

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.



# HYPERION GLOBAL GROWTH COMPANIES FUND (MANAGED FUND)\*

ARSN: 611 084 229 TICKER: HYGX

JUNE 2021



## 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

## Performance Chart growth of \$10,000 since inception\*



Source: Hyperion Asset Management

## Fund Performance\*

	Portfolio – Net (%)	Benchmark <sup>^</sup> (%)	Excess Performance (%)
1 Month	10.6	4.7	5.9
3 Month	12.8	9.5	3.3
1 Year	46.3	28.1	18.2
3 Year (p.a.)	27.0	15.0	12.0
5 Year (p.a.)	27.0	15.3	11.7
7 Year (p.a.)	24.3	14.4	9.9
Inception (p.a.)*	23.8	14.3	9.5

\*Inception date: 1<sup>st</sup> June 2014. NAV to NAV, with all distributions reinvested. Returns are net of applicable fees and costs. Past performance is not a reliable indicator of future performance. Data as at 30<sup>th</sup> June 2021.

<sup>^</sup> MSCI World Accumulation Index (AUD)

All p.a. returns are annualised.

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.



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

## Fund Features

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Benchmark unaware
- Investors can buy or sell units on ASX like any other listed security, or apply and redeem directly with the Responsible Entity

## Fund Facts

Name	Hyperion Global Growth Companies Fund (Managed Fund)
Inception Date	01/06/2014
ARSN	611 084 229
APIR Code	WHT8435AU
Ticker	HYGX
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)	\$1,675.8 million
NAV Price	\$4.3592
Pricing Frequency	Daily
Registry	Automatic

\*only applicable for investors who apply for units directly with the Responsible Entity

## Investors can buy or sell units on the ASX

Ticker	HYGX
Exchange	ASX
Trading Currency	Australian Dollar
iNAV Provider	Solactive
Market Maker	Citigroup Global Markets Australia
Pricing	Intra-day

	Ticker	iNAV Ticker
Bloomberg	HYGX AU Equity	HYGGAUIV
Reuters/Refinitiv	HYGX.AX	HYGGAUDINAV=SOLA
IRESS	HYGX.AXW	HYGGAUDINAV

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Please consider the Product Disclosure Statement (PDS) of the Fund, which provides more complete information on risks and fees, in its entirety before making an investment decision. The current PDS of the Fund can be found at <https://www.hyperion.com.au/>.

## GLOBAL MARKET OVERVIEW

Global equity markets rose modestly throughout June as inflation fears remained topical. In the U.S., the S&P 500 returned +2.3%, with the Federal Reserve (Fed) releasing positive bank stress test results and President Biden announcing an agreement with a bipartisan group of senators on a US\$579b infrastructure plan. Data revealed that the unemployment rate was little changed at 5.9% in June, the Composite PMI fell from the May record of 68.7 to 63.7, whilst the core Personal Consumption Expenditure Index, the Fed's preferred inflation measure, rose to 3.4% in May. In Europe, the Euro STOXX 50, German DAX and FTSE 100 returned +0.7%, +0.7% and +0.4%, respectively. During the month, the Composite PMI increased to 59.5, reflecting the fastest increase in private sector activity since June 2006. The European Central Bank quelled concerns of heightened inflation by committing to maintain its €1.85t pandemic emergency purchase programme with purchases expected to run at a significantly higher pace than during the first months of the year. Furthermore, the Bank of England kept its bank rate at 0.1% and maintained the total size of its asset purchase programme at £895b. In Australia, the ASX 300 returned +2.3%. Australian Prime Minister, Scott Morrison, finalised the Australian-United Kingdom Free Trade Agreement with UK Prime Minister, Boris Johnson, facilitating the deregulation of Australia's lamb, beef, and sugar exports. Additionally, during May the unemployment rate decreased from 5.5% to 5.1% and 115,000 jobs were created. Information technology (+12.4%), Communication services (+5.6%) and REITs (+5.6%) were the best performing S&P/ASX 300 Index sectors, whilst Financials (-0.2%), Materials (+0.1%) and Health Care (+2.1%) were the worst performers. Information Technology (+7.2%), Energy (+4.4%) and Health Care (+3.8%) were the best performing MSCI World Index sectors, whilst Materials (-2.5%), Financials (-2.2%) and Utilities (-1.7%) were the worst performers. The U.S. dollar was stronger against all G10 currencies during June.

### Top 5 Holdings

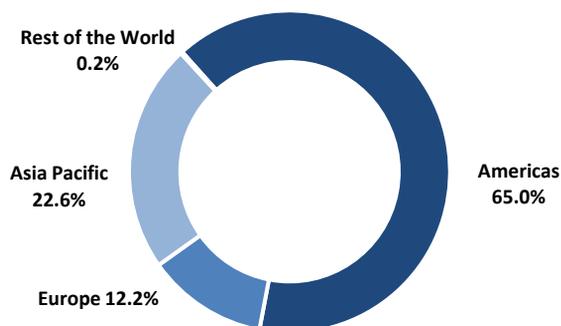
	Portfolio (%)	Benchmark (%)
Tesla Inc.	12.5	0.9
Amazon, Inc.	8.2	2.5
PayPal Holdings Inc.	8.2	0.6
Square, Inc.	7.8	0.2
Microsoft Corporation	5.8	3.4

### Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	20.6	9.1
Consumer Discretionary	30.4	12.0
Consumer Staples	1.6	7.0
Financials	0.7	13.6
Health Care	3.0	12.5
Information Technology	37.9	22.1
Cash	5.7	--

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

### Geographical Weight by Source of Revenue



Source: Hyperion Asset Management

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

All data as at 30<sup>th</sup> June 2021

### Market Capitalisation (AUD)

	Portfolio (%)	# Stocks
\$0 - \$50bn	0.7	1
\$50 - \$100bn	12.1	4
\$100bn +	81.4	20
Cash	5.7	--
Total	100.0	25

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

### Top 5 Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Tesla, Inc.	188.6	12.1	18.9
Square, Inc. Class A	113.1	10.3	10.7
PayPal Holdings, Inc.	53.4	7.0	3.2
Facebook, Inc. Class A	40.4	4.4	2.0
Amazon.com, Inc.	14.4	9.7	1.8

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
CSL Ltd.*	0.7	0.8	-0.0
Alibaba Group Holding Ltd.	-6.6	0.4	-0.1
MarketAxess Holdings, Inc.	-15.1	1.6	-0.2

\*Stock not currently held

### Portfolio Characteristics <sup>^</sup>

	Portfolio
Number of Holdings	25
Top 10 Security Holdings (%)	64.1
Dividend Yield (%) <sup>*</sup>	0.3

<sup>\*</sup>Trailing

<sup>^</sup>Data based on composite. Before fees

#### CONTACT US

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## PORTFOLIO HOLDINGS FOCUS

### PayPal Holdings, Inc. (PYPL-US)

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Primary Exchange	NASDAQ
GICS Sector	Information Technology
Market Cap (US\$m)	342,410



PayPal Holdings, Inc. (PayPal) is a leading technology platform that securely facilitates digital and mobile payments between consumers and merchants globally. The company's payment solutions provide consumers and merchants with an end-to-end means of securely accessing, holding, sending, and receiving various traditional and crypto currencies. PayPal's product suite includes PayPal, PayPal Credit, Braintree, Venmo, Xoom, Hyperwallet, iZettle, Honey, and Paydiant. The company was founded in 1998 and is headquartered in San Jose, California. As of 2021, the company has 44 office locations across 23 countries, operates in 202 markets, and has 392 million active accounts (comprised of 361 million consumer and 31 million merchant accounts).

#### Hyperion's View:

PayPal's core digital payments business was initially developed to address consumer concerns around the security and safety of transacting online through e-commerce platforms. By directly addressing and alleviating these concerns, PayPal quickly established a market leading position as a globally trusted payment platform that is today offered by millions of merchants. PayPal's two-sided network operates at scale, facilitating upwards of 31,455 transactions per minute across multiple channels, markets, and networks. In 2020 the company achieved a total payment volume of over US\$936 billion, up 31% from 2019. Platform trust is a critical success factor, with PayPal highlighting 54% of consumers are more willing to buy when PayPal is accepted and 59% of users are not willing to complete a transaction if PayPal is not available.<sup>1</sup>

PayPal's organic innovation and strategic acquisitions have driven strong compound revenue and earnings growth. The company has identified a total addressable market (TAM) opportunity worth more than US\$110 trillion across online retail, peer-to-peer (P2P) and remittances, in-person services, business-to-consumer (B2C), in-store retail, digital services, emerging market payments, government payments, asset trading, as well as business-to-business (B2B) and other non-cash payments sectors. Hyperion expects long-term organic growth to be driven by the ongoing digitization of cash and the structural shift from brick and mortar to e-commerce. Strategic acquisitions have been undertaken to expand and protect the company's market position, adapt to and improve on technological innovations, and enhance user experience and choice.

PayPal's key value proposition to consumers is security, speed, trust, and convenience of use for online and digital payments globally. For merchants, PayPal's scale of network, high checkout conversion rates, and ease of integration underpin its core value proposition. PayPal's long-term vision is to create a connected ecosystem that offers a simple way to enable, pay and track transactions across all touchpoints. Hyperion believe PayPal's overall value proposition will continue to expand meaningfully over time as the company grows its product suite and works towards becoming a financial services 'super-app'. Additional services currently offered include the ability to buy, hold and sell cryptocurrency, and Buy Now Pay Later (BNPL) optionality, with plans to include savings and budgeting functionality, enhanced investment optionality, additional payment tools, and new commerce focused products and services in the future.

PayPal's two-sided network acts as an accelerant for user growth, with increases in consumer use promoting increases in merchants, and vice-versa. The company has successfully evolved from being a single product business (checkout option) to an all-encompassing payments solution platform. The payments industry has witnessed persistent evolution over time, with competitors such as Apple Pay, Google Pay, Amazon Pay and Samsung Pay entering the market. However, to date, no competitor has been able to establish a digital network of a comparable scale to PayPal.

PayPal possesses a robust and sustainable competitive advantage that has benefited from a growing and self-reinforcing network effect, the structural shift to online commerce (secular tailwinds accelerated by the COVID-19 pandemic), and the digitization of cash. PayPal has market leading conversion rates, a strong brand and reputation, and is an entrenched payments platform. Hyperion believes PayPal is well positioned to capitalize on future opportunities and to execute on strategic acquisitions that will enable it to continually innovate and remain at the forefront of the digital payments revolution. Hyperion expects PayPal to achieve its vision of making the movement and management of money as simple, secure, and affordable as possible.

## PORTFOLIO HOLDINGS UPDATE

### Amazon.com, Inc. (AMZN-US)

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Primary Exchange	NASDAQ
GICS Sector	Consumer Discretionary
Market Cap (US\$m)	1,734,954



Amazon provided an update on the results of its Prime Day event, which took place in late June 2021. Amazon described Prime Day as the most significant two-day period ever for Amazon third party sellers, with growth outpacing Amazon's first party sales business. Amazon also disclosed that in a two-week period promotion preceding Prime Day, small businesses generated cumulative revenue of \$1.9b, more than 100% growth compared to the Prime 2020 promotion. At last disclosure, Amazon had over 200m Prime members globally, providing a sticky, recurring revenue stream. Amazon continues to invest in improving the value proposition for Prime members and accordingly, given the extent of the value provided relative to the subscription price, we believe they will have the opportunity to increase Prime subscription prices over time.

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