

HYPERION AUSTRALIAN GROWTH COMPANIES FUND DECEMBER 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	-3.6	-0.2	-3.4
3 months	-11.8	-8.4	-3.4
1 year	0.1	-3.1	3.2
3 years p.a.	3.3	6.7	-3.4
5 years p.a.	7.3	5.6	1.7
10 years p.a.	12.1	8.9	3.2

Past performance is not a reliable indicator of future performance. Returns are net of applicable fees, costs and taxes. [^]S&P/ASX 300 Accumulation Index. Data as at 31st December 2018.

Market Outlook

Approaching the holiday period, December was a relatively quiet month in terms of portfolio news. Notably, Trade Me Group Limited (TME-AU) entered into an agreement under which funds advised by Apax Partners will acquire 100% of its shares for NZ\$6.45 per share. As we move into 2019, the domestic market will set its focus on the upcoming February reporting season.

Australia's S&P/ASX 300 Accumulation Index was the best performing developed global index, returning -0.2%. Energy (+6.5%), materials (+6.1%), and communication services (+5.5%) were the best performing sectors, whilst utilities (-4.5%), industrials (-0.9%) and health care (-0.5%) were the worst performers.

We remain confident that the companies in the portfolios will achieve attractive rates of revenue, EPS and DPS growth over the next five years, well ahead of the broader market.

OBJECTIVE: MEDIUM TO LONG-TERM CAPITAL GROWTH AND INCOME BY INVESTING IN HIGH CALIBRE AUSTRALIAN COMPANIES PRIMARILY LISTED WITHIN THE S&P/ASX 300 INDEX AT THE TIME OF INVESTMENT.



**Awards
2016™**

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

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Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Seek	10.1	0.4
REA Group	9.6	0.2
Cochlear	9.4	0.6
Domino's Pizza	8.6	0.2
Macquarie Group	5.9	2.2

Top 5 Contributors (rolling 12 months)

Contributors	Avg Weight (%)	Price change (%)	Contribution to return (%)
Macquarie Group	8.2	9.2	1.4
Trade Me Group	3.2	35.4	1.3
Xero	2.3	46.6	0.9
Wisetech Global	2.2	18.1	0.8
Technology One	3.3	24.2	0.7
Detractors			
Domino's Pizza Enterprises	9.9	-12.9	-1.2
Pendal Group	3.0	-29.7	-1.0
Seek	11.9	-11.0	-0.8
Carsales.com	3.2	-24.2	-0.7
Ramsay Health Care	1.6	-17.7	-0.4

Portfolio Fundamentals

	Portfolio	Benchmark
Price to Earnings*	23.7	14.7
Return on Equity (%)*	31	11.7
Dividend Yield (%)*	2.6	4.3

* trailing

CONTACT US

DISTRIBUTION PARTNER

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Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	23.3	76.7	-53.4	5
S&P/ASX 51-100	35.3	12.7	22.6	6
S&P/ASX 101-200	23.3	8.3	15.0	8
S&P/ASX 201-300	4.3	2.4	1.9	2
Cash	13.8	--	13.8	-
Total	100	100	--	21

Sector Allocation

	Portfolio (%)	Benchmark (%)
Consumer Discretionary	17.0	6.4
Consumer Staples	0.9	5.8
Financials	11.9	32.2
Health Care	18.5	8.8
Industrials	13.1	8.0
Information Technology	12.2	2.2
Communication Services	12.5	3.5
Cash	13.8	--

Domicile Australia, authorised by ASIC

Universe S&P/ASX 300

Launch Managed by Hyperion since September 2002, launched October 1996

Fees MER 0.95%

Distribution AUD 1.3197 CPU at 31 December 2018
AUD 3.1911 CPU at 30 September 2018
AUD 16.2785 CPU at 30 June 2018
AUD 1.4040 CPU at 31 March 2018

Fund Size \$992.8 million

APIR Code BNT0003AU

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

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