

Market Commentary

Global equity indices performance was mixed in August 2022 as U.S. and European Central Bank policy stance, weakening economic indicators, and European energy concerns dominated headlines. In the U.S., the S&P 500 Index returned -4.1% over the month. In his speech at the Jackson Hole symposium, Federal Reserve Board Chair Jerome Powell noted that “restoring price stability will likely require maintaining a restrictive policy stance for some time” and indicated that higher interest rates will “bring some pain to households and businesses”. Meanwhile, in a sign of inflation slowing, the PCE Index, the Federal Reserve’s preferred measure of inflation, rose at an annual rate of 6.3% in July, down from 6.8% increase in June 2022 while the CPI year-on-year increase slowed from 9.1% in June to 8.5% in July. In Europe, the Euro STOXX 50, Germany DAX, and FTSE 100 returned -5.1%, -4.8%, and -1.1%, respectively. Natural gas prices in Europe soared and Russia halted the flow of gas to Europe, citing maintenance of the Nord Stream pipeline. European CPI inflation reached a record high in July, rising 8.9% year-on-year with almost half of the increase attributed to higher energy prices. The U.S. dollar was stronger against all G10 currencies.

Fund Update and Outlook

The Hyperion Global Growth Companies Fund (Managed Fund)* returned -4.3% for the month of August, underperforming its benchmark (MSCI World Accumulation Index (AUD)) by 1.9%. Workday, Inc., Roku, Inc., and Meta Platforms, Inc. saw the strongest share price performance for the month. Palantir Technologies Inc., Salesforce, Inc., and Kering SA saw the largest share price declines.

We believe the recent reporting season provided further evidence that the fundamentals of Hyperion’s portfolio businesses remain robust and that structural themes are intact. Broadly, we have seen strong organic sales growth, robust free cash flow generation and strong balance sheets. The results the portfolio holdings have delivered are what we consider to be strong and consistent with our long-term expectations. The long-term intrinsic value for the portfolio remains unchanged.

We think the rotation from long duration, high quality, structural growth companies into lower quality, lower duration, “old world” cyclical businesses over the past nine months has been largely driven by short-term macroeconomic factors, including a sharp increase in long-term government bond yields over a very short time period and elevated short-term nominal GDP growth. However, over the long run, it is the compounding effect of sustained earnings growth that dominates share price returns, not changes in bond yields. We believe the earnings strength of the companies within our portfolios will vastly outweigh short-term macroeconomic factors in the long run. We think the new world businesses in Hyperion’s portfolios are transforming industries and will likely be able to produce high sustained relative growth rates in the long run by expanding into large addressable markets and sustaining their innovative cultures.

Hear more of our thoughts in our latest webinar ([here](#)).

Please consider the Product Disclosure Statement (PDS) of the Fund, which provides more complete information on risks and fees, in its entirety and Target Market Determination (TMD) before making an investment decision. The current PDS and TMD of the Fund can be found at <https://www.hyperion.com.au/>.

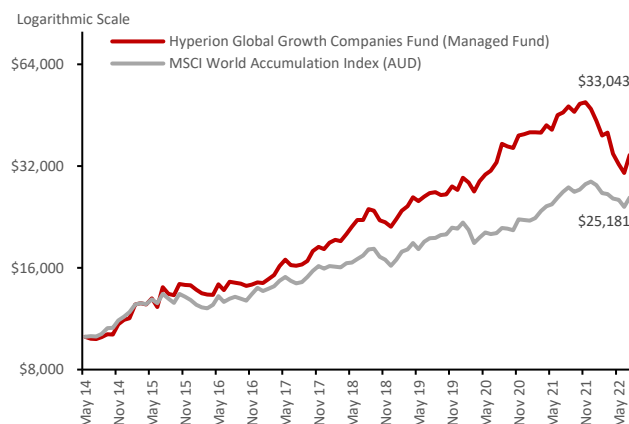
Fund Features

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Benchmark unaware
- Investors can buy or sell units on ASX like any other listed security, or apply and redeem directly with the Responsible Entity

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

Performance Chart growth of \$10,000 since inception*



Inception date: 1st June 2014. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

Fund Performance*

	Portfolio – Net (%)	Benchmark [^] (%)	Excess Performance (%)
1 Month	-4.3	-2.4	-1.9
3 Month	2.0	-1.0	3.0
1 Year	-31.2	-9.0	-22.2
3 Year (p.a.)	7.2	8.7	-1.4
5 Year (p.a.)	15.1	11.6	3.5
7 Year (p.a.)	13.8	9.9	3.8
Inception (p.a.)**	15.6	11.8	3.7
Inception (TR)**#	230.4	151.8	78.6

*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.

**Inception date: 1st June 2014. NAV to NAV, with all distributions reinvested.

[^] MSCI World Accumulation Index (AUD) [#] Total return. All p.a. returns are annualised.

Returns are net of applicable fees and costs. Past performance is not a reliable indicator of future performance. Data as at 31st August 2022.

Investors who apply for units directly with the Responsible Entity may pay a different price per unit to an investor who purchases those units on the ASX at the same time, and such differences may have a material impact on the performance of that investment. The above performance reflects the performance of the fund where units are purchased and redeemed directly with the Responsible Entity only.

Top 5 Holdings

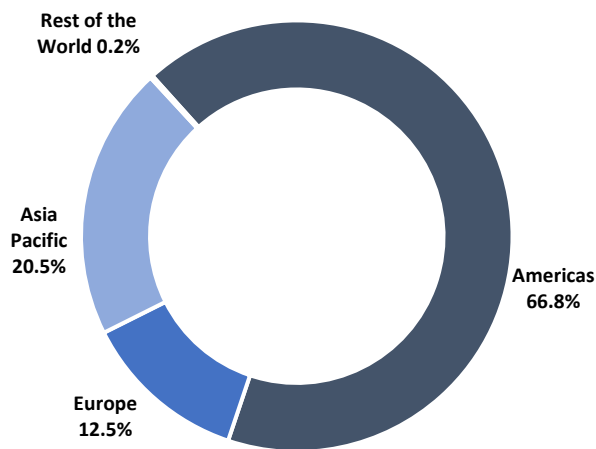
	Portfolio (%)	Benchmark (%)
Tesla Inc.	12.2	1.4
Amazon.com Inc.	12.1	2.3
Microsoft Corporation	10.7	3.7
ServiceNow, Inc.	9.2	0.2
Block Inc.	6.1	0.1

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	11.8	7.2
Consumer Discretionary	35.1	11.3
Consumer Staples	3.4	7.7
Health Care	2.0	13.2
Information Technology	45.6	21.7
Cash	2.0	--

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

Geographical Weight by Source of Revenue



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

Market Capitalisation (AUD)

	Portfolio (%)	# Stocks
\$0 - \$50bn	8.3	3
\$50 - \$100bn	12.2	3
\$100bn +	77.5	15
Cash	2.0	--
Total	100	21

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

All data as at 31st August 2022. Source: Hyperion Asset Management

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Top 5 Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Tesla Inc.	19.8	12.4	1.6
Costco Wholesale Corporation	22.2	3.1	0.5

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Block Inc. Class A	-72.6	7.3	-7.1
PayPal Holdings, Inc. ¹	-70.0	3.3	-4.3
Roku, Inc.	-79.4	2.8	-3.6
Meta Platforms Inc.	-54.2	3.7	-2.8
Spotify Technology SA	-50.8	4.4	-2.7

¹ Stock not currently held in the portfolio.

Portfolio Characteristics ^

	Portfolio
Number of Holdings	21
Top 10 Security Holdings (%)	73.0
Dividend Yield (%)**	0.3
Portfolio Beta	1.5

Before fees. **Trailing.

Fund Facts

Name	Hyperion Global Growth Companies Fund (Managed Fund)*
Inception Date	01/06/2014
ARSN	611 084 229
APIR Code	WHT8435AU
Ticker	HYGG
Currency	Australian Dollar, Unhedged
Mgt. Fee (% p.a.)	0.70% per annum
Buy/Sell Spread^	0.30%/0.30%
Perf. Fee (% p.a.)	20% over Benchmark, net of Mgt Fee
Benchmark	MSCI World Accumulation Index (AUD)
Fund Size (AUD)	\$1,935.0 million
NAV Price	\$3.1739
Pricing Frequency	Daily
Registry	Automatic

^Only applicable for investors who apply for units directly with the Responsible Entity

Investors can buy or sell units on the ASX

Ticker	HYGG
Exchange	ASX
Trading Currency	Australian Dollar
iNAV Provider	Solactive
Market Making Agent	Citigroup Global Markets Australia
Pricing	Intra-day

	Ticker	iNAV Ticker
Bloomberg	HYGG AU Equity	HYGGAUIV
Reuters/Refinitiv	HYGG.AX	HYGGAUDINAV=SOLA
IRESS	HYGG.AXW	HYGGAUDINAV

Portfolio Holdings Update

Airbnb, Inc. Class A (ABNB-US)

Primary Exchange **NASDAQ**
GICS Sector **Consumer Discretionary**
Market Cap (US\$m) **45,154**



Airbnb, Inc. (Airbnb) released its results for the second quarter ended 30 June 2022, reporting Year-on-Year (YoY) revenue growth of 58% (64% in Constant Currency (CC)) to US\$2.1b. Gross Booking Value increased 27% YoY (34% CC) to US\$17.0b while Average Daily Rates remained strong at US\$164 (+1% on Q2 2021 or +7% CC). The company demonstrated continued scale economics and cost control discipline, highlighted by an EBITDA margin expansion of 18% YoY to 34%. Airbnb delivered its most profitable quarter ever with net income of US\$379m (up approximately US\$700m on Q2 2019). The firm generated FCF for the quarter of US\$795m, which was driven by revenue growth and margin expansion, bringing the total twelve-month (TTM) FCF to US\$2.9b (TTM FCF margin of 39%). During the quarter, Nights and Experiences Booked exceeded 103m, a record figure surpassing pre-pandemic levels and representing 24% growth compared to Q2 2019. Despite macroeconomic uncertainties, management noted that the demand for Airbnb is as high as ever, particularly for cross-border stays which had gross nights booked surpassing pre-pandemic levels and doubled compared to Q2 2021. Management outlook remains strong as travel rebounds and the impacts of the pandemic recede though management did note the increased uncertainty from weakening macroeconomic conditions. Airbnb announced a US\$2b share repurchase program noting confidence in its long-term growth and profitability.

Intuit Inc. (INTU-US)

Primary Exchange **NASDAQ**
GICS Sector **Information Technology**
Market Cap (US\$m) **122,113**



Intuit Inc. (Intuit) released its financial results for the fourth quarter and FY22 full year ended 31 July 2022, reporting full year total revenue of US\$12.7b, up 32% on FY21, driven by strong combined Platform revenue of US\$9.6b, up 45% YoY. By segment, Intuit's Small Business and Self-Employed group (SME) grew FY22 revenue by 38% YoY to US\$6.5b, benefitting from the addition of Mailchimp into the segment as well as higher effective prices, customer growth, and mix shift in QuickBooks Online. Excluding Mailchimp, SME revenue grew 22% YoY. Consumer group revenue grew 10% YoY to US\$3.9b, while ProConnect revenues grew 6% YoY to US\$546m. FY22 also represented the first full year of Credit Karma in Intuit's business, achieving revenue of US\$1.8b, up 58% YoY on a pro-forma basis. Management highlighted the resiliency of Intuit's business in a deteriorating economic environment noting the company's growth through the GFC and material quality improvements achieved since then (largely due to the cloud transition and mission-critical nature of the platform's ecosystem). The company guided for FY23 total revenue of US\$14.5-\$14.7b (representing growth of 14-16% YoY), driven by the SME segment which it expects to grow 19-20% YoY. The company also upgraded its long-term revenue growth target for the SME segment from 10-15% p.a. to 15-20% p.a.

Workday, Inc. Class A (WDAY-US)

Primary Exchange **NASDAQ**
GICS Sector **Information Technology**
Market Cap (US\$m) **33,077**



Workday, Inc. (Workday) released its second quarter results for FY23, reporting strong subscription revenue growth of 22.8% YoY to US\$1.37b while total revenue grew 22% to US\$1.54b. 24-month subscription revenue backlog increased 21.7% to US\$8.37b driven by strong new average contract values and high gross and net revenue retention rates of over 95% and 100%, respectively. Customer acquisition remained strong across Human Capital Management and Financials Suites with Workday Financial Management adding two new Fortune 500 core financials customers (Salesforce and American Electric Power) over the quarter. Management noted that demand for Workday's offerings remains strong despite the increasingly uncertain economic environment. While sales cycles will likely lengthen, Workday is confident the compelling return on investment and reduced cost of ownership of its products will continue to see its customer base expand. Workday also achieved FedRAMP authorised status at the Moderate security impact level, allowing it to enter the U.S. federal government market. The company reiterated guidance for FY23 subscription revenue growth of 22% to US\$5.537b-\$5.557b and raised its non-GAAP operating margin to 19.0% from approximately 18.5%

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

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