



18 April 2023

By Electronic Lodgement

Market Announcements Office
ASX Ltd
20 Bridge Street
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 31 March 2023.

For further information, please contact 1300 010 311.

Authorised by:

Calvin Kwok
Company Secretary

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

Fund Update March 2023

Market Commentary

Major equity indices performance were mixed through March as the collapse of multiple U.S. regional banks and its implications for Central Bank policy dominated headlines. To quell contagion fears from the bank failures, the U.S. Federal Reserve, FDIC, and the Treasury issued a joint statement, effectively allowing all depositors to access their deposits in full at Silicon Valley Bank and Signature Bank. In the U.S., the S&P 500 Total Return Index returned 3.7% over the month. The Federal Reserve raised the federal funds rate by 25bps to 4.75%-5.0% at their March meeting, noting that while the banking system is sound and resilient, the evolving situation is likely to result in tighter credit conditions for households and businesses. In Europe, the Euro STOXX 50, Germany DAX, and FTSE 100 total return indices returned +2.0%, +1.7%, and -2.5%, respectively, over the month. The European Central Bank raised its key interest rates by 50bps in the face of persistently high inflation.

Fund Update and Outlook

The Hyperion Global Growth Companies Fund (Managed Fund)* returned 8.4% for March, outperforming its benchmark (MSCI World Accumulation Index (AUD)) by 4.5%. Salesforce, Inc., Meta Platforms, Inc., and Microsoft Corp. saw the largest positive share price performance while Block Inc. (Block) was the only position to see share price declines over the month.

It has been a very encouraging start to the year for our global strategy which has pleasingly responded well to several factors, including a strong reporting season and a continued decline in U.S. inflation which has seen a reduction in 10-year U.S. Treasury yields from a recent peak in October 2022. However, the unprecedented rise in interest rates by central banks has produced some casualties including Silicon Valley Bank, Signature Bank, and First Republic Bank. Hyperion did not and does not have any direct exposure to any of these companies nor any other mid/lower tier bank or traditional financial institution. We believe the recent events in the banking system may result in slowing credit growth and should be a net positive for long duration and higher quality assets.

While many of Hyperion’s portfolio companies have risen strongly since the start of the year, Block has underperformed recently after being the target of a short seller’s report. Overall, it is not unusual for Hyperion’s portfolio companies to face short sellers; this has occurred numerous times in the past. It is a function of our holdings being highly innovative businesses that are often difficult to assess. Our ability to deeply analyse businesses is a key driver of our long-term success. We are however humble and cognisant that ‘short’ reports can in certain instances present information that may not be known to the market and/or ourselves. Following our initial review, we believe the evidence provided by Hindenburg’s short report is largely anecdotal and subjective and in our view is sensationalised.

Furthermore, the recent volatility in the highly leveraged banking sector is a good reminder of the high barriers to entry for Hyperion’s portfolios. Our companies are structurally resilient, highly profitable and produce positive free cash flows, with most having net cash. Over time, these characteristics have proven to be highly valuable. Looking forward, we remain confident in our portfolio companies and their ability to produce excess returns and are hopeful of continued strength as we head into the global first quarter reporting season in April.

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/>. Companies mentioned are illustrative only and not a recommendation to buy or sell any particular security.

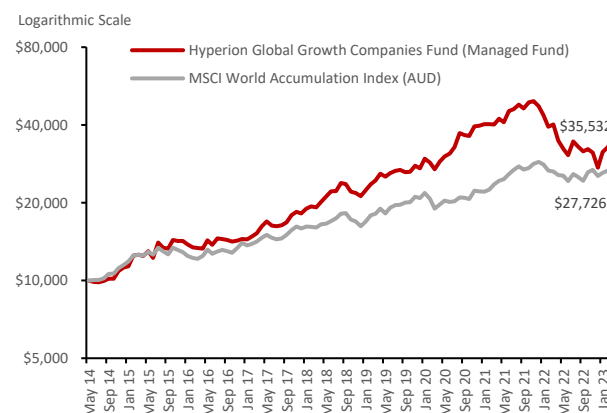
Fund Features

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Investors can buy or sell units on ASX like any other listed security, or apply and redeem directly with the Responsible Entity
- This product is likely to be appropriate for a consumer seeking capital growth to be used as a small allocation within a portfolio where the consumer has a minimum investment timeframe of 5 years, and a high risk/return profile

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

Growth of \$10,000 Since Inception, Post-Fees*



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	8.4	3.9	4.5
3 Month	30.1	9.2	20.8
1 Year	-11.7	4.8	-16.5
3 Year (p.a.)	9.6	13.5	-3.8
5 Year (p.a.)	13.1	11.6	1.5
7 Year (p.a.)	15.0	12.5	2.5
Inception (p.a.)**	15.4	12.2	3.2
Inception (TR)**	255.3	177.3	78.1

*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 31st March 2023.

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.

Top 5 Holdings

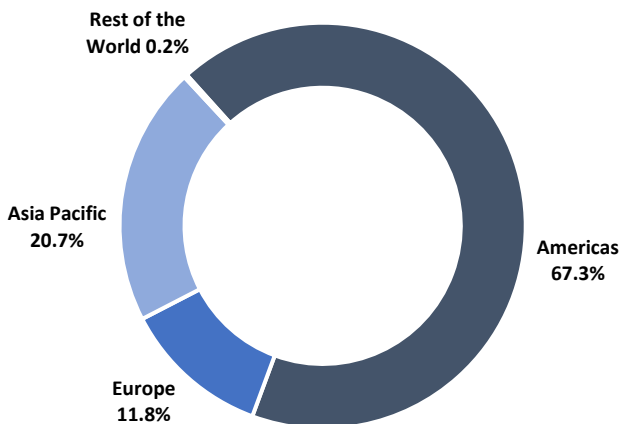
	Portfolio (%)	Benchmark (%)
Tesla Inc.	13.1	1.0
ServiceNow, Inc.	11.9	0.2
Microsoft Corporation	11.7	3.8
Amazon.com, Inc.	11.0	1.8
Workday, Inc.	6.4	0.1

Sector Allocation

	Portfolio (%)	Benchmark (%)
Communication Services	9.7	6.9
Consumer Discretionary	35.3	10.6
Consumer Staples	2.2	7.9
Financials	12.3	15.0
Health Care	1.8	13.3
Information Technology	38.3	20.4
Cash	0.4	--

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	8.2	3
\$50 - \$100bn	11.7	2
\$100bn +	79.7	16
Cash	0.4	--
Total	100	21

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

All data as at 31st March 2023. Source: Hyperion Asset Management
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 All companies shown are illustrative only and not a recommendation to buy or sell any particular security.

Top Contributors and Detractors (rolling 12 months)

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Hermes International SCA	58.0	3.2	2.1
Microsoft Corporation	4.8	11.1	1.0
Visa Inc.	14.0	4.3	0.7
LVMH	42.4	1.2	0.6
ServiceNow, Inc.	-6.4	9.7	0.5

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Tesla, Inc.	-35.2	12.4	-5.3
Block, Inc.	-43.2	6.3	-4.3
Amazon.com, Inc.	-28.9	11.5	-3.3
Roku, Inc.	-41.1	1.6	-1.6
Palantir Technologies Inc.	-28.0	2.2	-1.3

*Stock not currently held in the portfolio.

Portfolio Characteristics ^

	Portfolio
Number of Holdings	21
Top 10 Security Holdings (%)	77.8
Dividend Yield (%)**	0.3
Portfolio Beta	1.5

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)	\$2,036.6 million
NAV Price	\$3.4129
Pricing Frequency	Daily
Registry	Automatic
Risk/Return Profile	The Fund's risk band is 6 (high)

^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

Salesforce, Inc. (CRM-US)

Primary Exchange	NYSE
GICS Sector	Information Technology
Market Cap (US\$m)	199,780



Salesforce, Inc. (Salesforce) released its Q4 and full year FY23 financial results, reporting quarterly revenue growth of 14% YoY to US\$8.38b (+17% at constant currency (cc)), driven by strong levels of new business and renewals of annual subscriptions. Over the full year, revenue reached US\$31.4b, up 18% YoY (+22% at cc), with resilient growth in its core Sales and Service cloud products. Operating cash flow for FY23 was US\$7.1b, up 19% YoY and the highest in the company's history. During Q4, all regions saw consistent double digit revenue growth, with Americas growing 14% YoY in CC, EMEA +20% YoY in CC and APAC +30% YoY in CC. Salesforce discussed their new Genie Data Cloud and the launch of Tableau plus Data Cloud which will allow customers to visualise, automate and act on their data in real time. The company achieved its highest margin ever in a quarter, with non-GAAP operating margin increasing by 1,420bps over the year to 29.2% for Q4. Management provided FY24 revenue guidance of US\$34.5b-34.7b, representing growth of approximately 10% YoY at the mid-point. Management also emphasised their ambition to grow operating margins beyond the guided 25% by FY26 and provided an expected non-GAAP operating margin of 27% for FY24, exceeding their initial goal by two years.

Tesla Inc. (TSLA-US)

Primary Exchange	NASDAQ
GICS Sector	Consumer Discretionary
Market Cap (US\$m)	656,425



Tesla Inc. (Tesla) held an Investor Day in March, where they outlined its path to a sustainable energy future. As part of its Masterplan 3, Tesla sees a need to generate 30TWh of renewable energy per year and 240TWh of battery storage. While no new vehicle was unveiled, Tesla confirmed that the next-generation platform will see a 50% cost reduction and 40% reduction in its manufacturing footprint when compared to the current Model 3 & Y vehicles. This will result in Tesla products being more affordable and accessible to a wider range of consumers. Tesla highlighted that its next-generation powertrain units will use 75% less silicone carbide, require a 50% smaller factory footprint, have a total production cost of US\$1,000, and impressively use zero rare earths material. Elon Musk re-iterated the company's long-term target to produce 20 million vehicles per annum and stated this likely results in 10 model variants. The company also confirmed that the next Gigafactory will be built in Mexico.

Spotify Technology SA (SPOT-US)

Primary Exchange	NYSE
GICS Sector	Communication Services
Market Cap (US\$m)	25,828



Spotify Technology SA (Spotify) held its "Stream-On" event in March where it outlined new initiatives aimed at improving both the user experience and the value proposition of the platform to content creators. Spotify noted that it had exceeded 500 million monthly active users, halfway to its goal of reaching one billion monthly active users by 2030. The company also noted that 50% of all users listening on Spotify is now recommended from Spotify playlists and auto-plays, up from 20% in 2015 and 31% in 2017. This highlights the increasing role that Spotify's recommendation engine is playing in the curation of the audio experience for users. New user-interface features announced at the event included a smart-DJ feature, new smart-shuffle, autoplay for podcasts, and a scrolling feature to discover and search for music. The company also announced new podcast features such as Podcast Chapters, introducing timestamps into episodes to split chapters automatically, and Spotify Labs - a series of global workshops to learn and create.

Quarterly Stock Spotlight

Hermes International SCA (RMS-FR)

Primary Exchange	PAR
GICS Sector	Consumer Discretionary
Market Cap (EURm)	196,781



Hèrmes International S.A. (Hèrmes) is a French ultra-luxury brand that is at the forefront of the personal luxury goods industry. Founded in 1837 in Paris, France, Hèrmes has evolved from creating harnesses for aristocrats throughout the country to specialising in a range of products including: leather goods, lifestyle accessories, home furnishings, perfumery, jewellery, watches, and ready-to-wear clothing. The multigenerational family-owned business takes a long-term approach, with its strategy grounded on three pillars: creation, craftsmanship and an exclusive distribution network. Hèrmes sits alongside very few companies at the pinnacle of absolute luxury brands in the world. The group has a network of 300 exclusive stores across Europe, Americas, Asia, Middle East, and Oceania. The company listed on the Paris stock exchange in 1993 and is headquartered in Paris.

Hyperion's View:

Hèrmes operates in and epitomises the personal luxury goods industry, which sees firms characterised by their strong brand identity, rich heritage, premiumisation, scarcity, superb craftsmanship, and personalised customer service. Although the industry is highly competitive, there are high barriers to entry, and a select few global luxury Maison's that are steeped in heritage dominate the industry.

Hèrmes value proposition stems from its brand strength, rich heritage, exquisite craftsmanship, and long-term business model. With a sixth-generation family member as current CEO, its brand heritage benefits from a long, storied history, and provenance. The strong family stewardship of the business across generations is a testament to the company's resilience, consistent reinvestment strategies and its long-term sustainability. The brand's heritage attracts and retains the world's best artisans who have non-replicable expertise and values that fundamentally align to the brand's unwavering commitment to and reputation for supreme quality craftsmanship. This is a value proposition, competitive advantage, and a barrier to entry for competitors and new entrants.

The brand is known for its iconic designs, such as the Birkin and Kelly handbags, as well as its commitment to using only the finest materials and employing traditional production techniques. The leather goods division of the company accounts for roughly half of sales, with other divisions often being termed 'accessory buying' as consumers are encouraged to build repour and long-term relationships with the brand prior to being offered exclusive leather goods. Hèrmes' brand and craftsmanship are supported by a business model that upholds scarcity and exclusivity, driving high levels of demand and desire. Ultimately, Hèrmes' widely renowned items cultivate a high level of brand loyalty among consumers, as they associate luxury brands with status and prestige.

Its iconic products often defy traditional economic theory and act as Veblen goods. This is particularly evident in leather goods, where there are long waitlists for iconic handbags such as the Birkin and Kelly. Hèrmes bags often trade above retail prices and are seen as an asset class, attractive to both consumers and investors (not mutually exclusive). The company has industry leading margins (70% gross margin in 2022) and near unparalleled pricing power in the personal luxury goods industry. Hèrmes is in the enviable position of 'managing' growth, rather than 'chasing' growth, with revenue growth constrained not by demand, but by production (strategic inventory management).

Uniquely, Hèrmes' online offering is very limited, placing the business towards the extreme end of the industry in terms of restricting the shift to online. The business instead focuses on offering a personalised in-store shopping experience and exceptional customer service. Furthermore, Hèrmes maintains quite a minimalist approach to its marketing, allowing its products and the personality of its brand to attract the attention rather than drawing on celebrity ambassadors like other luxury brands – a reflection of the intrinsic strength of the business.

Despite uncertain market conditions, the global personal luxury goods market took a leap forward in 2022, growing 22% at current exchange rates (or 15% in constant currency) according to estimates by Bain & Company. Further growth is projected for 2023 and the rest of the decade, with a forecasted annual growth rate of between 5% and 7% p.a. until 2030. Hyperion expects there to be strong growth in the demand for luxury items worldwide, driven by the trend of product premiumisation, GDP growth fuelling the wealth effect, social stratification driving consumer desire for luxury brands to portray social status, the rise of technology (particularly social media), and the emergence of the middle class in the developing world (particularly Asia).

Hèrmes has established strong value propositions, sustainable competitive advantages, and high barriers to entry on both demand and supply sides of its business. Hèrmes has a heritage and brand synonymous with industry leading quality and craftsmanship, and its products attract a cult-like customer. Hyperion believe Hèrmes' revenue growth will be driven by increasing sales density in existing stores, increased demand from premiumisation of consumer preferences, and increasing of price points. Hyperion believes Hèrmes is positioned to grow and further solidify its core position in the industry.

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**Hyperion named Winner
FUND MANAGER OF THE YEAR**
Morningstar 2021 Awards, Australia.



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