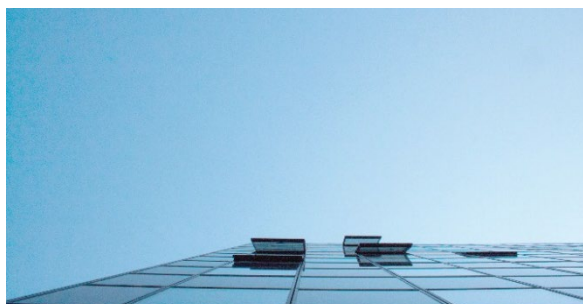


OBJECTIVE: LONG-TERM CAPITAL GROWTH AND INCOME BY INVESTING IN HIGH CALIBRE AUSTRALIAN COMPANIES PRIMARILY LISTED WITHIN THE S&P/ASX 300 INDEX AT THE TIME OF INVESTMENT.



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 broadly rose during May, as inflation expectations in the U.S. and COVID-19 restrictions across Europe remained topical. In the U.S., the S&P 500 Index returned +0.7% with data revealing that the IHS Markit U.S. Composite PMI climbed to an all-time high of 68.1 in May, whilst the core Personal Consumption Expenditure Index, the Fed’s preferred measure of inflation, rose to an annual rate of 3.1% in April. In Europe, the Euro STOXX 50, German DAX, and FTSE 100 indices returned +3.3%, +2.5% and +1.1%, respectively. The IHS Markit Eurozone Composite PMI increased to 56.9 in May, with manufacturing continuing to perform strongly whilst services improved to a rate not seen since June 2018 as the easing of COVID-19 related restrictions facilitated a revival in demand. Furthermore, the Bank of England increased its 2021 growth forecast for the U.K. from 5.00% to 7.25% and maintained its quantitative easing target of £875b, but reduced its weekly asset purchases from £4.4b to £3.4b. In Australia, the S&P/ASX 300 Index returned +2.3%. Economic data revealed that the unemployment rate declined to 5.5% and the IHS Markit Australia Composite PMI fell to 58.1 in May following a slight slowdown in aggregate new order growth due to supply constraints. Additionally, the Australian Federal Budget was released and forecasts a deficit of \$106.6b or 5% of GDP for the 2021-22 Year, peaking at 40.9% of GDP in 2025, and then declines over time. Financials (+5.7%), Health Care (+3.5%) and Consumer Discretionary (+3.2%) were the best performing S&P/ASX 300 Index sectors, whilst Information Technology (-9.1%), Utilities (-6.6%) and Energy (-1.5%) were the worst performers. The U.S. dollar was weaker against most G10 currencies during May, except against the Norwegian Krone and Japanese Yen.

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 (%)	-4.1	6.9	33.4	18.1	12.8	12.5	13.1	10.7	12.6	816.0
Benchmark (%) ¹	2.3	8.5	28.7	10.1	10.2	8.3	8.8	6.9	9.4	431.4
Relative Performance – Net (%)	-6.4	-1.6	4.7	8.0	2.6	4.2	4.3	3.9	3.2	384.6

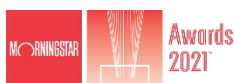
1. S&P/ASX 300 Accumulation Index. *Inception date: 30th September 2002. ^Total return. All p.a. returns are annualised. Returns are net of applicable fees, costs and taxes.

Past performance is not a reliable indicator of future performance.

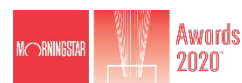
Data as at 31st May 2021. Due to rounding, excess performance figures may not equate perfectly to the difference between Hyperion Australian Growth Companies Performance and the S&P/ASX 300 Accumulation Index Performance.



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



Hyperion named Category Winner
DOMESTIC EQUITIES LARGE CAP
Morningstar 2021 Awards, Australia.



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

PORTFOLIO HOLDINGS UPDATE

Macquarie Group Limited (MQG-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	54,972



Macquarie Group Limited (Macquarie) released its FY21 results in early May for the full year period ended 31 March 2021. The business reported net operating income increased by 4% and net profit after taxes improved 10% over the year to AU\$3,015 million. Management outlined their medium-term view, which was positive and included the expectation that both the Annuity-style and Markets-facing businesses will continue to deliver strong performance. Operating income in the Macquarie Asset Management segment declined 5% to AU\$3,554 million over the year with equity under management in the Macquarie Infrastructure and Real Assets division declining by 5%. The company attributed these losses to foreign exchange impacts and equity returned to clients which were partially offset by new capital raised. The Macquarie Investment Management division reported that 60% of assets under management outperformed their respective three-year benchmarks. Macquarie's Commodities and Global Markets segment recorded a 22% increase in operating income and 50% increase in net profit contribution over the year. The company experienced strong client activity in the Commodity Markets division and in the U.K. and Australian securitisation space within the Financial Markets division. The Banking and Financial Services and Macquarie Capital segments contributed approximately 13% and 11% to company net profit, respectively. Macquarie noted that company regulatory ratios were above minimum threshold levels, noting a Basel III Level 2 CET1 ratio of 12.6% as at the end of March. The business has been responsive to working environment changes because of the COVID-19 pandemic, with the gradual return to offices having commenced in 90% of safe locations. Furthermore, Macquarie highlighted its commitment to net zero operational emissions by 2025, as the business positions itself to align with global carbon emission targets.

REA Group Limited (REA-AU)

Primary Exchange	ASX
GICS Sector	Communication Services
Market Cap (AUD\$m)	21,622



REA Group Limited (REA) released a trading update for the third quarter ended 31 March 2021, reporting revenue growth of 8% to AU\$225.6m and EBITDA growth of 8% to AU\$121.9m. Results were primarily driven by strong trading conditions in the Australian residential market that supported both listings growth and an improved product mix. Australian residential volumes increased 8% during the third quarter, with Sydney and Melbourne performing well, up 5% and 13%, respectively. Operationally, REA maintained its strong engagement lead in Australia, receiving 3.2x more visits than its nearest competitor, whilst average monthly app launches increased 63% to 59.9m, average monthly visits were up 47% to 130.7m, and 12.5m people visited the property site each month on average. Performance was mixed internationally, with Move, Inc. in the U.S. performing strongly, offset by continued weakness in Asia, predominantly in Malaysia as it continues to be impacted by COVID-19 movement restrictions.

Xero Limited (XRO-AU)

Primary Exchange	ASX
GICS Sector	Information Technology
Market Cap (AUD\$m)	19,623



Xero Limited (Xero) released a market update for the full year ended 31 March 2021, announcing operating revenue growth of 18% to NZ\$849m, gross margin expansion of 80bps to 86.0% and net profit growth of 493% to NZ\$20m. Geographically, ANZ achieved operating revenue growth of 18% to NZ\$515m, subscribers increased by 20% to 1.56m with the Average Revenue Per User (ARPU) up 5% to NZ\$31.23. The ARPU increase was driven by a price increase to Xero Business Edition plans across Australia in March 2021, slightly offset by shifts in product mix to lower priced products. Xero's International segment achieved operating revenue growth of 19% to NZ\$334m, subscribers increased by 21% to 1.18m and ARPU was down 11% to NZ\$26.74 driven by a greater mix of subscribers from the lower ARPU partner channel, as well as the appreciation of the NZD versus the USD. Divisionally, Core Accounting revenue increased 20% to NZ\$772m, Platform revenue increased 21% to NZ\$59m and Other revenue decreased 28% to NZ\$17m, primarily due to cancellation of Xerocon and other in-person events. During the year Xero was certified carbon neutral by the Australian Government's Climate Active program and was also included in the 2021 Bloomberg Gender-Equality Index as one of only 13 companies headquartered in Australia or New Zealand. Management reiterated its focus on growth and reinvestment of operating cashflows versus profit margin expansion. Total operating expenses as a percentage of operating revenue for FY22 are expected to range between 80% to 85%, consistent with levels seen during the pre-pandemic period.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Xero Ltd	11.8	0.8
Afterpay Ltd	11.8	1.0
Resmed Inc.	9.6	0.4
CSL Ltd	8.1	6.3
James Hardie Industries	6.8	0.9

Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Afterpay Ltd	94.3	9.2	6.5
Xero Ltd	55.6	9.5	5.1
Domino's Pizza Ltd	77.0	7.1	4.9
James Hardie Industries	65.7	6.7	3.8
Wisetech Global Ltd	38.5	8.1	3.4

Detractors

Technology One Ltd	0.7	1.7	-0.2
IRESS Ltd	-4.6	1.2	-0.2
Brambles Ltd	-7.0	2.0	-0.3
Fisher & Paykel Ltd	0.8	7.5	-0.4
Altium Ltd	-24.0	2.2	-0.5

All data as at 31st May 2021

CONTACT US

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Pinnacle Investment Management Limited

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distribution@pinnacleinvestment.com.au

Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-20	27.8	58.1	-30.3	4
S&P/ASX 21-50	24.3	16.2	8.1	4
S&P/ASX 51-100	35.7	13.3	22.4	8
S&P/ASX 101-300	5.7	12.4	-6.7	7
Cash	6.6	--	6.6	--
Total	100.0	100.0	--	23

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

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	11.3	4.2
Consumer Discretionary	5.3	8.1
Financials	8.6	29.9
Health Care	29.3	10.1
Industrials	1.7	6.7
Information Technology	30.5	4.0
Materials	6.8	20.7
Cash	6.6	--

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 0.4324 CPU at 31 March 2021 AUD 0.7676 CPU at 30 September 2020 AUD 51.4675 CPU at 30 June 2020 AUD 0.2551 CPU at 31 March 2020
Fund Size	\$2,119.0 million
APIR Code	BNT0003AU
The Fund's PDS contains more complete information on risks and fees	

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