yes
11	UnitedHealth Group	\$305	Healthcare	13	0.66%	Yes	No
12	Toyota Motor	\$295	Automotive	48	0.32%	Yes	Yes
13	CVS Health	\$294	Healthcare	98	0.19%	Yes	No
14	Berkshire Hathaway	\$289	Financials	12	0.66%	Yes	No
15	Alphabet	\$275	Information Technology	5	1.28%	No	No
16	ExxonMobil	\$271	Oil and gas	23	0.46%	Yes	Yes
17	Samsung Electronics	\$263	Electronics	297	0.07%	Yes	No
18	McKesson	\$259	Healthcare	428	0.05%	Yes	No
19	BP	\$244	Oil and gas	120	0.15%	Yes	Yes
20	Glencore International	\$231	Commodities	297	0.07%	Yes	Yes

*Source: FactSet, Fortune, Forbes, Hyperion. Forecasts are FY22 FactSet consensus figures converted to USD billions from local currency. Note: State Grid forecast uses Statista 2020 revenue figure converted to USD; China National Petroleum forecast uses 2019 FactSet data. Largest companies sourced from 2021 Fortune 1000 and 2021 Forbes 2000 Global company rankings. MSCI World Index Rank by constituent weight. Data as at 30 June 2021. Hyperion has assigned companies with no or low expected EPS growth and/or with risk of permanent business model disruption as “old world”. Volkswagen Group and Toyota Motor as classified as fossil fuel based due to low proportions of vehicles sold being electric vehicles.

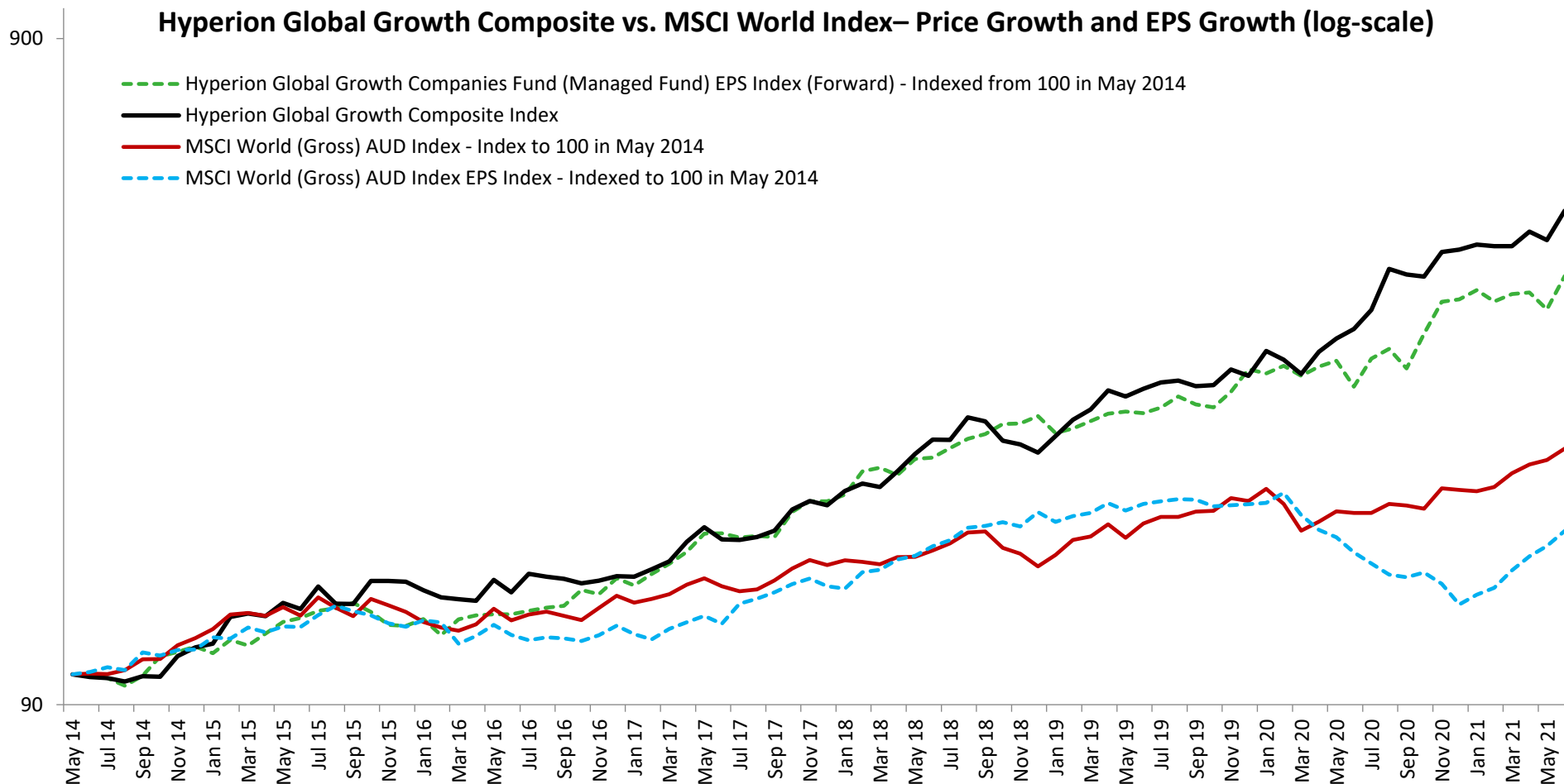
Amazon – example of sustained market share growth

Amazon.com Inc. (AMZN-US) - Share Price Index vs. EPS, Sales Per Share and Benchmark Index



*Negative historical PE and EPS ratios have been excluded. [^]AMZN-US IPO date: May 1997.

Earnings Growth Drives Prices in the Long-term



Source: Hyperion

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The Australian dollars (AUD) is the currency used to express performance. Returns are presented gross of management fees and exclude the reinvestment of all income. Both composite and benchmark returns are net of withholding taxes. Actual returns will be reduced by management fees, operating expenses in the case of pooled investments and if applicable performance fees. The standard investment management fee is 0.70% p.a. The investment management fee is negotiable and will vary from client to client. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not indicative of future results. The name of the fund was changed from Hyperion Global Growth Companies Fund – Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 to facilitate quotation of the fund on the ASX.

Companies hedged against inflation

Accelerating the world's transition to sustainable energy



Assisting enterprises to digitally transform their workplaces



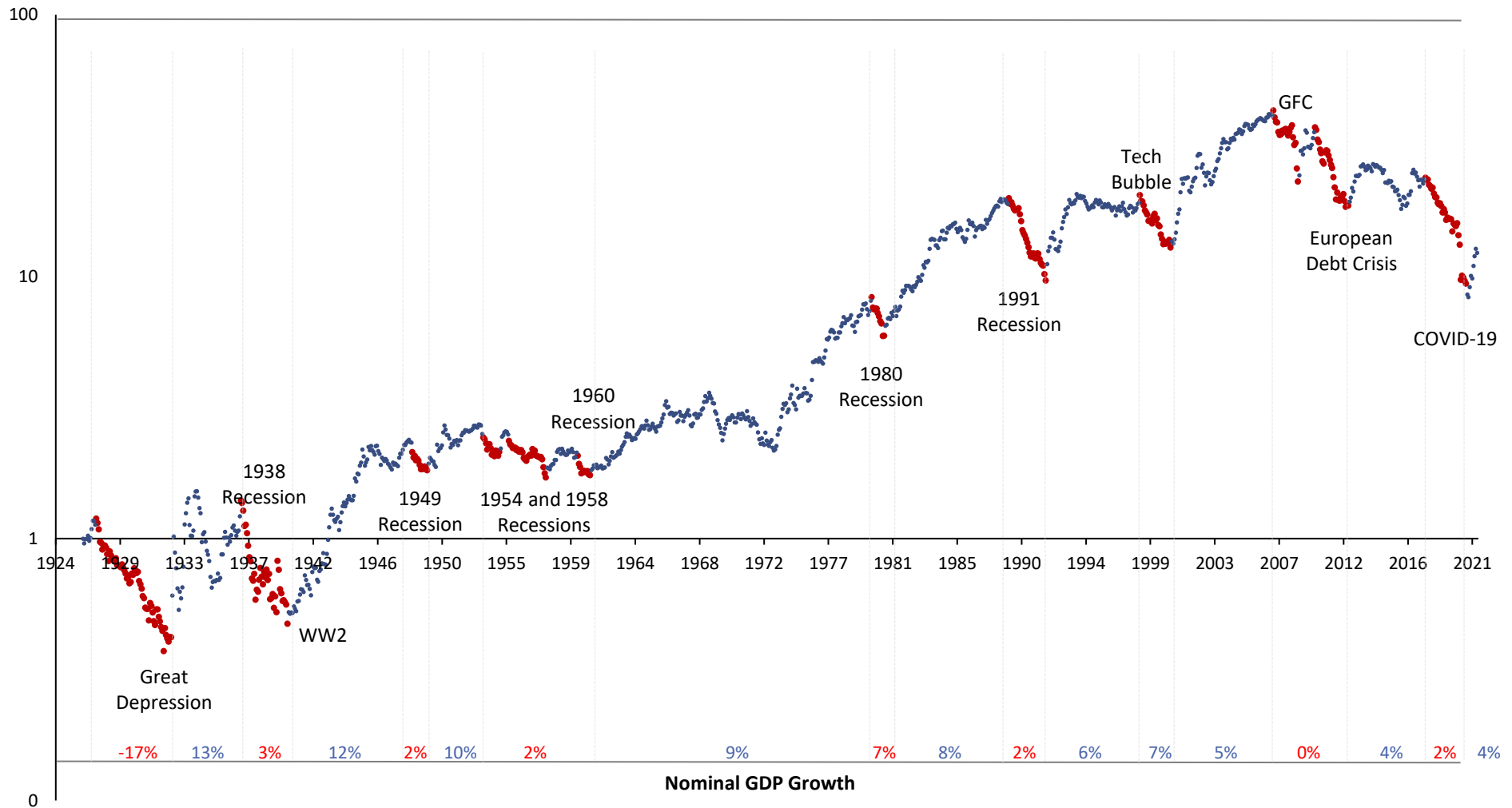
Tapping into the Chinese consumer market through internet based services



A global ultra-luxury brand with reputable heritage and extreme pricing power



Fama French HML Index - Value Underperforms in Low Growth, Low Inflation, Low Confidence Environments



Exchange Quoted Managed Fund (Active ETF) – ASX:HYGG

Hyperion Global Growth Companies Fund (Managed Fund)

ASX Ticker	HYGG FUM (\$m)*	Fund total FUM (\$m)*	Strategy	Fee	Listing Date	Exchange	Market Maker	iNAV providers	Share registry
HYGG	269.9	1,607.7	Global equity (Same portfolio as unlisted units)	70bps / 20% (Same as unlisted units)	22 March 2021	ASX	Citi	Solactive (primary) ICE (secondary)	Automic

1. Fair and accurate price for on market investing in HYGG

- ✓ Accurate iNAV: Best in class iNAV (intraday indicative NAV) using futures proxies for individual stock movements during ASX trading hours
- ✓ Tight spreads: Average total spread of 0.29%, the tightest spread of any global equity active ETF on the ASX and compares to the average global equity active ETF spread of 0.5%**

2. Liquidity

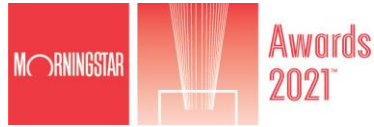
- ✓ Primary liquidity of an ETF is underpinned by the liquidity of the underlying portfolio – for HYGG this is large & liquid global equities
- ✓ Secondary liquidity, or on-market volume gives investors comfort they can trade in and out with minimal hassle and cost (and they're used to thinking about the liquidity of a share being its traded volume).

3. Benefits to investors of the quoted/dual unit structure – 'one house, two doors'

- ✓ Same unit as the unlisted managed fund that has been available to retail investors since inception of the fund (2014)
 - Same investment strategy/portfolio, track record, fees
- ✓ Can buy/sell HYGG on the ASX (quoted unit) or apply/redeem directly with the registry (unlisted unit)
 - Can switch between HYGG and the unlisted unit and vice versa with no CGT and no costs (broker dependent)
- ✓ HYGG has no minimums
- ✓ Fund has \$1.61bn of FUM*, benefit from existing scale

*As at 30th June 2021. HYGG units should generally trade on the ASX close to the prevailing Net Asset Value during the ASX trading day (subject to the market bid/offer spread). You can buy and sell units off market with the Responsible Entity at the prevailing end of day Net Asset Value (subject to transaction costs and spreads). The name of the fund was changed from Hyperion Global Growth Companies Fund – Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 to facilitate quotation of the fund on the ASX.

Awards



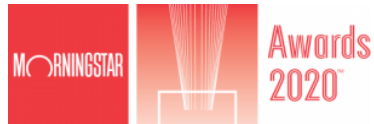
Hyperion named Winner, FUND MANAGER OF THE YEAR

Morningstar 2021 Awards, Australia.

Morningstar Awards 2021 – Australian Domestic Equities – Large Caps – Category Winner

Morningstar Awards 2021 – Australian Domestic Equities – Small Caps – Category Winner

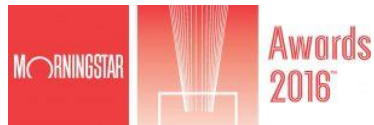
Morningstar Awards 2021 – Global Equities - Finalist



Morningstar Awards 2020 – Australian Domestic Equities – Large Caps – Category Winner

Morningstar Awards 2020 – Australian Domestic Equities – Small Caps – Finalist

Morningstar Awards 2020 – Fund Manager of the Year – Finalist



Hyperion named Winner, FUND MANAGER OF THE YEAR

Morningstar 2016 Awards, Australia.

Morningstar Awards 2016 – Australian Domestic Equities – Large Caps – Category Winner

Morningstar Awards 2016 – Australian Domestic Equities – Small Caps – Category Winner

Morningstar Awards 2016 (c). Morningstar, Inc. All Rights Reserved. Awarded to Hyperion Asset Management for Fund Manager of the Year, Domestic Equities – Large Caps Category Winner and Domestic Equities – Small Caps Category Winner, Australia. Morningstar Awards 2020©. Morningstar, Inc. All Rights Reserved. Awarded to Hyperion Asset Management for Winner, Domestic Equities Large Cap, Australia. Morningstar Awards 2020©. Morningstar, Inc. All Rights Reserved. Hyperion Asset Management nominated for Finalist, Domestic Equities Small Cap, Australia. Morningstar Awards 2020©. Morningstar, Inc. All Rights Reserved. Hyperion Asset Management nominated for Finalist, Fund Manager of the Year, Australia. 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 as well as a nominated for the Global Equities category.



AFMA 2018

Best Australian Based Global Equity Manager



Money Management / Lonsec Fund Manager of the Year 2013

Winner: Fund Manager of the Year

Winner: Australian Equities (Broad Cap)

Winner: Australian Equities (Small Cap)

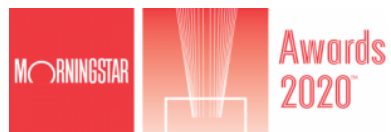


AFR Smart Investor 2012

Winner: Best Australian Equities (Small Cap) Fund Manager

More information about Hyperion Asset Management and the funds currently open

www.hyperion.com.au/



Morningstar Awards 2020

Winner: Australian Domestic Equities – Large Caps

Finalist: Australian Domestic Equities – Small Caps

Finalist: Fund Manager of the Year



MORE INFORMATION

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