

**OBJECTIVE:** LONG-TERM CAPITAL GROWTH 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 indices broadly rose during the month. The International Monetary Fund reduced its 2021 annual global growth forecast from 6.0% to 5.9%, warning of repercussions for global equity and housing markets as major central banks wind back pandemic related support programs. In the U.S., the S&P 500 Index returned +7.0% during October. An advance estimate revealed real gross domestic product annual growth of 2.0% in the third quarter of 2021. In September, unemployment declined by 0.4% to 4.8%, non-farm payroll employment rose by 194,000 jobs, and the Consumer Price Index (CPI) rose by 5.4% year-over-year before seasonal adjustments. Energy and Food items within the index increased by 24.8% and 4.6% respectively over the period. In Europe, the Euro STOXX 50, German DAX and FTSE 100 returned +5.2%, +2.8% and +2.2%, respectively. Euro Area GDP grew by 2.2% in the September quarter, and increased 3.7% over the prior corresponding period. Preliminary estimates showed annual inflation is expected to be 4.1% in October, reflecting the highest level since July 2008. Elevated inflation levels were driven by Energy index items which rose at an annual rate of 23.5%. In Australia, the S&P/ASX 300 Index returned +0.1%. The unemployment rate rose marginally from August levels to 4.6% in September. CPI growth moderated to 3.0% in the third quarter on an annual basis. The RBA's Trimmed Mean and Weighted Median CPI measures rose at their highest annual rates since the third quarter of 2015, both reaching 2.1%. Retail sales rebounded over the month in September increasing by 1.3%. Information Technology (+2.4%), Health Care (+0.9%), and Financials (+0.8%) were the best performing S&P/ASX 300 Index sectors, whilst Industrials (-3.2%), Consumer Staples (-2.3%), and Energy (-1.9%) were the worst performers. The U.S. dollar was weaker against most G10 currencies during October, except against the Japanese Yen and the Euro.

**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>	-0.9	9.7	29.8	26.1	17.7	15.9	17.6	13.5	16.4	1724.0
Benchmark (%) <sup>1</sup>	0.9	3.7	31.0	13.5	11.5	10.6	7.0	3.9	8.0	333.9
Relative Performance – Net (%)	-1.8	6.0	-1.3	12.6	6.3	5.4	10.6	9.7	8.4	1390.1

1. S&P/ASX Small Ordinaries Accumulation Index. \*Inception date that Hyperion became Investment Manager: 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 31<sup>st</sup> October 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.



Hyperion named Winner  
FUND MANAGER OF THE YEAR  
Morningstar 2021 Awards, Australia.



Hyperion named Category Winner  
DOMESTIC EQUITIES SMALL CAP  
Morningstar 2021 Awards, Australia.

## PORTFOLIO HOLDINGS UPDATE

### Netwealth Group Limited (NWL-AU)

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Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	4,218



Netwealth Group Limited (Netwealth) released a market update for the first quarter ended 30 September 2021, reporting Funds Under Administration (FUA) of \$52.0bn, an increase of \$4.8bn or 10.2% for the quarter. On an annual basis, FUA increased by \$17.9bn or 52.7%. Additionally, the company's Funds Under Management (FUM) increased by \$0.9bn or 7.6% to \$12.6bn during the quarter. Annually, FUM has grown by \$4.6bn or 56.9%. Netwealth's platform member accounts also achieved strong growth during the quarter, increasing by 4,985 accounts or 5.1% to 102,304 member accounts. Netwealth increased its market share to 4.9% as at June 2021, up 1.0% from 12 months prior, making it the sixth largest, and fastest growing platform provider by net funds flows in Australia. Following the strong September flows and new business pipeline, management have upgraded the FY22 FUA net inflow guidance from \$10.0bn to \$12.5bn.

### HUB24 Limited (HUB-AU)

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Primary Exchange	ASX
GICS Sector	Financials
Market Cap (AUD\$m)	2,174



HUB24 Limited (HUB24) released a market update for the first quarter ended 30 September 2021 announcing Funds Under Administration (FUA) of \$63.1bn, an increase of \$4.5bn or 7.6%. Platform FUA increased by \$3.9bn or 9.0% for the quarter to \$45.4bn. On an annual basis, platform FUA increased by \$26.3bn or 139%. Portfolio, Administration and Reporting Services (PARS) FUA grew by 3.3% to \$17.8bn over the quarter. Additionally, 158 new advisers were introduced to the platform during the quarter, increasing the company's adviser base by 5.2% to 3,221 advisers, while 30 new licensee agreements with self-licensed advisers, boutiques and an advice aggregator were signed off. At the industry level, the latest Strategic Insights quarterly platform market update revealed that HUB24 achieved first place for share of new inflows in the June 2021 quarter and increased its market share to 4.3% as at June 2021, up 2.2% from 12 months prior.

## Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Xero Ltd	11.8	--
Domino's Pizza Ltd	9.7	--
Fisher & Paykel Ltd	9.3	--
Wisetech Global Ltd	8.9	--
REA Group Ltd	6.7	--

## Top 5 Contributors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Wisetech Global Ltd	76.8	11.2	7.1
Domino's Pizza Ltd	59.9	11.1	6.6
Xero Ltd	35.7	10.9	4.7
Pro Medicus Ltd	64.5	5.9	4.2
Lovisa Holdings Ltd	189.6	3.5	3.9

### Detractors

ELMO Software Ltd	-4.8	1.9	-0.4
Fisher & Paykel Ltd	-10.3	8.3	-0.7
Whispir Ltd	-34.7	1.7	-0.8
Kogan.com Ltd	-31.1	2.0	-0.8
Pushpay Holdings Ltd	-13.9	2.6	-1.3

All data as at 31<sup>st</sup> October 2021

### CONTACT US

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## Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	11.8	--	11.8	1
S&P/ASX 51-100	36.8	2.2	34.6	5
S&P/ASX 101-200	22.9	66.5	-43.6	9
S&P/ASX 201-300	14.6	29.8	-15.2	6
Ex S&P/ASX 300	6.2	1.5	4.7	4
Cash	7.6	--	7.6	--
Total	100.0	100.0		25

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

## Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	9.0	5.2
Consumer Discretionary	26.9	15.3
Financials	11.4	12.4
Health Care	16.5	6.6
Information Technology	28.7	9.0
Cash	7.6	--

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 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
<b>Fund Size</b>	\$932.6 million
<b>APIR Code</b>	BNT0101AU

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

#### **DISCLAIMER – HYPERION SMALL GROWTH COMPANIES FUND**

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