

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 experienced mixed results during the first month of 2021, as the global rollout of COVID-19 vaccinations and promises of further fiscal and monetary stimulus measures dominated headlines. In the U.S., the S&P 500 Index returned -1.0% as economic data revealed that U.S. GDP is growing at a preliminary annualised rate of 4.0%. The nation's core Personal Consumption Price Index, the Federal Reserve's preferred inflationary measure, is running at an annualised rate of 1.5% and its unemployment rate remained at 6.7%. In addition, the newly elected Biden-led administration proposed a US\$1.9t "American Rescue Plan", on top of the bi-partisan US\$900b fiscal stimulus plan agreed in late December. In Europe, the FTSE 100, Euro STOXX 50 and German DAX indices declined -0.8%, -1.8% and -2.1%, respectively. During the month, the IHS Markit Eurozone composite PMI fell for a second consecutive month to 47.8 as lockdown restrictions continued to drive the two-speed economy, with services sector activity suffering from local restrictions and lagging behind manufacturing output activity. Furthermore, the ECB held its refinancing operations, marginal lending facility and deposit facility rates at 0.00%, 0.25% and -0.50%, respectively, and extended its Pandemic Emergency Purchase Program to March 2022, worth €1,850b. In Australia, the S&P/ASX 300 Index returned +0.3%. Economic data revealed that the unemployment rate fell to 6.6% whilst preliminary December retail sales fell -4.2%. Consumer Discretionary (+4.8%), Communication Services (+2.6%) and Financials (+2.3%) were the best performing S&P/ASX 300 Index sectors. REITs (-4.1%), Industrials (-3.1%) and Health Care (-1.7%) were the worst performers. Across foreign exchange markets, the U.S. dollar was mostly up against the G10 currencies during January, except against the New Zealand Dollar, Norwegian Krone and Pound Sterling.

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 (%)	0.8	10.2	28.5	19.8	14.8	14.9	16.0	14.1	16.1	1,448.9
<i>Benchmark (%)¹</i>	<i>-0.3</i>	<i>13.0</i>	<i>5.4</i>	<i>6.7</i>	<i>11.6</i>	<i>8.6</i>	<i>4.0</i>	<i>4.1</i>	<i>7.5</i>	<i>274.3</i>
Relative Performance – Net (%)	1.0	-2.8	23.1	13.1	3.3	6.3	12.1	10.0	8.6	1,174.6

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 January 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

ELMO Software Ltd. (ELO-AU)

Primary Exchange	ASX
GICS Sector	Information Technology
Market Cap (AUD\$m)	592



ELMO Software Limited (ELMO) released a quarterly activities report for the second quarter ended 31 December 2020, reporting record cash receipts growth of 23% to \$64.5m over a 12-month period and record quarterly cash receipts of \$18.8m, up 22% during 2Q21. ELMO acquired Breathe in October of 2020, and WebExpenses in December 2020. These acquisitions expanded ELMO's market opportunity via entry into the small business market in Australia, New Zealand, and the UK, as well as entry into expense management. The acquisition of WebExpenses was noted to have also accelerated ELMO's UK mid-market expansion by facilitating a cross sell of ELMO modules to existing WebExpenses customers. Management reaffirmed FY21 guidance provided on the 16th of December 2020, with revenue expected to be between \$65m to \$71m.

Netwealth (NWL-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	4,103



Netwealth Group Limited (Netwealth) released a 2Q21 business update for the quarter ended 31 December 2020, reporting funds under administration (FUA) of \$38.8b representing an increase of 14% for the quarter and 36% for the year. Quarterly net inflows and market movements contributed \$2.6b and \$2.2b, respectively. Average FUA per account increased to \$440,000 compared to \$378,000 in the prior year. At the board level, Affirmative Investment Management partner Kate Temby will be appointed as a new Independent Non-Executive Director and current Chairman, Jane Tongs, has advised her retirement following the FY21 half-year result release. Tongs' replacement, Tim Antonie, is the current Chairman of the Audit Committee. Netwealth's continual growth is attributed to winning market share from incumbents with poorer value propositions and technology. Ongoing industry consolidation and change will be beneficial for Netwealth, and the pipeline of new business remains strong. Netwealth upgraded FY2021 FUA expected net inflows to between \$8.5b and \$9.0b, an increase from the previously guided figure of \$8.0b.

HUB24 (HUB-AU)

Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	1,637



HUB24 Limited (HUB24) saw positive results for the quarter ended 31 December 2020, with custodial funds under administration (FUA) up \$3b to \$22b. This marks a record for quarterly net inflows which grew 37% to \$1.7b, with the remaining \$1.2b increase in FUA attributable to positive market movements. In combination with \$9.3b of non-custodial FUA, the majority of which was obtained through the acquisition of the Ord Minnett PARS business during the quarter, total FUA reached \$31.3b. These results were accompanied by the addition of 113 new advisers, as well as the signing of 24 new licensee agreements with both large boutique licensees and self-licensed practices. According to recent data, HUB24 has further increased its market share within the industry to 2.3%, up 0.20% from the preceding quarter. Investment options available on the platform increased with 12 new international ETFs added along with 18 new diversified managed portfolios, three of which are sustainable managed portfolios to cater for increasing client demand for ethical investment options. In the development pipeline for FY21 sits the transition of Clearview Limited to the HUB24 platform, in addition to the pilot of its bionic advice solution.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Wisetech Global Ltd	11.9	--
Domino's Pizza Ltd	10.6	--
Xero Ltd	9.7	--
Fisher & Paykel Ltd	8.7	--
REA Group	6.8	--

Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Wisetech Global Ltd	25.0	10.1	7.1
Domino's Pizza Ltd	67.6	10.2	5.8
Pro Medicus Ltd	145.6	4.1	4.8
Xero Ltd	51.8	8.7	4.7
HUB24 Ltd	123.1	4.7	4.4

Detractors

Nanosonics Ltd	-1.4	4.9	-0.8
Class Ltd	-5.4	1.3	-1.3
IRESS Ltd	-28.6	3.9	-1.8
Corporate Travel Mgmt.*	-43.9	0.3	-2.1
Bravura Solutions Ltd	-44.1	3.7	-2.4

* Stock not currently held

Portfolio Fundamentals

	Portfolio	Benchmark
Return on Equity (%)*	18.1	4.6
Dividend Yield (%)*	1.0	2.2

* Trailing

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Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	9.7	--	9.7	1
S&P/ASX 51-100	39.0	--	39.0	5
S&P/ASX 101-200	21.9	71.6	-49.6	8
S&P/ASX 201-300	17.4	28.4	-11.0	6
Ex S&P/ASX 300	6.1	--	6.1	3
Cash	5.9	--	5.9	--
Total	100.0	100.0		23

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	7.9	5.7
Consumer Discretionary	19.4	16.9
Financials	7.8	13.2
Health Care	19.6	6.7
Information Technology	39.5	6.5
Cash	5.9	--

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	\$585.7 million
APIR Code	BNT0101AU
The Fund's PDS contains more complete information on risks and fees	

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