

Fund Update February 2025

Market Commentary

Major equity indices were mixed in February. The S&P 500 Total Return Index fell 1.3% over the month amid uncertainty surrounding the Trump administration's policies and a cautious U.S. Federal Reserve as inflation remains above their 2 per cent longer-run goal. Trade war developments dominated headlines, with U.S. President Trump announcing tariffs on Canada, Mexico, and China, though implementation was delayed pending negotiations. Long-term U.S. Treasury yields declined over the month, although they remain within their trading range over the past couple of years. In Europe, the Euro STOXX 50, Germany DAX, and FTSE 100 total return indices returned +3.5%, +3.8%, and +2.0%, respectively over February.

Fund Update and Outlook

The Hyperion Australian Growth Companies PIE Fund returned -11.4% (net of fees) in February, underperforming its benchmark (S&P/ASX 300 Accumulation Index (NZD)) by 8.2%. Nanosonics Limited, Brambles Limited and Seek Limited saw the largest share price increases over the month, while Block, Inc., Wisetech Global Ltd. and IDP Education Ltd. saw the largest share price declines. Domestic markets started the month well as companies reported their financial results for the 2024 December half year end. However, we saw a broad-based sell off as uncertainty appeared in the second half of the month due to U.S. government policy announcements. Fundamentally, reporting season for our Domestic Strategy was encouraging and on a portfolio level, the results have been consistent with our long-term expectations regarding valuation and fundamental risk. This leads us to believe that the recent capitulation in markets is technical in nature and not fundamentally driven. Wisetech continued to attract negative attention due to ongoing board and governance issues. Our ongoing industry research suggests the value proposition of Wisetech's current and new products is compelling and should support long-term growth at the company. This view was further solidified with Wisetech's strong reported half year financial result during the month. We remain positive about the long-term return outlook for our Domestic 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. Opportunities can often appear when financial markets disconnect from fundamentals (signals) and trade on fear and speculation (noise). Read more [here](#). Watch the replay of our November webinar [HERE](#) where we discussed why company fundamentals matter more than ever and why the power of long-term compounding, strong portfolio fundamentals and market share gains are rewarded.

The Hyperion Asset Management team is pleased to announce we have been named 2025 Fund Manager of the Year at the Morningstar Awards for Investing Excellence in Australia.

[Hyperion named Morningstar Australia Fund Manager of the Year](#)

The recognition is a testament to our disciplined proprietary investment process which has demonstrated how skilled bottom-up long-term structural growth investing can generate superior long-term performance.

2025 is the fourth time Hyperion has been named the Morningstar Fund Manager of the Year (previously in 2024, 2021 and 2016). You can learn more about the Morningstar Awards [here](#).

Fund Features

- High-conviction portfolio of quality Australian listed equities from a research driven, bottom-up investment philosophy
- Benchmark unaware
- Leverage not permitted
- Assets held in New Zealand for PIE fund benefits

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

Platform Availability

| FNZ | Adminis |
|------|-------------------------|
| Apex | NZX Wealth Technologies |

Fund Performance

| | Portfolio – Net (%) | Benchmark [^] (%) | Excess Performance (%) |
|------------------------------|---------------------|----------------------------|------------------------|
| 1 Month | -11.4 | -3.2 | -8.2 |
| 3 Months | -9.7 | -2.0 | -7.7 |
| 6 Months | 3.1 | 4.9 | -1.8 |
| Inception (TR) ^{*#} | 9.7 | 7.0 | 2.7 |

*Inception date: 9th July 2024.

[^]S&P/ASX 300 Accumulation Index (NZD).

[#] 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.

Performance as at 28th February 2025.

Top 5 Holdings

| | Portfolio (%) | Benchmark (%) |
|--------------------------------------------|---------------|---------------|
| Xero Ltd | 11.0 | 1.0 |
| Block, Inc. | 9.4 | 0.2 |
| Fisher & Paykel Healthcare Corporation Ltd | 6.9 | 0.2 |
| CSL Ltd | 6.9 | 5.0 |
| Cochlear Ltd | 6.5 | 0.7 |

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

Sector Allocation

| | Portfolio (%) | Benchmark (%) |
|------------------------|---------------|---------------|
| Communication Services | 7.2 | 4.0 |
| Consumer Discretionary | 7.8 | 8.1 |
| Financials | 21.6 | 33.1 |
| Health Care | 31.1 | 9.4 |
| Industrials | 0.7 | 7.6 |
| Information Technology | 20.9 | 3.1 |
| Materials | 4.1 | 18.9 |
| Real Estate | 2.1 | 6.8 |
| Cash | 4.4 | -- |

Market Capitalisation

| | Pf (%) | Bm (%) | Act. (%) | # Stocks |
|-----------------|--------|--------|----------|----------|
| S&P/ASX 1-20 | 19.1 | 60.4 | -41.3 | 4 |
| S&P/ASX 21-50 | 32.8 | 16.9 | 15.9 | 7 |
| S&P/ASX 51-100 | 30.4 | 11.9 | 18.5 | 7 |
| S&P/ASX 101-200 | 12.3 | 8.1 | 4.3 | 5 |
| S&P/ASX 201-300 | 1.0 | 2.7 | -1.8 | 1 |
| Ex S&P/ASX 300 | -- | -- | -- | -- |
| Cash | 4.4 | -- | 4.4 | -- |
| Total | 100 | 100 | -- | 24 |

Due to rounding, portfolio weights may not sum perfectly to 100.0%. All data as at 28th February 2025. Source: Hyperion Asset Management

Top Contributors and Detractors (Since Inception)[^]

| Contributors | Price change (%) | Avg Weight (%) | Contribution to return (%) |
|--------------------|------------------|----------------|----------------------------|
| Xero Ltd | 27.6 | 9.8 | 2.2 |
| HUB24 Ltd | 68.5 | 3.9 | 2.0 |
| Resmed, Inc. | 30.8 | 5.8 | 1.8 |
| Technology One Ltd | 61.4 | 3.4 | 1.5 |
| Pro Medicus Ltd | 90.6 | 1.9 | 1.3 |

| Detractors | Price change (%) | Avg Weight (%) | Contribution to return (%) |
|--------------------------------|------------------|----------------|----------------------------|
| Cochlear Ltd | -18.3 | 6.9 | -1.0 |
| CSL Ltd | -11.9 | 6.3 | -0.8 |
| Domino's Pizza Enterprises Ltd | -21.4 | 2.5 | -0.6 |
| IDP Education Ltd | -30.6 | 1.3 | -0.4 |
| Lovisa Holdings Ltd | -8.8 | 1.6 | -0.1 |

[^]Inception date: 9th July 2024.

Companies shown are illustrative only and not a recommendation to buy or sell any particular security. Only four detractors are shown as the Fund only had four detractors for the period

Fund Facts

| Name | Hyperion Australian Growth Companies PIE Fund |
|----------------------------------------------|------------------------------------------------------------------------------|
| Inception Date | 9 th July 2024 |
| Manager and Issuer | FundRock NZ Limited |
| Investment Manager | Hyperion Asset Management Limited |
| Registry | Apex Investment Administration (NZ) Limited |
| Custodian and Administrator | BNP Paribas Fund Services Australasia |
| Legal Structure | New Zealand unit trust which has elected to be a Portfolio Investment Entity |
| Dealing Frequency | Daily, each NZ business day (T settlement) |
| Dealing Deadline | 2:00pm (NZST) on T |
| Distribution Policy | Accumulating |
| Base Currency | New Zealand Dollar, Unhedged |
| Fixed Annual Fund Charges¹ | 0.95% p.a. + GST |
| Buy/Sell Spread | 0.30%/0.30% |
| Performance Fee | -- |
| Benchmark | S&P/ASX 300 Accumulation Index (NZD) |
| Min initial investment | \$20,000 |
| Fund AUM (28/02/2025) | \$47.2 million |
| NAV Price (28/02/2025) | \$1.1048 |

1. As a percentage of the net asset value of the Fund per annum.

Portfolio Holdings Update

Guzman y Gomez Ltd (GYG-AU)

| | |
|------------------|------------------------|
| Primary Exchange | ASX |
| GICS Sector | Consumer Discretionary |
| Market Cap (\$m) | 3,511 |



Guzman y Gomez's 1H25 result saw continued strength in top-line growth trends in its core Australia segment. Same store sales increased +9.4% over the half, accelerating in the final quarter, and net new openings were in Australia in line with expectations at +16. Early indicators are positive for the current trading period; same store sales are +12.2% for the first 7 weeks of 2H25 and the company's store pipeline grew well in the half. Management pointed to multiple levers to create above market revenue growth over the long term, including new product innovation, network densification, daypart expansion (Breakfast, 24/7), and a continuation of its efficient and targeted marketing. Short-term margin improvement was marginally below market expectations; this was caused by mix shifts to value offerings and delivery, rather than a structural uplift in the company's cost of doing business. In a very early phase of development, the company's US operations underperformed short-term market expectations.

Block, Inc (XYZ-AU)

| | |
|------------------|------------|
| Primary Exchange | ASX |
| GICS Sector | Financials |
| Market Cap (\$m) | 58,745 |



Block, Inc. (Block) reported its full year 2024 result with revenue of US\$24.1bn up 10% Year-on-Year (YoY) or up 12% excluding Bitcoin revenue. Square, the company's merchant facing business, produced US\$3.6bn in gross profit, increasing 15% YoY. Cash App, the company's consumer facing business, produced US\$5.2bn in gross profit, up 21% YoY. Block drove healthy growth across both core ecosystems and while doing so expanded its adjusted operating margin 13 points YoY, from 5% in FY23 to 18% in FY24. The company repurchased 17m shares over the course of FY24 and remains well capitalised ending the year with US\$10.7bn in available liquidity. Guidance for FY25 is for at least 15% gross profit growth, and to expand operating margins a further 3 points. The company intends to exit the 4th quarter of FY25 having achieved their medium-term Rule-of-40 guidance (gross-profit growth + adjusted operating income). Square's gross-payment-volume growth is expected to accelerate over FY25 as go-to-market initiatives take hold and be a key driver of the segments' gross-profit growth. Cash App's monetisation rate will be the key driver of growth in FY25 as Borrow, and Afterpay on Cash Card continue to ramp. We continue to believe that Block's long-term prospects are attractive with numerous growth levers available across both Square and the Cash App.

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**Awards
2025**

Awarded Fund Manager of the Year – Overall
Morningstar 2025 Awards, Australia.



**Awards
2024**

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



**Awards
2021**

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



**Awards
2021**

Awarded Fund Manager of the Year – Domestic Equities Large Cap Category
Morningstar 2021 Awards, Australia.



**Awards
2020**

Awarded Fund Manager of the Year – Domestic Equities Large Cap Category
Morningstar 2020 Awards, Australia.

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