

19 July 2022

By Electronic Lodgement

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

Dear Sir/Madam,

Hyperion Global Growth Companies Fund (Managed Fund) (ASX:HYGG) – Monthly Investment Update

Please find attached a copy of the investment update for the month ending 30 June 2022.

For further information, please contact 1300 010 311.

Yours faithfully,

Calvin Kwok
Company Secretary

Pinnacle Fund Services Limited as responsible entity of Hyperion Global Growth Companies Fund (Managed Fund) (ASX:HYGG)

Fund Update June 2022

Market Commentary

Global equity indices finished mostly lower in June with global inflation, rising interest rates, and the prospects of an economic recession dominating headlines. In the U.S., the S&P 500 Index returned -8.3% over the month. The U.S. May CPI Report revealed headline annual inflation of 8.6%, marginally higher than the 8.5% figure recorded in March and the highest reading since December 1981. The U.S. Federal Reserve raised the federal funds rate by 75bps in June to 1.50-1.75%, higher than the 50bps hike it signalled in its May meeting. In his press conference, Chair Powell noted that a 75bps increase is unusually large though maintained that either a 50bps or 75bps increase seemed most likely in their July meeting. In Europe, the German DAX, Euro STOXX 50, and FTSE 100 indices returned -11.2%, -8.7%, and -5.5%, respectively. The European Central Bank (ECB) left interest rates unchanged, announced that it will end its asset purchase programme on 1 July 2022 and indicated that it intends to raise key interest rates by 25bps in its July meeting. In the U.K., the Consumer Price Index rose 9.1% year-on-year in May and the Bank of England raised the key Bank Rate by 25bps to 1.25%. The USD was stronger against most G10 currencies except the Swiss Franc.

Fund Update and Outlook

The Hyperion Global Growth Companies Fund (Managed Fund)* returned -5.8% for the month of June, underperforming its benchmark (MSCI World Accumulation Index (AUD)) by 1.1%. Palantir Technologies Inc., Salesforce, Inc. and Costco Wholesale Corporation saw the strongest share price performance for the month. Block Inc., Airbnb Inc., and Spotify Technology SA saw the greatest share price declines.

It has undoubtedly been a challenging time for long duration stock investors. Short-term market valuations of high quality, structural growth stocks have been heavily influenced by significant changes in long-term bond yields.

Rather than being fundamentally driven, we believe that the sharp sell-off in high quality, structural growth stocks has been largely driven by short-term macroeconomic factors including a significant increase in long-term government bond yields and an “abundance” of nominal economic growth (read more [here](#)). We expect both factors to be temporary in nature and to reverse in the future.

As discussed in our latest Whitepaper ([here](#)), there are increasing signs that economic growth is slowing from the high levels achieved during the cyclical recovery following COVID-19, with leading indicators suggesting further declines in growth over the next six to twelve months. A material economic slowdown should mean that inflation returns to low levels over the short to medium term.

As this slowing occurs, we expect capital allocator shifts to accelerate into quality structural growth companies. We believe the long run fundamental risk associated with high quality, structural growth companies that Hyperion invests in is relatively low and our portfolio companies continue to trade at an attractive discount compared to our long-term valuations.

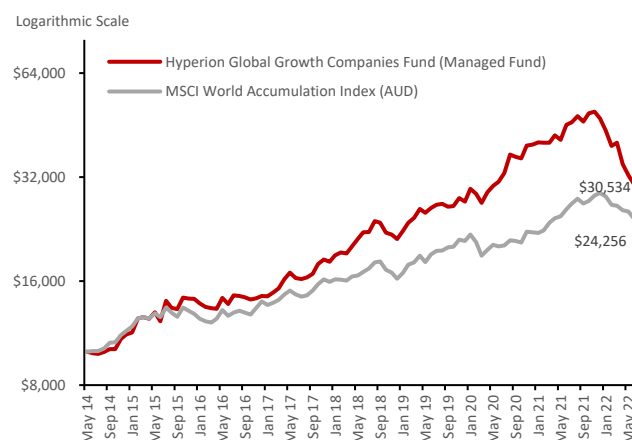
Fund Features

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Benchmark unaware
- Investors can buy or sell units on ASX like any other listed security, or apply and redeem directly with the Responsible Entity

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

Performance Chart growth of \$10,000 since inception*



Inception date: 1st June 2014. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

Fund Performance*

	Portfolio – Net (%)	Benchmark [^] (%)	Excess Performance (%)
1 Month	-5.8	-4.7	-1.1
3 Month	-24.1	-8.3	-15.8
1 Year	-32.7	-6.0	-26.7
3 Year (p.a.)	5.5	8.2	-2.8
5 Year (p.a.)	13.4	10.6	2.8
7 Year (p.a.)	13.9	9.8	4.1
Inception (p.a.)**	14.8	11.6	3.2
Inception (TR)**#	205.3	142.5	62.8

*The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX.

**Inception date: 1st June 2014. NAV to NAV, with all distributions reinvested.

[^] MSCI World Accumulation Index (AUD) [#]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 30th June 2022.

Investors who apply for units directly with the Responsible Entity may pay a different price per unit to an investor who purchases those units on the ASX at the same time, and such differences may have a material impact on the performance of that investment. The above performance reflects the performance of the fund where units are purchased and redeemed directly with the Responsible Entity only.

Please consider the Product Disclosure Statement (PDS) of the Fund, which provides more complete information on risks and fees, in its entirety and Target Market Determination (TMD) before making an investment decision. The current PDS and TMD of the Fund can be found at <https://www.hyperion.com.au/>.

Top 5 Holdings

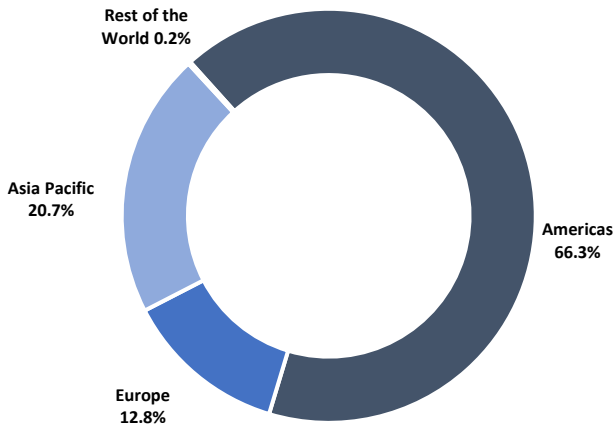
	Portfolio (%)	Benchmark (%)
Tesla Inc.	12.2	1.2
Amazon.com Inc.	12.2	2.0
Microsoft Corporation	12.0	3.7
ServiceNow, Inc.	7.9	0.2
Alphabet Inc.	5.1	1.3

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	12.9	7.6
Consumer Discretionary	34.3	10.6
Consumer Staples	3.5	7.8
Health Care	2.2	14.1
Information Technology	45.3	21.1
Cash	1.7	--

Due to rounding, portfolio weights may not sum perfectly to 100.0%

Geographical Weight by Source of Revenue



Due to rounding, portfolio weights may not sum perfectly to 100.0%

Market Capitalisation (AUD)

	Portfolio (%)	# Stocks
\$0 - \$50bn	9.2	3
\$50 - \$100bn	15.1	4
\$100bn +	74.0	14
Cash	1.7	--
Total	100	21

Due to rounding, portfolio weights may not sum perfectly to 100.0%

All data as at 30th June 2022. Source: Hyperion Asset Management

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Top 5 Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Costco Wholesale Corporation	32.2	2.9	0.3
Ferrari NV ¹	3.0	0.0	0.0
Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Block Inc. Class A	-72.5	7.7	-6.4
PayPal Holdings, Inc. ¹	-69.5	4.7	-3.8
Roku, Inc.	-80.5	2.9	-3.5
Spotify Technology SA	-62.8	4.2	-3.5
Amazon.com Inc.	-32.6	9.6	-3.3

¹ Stock not currently held in the portfolio.

Portfolio Characteristics [^]

	Portfolio
Number of Holdings	21
Top 10 Security Holdings (%)	70.8
Dividend Yield (%)**	0.3
Portfolio Beta	1.3

Before fees. ** Trailing.

Fund Facts

Name	Hyperion Global Growth Companies Fund (Managed Fund)*
Inception Date	01/06/2014
ARSN	611 084 229
APIR Code	WHT8435AU
Ticker	HYGG
Currency	Australian Dollar, Unhedged
Mgt. Fee (% p.a.)	0.70% per annum
Buy/Sell Spread [^]	0.30%/0.30%
Perf. Fee (% p.a.)	20% over Benchmark, net of Mgt Fee
Benchmark	MSCI World Accumulation Index (AUD)
Fund Size (AUD)	\$1,736.1 million
NAV Price	\$2.9329
Pricing Frequency	Daily
Registry	Automatic

[^]Only applicable for investors who apply for units directly with the Responsible Entity

Investors can buy or sell units on the ASX		
Ticker	HYGG	
Exchange	ASX	
Trading Currency	Australian Dollar	
iNAV Provider	Solactive	
Market Making Agent	Citigroup Global Markets Australia	
Pricing	Intra-day	
	Ticker	iNAV Ticker
Bloomberg	HYGG AU Equity	HYGGAUIV
Reuters/Refinitiv	HYGG.AX	HYGGAUDINAV=SOLA
IRESS	HYGG.AXW	HYGGAUDINAV

Portfolio Holdings Update

Spotify Technology SA (SPOT-US)

Primary Exchange	NYSE
GICS Sector	Communication Services
Market Cap (US\$m)	18,098



Spotify Technology SA (Spotify) held an Investor Day in June re-iterating their target to reach over 1 billion users by 2030 and set an ambitious goal of generating an annual Average Revenue Per User (ARPU) of €100. These targets represent more than double the 433 million users reported in their Q1 FY22 results and four times the current annual ARPU. Management believe Emerging Markets such as Latin America, India, Asia, and the Middle East will provide a significant runway for user growth over the coming decade. It was noted that Spotify has captured as much as 32% of the addressable users in Established Markets, significantly higher than the current 8% penetration in Emerging Markets where the company is available. Spotify also pointed to advertising as a key growth driver and expect this will grow to over €10b annually in the long run (this compares to €282m reported in Q1 FY22). ARPU growth will also be driven by expansion into new verticals with audiobooks being a near-term focus. Other verticals that are seen as a natural fit over the long run include education, sports, and news. Including additional potential verticals, management believe their 'audio first' platform could target a combined market of US\$350b, 10 times the size of their current addressable opportunity. Over the next decade, management believe they can achieve over €100b in annual revenue at a 40% gross margin and 20% operating margin.

Salesforce, Inc. (CRM-US)

Primary Exchange	NYSE
GICS Sector	Information Technology
Market Cap (US\$m)	164,215



Salesforce, Inc. (Salesforce) released its results for the first quarter ended April 2022. The company reported strong revenue growth of 24% to US\$7.4b year-on-year (YoY), attributed to its recent acquisition of Slack, a diversified customer base and resilient business model amidst broader economic trends. Gross margin and non-GAAP operating margin fell to 77.6% (-50bps) and 17.6% (-260bps), respectively, while operating cashflow increased to US\$3.7b (up 14% YoY). Management lowered the FY23 revenue guidance by US\$300m to US\$31.7-31.8b due to foreign exchange headwinds but raised its operating margin guidance by 40bps to 20.4%. All divisions saw double-digit YoY revenue growth over the quarter with the Platform & Other segment benefiting significantly from the recent Slack acquisition. Revenues from Platform & Other grew 55% YoY with Slack continuing to perform strongly and increasing the number of customers spending over US\$100k. Geographically, quarterly revenues grew 21% in Americas, 33% in EMEA, and 24% in APAC YoY despite significant negative currency headwinds from a stronger U.S dollar.

ESG Overview

Modern Slavery

The assessment of Modern Slavery risks is now widely applied since the *Modern Slavery Act 2018 (Cth.)* was codified into law. The Act was introduced to urge companies to address problems in relation to labour malpractice within the supply chain and company operations. Hyperion incorporates elements of the Modern Slavery Act into the investment process, where analysts are required to complete specific ESG items as part of the qualitative step. These items include analysis around sustainability, stability, and predictability.

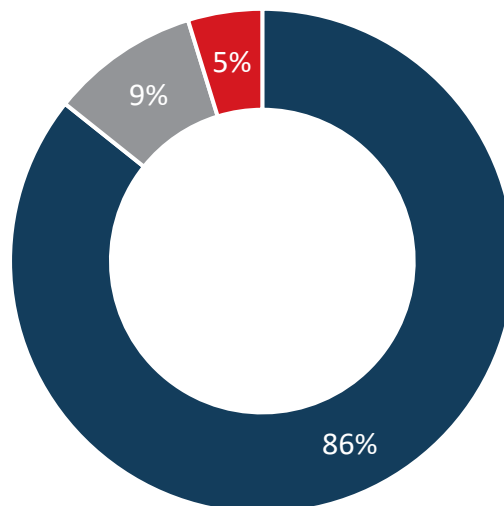
Hyperion is also tracking Modern Slavery reporting obligations and compliance for every company in the portfolio and is directly engaging with any companies who fail to report. In addition, as part of continuously improving our understanding of each portfolio holding, Hyperion regularly speaks with other company stakeholders such as employees and suppliers, as well as industry contacts such as customers, competitors, industry specialists and ex-employees. Through this mosaic we are constantly seeking to identify additional risks, including Modern Slavery risks, that may detract from a company’s long-term sustainability.

Portfolio Stock Highlight

Technology Services. In 2021, Tesla's average national wage for manufacturing jobs in the U.S. was \$21.60/hour plus benefits and equity, which is a 13.1% increase compared to 2019. This is approximately 18.9% higher than the mean hourly wage for Production Associates/ Assemblers at \$18.17 with the median at \$17.59, according to the Bureau of Labour Statistics.

Modern Slavery Statement Reporting Compliance

Hyperion Global Growth Companies Fund*



■ Compliant ■ Not Current ■ No Disclosure

Data as at 30th June 2022. “Not Current” includes companies whose most recent Modern Slavery Statement or Policy was published prior to June 2020.
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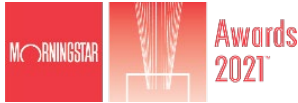
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**Hyperion named Winner
FUND MANAGER OF THE YEAR**
Morningstar 2021 Awards, Australia.

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