

APL Inclusion – Australian Equities

Hyperion Australian Growth Companies Fund APIR: BNT0003AU

Summary

The **Hyperion Australian Growth Companies Fund** is a high-conviction, 15-30 stock, equity fund designed to deliver long-term capital growth by investing in high-quality Australian companies with strong growth drivers and competitive advantages. The fund's focus on structural growth businesses with scalable operations complements the existing Australian Equity APL offerings. Its superior historical performance and focus on sustainable growth make it a strong candidate for inclusion on the APL and brings a differentiated growth-oriented equity exposure.

APL Fit

The Fund is under consideration for inclusion in the Australian Equities segment of the Atchison APL. Its concentrated, growth-focused strategy complements the existing Australian Equities APL, which leans more heavily toward core and value-oriented strategies. By incorporating this Fund, the APL achieves greater diversification, offering growth potential while mitigating style bias across the portfolio.

Within a client portfolio, the Fund would serve as a growth engine within the Australian Equities allocation. Its focus on high-quality, innovative companies provides investors with exposure to some of the most forward-thinking businesses in the market, positioning the portfolio to capture long-term structural growth opportunities. Furthermore, its inclusion aligns with the objective of enhancing portfolio outcomes through a balanced mix of investment styles and strategic growth drivers.

Fund Overview

- **Manager:** Hyperion Asset Management
- **Fund Inception Date:** 30 September 2002
- **Firmwide Assets Under Management:** \$17 Billion (as at 31/12/2024)
 - **Australian Growth Companies Fund:** \$2.6bn
- **Investment Strategy:** The Fund targets a concentrated portfolio of 15-30 high-quality Australian companies that exhibit structural growth, predictable earnings, and sustainable competitive advantages.
- **Benchmark:** S&P ASX 300 Accumulation Index

Business

Founded in 1996, Hyperion Asset Management is a Brisbane-based boutique investment management firm renowned for its disciplined focus on long-term, high-conviction growth strategies. Hyperion manages a substantial level of funds under management (FUM) across both Australian and global equities, with strong representation in the retail market.

Team

The Fund is managed by Mark Arnold and Jason Orthman, who are both considered by Atchison to be highly experienced and respected portfolio managers. They are supported by a well-resourced team of 10 analysts, three of whom actively contribute to portfolio management decisions. A noteworthy consideration is that the analysts maintain both domestic and global coverage, which has the potential to create distractions. However, Atchison believes this dual focus has been effectively managed thus far, recognising the comparative advantages and enhanced expertise gained from the global coverage.

Process

The Fund employs a fundamental, bottom-up investment approach focused on identifying high-quality, structural growth opportunities that the market has mispriced. Hyperion adopts a low-turnover strategy, aiming to hold investments for a long-term horizon of approximately ten years. The team utilises standardised research templates and develops detailed financial models, ensuring consistency and depth in their analysis. Atchison considers the depth of research a key competitive advantage within the subsector. Moreover, the analysts benefit from the ability to benchmark domestic companies against international peers, providing valuable context and insights. While macroeconomic research occasionally informs positioning, the process remains firmly grounded in bottom-up analysis

Fees and operational considerations

- **Management Fee:** 0.95% p.a.
- **Performance Fee:** Nil
- **Liquidity:** Daily applications and redemptions.
- **Capacity:** The Fund invests across the ASX 300, however, is expected to remain at the larger end of the market. As such, capacity is not a concern at current levels.
- **Minimum Investment:** \$20,000
- **Responsible Entity:** Pinnacle

Performance

Fund Performance

| | Portfolio – Net (%) | Benchmark ¹ (%) | Excess Performance (%) |
|-------------------|---------------------|----------------------------|------------------------|
| 1 Month | -3.6 | -3.1 | -0.5 |
| 3 Month | 5.7 | -0.8 | 6.5 |
| 1 Year | 29.0 | 11.4 | 17.6 |
| 3 Year (p.a.) | 5.2 | 7.1 | -1.9 |
| 5 Year (p.a.) | 12.5 | 8.0 | 4.5 |
| 7 Year (p.a.) | 13.0 | 8.4 | 4.6 |
| 10 Years (p.a.) | 11.7 | 8.5 | 3.2 |
| 15 Years (p.a.) | 10.7 | 7.8 | 2.9 |
| 20 Years (p.a.) | 11.4 | 7.9 | 3.5 |
| Inception (p.a.)* | 12.0 | 9.1 | 2.9 |
| Inception (TR)*^ | 1,138.0 | 593.6 | 544.5 |

1. S&P/ASX 300 Accumulation Index. *Inception date that Hyperion became Investment Manager: 30th September 2002. ^Total return. All p.a. returns are annualised. Returns are net of applicable fees and costs.

Best performance is not a reliable indicator of future performance

Sector Allocation

| | Portfolio (%) | Benchmark (%) |
|------------------------|---------------|---------------|
| Communication Services | 8.7 | 3.8 |
| Consumer Discretionary | 9.0 | 7.9 |
| Financials | 21.4 | 33.0 |
| Health Care | 28.9 | 9.9 |
| Industrials | 1.0 | 7.3 |
| Information Technology | 23.0 | 3.5 |
| Materials | 3.5 | 18.8 |
| Real Estate | 2.2 | 6.8 |
| Cash | 2.3 | -- |

Portfolio weights may not sum perfectly to 100.0% due to rounding.

The Fund has outperformed the Benchmark (ASX 300 Accumulation Index) by 29% over the 12 months to December 2024. Additionally, the Fund has achieved its performance objective of achieving long term returns above the benchmark having produced alpha over both five- and ten-year periods of 4.5% p.a. and 3.2 % p.a. respectively.

The Fund is expected to outperform during periods of strong economic growth and when markets reward companies with robust earnings growth and innovation. Its focus on high-quality structural growth companies, often with sustainable competitive advantages and long-term growth potential, positions it to excel in environments where these attributes are recognised and valued. The Fund tends to benefit when interest rates are stable or declining, as growth-oriented investments often have longer-duration cash flows that are more sensitive to changes in discount rates. Additionally, it may outperform in market conditions that favour concentrated, high-conviction portfolios, particularly when quality growth names are in demand.

In a multi-manager portfolio, the Fund serves as a complementary growth engine, balancing strategies that are more value or core oriented.