

HYPERION AUSTRALIAN GROWTH COMPANIES FUND

FEBRUARY 2019



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	2.3	6.0	-3.7
3 months	3.6	9.9	-6.3
1 year	8.9	6.8	2.1
3 years p.a.	8.1	12.9	-4.8
5 years p.a.	7.3	7.3	0.0
10 years p.a.	13.7	11.0	2.7

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 28th February 2019.

Fund Review

Corporate Travel Management Limited (CTD-AU) released a market update for the first half of FY19, reporting revenue growth of 22% to \$210m, underlying EBITDA growth of 21% to \$65m and EPS growth of 25% to 36 cents per share. Total transaction value (TTV) during the period increased 31% to \$2.9b, driven by strong growth across all regions, in particular Asia as the region benefited from a 3-month contribution from the Lotus Travel acquisition. Geographically, ANZ TTV was up 20% to \$650m, revenue increased 15% to \$58m and underlying EBITDA was up 18% to \$22m, after the business continued to win market share in the region. In Asia, TTV was up 60% to \$1.1b, revenue increased 47% to \$38m and underlying EBITDA was up 34% to \$13m, driven by the Lotus Travel acquisition and organically due to the traction CTM technology gained during the period, resulting in numerous client wins and an improved sales pipeline. In North America, TTV was up 16% to \$690m, revenue increased 18% to \$70m and underlying EBITDA was up 3% to \$18m, after completing a \$2m investment to develop a technology hub in the region. In Europe, TTV was up 18% to \$542m, revenue increased 21% to \$43m and underlying EBITDA was up 30% to \$17m, as CTD-AU continues to win market share in the region. Management confirmed that the company is on track to meet the top end of the previously provided EBITDA guidance of between \$144m to \$150m.

Market Outlook

February saw most of our domestic portfolio companies release their half or full year results. The results were generally positive with the companies reporting solid sales and EPS growth. While some of the companies cited adverse macroeconomic conditions and other short-term challenges, we maintain a long-term perspective of a company's performance and growth potential. REA-AU performed particularly well, delivering a strong result despite a backdrop of challenging domestic property market conditions, further highlighting the strong value proposition the company offers all stakeholders.

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 (%)
REA Group	10.0	0.2
Cochlear	9.3	0.6
Domino's Pizza Enterprises	8.0	0.2
Macquarie Group	6.2	2.4
CSL	5.5	5.2

Top 5 Contributors (rolling 12 months)

Contributors	Avg Weight (%)	Price change (%)	Contribution to return (%)
Macquarie Group	7.8	24.2	2.2
Wisetech Global	2.5	90.6	1.8
Trade Me Group	3.4	49.3	1.7
Technology One	3.3	53.8	1.5
REA Group	10.2	5.9	1.3
Detractors			
Seek	11.4	-8.9	-0.9
Pendal Group	2.5	-18.8	-0.6
ARB Corporation	2.0	-16.7	-0.3
Cochlear	9.3	-7.2	-0.2
Carsales.com	3.2	-10.4	-0.2

Portfolio Fundamentals

	Portfolio	Benchmark
Price to Earnings*	25.9	16.0
Return on Equity (%)*	32	12.1
Dividend Yield (%)*	2.4	4.0

* trailing

CONTACT US

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Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	25.7	76.4	-50.6	5
S&P/ASX 51-100	30.4	12.7	17.7	7
S&P/ASX 101-200	24.5	8.6	15.9	8
S&P/ASX 201-300	4.3	2.4	1.9	2
Cash	15.2	--	15.2	-
Total	100	100	--	22

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	13.1	3.6
Consumer Discretionary	16.3	6.3
Consumer Staples	0.7	5.3
Financials	12.2	31.8
Health Care	21.2	8.5
Industrials	8.2	8.1
Information Technology	13.1	2.4
Cash	15.2	--

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 \$1073.0 million

APIR Code BNT0003AU

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

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