

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 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. The U.S. dollar was stronger against all G10 currencies during June.

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 (%)	7.7	13.1	37.3	19.5	15.9	15.5	17.2	13.9	16.2	1581.4
<i>Benchmark (%)¹</i>	3.1	8.5	33.2	8.6	11.2	10.1	6.0	4.4	7.9	315.7
Relative Performance – Net (%)	4.7	4.6	4.1	10.9	4.7	5.4	11.2	9.5	8.3	1265.8

1. S&P/ASX Small Ordinaries Accumulation Index. *Inception date: 30th September 2002. All p.a. returns are annualised. [^]Total return.

Returns are net of applicable fees and costs.

Past performance is not a reliable indicator of future performance.

Data as at 30th June 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

Altium Limited (ALU-AU)

Primary Exchange	ASX
GICS Sector	Information Technology
Market Cap (AUD\$m)	4,815



Altium Limited (Altium) provided a trading update via an investor call on 18 June 2021. The company outlined the importance of selective partnerships and acquisitions in the medium-term horizon to capitalise on their unique ability to transform the electronic design industry via their printed circuit board design software, Altium 365 and Nexar. As such, Altium viewed the recent buyout offer supplied by the large U.S. based multinational software corporation, Autodesk, to be unreflective of the true value of Altium. Despite rejecting of the offer, Chairman Sam Wiess maintains a strong working relationship with the CEO of Autodesk and has no pre-conceived resistance to a takeover. Management noted that Altium has maintained an eight-year streak of double-digit revenue growth and expects revenue to be at the lower end of guidance for FY21 at US\$190m to US\$195m. Altium believes their diverse product range and resulting access to varied and high-profile industries and customers to be a core driver of their attainment of market dominance. To increase its breadth of penetration, Altium aims to create strategic alliances with companies that are motivated to pursue digital transformation but have low organisational capabilities to implement such developments. Moreover, Altium aims to capitalise on the emergence of cloud-based digital ecosystems by connecting electronic design to manufacturing and the wider engineering software ecosystem. With this, Altium intends to improve the productivity and manufacturability of electronics hardware and in turn manage production and supply chain risk.

Nanosonics Limited (NAN-AU)

Primary Exchange	ASX
GICS Sector	Health Care
Market Cap (AUD\$m)	1,770



Nanosonics Limited announced the launch of the Nanosonics AuditPro (AuditPro) at the Association for Professionals in Infection Control conference on 28 June 2021. The product is described as a digital workflow compliance management system for tracking various instruments used in medical procedures. The system is comprised of a mobile scanning device and docking station, and a subscription to a workflow compliance mobile application and compliance reporting and dashboard application. The system will begin to be distributed in the U.S. from July 2021. Guided by the Spaulding classification, a globally accepted risk-based framework used to determine the level of disinfection required for reusable medical devices, the device effectively supports workplaces to standardise infection prevention practices and optimise patient care. This is achieved through in-built infection prevention education which ensures that each user follows a standard operating procedure, irrespective of their experience or department. Quality of infection prevention practices is standardised via the mobile application workflow, which qualifies every procedure against the Spaulding classification for disinfection requirements. Furthermore, infection preventionists and risk officers will enjoy the benefit of real time risk notifications that are triggered by potential non-compliance events. In addition to direct sales of the AuditPro, management expects its rollout to result in incremental trophon 2 sales given the product aims to extend the traceability functionality of the trophon 2.

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Xero Ltd	12.0	--
Domino's Pizza Ltd	11.2	--
Wisetech Global Ltd	11.0	--
Fisher & Paykel Ltd	8.0	--
REA Group Ltd	7.4	--

Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Wisetech Global Ltd	65.0	11.2	7.2
Domino's Pizza Ltd	75.4	10.6	7.2
HUB24 Ltd	206.6	4.6	6.3
Pro Medicus Ltd	121.9	5.9	5.7
Xero Ltd	52.1	9.8	5.5

Detractors

Nanosonics Ltd	-13.9	4.1	-0.9
Fisher & Paykel Ltd	-11.9	7.9	-1.0
ELMO Software Ltd	-40.5	2.3	-1.1
Bravura Solutions Ltd	-22.0	3.4	-1.3
Pushpay Holdings Ltd	-19.5	4.5	-1.4

All data as at 30th June 2021

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Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	12.0	--	12.0	1
S&P/ASX 51-100	39.8	--	39.8	5
S&P/ASX 101-200	22.9	71.8	-48.9	9
S&P/ASX 201-300	15.1	28.2	-13.1	6
Ex S&P/ASX 300	4.3	--	4.3	4
Cash	5.9	--	5.9	--
Total	100.0	100.0		25

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

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	9.6	5.4
Consumer Discretionary	26.5	16.3
Financials	6.0	14.5
Health Care	17.7	7.0
Information Technology	34.2	8.4
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 43.3954 CPU at 30 June 2021 AUD 0.01681 CPU at 31 March 2021 AUD 0.4685 CPU at 30 September 2020 AUD 54.6883 CPU at 30 June 2020
Fund Size	\$788.7 million
APIR Code	BNT0101AU
The Fund's PDS contains more complete information on risks and fees	

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