

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 markets exhibited a strong rebound in November on the back of positive COVID-19 vaccine announcements from Pfizer, Moderna and AstraZeneca. Furthermore, global equity markets reacted positively to increased certainty regarding the Biden-Trump U.S. election, and European COVID-19 related restrictions which appear to be successfully reducing the speed and quantum of community transmissions. In the U.S., the Dow Jones Index returned +11.8%, reaching a new record level and recording the best monthly performance since January 1987. U.S. economic data revealed Non-Farm payrolls increased by 245,000 in November, lowering the unemployment rate to 6.7%, which is down from the 14.7% April high. Housing starts also beat expectations, increasing +4.9% during October. In Europe, the FTSE 100, Euro STOXX 50 and German DAX indices returned +12.7%, +18.1% and +15.0%, respectively. During the month, the IHS Markit Eurozone Manufacturing PMI dropped slightly to 53.8, while the Eurozone Services Business Activity Index indicated a sharp contraction, falling by 5.2 points to 41.7. Lockdown restrictions continued to drive the two-speed economy as services sector activity suffered from local restrictions and continued to lag behind manufacturing output activity. In Australia, the S&P/ASX 300 Index returned +10.2%. Australian economic data revealed better than anticipated monthly activity data with October retail sales growing by 1.4%, and employment increasing by 178,800 in October. A shift to Value sectors during the month saw Energy (+28.2%), Financials (+16.1%) and Communication Services (+14.4%) as the best performing S&P/ASX 300 Index sectors. Consumer Staples (-0.7%), Utilities (+1.5%) and Healthcare (+2.9%) were the worst performers. Global commodity prices rose steeply during the month of November, driven by energy commodities (+6.4%) and non-energy commodities (+4.4%). The U.S. dollar depreciated against all G10 currencies, most notably against the Norwegian Krone (-7.3%), New Zealand Dollar (-6.0%) and Australian Dollar (-4.7%).

Performance

| | 1 month | 3 month | 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 (%) | 5.6 | 10.4 | 25.9 | 19.2 | 14.5 | 13.5 | 13.0 | 11.3 | 12.8 | 786.5 |
| <i>Benchmark (%)¹</i> | <i>10.2</i> | <i>8.3</i> | <i>-1.6</i> | <i>7.1</i> | <i>9.1</i> | <i>7.4</i> | <i>8.0</i> | <i>6.7</i> | <i>8.9</i> | <i>374.7</i> |
| Relative Performance – Net (%) | -4.6 | 2.2 | 27.5 | 12.2 | 5.3 | 6.1 | 5.0 | 4.5 | 3.8 | 411.8 |

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 30th November 2020. 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

Xero Limited (XRO-AU)

| | |
|---------------------|------------------------|
| Primary Exchange | ASX |
| GICS Sector | Information Technology |
| Market Cap (AUD\$m) | 18,929 |



Xero Limited (Xero) released a market update for the first half year ended 30 September 2020, announcing operating revenue growth of 21% to NZ\$410m, gross margin expansion of 50bps to 85.7% and EBITDA growth of 86% to NZ\$121m. Geographically, ANZ achieved operating revenue growth of 17% to NZ\$247m, with the number of subscribers increasing by 18% to 1.4m. The Average Revenue Per User (ARPU) however was down 3% to NZ\$30.79, driven by product mix impacts as the ATO JobKeeper Payment scheme contributed to the uptake of lower ARPU Single Touch Payroll focused products in Australia. Internationally operating revenue grew by 28% to NZ\$162m, subscribers increased by 21% to 1.0m and ARPU was down 5% to NZ\$28.44, driven by a shift towards the more efficient but lower ARPU partner channel during the second half of FY20. Management did not provide any guidance given the uncertainty created by COVID-19.

James Hardie Industries plc (JHX-AU)

| | |
|---------------------|-----------|
| Primary Exchange | ASX |
| GICS Sector | Materials |
| Market Cap (AUD\$m) | 17,513 |



James Hardie Industries plc (James Hardie) released its results for the second quarter ended 30 September 2020, reporting net sales growth of 12% to US\$737m, adjusted EBIT growth of 22% to US\$163m and adjusted EBIT margin expansion of 180bps to 22.1%. Geographically, the North American Fibre Cement segment achieved net sales growth of 12% to US\$515m and the adjusted EBIT margin expanded 180bps to 28.9%, driven by strong exteriors and interiors volume growth of 11% and 7% respectively, and an average net pricing increase of 1%. The Asia Pacific Fibre Cement segment's net sales increased 8% to US\$122m whilst the EBIT margin expanded 770bps to 31.7%, driven by 8% higher average net prices and volume growth of 2%. James Hardie's Europe Building Products segment also performed well, with net sales increasing by 13% to US\$100m and adjusted EBIT margin expanding 450bps to 11.1%, driven by fibre cement and fibre gypsum net sales growth of 21% and 12% respectively as well as a 10% increase in average net sales price. Management reaffirmed its full year FY21 adjusted net operating profit guidance range of US\$380m to US\$420m.

Brambles Limited (BXB-AU)

| | |
|---------------------|-------------|
| Primary Exchange | ASX |
| GICS Sector | Industrials |
| Market Cap (AUD\$m) | 16,219 |



Brambles Limited (Brambles) released its 1Q21 trading update for the quarter ended 30 September 2020, reporting revenue up 6% to US\$1,188.7m, driven by greater than expected demand for consumer staples, and U.S. retailers increasing inventory in anticipation of a potential second wave of COVID-19. Geographically, CHEP Americas' revenue was up 7% to US\$610.2m, reflecting strong like-for-like volume growth and increased retailer inventory stocking. CHEP EMEA revenue increased 2% to US\$463.6m as volume growth and price increases more than offset the COVID-19 impacted automotive business. Similarly, CHEP Asia Pacific sales increased 2% to US\$114.9m with volume growth, customer wins and price increases offsetting continued weakness in the Kegstar business. FY2021 guidance was revised to the upper end of the previous range, with the business now expecting sales growth of 2-4% on a constant currency basis and underlying profit growth of 3-5%, including a progressive recovery in the European automotive and Kegstar businesses.

Top 5 Holdings

| | Portfolio (%) | Benchmark (%) |
|---------------------|---------------|---------------|
| Afterpay Ltd | 9.8 | 1.2 |
| Wisetech Global Ltd | 9.2 | 0.3 |
| Xero Ltd | 8.7 | 0.8 |
| Fisher & Paykel Ltd | 7.7 | 0.2 |
| CSL Ltd | 7.5 | 7.2 |

Top 5 Contributors (rolling 12 months)

| Contributors | Price change (%) | Avg Weight (%) | Contribution to return (%) |
|-------------------------|------------------|----------------|----------------------------|
| Afterpay Ltd | 99.0 | 4.3 | 6.0 |
| James Hardie Industries | 155.3 | 3.9 | 5.1 |
| Xero Ltd | 63.0 | 7.4 | 5.1 |
| Wisetech Global Ltd. | 13.3 | 6.5 | 4.2 |
| Domino's Pizza Ltd | 40.1 | 8.3 | 3.6 |

Detractors

| | | | |
|------------------------|-------|-----|------|
| Seek Ltd | 12.3 | 4.6 | -0.4 |
| IRESS Ltd | -20.0 | 2.2 | -0.7 |
| Corporate Travel Mgmt* | -51.6 | 0.3 | -1.0 |
| Macquarie Group Ltd | 0.4 | 6.1 | -1.6 |
| Cochlear Ltd | -5.8 | 6.4 | -1.8 |

* Stock not currently held

Portfolio Fundamentals

| | Portfolio | Benchmark |
|-----------------------|-----------|-----------|
| Return on Equity (%)* | 21.1 | 11.8 |
| Dividend Yield (%)* | 0.9 | 2.9 |

* Trailing

CONTACT US

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Market Capitalisation

| | Pf (%) | Bm (%) | Act. (%) | # Stocks |
|-----------------|--------|--------|----------|----------|
| S&P/ASX 1-20 | 14.5 | 55.4 | -40.9 | 3 |
| S&P/ASX 21-50 | 12.6 | 17.5 | -4.9 | 3 |
| S&P/ASX 51-100 | 59.1 | 14.6 | 44.5 | 10 |
| S&P/ASX 101-300 | 9.1 | 12.6 | -3.5 | 7 |
| Cash | 4.7 | -- | 4.7 | -- |
| Total | 100.0 | 100.0 | | 23 |

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

Sector Allocation

| | Portfolio (%) | Benchmark (%) |
|------------------------|---------------|---------------|
| Communication Services | 10.6 | 4.2 |
| Consumer Discretionary | 6.9 | 7.7 |
| Financials | 9.2 | 27.6 |
| Health Care | 27.9 | 11.3 |
| Industrials | 1.7 | 7.5 |
| Information Technology | 32.4 | 4.3 |
| Materials | 6.6 | 19.0 |
| Cash | 4.7 | -- |

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 | \$1,840.3 million |
| APIR Code | BNT0003AU |
| The Fund's PDS contains more complete information on risks and fees | |

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