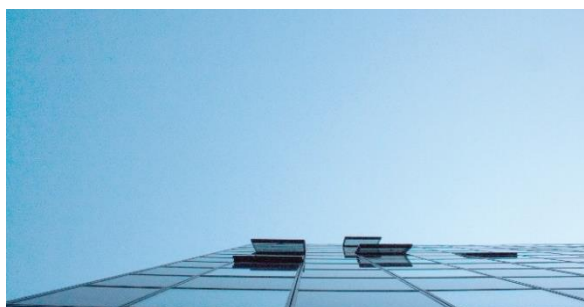


# HYPERION AUSTRALIAN GROWTH COMPANIES FUND

## APRIL 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 <sup>^</sup> (%)	Excess Performance (%)
1 month	3.8	2.5	1.3
3 months	8.3	9.4	-1.1
1 year	12.8	10.3	2.5
3 years p.a.	8.5	11.1	-2.6
5 years p.a.	8.6	7.6	1.0
10 years p.a.	12.3	9.9	2.4

Past performance is not a reliable indicator of future performance. Returns are net of applicable fees, costs and taxes. <sup>^</sup>S&P/ASX 300 Accumulation Index. Data as at 30<sup>th</sup> April 2019.

### Fund Review

HUB24 Limited (HUB-AU) released a market update for the third quarter ended 31 March 2019, announcing funds under administration (FUA) of \$11.5b, an increase of \$1.4b or 14% for the quarter. On an annual basis, FUA has increased by \$4.1b or +56%. Net inflows were up 5% to \$793m for the quarter, excluding the Fitzpatrick's Private Wealth inflow during the December 2018 quarter. In addition, 78 new advisors were introduced to the platform increasing the company's advisor base by 35% to 1,534 advisors for the year. Based on the latest Strategic Insights quarterly platform market update, HUB-AU continued to be the fastest growing platform, in percentage terms relative to its size, in the industry. During the quarter, the company signed 19 new licensee agreements which included agreements with 2 stockbroking firms, 2 large advice licensees and a growing advice practice aggregator with approximately 70 advisors across multiple practices.

Netwealth Group Limited (NWL-AU) released a market update for the quarter ended 31 March 2019, reporting funds under administration (FUA) of \$21.1b, an increase of \$2.1b or 11% for the quarter. On an annual basis, FUA increased by \$5.1b or 32%. Additionally, the company's funds under management (FUM) increased by \$380m to \$3.5b during the quarter, +14%. Annually, FUM has grown by \$957m or 37%. Based on the latest Strategic Insights quarterly platform market update, NWL-AU increased its market share to 2.3% and achieved the highest annual platform flows to December 2018, achieving net flows of +\$4.3b. During the quarter, NWL-AU was selected as the preferred vendor to provide Platform as a Service and Administration Services to ANZ Private. The company will be providing ANZ Private with a multi-asset, multi-currency platform that supports managed accounts, domestic and international equities and bonds, domestic managed funds, term deposits, and foreign currency.

### Market Outlook

April was a relatively quiet month in terms of portfolio news with only a few domestic portfolio companies providing market updates for the quarter ended 31 March 2019. These updates were broadly positive or in line with our expectations. HUB24 Limited (HUB-AU) and Netwealth Group Limited (NWL-AU) both continued to win market share as advisers leave large institutionally aligned dealer groups to set up their own practice or join independent dealer groups. The team continued to attend company and industry meetings to inform the investment process and ensure only the highest quality companies are held in the portfolios.

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: 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.**



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

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## Top 5 Holdings

	Portfolio (%)	Benchmark (%)
Cochlear	10.0	0.6
REA Group	9.5	0.2
Domino's Pizza Enterprises	7.9	0.2
CSL	7.1	5.2
Macquarie Group	6.3	2.5

## Top 5 Contributors (rolling 12 months)

Contributors	Avg Weight (%)	Price change (%)	Contribution to return (%)
Wisetech Global	2.9	138.8	2.6
Technology One	3.4	77.2	2.2
Macquarie Group	7.3	24.0	2.1
Trade Me Group	3.4	39.9	1.5
IRESS	3.6	36.9	1.4
Detractors			
Seek	10.1	-6.3	-0.7
ARB Corporation	2.0	-15.0	-0.3
Carsales.Com	3.1	-6.1	-0.2
Blackmores	0.8	-21.6	-0.1
Ramsay Health Care	1.2	1.0	-0.1

\* Stock not currently held

## Portfolio Fundamentals

	Portfolio	Benchmark
Price to Earnings*	26.7	16.5
Return on Equity (%)*	32	12.0
Dividend Yield (%)*	2.2	3.9

\* trailing

### CONTACT US

#### DISTRIBUTION PARTNER

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## Market Capitalisation

	Pf (%)	Bm (%)	Act. (%)	# Stocks
S&P/ASX 1-50	27.9	76.2	-48.3	5
S&P/ASX 51-100	30.3	12.6	17.7	7
S&P/ASX 101-200	25.1	8.6	16.5	9
S&P/ASX 201-300	3.0	2.6	0.4	1
Cash	13.7	--	13.7	-
Total	100	100	--	22

## Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	12.2	3.7
Consumer Discretionary	13.6	6.6
Consumer Staples	0.7	5.8
Financials	13.0	31.5
Health Care	24.9	8.5
Industrials	6.9	8.3
Information Technology	15.0	2.5
Cash	13.7	--

**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 0.7150 CPU at 31 March 2019  
AUD 1.3197 CPU at 31 December 2018  
AUD 3.1911 CPU at 30 September 2018  
AUD 16.2785 CPU at 30 June 2018

**Fund Size** \$1130.2 million

**APIR Code** BNT0003AU

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

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