

**OBJECTIVE: LONG-TERM CAPITAL GROWTH AND INCOME BY INVESTING IN HIGH CALIBRE AUSTRALIAN COMPANIES PRIMARILY LISTED OUTSIDE THE S&P/ASX 100 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 extended their gains for a third consecutive month, despite inflation fears in the U.S. and a new wave of COVID-19 infections dominating headlines across Europe. In the U.S., the S&P 500 Index returned +5.3% with data revealing that the unemployment rate was little changed at 6.1% in April, the IHS Markit Composite PMI increased to 63.5 in April, and the advanced GDP report indicated an annualised gain of 6.4%. In addition, the Federal Reserve left rates unchanged, acknowledging that the economy was improving whilst continuing to buy at least US\$120b of bonds each month. In Europe, the FTSE 100, Euro STOXX 50, and German DAX indices returned +4.1%, +1.9% and +0.8%, respectively. During the month, the IHS Markit Eurozone Composite PMI increased to 53.8 in April, with manufacturing continuing to perform strongly whilst services improved despite the negative impacts of ongoing lockdowns in the region. Furthermore, the European Central Bank held its refinancing operations, marginal lending facility and deposit facility rates at 0.00%, 0.25% and -0.50%, respectively, and will continue to conduct net asset purchases under the pandemic emergency purchase programme worth €1,850b until March 2022. In Australia, the S&P/ASX 300 Index returned +3.7%. Economic data revealed that the unemployment rate fell to 5.6% and dwelling prices increased 1.7% in April after a 2.6% increase during March, the strongest monthly increase since 1988. In addition, the Reserve Bank of Australia left its policy settings unchanged noting that the economic recovery was well under way and had been stronger than expected. Information Technology (+9.8%), Materials (+7.5%) and Industrials (+4.1%) were the best performing S&P/ASX 300 Index sectors. Energy (-4.7%), Communication Staples (-2.4%) and Utilities (-1.2%) were the worst performers. Bulk commodity prices were broadly up during the month, whilst the U.S. dollar weakened against all G10 currencies.

**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* <sup>^</sup>
<b>Portfolio – Net (%)</b>	<b>8.8</b>	<b>4.5</b>	<b>46.0</b>	<b>22.4</b>	<b>15.1</b>	<b>14.3</b>	<b>15.9</b>	<b>13.5</b>	<b>16.2</b>	<b>1518.2</b>
Benchmark (%) <sup>1</sup>	5.0	7.4	39.8	9.1	11.1	9.4	4.9	3.9	7.8	302.2
Relative Performance – Net (%)	3.8	-3.0	6.2	13.3	4.0	4.9	11.0	9.5	8.4	1216.0

1. S&P/ASX Small Ordinaries Accumulation Index. \*Inception date: 30<sup>th</sup> September 2002. All p.a. returns are annualised. <sup>^</sup>Total return. 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> April 2021. Due to rounding excess performance figures may not equate perfectly to the difference between Hyperion Small Growth Performance and the S&P/ASX Small Ordinaries Accumulation Index Performance.



## PORTFOLIO HOLDINGS UPDATE

### HUB24 Limited (HUB-AU)

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Primary Exchange **ASX**  
GICS Sector **Financials**  
Market Cap (AUD\$m) **1,727**



HUB24 Limited (HUB24) released a market update for the third quarter ended 31 March 2021, announcing funds under administration (FUA) of \$51.4b, an increase of \$20.1b or 64% for the quarter. On an annual basis, FUA increased by \$36.1b or 237% and net inflows were up 41% to \$1.9b. The elevated FUA level included contributions from Xplore Wealth Limited (Xplore) of \$17.2b. Additionally, 478 new advisers, 293 of which were part of the Xplore acquisition, were introduced to the platform during the quarter, increasing the company's adviser base by 21% to 2,758 advisers, while 28 new licensee agreements with both large boutique licensees and self-licensed practices, as well as a new distribution agreement with an existing Xplore client were signed. At the industry level, the latest Strategic Insights quarterly platform market update revealed that HUB24 increased its market share to 2.5% as at December 2020, which when combined with Xplore's market share of 1.85%, increased HUB24's total market share to approximately 4.3%. During the quarter, the company completed the proportional takeover in Easton Investments Limited and now has a 31.5% ownership, the Xplore team transitioned across to join HUB24, and the PARS separation from Ord Minnett systems onto HUB24 was progressed.

### Netwealth Group Limited (NWL-AU)

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Primary Exchange **ASX**  
GICS Sector **Financials**  
Market Cap (AUD\$m) **3,630**



Netwealth Group Limited (Netwealth) released a market update for the third quarter ended 31 March 2021, reporting funds under administration (FUA) of \$41.8b, an increase of \$3.0b or 8% for the quarter. On an annual basis, FUA increased by \$14.0b or 50%. Additionally, the company's funds under management (FUM) increased by \$1.2b or 13% to \$10.5b during the quarter. Annually, FUM has grown by \$4.2b or 66%. Netwealth's platform member accounts also achieved strong growth during the quarter, increasing by 3,819 accounts or 4% to 92,008 member accounts. Based on the latest Strategic Insights quarterly platform market update, Netwealth increased its market share to 4.3% as at December 2020, achieving net flows of +\$2.6b during the quarter, making it the 7th largest as well as the fastest growing platform in Australia. In addition, the Investment Trends 2020 Platform Benchmarking Report ranked Netwealth first in the industry for transaction tools, reporting, product offering, and decision support tools. Management noted that it expects full year FUA net inflows to be approximately \$9b, an increase from the previously guided range of between \$8.5b and \$9b.

## Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Wisetech Global Ltd	11.0	--
Domino's Pizza Ltd	10.9	--
Xero Ltd	10.4	--
Fisher & Paykel Ltd	7.4	--
REA Group Ltd	7.1	--

## Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Wisetech Global Ltd	69.1	11.2	7.8
Domino's Pizza Ltd	83.7	10.3	7.5
Xero Ltd	78.0	9.5	7.0
HUB24 Ltd	158.8	4.7	5.5
Pushpay Holdings Ltd	71.7	5.3	5.2

## Detractors

ELMO Software Ltd	-19.4	2.4	-0.5
IRESS Ltd	-11.2	3.0	-0.5
Technology One Ltd	-0.2	3.8	-0.6
Nanosonics Ltd	-12.7	4.4	-0.7
Bravura Solutions Ltd	-42.0	3.6	-2.6

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

### CONTACT US

#### DISTRIBUTION PARTNER

**Pinnacle Investment Management Limited**

Tel: 1300 010 311

distribution@pinnacleinvestment.com.au

## Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	10.4	--	10.4	1
S&P/ASX 51-100	37.2	--	37.2	5
S&P/ASX 101-200	22.2	70.9	-48.7	9
S&P/ASX 201-300	17.9	29.1	-11.2	6
Ex S&P/ASX 300	6.6	--	6.6	4
Cash	5.7	--	5.7	--
Total	100.0	100.0		25

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

## Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	7.9	5.7
Consumer Discretionary	28.2	17.2
Financials	6.8	13.8
Health Care	17.4	6.6
Information Technology	34.1	7.9
Cash	5.7	--

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

## Fund Characteristics

<b>Universe</b>	Ex S&P/ASX 100
<b>Launch</b>	Managed by Hyperion since September 2002, launched October 1996
<b>Fees</b>	MER 1.25% (plus 15% of outperformance above the S&P/ASX Small Ordinaries Accumulation Index)
<b>Distribution</b>	AUD 0.01681 CPU at 31 March 2021 AUD 0.4685 CPU at 30 September 2020 AUD 54.6883 CPU at 30 June 2020 AUD 0.7586 CPU at 31 March 2020
<b>Fund Size</b>	\$716.5 million
<b>APIR Code</b>	BNT0101AU
The Fund's PDS contains more complete information on risks and fees	

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