

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 extended their gains for a second consecutive month, ending December near all-time highs. Major global headlines featured the confirmation of the U.S. presidential election victory by the Biden-led Democratic Party while Great Britain and the European Union reached a Brexit Trade Deal after five years of negotiations. Headlines also featured news of the newly discovered highly contagious strain of COVID-19 which sparked strict Christmas border restrictions and shutdowns. In the U.S., the S&P 500 Index returned +3.8% during the month. New York Federal Reserve November economic data revealed one-year forward consumer inflation expectations beat consensus estimates, reaching 3.0%. In addition, the IHS Markit Manufacturing PMI increased to 57.1 in December, marking the sharpest observed recovery in U.S. manufacturing sector operating conditions since September 2014. In Europe, the FTSE 100, Euro STOXX 50 and German DAX indices returned +3.3%, +1.8% and +3.2%, respectively. During the month, the European Commission Economic Sentiment Indicator improved +2.7 points to 90.4 and Flash Consumer Confidence data revealed improved conditions with the indicator increasing to -13.9 from -17.6 in November. Lockdown restrictions continued leading into Christmas, as Eurozone retail sales decreased by -6.0% over the month. In Australia, the S&P/ASX 300 Index returned +1.3% during December. It was revealed by ANZ that Job Advertisements grew +13.9% in November as reopening throughout the country continued. During the month, the IHS Markit Manufacturing PMI declined slightly from the 35-month high reached in November to 55.7, while the seasonally adjusted Business Activity Index rose to 57.0, signalling boosted activity as restrictions were eased. The best performing S&P/ASX 300 Index sectors for the month were Materials (+8.8%), Information Technology (+8.6%) and Consumer Staples (+2.2%) while Utilities (-5.4%), Health Care (-4.7%) and Industrials (-2.2%) were the worst performers. Global commodity prices continued to rise across the board, with energy commodities and non-energy commodities increasing +15.0% and +4.7% respectively during the month. The U.S. dollar depreciated against all G10 currencies, most notably against the Australian Dollar (-4.5%), Swedish Krona (-3.9%) and Norwegian Krone (-3.3%).

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 (%)	4.3	15.0	32.7	19.5	12.8	14.4	15.9	14.3	16.1	1436.9
<i>Benchmark (%)¹</i>	<i>2.8</i>	<i>13.8</i>	<i>9.2</i>	<i>6.6</i>	<i>10.5</i>	<i>8.3</i>	<i>3.8</i>	<i>4.4</i>	<i>7.5</i>	<i>275.3</i>
Relative Performance – Net (%)	1.6	1.2	23.5	12.9	2.4	6.2	12.1	9.9	8.6	1161.7

1. S&P/ASX Small Ordinaries 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 December 2020. 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

ELMO Software Ltd. (ELO-AU)

Primary Exchange	ASX
GICS Sector	Information Technology
Market Cap (AUD\$m)	575



ELMO Software Limited (ELMO) announced the acquisition of the U.K. based expense management platform, Webexpenses, on 16 December 2020. Webexpenses is a cloud-based solution with a large and growing customer base with 96% of company revenues derived from subscriptions. The company reported an Annualised Recurring Revenue (ARR) of AU\$7.9 million as of 30 November 2020 with high annual growth of 30% and a customer retention rate of 90%. The transaction will provide ELMO with access to the over 1,000 customers of Webexpenses, cross selling opportunities, further U.K. footprint expansion, and expansion of ELMO's Total Addressable Market by approximately AU\$1.4bn, taking the company's Total Addressable Market to AU\$12.8bn. Webexpenses reported a gross profit margin of over 90% and EBITDA of AU\$1.0 million as of 30 November 2020. ELMO will pay approximately AU\$35.3 million up front, financed with a combination of cash at 51% and scrip at 49%, with a further earn-out payment subject to achievement of financial targets estimated at around AU\$23.0 million. Management noted that Owner and Chairman Michael Richards will continue as a strategic advisor to the U.K. business and CEO Adam Reynolds will continue in his current role. FY21 guidance was also upgraded with management expecting ARR to be between AU\$81.5 and AU\$88.5 million, revenue between AU\$65.0 and AU\$71.0 million and EBITDA between -AU\$2.4 and -AU\$7.4 million.

Pro Medicus Limited (PME-AU)

Primary Exchange	ASX
GICS Sector	Health Care
Market Cap (AUD\$m)	3,560



Pro Medicus Limited (Pro Medicus) released a company announcement on 17 December 2020 outlining a new contract win with MedStar Health (MedStar) for five years and worth AU\$18 million. MedStar will replace all imaging solutions used in its radiology and imaging departments with Pro Medicus' Visage 7 infrastructure, including its Viewer, Open Archive and Workflow products. The contract is based on a transactional licensing model and is Pro Medicus' first contract win across its full solution offering. This will also be Pro Medicus' first hospital group contract that is fully deployed publicly via the cloud, which signifies a shift in U.S. healthcare providers' perception of public-cloud platforms. The contract was won by Pro Medicus in a head-to-head extensive evaluation where Visage was compared to the existing system and other vendors, verifying the speed of the Visage 7 offering in the public-cloud and the value proposition to customers.

Nanosonics (NAN-AU)

Primary Exchange	ASX
GICS Sector	Health Care
Market Cap (AUD\$m)	2,417



Nanosonics Ltd (Nanosonics) provided a business update for the first four months of FY21 to 31 October 2020. The company reported unit purchases of consumables (Sonex / NanoNebulant) by end customers in the first four-month period increased 4% compared to the prior corresponding period preceding the COVID-19 pandemic. New Trophon units installed in the first four months of FY21 were 91% of the prior corresponding period, with North America at 90% and EMEA at 119%. Management commented on North American hospitals being better equipped during the second wave of COVID-19, resulting in a lesser impact on volumes than during the first wave. Nanosonics held their Annual General Meeting on 24 November 2020, reiterating growth in the global installed base, up 13% to 23,720 units as at FY20. For FY20 the company saw stronger growth in the Europe and Middle East installed base which was up 27%, while the North America and Asia Pacific installed bases increased 13% and 9% respectively. Furthermore, the company noted total revenue had grown 19% over the year to AU\$100.1 million. Nanosonics emphasised the continued significance and unmet need for their lead new product which is currently in development. In late November, I-MED Radiology Network announced an agreement to update their fleet of Trophon EPRs to the newer Trophon 2 model as well as expanding their installed base to ensure standardised practice for high level disinfection of ultrasound equipment. The I-MED Network is the largest user of the technology in Australia.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Wisetech Global Ltd	12.2	--
Domino's Pizza Ltd	10.1	--
Xero Ltd	9.4	--
Fisher & Paykel Ltd	8.8	--
REA Group	6.2	--

Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Wisetech Global Ltd	31.6	9.7	7.4
Xero Ltd	83.5	8.6	6.4
Domino's Pizza Ltd	65.5	10.2	5.8
Pushpay Holdings Ltd	81.1	5.3	5.3
Fisher & Paykel Ltd	46.7	7.2	3.5

Detractors

Audinate Group Ltd	2.6	1.3	-0.7
IRESS Ltd	-18.6	4.2	-1.2
Class Ltd	-4.1	1.6	-1.3
Bravura Solutions Ltd	-40.6	3.4	-2.2
Corporate Travel Mgmt.*	-51.2	0.6	-2.7

* Stock not currently held

Portfolio Fundamentals

	Portfolio	Benchmark
Return on Equity (%)*	20.8	9.0
Dividend Yield (%)*	1.0	2.2

* Trailing

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Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	9.4	--	9.4	1
S&P/ASX 51-100	38.4	--	38.4	5
S&P/ASX 101-200	22.8	71.9	-49.1	8
S&P/ASX 201-300	18.6	28.1	-9.5	6
Ex S&P/ASX 300	6.8	--	6.8	3
Cash	4.1	--	4.1	--
Total	100.0	100.0		23

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	7.3	5.5
Consumer Discretionary	19.4	16.5
Financials	8.0	13.0
Health Care	20.1	6.9
Information Technology	41.1	6.6
Cash	4.1	--

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

Fund Characteristics

Universe	Ex S&P/ASX 100
Launch	Managed by Hyperion since September 2002, launched October 1996
Fees	MER 1.25% (plus 15% of outperformance above the S&P/ASX Small Ordinaries Accumulation Index)
Distribution	AUD 0.4685 CPU at 30 September 2020 AUD 54.6883 CPU at 30 June 2020 AUD 0.7586 CPU at 31 March 2020 AUD 0.6615 CPU at 30 September 2019 AUD 50.1141 CPU at 30 June 2019
Fund Size	\$556.6 million
APIR Code	BNT0101AU

The Fund's PDS contains more complete information on risks and fees

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