

OBJECTIVE: LONG-TERM CAPITAL GROWTH AND INCOME 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 experienced mixed results during the first month of 2021, as the global rollout of COVID-19 vaccinations and promises of further fiscal and monetary stimulus measures dominated headlines. In the U.S., the S&P 500 Index returned -1.0% as economic data revealed that U.S. GDP is growing at a preliminary annualised rate of 4.0%. The nation’s core Personal Consumption Price Index, the Federal Reserve’s preferred inflationary measure, is running at an annualised rate of 1.5% and its unemployment rate remained at 6.7%. In addition, the newly elected Biden-led administration proposed a US\$1.9t “American Rescue Plan”, on top of the bi-partisan US\$900b fiscal stimulus plan agreed in late December. In Europe, the FTSE 100, Euro STOXX 50 and German DAX indices declined -0.8%, -1.8% and -2.1%, respectively. During the month, the IHS Markit Eurozone composite PMI fell for a second consecutive month to 47.8 as lockdown restrictions continued to drive the two-speed economy, with services sector activity suffering from local restrictions and lagging behind manufacturing output activity. Furthermore, the ECB held its refinancing operations, marginal lending facility and deposit facility rates at 0.00%, 0.25% and -0.50%, respectively, and extended its Pandemic Emergency Purchase Program to March 2022, worth €1,850b. In Australia, the S&P/ASX 300 Index returned +0.3%. Economic data revealed that the unemployment rate fell to 6.6% whilst preliminary December retail sales fell -4.2%. Consumer Discretionary (+4.8%), Communication Services (+2.6%) and Financials (+2.3%) were the best performing S&P/ASX 300 Index sectors. REITs (-4.1%), Industrials (-3.1%) and Health Care (-1.7%) were the worst performers. Across foreign exchange markets, the U.S. dollar was mostly up against the G10 currencies during January, except against the New Zealand Dollar, Norwegian Krone and Pound Sterling.

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 (%)	0.4	9.2	25.3	20.3	15.5	14.2	13.2	11.2	12.8	816.3
Benchmark (%) ¹	0.3	12.1	-2.7	7.1	10.1	8.0	7.8	6.4	9.0	382.5
Relative Performance – Net (%)	0.1	-2.9	28.0	13.2	5.4	6.2	5.5	4.8	3.9	433.8

1. S&P/ASX 300 Accumulation Index. *Inception date: 30th September 2002. [^]Total return

Returns are net of applicable fees and costs.

Past performance is not a reliable indicator of future performance.

Data as at 31st January 2021. 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.



PORTFOLIO HOLDINGS UPDATE

Resmed (RMD-AU)

Primary Exchange	ASX
GICS Sector	Health Care
Market Cap (AUD\$m)	39,446



ResMed Inc. (ResMed) released its results for the quarter ended 31 December 2020, reporting total revenue growth of 9% to \$800m, with non-GAAP gross margins expanding 20bps to 59.9% and diluted EPS increasing 17% to \$1.41 per share. Geographically, revenue in the combined Europe, Asia and Other Markets region increased 17% to \$281m. Tailwinds from ongoing ventilator hardware sales and a retained focus on respiratory health in light of COVID-19 bolstered the results, with device and mask sales increasing by 16% and 18%, respectively. The sleep and respiratory care business across the U.S., Canadian and Latin American markets grew by 5% to \$427m. This was predominantly driven by sales in the masks business, which grew by 8%, attributable to the same underlying benefits seen in the European region. In addition, total Software as a Service (SaaS) revenue increased by 6%, supported by stabilising patient flow in out-of-hospital care settings, as well as continued growth in resupply service offerings for its Brightree business. It is noted that the home health, hospice, life plan communities, senior living and skilled nursing markets have been slower to recover, impacting their respective SaaS solutions. Looking forward, management expects selling, general and administrative expenses to grow at low single digit rates, while R&D is expected to grow at high single digit rates.

HUB24 (HUB-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	1,637



HUB24 Limited (HUB24) saw positive results for the quarter ended 31 December 2020, with custodial funds under administration (FUA) up \$3b to \$22b. This marks a record for quarterly net inflows which grew 37% to \$1.7b, with the remaining \$1.2b increase in FUA attributable to positive market movements. In combination with \$9.3b of non-custodial FUA, the majority of which was obtained through the acquisition of the Ord Minnett PARS business during the quarter, total FUA reached \$31.3b. These results were accompanied by the addition of 113 new advisers, as well as the signing of 24 new licensee agreements with both large boutique licensees and self-licensed practices. According to recent data, HUB24 has further increased its market share within the industry to 2.3%, up 0.20% from the preceding quarter. Investment options available on the platform increased with 12 new international ETFs added along with 18 new diversified managed portfolios, three of which are sustainable managed portfolios to cater for increasing client demand for ethical investment options. In the development pipeline for FY21 sits the transition of Clearview Limited to the HUB24 platform, in addition to the pilot of its bionic advice solution.

Netwealth (NWL-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	4,103



Netwealth Group Limited (Netwealth) released a 2Q21 business update for the quarter ended 31 December 2020, reporting funds under administration (FUA) of \$38.8b representing an increase of 14% for the quarter and 36% for the year. Quarterly net inflows and market movements contributed \$2.6b and \$2.2b, respectively. Average FUA per account increased to \$440,000 compared to \$378,000 in the prior year. At the board level, Affirmative Investment Management partner Kate Temby will be appointed as a new Independent Non-Executive Director and current Chairman, Jane Tongs, has advised her retirement following the FY21 half-year result release. Tongs' replacement, Tim Antonie, is the current Chairman of the Audit Committee. Netwealth's continual growth is attributed to winning market share from incumbents with poorer value propositions and technology. Ongoing industry consolidation and change will be beneficial for Netwealth, and the pipeline of new business remains strong. Netwealth upgraded FY2021 FUA expected net inflows to between \$8.5b and \$9.0b, an increase from the previously guided figure of \$8.0b.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Wisetech Global Ltd	9.8	0.3
Xero Ltd	9.1	0.8
Afterpay Ltd	9.0	1.7
Fisher & Paykel Ltd	8.7	0.2
Domino's Pizza Ltd	7.5	0.3

Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Afterpay Ltd	182.9	5.9	10.1
Wisetech Global Ltd	25.0	7.5	5.0
Domino's Pizza Ltd	67.6	8.1	4.9
James Hardie Industries	138.1	4.9	4.9
Xero Ltd	51.8	7.9	4.8
Detractors			
Corporate Travel Mgmt*	-43.9	0.1	-0.8
IRESS Ltd	-28.6	1.9	-1.1
CSL Ltd	-12.9	8.9	-1.4
Macquarie Group Ltd	-9.2	5.8	-2.4
Cochlear Ltd	-18.1	5.5	-2.7

* Stock not currently held

Portfolio Fundamentals

	Portfolio	Benchmark
Return on Equity (%)*	22.2	11.7
Dividend Yield (%)*	0.9	2.7

* Trailing

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Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-20	22.7	57.3	-34.6	4
S&P/ASX 21-50	21.4	16.8	4.6	4
S&P/ASX 51-100	42.0	13.4	28.6	8
S&P/ASX 101-300	9.6	12.5	-2.9	7
Cash	4.3	--	4.3	--
Total	100.0	100.0	--	23

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

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	10.5	4.1
Consumer Discretionary	7.8	8.0
Financials	9.1	27.7
Health Care	28.0	10.4
Industrials	1.5	7.0
Information Technology	31.8	4.6
Materials	7.0	20.0
Cash	4.3	--

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 0.7676 CPU at 30 September 2020 AUD 51.4675 CPU at 30 June 2020 AUD 0.2551 CPU at 31 March 2020 AUD 0.7700 CPU at 31 December 2019 AUD 1.6080 CPU at 30 September 2019
Fund Size	\$2,021.3 million
APIR Code	BNT0003AU
The Fund's PDS contains more complete information on risks and fees	

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