

**Market Commentary**

The performance of major equity indices were mixed through January as resilient economic data and uncertainty around the path of monetary policy made headlines. In the U.S., the S&P500 Total Return Index was up 1.7% over the month. At the January FOMC meeting, the U.S. Federal Reserve kept its federal funds rate target unchanged at 5.25%-5.50% for a fourth consecutive meeting, noting that while inflation had eased over the past year, it remains elevated. In his press conference, Chair Powell noted that the Fed needed greater confidence that inflation is moving sustainably towards its 2% target before it would be appropriate to reduce the federal funds rate. Powell also noted that he does not think a rate cut in March is likely, though it would be appropriate to do so sometime this year. In Australia, the S&P/ASX300 Total Return Index returned +1.1% over the month. Australia’s seasonally adjusted unemployment rate remained at an 18-month high of 3.9% in December, with the number of unemployed individuals declining marginally to 573.6 thousand people.

**Fund Update and Outlook**

The Hyperion Australian Growth Companies Fund returned -0.9% in January, underperforming its benchmark (S&P/ASX 300 Accumulation Index) by 2.0%. Resmed Inc., Netwealth Group Ltd., and Brambles Limited saw the largest share price increases while Domino’s Pizza Enterprises Ltd., Nanosonics Limited, and Block, Inc. saw the largest share price declines. The portfolio has had a mixed start to the year. Throughout the month our healthcare names started to rebound (as discussed in our most recent webinar, watch the replay [HERE](#)), led by Resmed which reported well and maintained double digit revenue growth in the face of the GLP-1 weight loss hype-cycle. However, in Domino’s trading update in January, the company highlighted the ongoing short-term issues in France and Japan. While their business is performing strongly in Australia and New Zealand (ANZ), Germany, and Singapore, it is being offset by France and Japan leading to the recent profit downgrade. The success that has been seen in ANZ through product innovation and righting pricing issues is being implemented in the underperforming markets which should assist in driving sales. Hyperion is continuing to reevaluate our position and while there have been execution issues in certain markets, we do not believe the issues in Japan and France are structural in nature. We believe the longer-term growth story is still intact and by meeting the lower end of their medium and long-term guidance still results in double-digit growth annually. We believe the long-term return outlook for our portfolio continues to look attractive. The companies in our portfolios have robust franchises and grow by taking market share. Our stocks have strong fundamentals with high and sustainable returns on capital, low financial gearing, and the ability to produce positive free cash flows that grow at double digit rates over time. We believe the macro headwinds our portfolios have faced over the past couple of years are in the process of ending and these headwinds have the potential to become tailwinds in future years. Hyperion has a unique and differentiated offering which we believe provides low fundamental risk through its simple and structured approach while providing material positive optionality across multiple areas such as portfolio management and disruptive long-term thematics.

**Objective**

Long-term capital growth by investing in high-calibre Australian companies primarily listed within the S&P/ASX 300 at the time of investment.

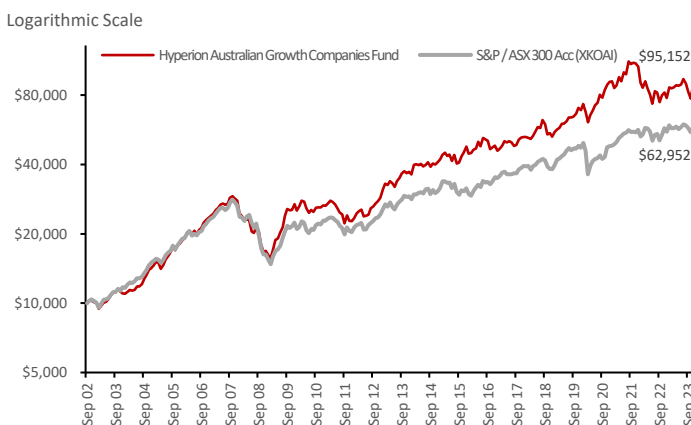
**Our Philosophy**

The highest proven quality businesses with the strongest competitive advantages and organic growth opportunities produce superior shareholder returns over the long term.

We believe companies in our portfolio have:

- Earnings which will grow or be maintained
- Low debt
- High interest cover
- Sustainable competitive advantages
- High return on capital
- Strong free cash flow
- Organic growth options
- Experienced and proven management teams

**Growth of \$10,000 Since Inception, Post-Fees**



Inception date: 30<sup>th</sup> September 2002. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

**Fund Performance**

	Portfolio – Net (%)	Benchmark <sup>1</sup> (%)	Excess Performance (%)
1 Month	-0.9	1.1	-2.0
3 Month	23.2	13.9	9.3
1 Year	10.3	6.7	3.7
3 Year (p.a.)	1.3	9.3	-8.0
5 Year (p.a.)	11.4	9.7	1.8
7 Year (p.a.)	11.0	8.8	2.2
10 Years (p.a.)	10.1	8.4	1.8
15 Years (p.a.)	12.5	9.8	2.7
20 Years (p.a.)	11.4	8.8	2.6
Inception (p.a.)*	11.1	9.0	2.1
Inception (TR)*^A	851.5	529.5	322.0

1. S&P/ASX 300 Accumulation Index. \*Inception date that Hyperion became Investment Manager: 30th September 2002. ^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 31<sup>st</sup> January 2024. Due to rounding, excess performance figures may not equate perfectly to the difference between Hyperion Australian Growth Companies Performance and the S&P/ASX 300 Accumulation Index Performance.

**Top 5 Holdings**

	Portfolio (%)	Benchmark (%)
Block, Inc.	11.5	0.1
Wisetech Global Ltd	8.3	0.6
CSL Ltd	8.3	6.2
Xero Ltd	8.1	0.7
Resmed Inc.	8.1	0.6

Companies shown are illustrative only and not a recommendation to buy or sell any particular security.

**Sector Allocation**

	Portfolio (%)	Benchmark (%)
Communication Services	12.5	3.9
Consumer Discretionary	4.6	7.0
Financials	21.5	29.0
Health Care	31.9	9.9
Industrials	1.4	6.8
Information Technology	21.2	2.6
Materials	2.9	23.7
Cash	4.0	--

Portfolio weights may not sum perfectly to 100.0% due to rounding.

**Market Capitalisation (AUD)**

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-20	15.3	60.7	-45.4	2
S&P/ASX 21-50	39.8	16.9	22.9	7
S&P/ASX 51-100	26.0	11.4	14.6	8
S&P/ASX 101-200	15.0	8.2	6.8	4
S&P/ASX 201-300	--	2.6	-2.6	--
Ex S&P/ASX 300	--	0.2	-0.2	--
Cash	4.0	--	4.0	--
Total	100	100	--	21

Portfolio weights may not sum perfectly to 100.0% due to rounding.  
All data as at 31<sup>st</sup> January 2024

**Top Contributors and Detractors (rolling 12 months)**

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Xero Ltd	44.3	9.2	3
Cochlear Ltd	43.3	6	2.4
Wisetech Global Ltd	20.6	8.8	2.3
James Hardie Industries	85.1	2.8	1.9
REA Group Ltd	46.4	4.2	1.8

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Domino's Pizza Ltd	-47.6	3.9	-2.5
IDP Education Ltd	-36.7	1.8	-0.9
Resmed, Inc.	-9	8.6	-0.6
Block, Inc.	-9.1	10.7	-0.4
Nanosonics Ltd	-38.3	0.8	-0.3

\*Stock not currently held in the portfolio.

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**Fund Characteristics**

<b>Universe</b>	S&P/ASX 300
<b>Launch</b>	Managed by Hyperion since September 2002, launched October 1996
<b>Risk/Return Profile</b>	The Fund's risk band is 7 (very high)
<b>Fees</b>	MER 0.95%
<b>Distribution</b>	AUD 0.0619 CPU at 31 December 2023 AUD 1.6371 CPU at 30 Sep 2023 AUD 0.8597 CPU at 30 June 2023 AUD 0.2380 CPU at 31 March 2023
<b>Fund Size</b>	\$2,141.0 million
<b>APIR Code</b>	BNT0003AU

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



CERTIFIED BY RIAA

**RIAA Certified Fund**

The Hyperion Australian Growth Companies Fund has been certified by the Responsible Investment Association Australasia (RIAA) according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details and the last page of this document for disclaimers.

## Portfolio Holdings Update

### HUB24 Limited (HUB-AU)

Primary Exchange  
GICS Sector  
Market Cap (\$m)

ASX  
Financials  
3,029



HUB24 Limited (HUB24) provided a market update for Q2 FY24, reporting that total Funds Under Administration (FUA) increased 25% on the prior corresponding period (pcp) to \$91.2b. Platform net inflows of \$4.5b (60.4% higher than the pcp) included \$1.8b from a large client transition. Excluding the large transition, Q2 FY24 platform net inflows were \$2.7b, lower by 4% when compared to the pcp. Platform net inflows for the first half of FY24 were \$7.2b, 25.9% higher than the pcp. Positive market movements contributed \$2.9b to Platform FUA of \$72.4b which increased 30% on pcp. 29 new distribution agreements were signed during the quarter with the total number of advisers using the platform increasing to 4,297 from 4,026 (up 16.4% on pcp). HUB24 reiterated they remain on track to meet their Platform FUA target range of \$92b to \$100b for FY25.

### Resmed Inc. (RMD-AU)

Primary Exchange  
GICS Sector  
Market Cap (\$m)

ASX  
Health Care  
42,321



ResMed Inc. (ResMed) announced its Q2 FY24 results, reporting revenue growth of 12% year-over-year (YoY) to US\$1,162.8m or 11% YoY in constant currency (CC). Revenue growth was driven by increase demand for ResMed's sleep devices and strong growth across their mask product portfolio. Revenue in the U.S., Canada and Latin America, excluding Software-as-a-service (SaaS), grew by 9% YoY. Revenue in Europe, Asia and other regions, excluding SaaS, grew by 12% YoY in CC. SaaS revenue increased by 24% YoY, reflecting incremental revenue from the MEDIFOX DAN acquisition and continued organic growth in the SaaS portfolio. Non-GAAP gross margin increased by 10bps attributed to reduced freight costs and favourable foreign currency movements, partially offset by unfavourable product mix and component cost increases. Selling, general and administrative (SG&A) expenses increased by 4% in CC. SG&A expenses improved to 19.1% of revenue in the quarter, compared to 20.5% in Q2 FY23. The tailwinds from gross margin improvement and cost rationalisation should continue through the year.

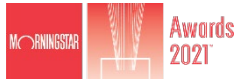
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Hyperion named Winner  
**FUND MANAGER OF THE YEAR**  
Morningstar 2021 Awards, Australia.



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



Hyperion named Category Winner,  
**DOMESTIC EQUITIES LARGE CAP**  
Morningstar 2020 Awards, Australia.

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