

HYPERION SMALL GROWTH COMPANIES FUND NOVEMBER 2018



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

	Portfolio – Net (%)	Benchmark [^] (%)	Excess Performance (%)
1 month	4.6	-0.4	5.0
3 months	-10.6	-10.3	-0.3
1 year	9.5	-1.6	11.1
3 years p.a.	6.3	10.4	-4.1
5 years p.a.	9.4	7.1	2.3
10 years p.a.	17.7	7.8	9.9

Past performance is not a reliable indicator of future performance. Returns are net of applicable fees, costs and taxes. [^]S&P/ASX Small Ordinaries Accumulation Index. Data as at 30th November 2018.

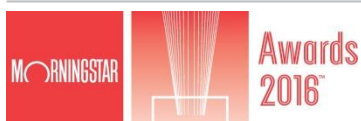
Fund Review

Pushpay Holdings Limited (PPH-AU) released results for the first half ended 30 September 2018, reporting total revenue growth of 48% to US\$44m and gross profit growth of 49% to US\$24m. Annualised processing volume increased 45% to US\$3.2b, with the average revenue per customer increasing 34% to US\$1,060 per month. Subscription revenue increased 41% to US\$13m and processing revenue was up 53% to US\$30m, highlighting the company's strategic success in focusing on the medium and large customer segment. PPH-AU's customer base increased 4% to 7,420 customers with 55 of the 100 largest churches in the U.S. using its products. Management provided guidance for FY19 revenue of between US\$97.5m and US\$100.5m and for gross margins to increase to over 60% for the six months ending 31 March 2019.

REA Group Limited (REA-AU) released a market update for the first quarter ended 30 September 2018, reporting revenue growth of 17% to \$222m and EBITDA growth of 23% to \$131m. Despite tougher market conditions, with listing volumes down 3%, the company noted the strong revenue growth was driven by the Australian Residential business, the inclusion of the Hometrack Australia business and a full quarter's contribution from the Smartline business. Price increases from 1 July 2018, an improved product mix, increased depth penetration and a stronger contribution from newer products such as Audience Maximiser and Front Page also contributed to the strong result. REA-AU continued to extend its engagement lead in Australia, with 2.8x the amount of site visits, 2.7x more app launches and 3.8x more time spent on its app compared to its nearest competitor, Domain (DHG-AU). The company also announced that Tracey Fellows will be stepping down from her role as Chief Executive Officer in January 2019 to become the President of Global Digital Real Estate at News Corp.

Technology One Limited (TNE-AU) reported results for the full year ended 30 September 2018, announcing revenue growth of 9% to \$299m, net profit growth of 15% to \$51m and EPS growth of 14% to \$0.16 per share. The company's Initial License Fees revenue increased 6% to \$65m, Consulting revenue decreased 11% to \$63m and Annual Recurring Revenue (ARR) increased 22% to \$169m. TNE-AU's SaaS Platform continues to perform strongly after achieving ARR growth of 41% to \$38m and adding 77 new customers during the year, taking the total number of enterprise customers to 347. Research and development (R&D) costs increased 8% to \$54m as the company continues to invest across its entire Ci Enterprise Suite, the TechnologyOne SaaS Platform and into early research for its Digital Experience Platform. Management noted that the sales pipeline for FY19 remains strong, with further growth expected to continue in the SaaS business, both supporting strong profit growth for the coming year.

OBJECTIVE: MEDIUM TO 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.



Hyperion named AUSTRALIAN FUND MANAGER OF THE YEAR
in the Morningstar 2016 Awards, Australia.

HYPERION ASSET MANAGEMENT FUND UPDATE | FOR FINANCIAL ADVISORS ONLY

Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Domino's Pizza	8.5	--
REA Group	8.3	--
Wisetech Global	7.2	1.2
ARB Corporation	5.7	0.7
Technology One	5.5	0.9

Top 5 Contributors (rolling 12 months)

Contributors	Avg Weight (%)	Price change (%)	Contribution to return (%)
Wisetech Global	6.4	53.1	4.1
HUB24	5.4	43.5	2.8
Netwealth Group	4.4	59.7	2.5
Trade Me	4.9	33.3	1.7
Technology One	6.8	24.1	1.6
Detractors			
Pushpay Holdings	3.3	-15.3	-0.9
Pendal Group	3.5	-22.7	-0.7
Class	2.9	-27.0	-0.7
ARB Corporation	5.7	-15.1	-0.7
Blackmores	1.5	-26.0	-0.5

Portfolio Fundamentals

	Portfolio	Benchmark
Price to Earnings*	17.6	17.7
Return on Equity (%)*	23	8.6
Dividend Yield (%)*	2.0	2.9

* trailing

CONTACT US

DISTRIBUTION PARTNER

Pinnacle Investment Management Limited

Tel: 1300 010 311

distribution@pinnacleinvestment.com.au

Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	--	--	--	--
S&P/ASX 51-100	25.0	--	25.0	5
S&P/ASX 101-200	43.9	77.2	-33.3	9
S&P/ASX 201-300	13.5	22.8	-9.3	4
Ex S&P/ASX 300	6.3	--	6.3	2
Cash	11.3	--	11.3	--
Total	100	100	--	20

Sector Allocation

	Portfolio (%)	Benchmark (%)
Consumer Discretionary	27.1	13.5
Consumer Staples	1.2	8.8
Financials	12.3	8.1
Health Care	9.4	6.3
Information Technology	27.3	10.5
Communication Services	11.4	7.6
Cash	11.3	--

Domicile Australia, authorised by ASIC

Universe Ex S&P/ASX 100

Launch Managed by Hyperion since September 2002, launched October 1996

Fees MER 1.25% (plus 15% of outperformance above the S&P/ASX Small Ordinaries Accumulation Index)

Distribution AUD 2.6929 CPU at 30 September 2018
AUD 91.9209 CPU at 30 June 2018
AUD 0.5869 CPU at 31 March 2018
AUD 1.3772 CPU at 31 December 2017

Fund Size \$289.0 million

APIR Code BNT0101AU

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

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