

**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 market indices were broadly down during September, as inflation and the continued spread of the Delta COVID-19 variant remained topical. In the U.S., the S&P 500 returned -4.7% during September, the unemployment rate declined by 0.2% to 5.2% in August, the Composite PMI fell to 55.0 in September, whilst the consumer price index rose slightly to an annualised rate of 5.3% in August. The Federal Reserve also declared a path to tapering its monthly bond purchases in the near term with the process expected to start after the November meeting and conclude around the middle of 2022. In Europe, the FTSE 100, Euro STOXX 50 and German DAX returned -0.2%, -3.4% and -3.6%, respectively. The latest unemployment figures released during the month reflected a slight decline to 7.5%, whilst the IHS Markit Eurozone Composite PMI declined to 56.2 in September as shortages of inputs impeded both manufacturing and services sector output. The European Central Bank also announced that it will reduce the pace of its Pandemic Emergency Purchase Programme over the final quarter of this year to a moderately lower pace than the approximate €80b per month that has prevailed during the past six months. In Australia, the ASX 300 returned -1.9%, the unemployment rate declined slightly to 4.5% in August, partly due to a sharp decline in the participation rate from 66.0% to 65.2%, and the Composite PMI increased to 46.5 in September. The Reserve Bank of Australia also declared that it would reduce the level of weekly asset purchases from A\$5b to A\$4b and expects to continue purchases at this rate until at least the middle of February 2022. Energy (+15.0%), Utilities (+2.5%), and Financials (+1.5%) were the best performing S&P/ASX 300 Index sectors, whilst Materials (-9.3%), Health Care (-4.8%) and Information Technology (-3.7%) were the worst performers. The U.S. dollar was stronger against all G10 currencies during September.

**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>-3.0</b> | <b>9.5</b> | <b>37.7</b> | <b>21.1</b>    | <b>16.3</b>    | <b>16.7</b>    | <b>18.2</b>     | <b>14.1</b>     | <b>16.6</b>             | <b>1740.7</b>           |
| Benchmark (%) <sup>1</sup>     | -2.1        | 3.4        | 30.4        | 9.4            | 10.2           | 10.4           | 7.7             | 4.3             | 8.0                     | 329.9                   |
| Relative Performance – Net (%) | -0.8        | 6.0        | 7.3         | 11.6           | 6.1            | 6.3            | 10.5            | 9.9             | 8.6                     | 1410.8                  |

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 30<sup>th</sup> September 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)

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|                     |                        |
|---------------------|------------------------|
| Primary Exchange    | ASX                    |
| GICS Sector         | Information Technology |
| Market Cap (AUD\$m) | 3,654                  |



TechnologyOne Limited (TechnologyOne) announced it has entered into an agreement to acquire Scientia Resource Management Limited (Scientia), a higher education software provider in the United Kingdom (UK), for a total consideration of £12m. This represents the company's first international acquisition and is considered earnings neutral for FY21. The purchase will accelerate the company's growth and competitive position in the UK, with some flow on benefits in the Australian Higher Education market. Scientia's products provide mission critical software for over 150 leading Universities across the UK and Australia, including the University of St Andrews, University of Exeter, Monash University and the University of Queensland. The acquisition expands TechnologyOne's Global SaaS ERP solution for Higher Education by combining Scientia's advanced academic timetabling and resource scheduling capabilities with TechnologyOne's Student Management, HR and Payroll, Enterprise Asset Management and Finance capabilities. The acquisition supports the company's vision of delivering enterprise software that is user friendly and enhances customers' experience in the Higher Education sector.

### Pushpay Holdings Limited (PPH-AU)

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|                     |                        |
|---------------------|------------------------|
| Primary Exchange    | ASX                    |
| GICS Sector         | Information Technology |
| Market Cap (AUD\$m) | 2,018                  |



Pushpay

Pushpay Holdings Limited (Pushpay) held their investor day in September. A key highlight included the continued evolution of Pushpay's product range, which is an integrated offering across donating, church management software (CHMS) and more recently, live streaming. This follows the announcement in August of Pushpay's acquisition of Resi Media, an industry leading video streaming platform, expanding Pushpay's ability to help organisations increase engagement and expand their digital presence. The combined ChurchStaq offering and the Resi Media acquisition provides users with a stronger value proposition and supports cross selling and new customer growth opportunities. Pushpay also announced the launch of ParishStaq, a giving and CHMS offering that is tailored to the Catholic market. The Catholic market remains a large opportunity, which the company estimates to be a US\$330m revenue opportunity across processing and subscription revenue. Pushpay is investing in their sales and marketing team to pursue this opportunity.

### ELMO Software Limited (ELO-AU)

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|                     |                        |
|---------------------|------------------------|
| Primary Exchange    | ASX                    |
| GICS Sector         | Information Technology |
| Market Cap (AUD\$m) | 402                    |



In September, ELMO Software Limited (ELMO) launched a new module, COVIDsecure. Developed in-house, COVIDsecure enables employers to automate the record keeping of COVID testing and vaccination status of their workforce. Employers can configure periodic expiry alerts to notify when employees are due to update their vaccination or test status. The new module broadens ELMO's convergent solution, strengthens their customer offering, adds an additional potential revenue stream, and should provide differentiation relative to peers. The release takes the total number of modules available on the platform to 20.

## Top 5 Holdings

|                     | Portfolio (%) | Benchmark (%) |
|---------------------|---------------|---------------|
| Domino's Pizza Ltd  | 11.7          | --            |
| Xero Ltd            | 11.2          | --            |
| Wisetech Global Ltd | 10.1          | --            |
| Fisher & Paykel Ltd | 9.9           | --            |
| REA Group Ltd       | 7.4           | --            |

## Top 5 Contributors (rolling 12 months)

| Contributors        | Price change (%) | Avg Weight (%) | Contribution to return (%) |
|---------------------|------------------|----------------|----------------------------|
| Domino's Pizza Ltd  | 102.5            | 11.2           | 9.6                        |
| Wisetech Global Ltd | 108.0            | 11.3           | 9.2                        |
| Pro Medicus Ltd     | 94.2             | 6.0            | 5.4                        |
| Xero Ltd            | 38.0             | 10.7           | 5.1                        |
| Lovisa Holdings Ltd | 128.3            | 3.6            | 3.3                        |

## Detractors

|                       |       |     |      |
|-----------------------|-------|-----|------|
| Bravura Solutions Ltd | -7.9  | 3.0 | -0.2 |
| ELMO Software Ltd     | -15.5 | 2.0 | -0.4 |
| Kogan.com Ltd         | -25.6 | 1.7 | -0.6 |
| Whispir Ltd           | -37.0 | 2.0 | -0.8 |
| Pushpay Holdings Ltd  | -14.9 | 3.0 | -1.2 |

All data as at 30<sup>th</sup> September 2021

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## Market Capitalisation

|                 | Pf (%) | Bm (%) | Act. (%) | # Stocks |
|-----------------|--------|--------|----------|----------|
| S&P/ASX 1-50    | 11.2   | --     | 11.2     | 1        |
| S&P/ASX 51-100  | 41.9   | 2.3    | 39.6     | 5        |
| S&P/ASX 101-200 | 22.7   | 66.7   | -44.0    | 9        |
| S&P/ASX 201-300 | 13.1   | 29.3   | -16.2    | 6        |
| Ex S&P/ASX 300  | 2.2    | 1.7    | 0.5      | 3        |
| Cash            | 8.9    | --     | 8.9      | --       |
| Total           | 100.0  | 100.0  |          | 24       |

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

## Sector Allocation

|                        | Portfolio (%) | Benchmark (%) |
|------------------------|---------------|---------------|
| Communication Services | 9.9           | 5.3           |
| Consumer Discretionary | 27.5          | 15.5          |
| Financials             | 6.9           | 12.7          |
| Health Care            | 17.2          | 6.9           |
| Information Technology | 29.6          | 8.8           |
| Cash                   | 8.9           | --            |

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<br>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 |
| <b>Fund Size</b>    | \$909.6 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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