

**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 exhibited generally positive results during March as many countries continued their vaccine rollout programmes. Supply chain disruptions were also the focus of news outlets with the weeklong Suez Canal blockage reducing daily global trade by approximately 12%. In the U.S., the S&P 500 Index returned +4.4% with economic data revealing that the unemployment rate decreased to 6.0% in March, as total nonfarm payroll employment increased by 916,000, predominantly across leisure and hospitality, public and private education, and construction. During the month, the Biden administration announced the “American Jobs Plan” worth US\$2.0t aimed at creating jobs, rebuilding infrastructure, and positioning the United States strongly against global counterparts. The S&P CoreLogic Case-Shiller National Home Price Composite Index increased by +11.2% year-on-year in January, reflecting the highest recorded increase since February 2006. In Europe, the FTSE 100, Euro STOXX 50 and German DAX Indices returned +4.2%, +7.9% and +8.9%, respectively. Economic estimates of Euro area annual inflation were revealed to be 1.3% in March, while the United Kingdom’s “Roadmap out of Lockdown” began to take effect. Virus restrictions were hardened in some areas of Europe such as France and Italy. Despite this, the Markit Eurozone Manufacturing PMI revealed strong month-on-month expansion from 57.9 to 62.5, marking PMI survey record growth. In Australia, the S&P/ASX 300 Index returned +2.3%. Retail sales data revealed a decline of -0.8% month-over-month in February while the unemployment rate decreased further to 5.8%. The seasonally adjusted figure for total dwelling approvals increased by +21.6% in February, largely driven by private sector houses. Utilities (+6.8%), Consumer Discretionary (+6.7%) and REITs (+6.3%) were the best performing S&P/ASX 300 Index sectors. Materials (-3.1%), Information Technology (-2.7%) and Energy (-0.2%) were the worst performers. The U.S. dollar was up against most of the G10 currencies during the month but declined against the Canadian Dollar and Norwegian Krone.

**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>1.8</b> | <b>-3.2</b> | <b>52.6</b> | <b>19.8</b>    | <b>13.4</b>    | <b>12.6</b>    | <b>14.9</b>     | <b>12.9</b>     | <b>15.7</b>             | <b>1,387.1</b>          |
| Benchmark (%) <sup>1</sup>     | 0.8        | 2.1         | 52.1        | 8.3            | 10.7           | 8.4            | 4.1             | 3.7             | 7.5                     | 283.1                   |
| Relative Performance – Net (%) | 1.0        | -5.3        | 0.5         | 11.4           | 2.7            | 4.2            | 10.8            | 9.2             | 8.2                     | 1,104.0                 |

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 31<sup>st</sup> March 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

### Technology One Limited (TNE-AU)

Primary Exchange **ASX**  
GICS Sector **Information Technology**  
Market Cap (AUD\$m) **3,001**

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Transforming business, making life simple

TechnologyOne Limited (TechnologyOne) reported a recent, material contract win with the Department of Agriculture (DAWE). The DAWE is the first Tier 1 government agency to migrate its finance systems to Software as a Service (SaaS) platforms, reflecting the continued success of TechnologyOne in the public sector. The migration will utilise TechnologyOne's Information Security Registered Assessors Program (IRAP) Protected SaaS solution which will provide high levels of cyber security to DAWE and will enable increased efficiencies for the government department. During the month, TechnologyOne appointed Pat O'Sullivan as a Non-executive Director and Deputy Chair, who contributes experience from a variety of ASX listed companies and currently sits on several other boards as Chair of Carsales.com and Non-executive Director of Afterpay Limited. In late February, TechnologyOne held its Annual General Meeting where management noted continued resilience in the enterprise software market and at TechnologyOne, as evidenced by the company's Annual Recurring Revenue (ARR) growth of 32.0% per annum. TechnologyOne highlighted their significant investments in research and development allowing a strong pipeline for future growth.

### Xero Limited (XRO-AU)

Primary Exchange **ASX**  
GICS Sector **Information Technology**  
Market Cap (AUD\$m) **18,569**



Xero Limited (Xero) announced its acquisition of Stockholm-based e-invoicing infrastructure business, Tickstar, in late March. The Tickstar acquisition adds strength to Xero's current e-invoicing functionality with the business to be integrated into the existing Xero infrastructure, facilitating faster and more secure transactions for Small-to-Medium Enterprises (SMEs). Xero customers in Australia, New Zealand and Singapore will continue to have access to Tickstar's technology through the Galaxy Gateway brand. The acquisition has a total consideration of SEK 150 million funded with 50.0% cash and 50.0% shares in Xero with the completion expected in Q1 of Xero's financial year ending 31 March 2022. The payments growth opportunity, through e-invoicing (or 'click-to-pay' invoicing), is a strategic priority of Xero with the digitisation of workflows using cloud-based technologies aiding customers to achieve faster payments and regulatory accounting compliance. Earlier in March, Xero announced its acquisition of Planday, a workforce management platform, headquartered in Copenhagen with operations in Denmark, Norway, Sweden, the United Kingdom, Germany and France. The acquisition of Planday will provide further strength to Xero's strategy in its small business platform and combined with an accounting platform solution, offers business insights that increase operating efficiencies and flexibilities of SMEs. Planday has been a partner of the Xero ecosystem since 2019 and will expand its presence into other markets in which Xero operates, contributing to the long-term growth plans of Xero. The acquisition is expected to contribute approximately 3.0% of additional operating revenue growth for the business in FY22, with a potential total acquisition cost of EUR 183.5 million.

### ARB Corporation (ARB-AU)

Primary Exchange **ASX**  
GICS Sector **Consumer Discretionary**  
Market Cap (AUD\$m) **2,785**



During March, ARB Corporation Limited (ARB) announced the acquisition of Truckman Group Limited (Truckman). Truckman, established in 2002, is a leading manufacturer and distributor of utility accessories based in the United Kingdom. The company specialises in rear-of-vehicle products including canopies, bed liners and general utility vehicle products. The acquisition is in-line with ARB's strategy of expanding international distribution, adding scale to the business in Europe, with a total potential cost of GBP 21.9 million. Following the acquisition, Truckman will continue its operations with existing staff and management. ARB also announced an enhanced strategic partnership with Ford, whereby ARB will develop a full suite of aftermarket products for the new Ford Bronco. The strategic alliance will benefit ARB's international distribution as the Bronco accessories will be available in over 1,000 Ford dealerships in North America. ARB released its 1H21 results in mid-February, reporting revenue growth of 21.6% year-over-year to AU\$283.9 million, driven by strong demand in each segment including Australian Aftermarket, Exports and Original Equipment Manufacturers. Management noted consistent innovation in product development as a core component of ARB's competitive advantage and highlighted the business recovery following COVID-19 impacts, observing an increased trend toward local touring travel across many countries as well as post-lockdown pent up demand.

## Top 5 Holdings

|                     | Portfolio (%) | Benchmark (%) |
|---------------------|---------------|---------------|
| Wisetech Global Ltd | 12.5          | --            |
| Domino's Pizza Ltd  | 11.5          | --            |
| Xero Ltd            | 11.3          | --            |
| Fisher & Paykel Ltd | 7.3           | --            |
| REA Group Ltd       | 6.4           | --            |

## Top 5 Contributors (rolling 12 months)

| Contributors         | Price change (%) | Avg Weight (%) | Contribution to return (%) |
|----------------------|------------------|----------------|----------------------------|
| Domino's Pizza Ltd   | 88.4             | 10.2           | 7.6                        |
| Wisetech Global Ltd  | 69.9             | 10.9           | 7.4                        |
| Xero Ltd             | 86.3             | 9.3            | 6.7                        |
| Pushpay Holdings Ltd | 124.2            | 5.3            | 5.9                        |
| HUB24 Ltd            | 169.6            | 4.7            | 5.9                        |

| Detractors            |                  |                |                            |
|-----------------------|------------------|----------------|----------------------------|
| Contributors          | Price change (%) | Avg Weight (%) | Contribution to return (%) |
| Fisher & Paykel Ltd   | 1.9              | 7.7            | -0.0                       |
| Whisper Ltd           | -19.7            | 1.6            | -0.2                       |
| Kogan.com Ltd         | -16.8            | 0.1            | -0.2                       |
| Bravura Solutions Ltd | -33.9            | 3.8            | -1.3                       |

\* Stock not currently held

All data as at 31st March 2021

### CONTACT US

#### DISTRIBUTION PARTNER

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## Market Capitalisation

|                 | Pf (%) | Bm (%) | Act. (%) | # Stocks |
|-----------------|--------|--------|----------|----------|
| S&P/ASX 1-50    | 11.3   | --     | 11.3     | 1        |
| S&P/ASX 51-100  | 38.6   | --     | 38.6     | 5        |
| S&P/ASX 101-200 | 22.1   | 72.1   | -50.0    | 9        |
| S&P/ASX 201-300 | 12.1   | 27.9   | -15.8    | 5        |
| Ex S&P/ASX 300  | 8.7    | --     | 8.7      | 4        |
| Cash            | 7.1    | --     | 7.1      | --       |
| Total           | 100.0  | 100.0  |          | 24       |

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

## Sector Allocation

|                        | Portfolio (%) | Benchmark (%) |
|------------------------|---------------|---------------|
| Communication Services | 7.2           | 5.7           |
| Consumer Discretionary | 22.4          | 17.3          |
| Financials             | 7.0           | 13.3          |
| Health Care            | 17.2          | 6.7           |
| Information Technology | 39.0          | 7.4           |
| Cash                   | 7.1           | --            |

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<br>AUD 0.4685 CPU at 30 September 2020<br>AUD 54.6883 CPU at 30 June 2020<br>AUD 0.7586 CPU at 31 March 2020 |
| <b>Fund Size</b>  | \$634.0 million   |
| <b>APIR Code</b>  | BNT0101AU   |
| The Fund's PDS contains more complete information on risks and fees |   |

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