

**Fund Update January 2025**

**Market Commentary**

Major equity indices were higher through January as the start of the second Trump administration made turbulent headlines. In the U.S. the S&P 500 Total Return Index rose +2.8% over the month. The U.S. Federal Reserve held the federal funds rate target range at 4.25%-4.50% at its January meeting. Fed Chair Powell indicated in the press conference that the rate would be held unchanged until the FOMC has time to assess the inflation impact of Trump’s policies on tariffs, immigration, fiscal policy and regulatory policy. In Europe, the Euro STOXX 50, Germany DAX, and FTSE 100 total return indices returned +8.1%, +9.2%, and +6.2%, respectively over January.

**Fund Update and Outlook**

The Hyperion Global Growth Companies PIE Fund returned 4.8% (net of fees) in January, outperforming its MSCI World Net Total Return Index (NZD) benchmark by 2.2%. Spotify Technology SA, Hermes International SCA and Meta Platforms, Inc. saw the strongest share price performance, while Intuit Inc., ServiceNow, Inc. and Microsoft Corporation saw the largest declines.

Our Global Strategy started the year with continued positive momentum that we have seen over the past two years.

Our portfolio and the market absorbed the headlines of Trump 2.0 starting with a bang with news of potential tariffs, trade wars and “America First” policies. While we believe Trump 2.0 will be positive for financial markets, the last five years give us a lot of confidence that our portfolio companies can navigate their way through times of uncertainty due to the strong underlying fundamentals, value propositions and pricing power to their customers.

Throughout the month there were also developments in AI, largely driven by the introduction of DeepSeek’s AI model. At this stage the announced advancements in training AI models at a fraction of a cost by DeepSeek further validates our view that value will be created in the application layer and that large language models will be commoditised. This is an important step for a broader uptake in generalised AI applications, i.e. if the cost can come down then the end markets should grow.

We remain positive about the long-term return outlook for our Global Strategy, primarily because of our portfolio companies’ attractive long-term forecast EPS growth profiles and our portfolio’s attractive long-term forecast internal rate of return.

As we stated in our November webinar (watch the replay [HERE](#)), we believe now is the time to enjoy a more normalised environment, where company fundamentals matter more than ever and the power of long-term compounding, strong portfolio fundamentals and market share gains are rewarded.

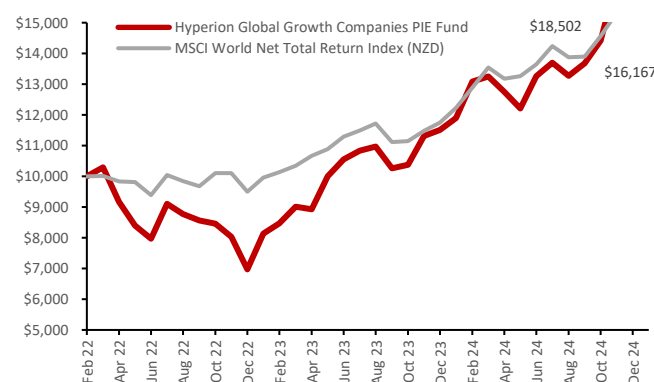
**Fund Features**

- High-conviction portfolio of quality global listed equities from a research driven, bottom-up investment philosophy
- Benchmark unaware
- Leverage not permitted

**We believe companies in our portfolio have:**

- Earnings which will grow or be maintained
- 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: 2<sup>nd</sup> March 2022. Source: Hyperion Asset Management. Past performance is for illustrative purposes only and is not indicative of future performance.

**Platform Availability**

**FNZ**  
**Apex**

**Fund Performance**

	Portfolio – Net (%)	Benchmark <sup>^</sup> (%)	Excess Performance (%)
1 Month	4.8	2.6	2.2
3 Months	28.4	11.0	17.4
6 Months	35.1	13.5	21.6
1 Year	55.6	32.2	23.4
2 Year	50.8	27.4	23.4
Inception (p.a.)*	23.5	17.9	5.6
Inception (TR)*#	85.0	61.7	23.4

\*Inception date: 2<sup>nd</sup> March 2022. <sup>^</sup> MSCI World Net Total Return Index (NZD). <sup>#</sup> Total return.

Returns are net of applicable fees and costs. Past performance is not a reliable indicator of future performance. The performance figures provided in the table above reflect actual valuation dates over the reported period. The performance figures reported may deviate from the returns that investors receive from buying and selling units in the Fund, as prior to 27<sup>th</sup> January 2023, BNP applied a T-1 valuation lag on global securities for their Unit Pricing valuation methodology. For example, 1<sup>st</sup> May 2022 Unit Price reflected 30<sup>th</sup> April 2022 global security valuations. The pricing methodology was changed by BNP on 27<sup>th</sup> January 2023 to remove the valuation lag. Performance as at 31<sup>st</sup> January 2025.

**Top 5 Holdings**

	Portfolio (%)	Benchmark (%)
Tesla, Inc.	12.5	1.6
Block, Inc.	10.3	0.1
Amazon.com, Inc.	9.4	3.1
ServiceNow, Inc.	8.4	0.3
Microsoft Corporation	7.6	4.1

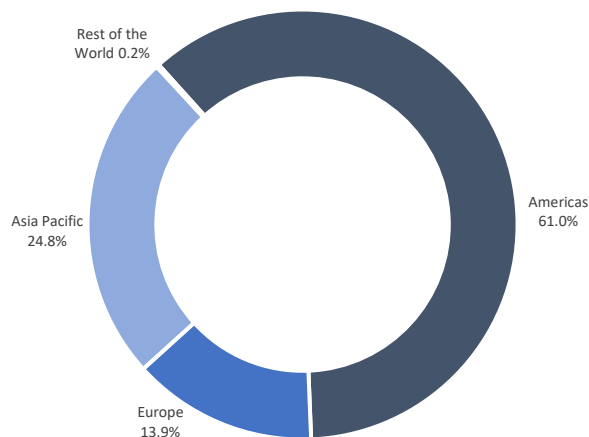
Companies shown are illustrative only and not a recommendation to buy or sell any particular security.

**Sector Allocation**

	Portfolio (%)	Benchmark (%)
Communication Services	13.8	8.5
Consumer Discretionary	27.9	11.3
Consumer Staples	2.6	5.9
Financials	14.5	16.5
Health Care	2.8	10.7
Information Technology	37.1	24.9
Cash	1.2	--

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

**Geographical Weight by Source of Revenue<sup>^</sup>**



<sup>^</sup>Based on composite.  
Due to rounding, portfolio weights may not sum perfectly to 100.0%

**Market Capitalisation (NZD)**

	Portfolio (%)	# Stocks
\$0 - \$50b	1.9	2
\$50 - \$100b	10.8	2
\$100b +	86.1	19
Cash	1.2	--
Total	100	23

Due to rounding, portfolio weights may not sum perfectly to 100.0%.  
All data as at 31<sup>st</sup> January 2025. Source: Hyperion Asset Management

**Top Contributors and Detractors (rolling 12 months)**

Contributors	Price change (%)	Avg Weight (%)	Contribution to return (%)
Tesla, Inc.	135.2	12.3	15.5
Palantir Technologies Inc.	458.2	3.9	10.1
Spotify Technology	177.3	6.2	8.7
Amazon.com, Inc.	66.7	9.8	6.6
ServiceNow, Inc.	44.9	9.0	4.7

Detractors	Price change (%)	Avg Weight (%)	Contribution to return (%)
ASML Holdings NV ADR	-7.5	6.2	-0.7
Workday, Inc. Class A	-2.0	5.7	-0.5
Kering SA	-31.1	0.6	-0.3
LVMH	-5.2	1.2	-0.2
Roku, Inc. Class A	2.3	0.8	-0.1

**Portfolio Characteristics**

	Portfolio
Number of Holdings	23
Top 10 Security Holdings (%)	77.2
Dividend Yield (%)*	0.3
Beta	1.6

Before fees. \* Trailing.

**Fund Facts**

Name	Hyperion Global Growth Companies PIE Fund
<b>Inception Date</b>	2 <sup>nd</sup> March 2022
<b>Manager and Issuer</b>	FundRock NZ Limited
<b>Investment Manager</b>	Hyperion Asset Management Limited
<b>Registry</b>	Apex Investment Administration (NZ) Limited
<b>Custodian and Administrator</b>	BNP Paribas Fund Services Australasia
<b>Legal Structure</b>	New Zealand unit trust which has elected to be a Portfolio Investment Entity
<b>Dealing Frequency</b>	Daily, each NZ business day (T settlement)
<b>Dealing Deadline</b>	2:00pm (NZST) on T
<b>Distribution Policy</b>	Accumulating
<b>Base Currency</b>	New Zealand Dollar, Unhedged
<b>Fixed Annual Fund Charges<sup>1</sup></b>	0.70% p.a. + GST
<b>Buy/Sell Spread</b>	0.30%/0.30%
<b>Performance Fee<sup>2</sup></b>	20% over Benchmark, net of Fixed Annual Fund Charges (excl. GST)
<b>Benchmark</b>	MSCI World Net Total Return Index (NZD)
<b>Min initial investment</b>	\$20,000
<b>Fund AUM (31/01/2025)</b>	\$101.7 million
<b>NAV Price (31/01/2025)</b>	\$1.8447

1. As a percentage of the net asset value of the Fund per annum.  
2. The Performance Fee is equal to 20% of the Fund's outperformance (net of Fixed Annual Fund Charges excl. GST) relative to its benchmark return, multiplied by the net asset value of the Fund. The Performance Fee is calculated and accrued each business day and may be positive or negative. If the Performance Fee is positive, the amount is incorporated in the Fund's unit price. If the Performance Fee is negative, the negative amount will be carried forward. The Performance Fee amount payable by the Fund is equal to the total daily Performance Fee accrual for each half-yearly period, ending 31 December and 30 June. There is no maximum limit to the Performance Fee. The benchmark used for calculating the Performance Fee is the MSCI World Net Total Return Index (NZD). If the benchmark ceases to be published, we will nominate an equivalent replacement index. For more information on performance fees, please refer to the Product Disclosure Statement.

## Portfolio Holdings Update

### Tesla, inc. (TSLA-US)

Primary Exchange	<b>NASDAQ</b>
GICS Sector	<b>Consumer Discretionary</b>
Market Cap (US\$m)	<b>1,301,403</b>



Tesla Inc. (Tesla) reported its full year 2024 result with revenue of US\$97.7bn up 1% Year-on-Year (YoY,) gross profit of US\$17.5bn down 1% YoY, and Adjusted EBITDA of US\$16.6bn flat YoY. Automotive revenues were down 6% YoY to US\$77bn, impacted by price reductions across the fleet of vehicles. Total vehicle deliveries in 2024 were 1.79m down 1% YoY. Management have guided to a return to growth in 2025. The energy business continues to perform strongly, producing US\$10.1bn of revenue in 2024, up 67% YoY. Services and other revenue grew 27% YoY to US\$10.5bn. The company had stated at the beginning of 2024 it was between two growth waves, hence the financial results are largely as expected. The company will release more affordable vehicles in the first half of 2025 and aims to launch its paid autonomous ride-hailing service in Austin in June and expand to other regions in the U.S. in the second half of the year. Both initiatives are expected to drive vehicle demand higher and in the case of autonomous ride-hailing, result in new and highly profitable revenue streams. Importantly, the company's Full-Self-Driving (FSD) technology continues to dramatically improve, with data now showing the use of the technology results in a driver being 8.5x safer than without. Optimus development continues to progress well and presents a material long-term opportunity for the company.

### Meta Platforms, Inc. (META-US)

Primary Exchange	<b>NASDAQ</b>
GICS Sector	<b>Communication Services</b>
Market Cap (US\$m)	<b>1,509,234</b>



Meta Platforms, Inc. (Meta) reported a strong 4Q24 result with revenue growth exceeding expectations at +21%, while operating expenses were also lower than expected which led to operating income increasing 43%. Meta's operating margin for the quarter increased to 48% from 41% in the prior period. Meta is in a strong position to capitalise on the significant investments they have made in AI. Meta AI now has over 700m Monthly Active Users (MAUs) and is the most used AI assistant globally. Investments in AI are continuing to improve targeting and measurement in the core Facebook and Instagram businesses, however longer term there are additional growth opportunities across WhatsApp, Threads, Meta AI and Agents. Meta provided a 1Q25 revenue growth outlook between 11% and +18% in CC, while capex growth for FY25 is elevated at between 53% to 66% given the compelling investment opportunities.

### Microsoft Corporation (MSFT-US)

Primary Exchange	<b>NASDAQ</b>
GICS Sector	<b>Information Technology</b>
Market Cap (US\$m)	<b>3,085,549</b>



Microsoft Corporation (Microsoft) reported 2Q25 revenue growth of 12% while operating income increased 17% (+16% constant currency (CC)). Microsoft's cloud computing business, Azure, reported revenue growth of 31%, which met Microsoft's guide of between +31% to +32% growth. Microsoft expect the Azure revenue growth rate to remain between +31% to +32% in CC in the 3Q, before increasing in the 4Q as additional AI capacity becomes available. Importantly, Microsoft noted that revenue from AI was above expectations, surpassing a US\$13bn annual revenue run rate in the quarter (+175%) compared to the US\$10bn run rate that was expected. Microsoft's Copilot is performing better than expected with accelerated customer adoption. The number of people who use Copilot daily more than doubled quarter-on-quarter while usage intensity increased more than 60% quarter-on-quarter. Microsoft's outlook remains favourable with the company expecting double digit revenue and operating income growth for the full year.

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**Awarded Fund Manager of the Year – Overall**  
Morningstar 2024 Awards, Australia.



**Awarded Fund Manager of the Year – Overall**  
Morningstar 2021 Awards, Australia.

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