

# **Hyperion Small Growth Companies Fund**

ARSN 089 548 943

**Interim report - for the half-year ended  
31 December 2020**

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## Interim report - for the half-year ended 31 December 2020

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The interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, these interim financial report should be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made in respect of the Hyperion Small Growth Companies Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers the Hyperion Small Growth Companies Fund as an individual entity.

The Responsible Entity of the Hyperion Small Growth Companies Fund is Pinnacle Fund Services Limited (ABN 29 082 494 362). The Responsible Entity's registered office is Level 19, 307 Queen Street, Brisbane, QLD, 4000.

## **Directors' report**

The directors of Pinnacle Fund Services Limited, the responsible entity ("Responsible Entity") of the Hyperion Small Growth Companies Fund ("the Fund"), present their report together with the interim financial statements of the Fund for the half-year ended 31 December 2020.

### **Principal activities**

The Fund is a registered managed investment fund domiciled in Australia.

The Fund aims to achieve medium to long-term capital growth and income through investing in high calibre Australian companies primarily listed outside the S&P/ASX 100 Index, at the time of investment.

Hyperion Asset Management Limited is the Investment Manager of the Fund.

The Fund did not have any employees during the half-year.

### **Directors**

The following persons held office as directors of Pinnacle Fund Services Limited during the half-year and up to the date of this report:

Mr I Macoun  
Mr A Ihlenfeldt  
Mr C Kwok  
Mr A Whittingham

The Responsible Entity also has a Compliance Committee consisting of one non-external member and three external members.

The functions of the Compliance Committee are set out in s601JC as being to:

- (a) monitor to what extent the Responsible Entity complies with each Scheme's Compliance Plan and report on its findings to the Responsible Entity;
- (b) report to the Responsible Entity any breaches of the Corporations Act involving a Scheme, or any breach of the provisions included in a Scheme's constitution in accordance with s601GA of which the Compliance Committee is aware or suspects;
- (c) report to ASIC if the Compliance Committee is of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with a matter reported under paragraph (b) above; and
- (d) assess at regular intervals whether each Scheme's Compliance Plan is adequate and report to the Responsible Entity on the assessment, and to make recommendations to the Responsible Entity about any changes it considers should be made to a Scheme's Compliance Plan.

The committee met two times during the half-year.

### **Review and results of operations**

There have been no significant changes to the operations of the Fund since the previous financial period. The Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund.

## Directors' report (continued)

### Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2020 \$'000	31 December 2019 \$'000
Total comprehensive income for the half-year	93,201	26,302

### Distributions

Distributions paid and payable	397	473
Distributions (cents per unit)	0.4685	0.6615

### Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial half-year.

### Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Fund in future financial periods.

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The outbreak of COVID-19 worldwide has led to extreme volatility in equities markets, which impacts the value of the Fund's assets. Governments have introduced significant fiscal stimulus, but it is still too soon to predict the longer-term economic impacts. The Directors of the Responsible Entity are monitoring the evolution of the situation closely. The Fund has procedures in place to actively monitor its service providers to ensure its continued operational effectiveness. In addition, the Fund is closely monitoring its investment policies, strategies, investment flows, performance and liquidity during this period. As at the date of this report, the fund has not experienced liquidity issues and has been able to facilitate all redemptions when due.

### Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

## Directors' report (continued)

### Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.



Mr A Ihlenfeldt  
Director

Brisbane  
9 March 2021



## *Auditor's Independence Declaration*

As lead auditor for the review of Hyperion Small Growth Companies Fund for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Ben Woodbridge', written in a cursive style.

Ben Woodbridge  
Partner  
PricewaterhouseCoopers

Brisbane  
9 March 2021

**Hyperion Small Growth Companies Fund**  
**Condensed statement of comprehensive income**  
**For the half-year ended 31 December 2020**

**Condensed statement of comprehensive income**

	<b>Half-year ended</b>	
	<b>31 December 2020 \$'000</b>	31 December 2019 \$'000
<b>Investment income</b>		
Interest income from financial assets at amortised cost	9	150
Dividend income	1,792	1,838
Net gains/(losses) on financial instruments at fair value through profit or loss	94,410	26,526
<b>Total net investment income</b>	<u>96,211</u>	<u>28,514</u>
<b>Expenses</b>		
Management fees	2,547	2,019
Transaction costs	463	193
<b>Total operating expenses</b>	<u>3,010</u>	<u>2,212</u>
<b>Profit/(loss) for the half-year</b>	<u>93,201</u>	<u>26,302</u>
Other comprehensive income	-	-
<b>Total comprehensive income for the half-year</b>	<u>93,201</u>	<u>26,302</u>

*The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Hyperion Small Growth Companies Fund**  
**Condensed statement of financial position**  
**As at 31 December 2020**

**Condensed statement of financial position**

		As at	
		31 December 2020	30 June 2020
		\$'000	\$'000
Notes			
<b>Assets</b>			
	Cash and cash equivalents	29,982	12,631
	Receivables	531	5,449
4	Financial assets at fair value through profit or loss	<u>533,688</u>	<u>313,077</u>
	<b>Total assets</b>	<u><b>564,201</b></u>	<u><b>331,157</b></u>
<b>Liabilities</b>			
	Distributions payable	-	37,042
	Payables	<u>7,407</u>	<u>6,153</u>
	<b>Total liabilities</b>	<u><b>7,407</b></u>	<u><b>43,195</b></u>
2	<b>Net assets attributable to unitholders - equity</b>	<u><b>556,794</b></u>	<u><b>287,962</b></u>

*The above condensed statement of financial position should be read in conjunction with the accompanying notes.*



**Hyperion Small Growth Companies Fund**  
**Condensed statement of changes in equity**  
**For the half-year ended 31 December 2020**

**Condensed statement of changes in equity**

		<b>Half-year ended</b>	
		<b>31 December</b>	31 December
		<b>2020</b>	2019
	Notes	<b>\$'000</b>	\$'000
<b>Total equity at the beginning of the half-year</b>	2	<b>287,962</b>	284,812
<b>Comprehensive income for the half-year</b>			
Profit/(loss) for the half-year		93,201	26,302
Other comprehensive income for the half-year		-	-
<b>Total comprehensive income for the half-year</b>		<b>93,201</b>	26,302
<b>Transactions with unitholders</b>			
Applications	2	185,045	36,248
Redemptions	2	(12,578)	(14,514)
Units issued upon reinvestment of distributions	2	3,561	7,821
Distributions paid and payable	2	(397)	(473)
<b>Total transactions with unitholders</b>		<b>175,631</b>	29,082
<b>Total equity at the end of the half-year</b>		<b>556,794</b>	340,196

*The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.*

**Hyperion Small Growth Companies Fund**  
**Condensed statement of cash flows**  
**For the half-year ended 31 December 2020**

**Condensed statement of cash flows**

	<b>Half-year ended</b>	
	<b>31 December</b>	31 December
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	<b>110,493</b>	65,878
Purchase of financial instruments at fair value through profit or loss	<b>(230,993)</b>	(66,246)
Transaction costs on financial instruments at fair value through profit or loss	<b>(463)</b>	(193)
Dividends received	<b>1,915</b>	1,997
Interest received	<b>9</b>	150
Management fees paid	<b>(2,323)</b>	(1,948)
RITC (paid)/received	<b>(41)</b>	(5)
<b>Net cash (outflow) from operating activities</b>	<b>(121,403)</b>	(367)
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	<b>185,349</b>	36,395
Payments for redemptions by unitholders	<b>(12,717)</b>	(14,639)
Distributions paid	<b>(33,878)</b>	(26,827)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>138,754</b>	(5,071)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,351</b>	(5,438)
Cash and cash equivalents at the beginning of the half-year	<b>12,631</b>	48,938
<b>Cash and cash equivalents at the end of the half-year</b>	<b>29,982</b>	43,500
<b>Non-cash financing activities</b>	<b>3,561</b>	7,821

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes.*

**Notes to the interim financial statements**

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## 1 Basis of preparation of interim financial statements

This interim report for the half-year ended 31 December 2020 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made in respect of the Hyperion Small Growth Companies Fund ("the Fund") during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim report was authorised for issue by the directors on 9 March 2021. The directors of Pinnacle Fund Services Limited ("the Responsible Entity") have the power to amend and reissue the interim report.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund's annual financial report for the year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standard and with International Financial Reporting Standards.

There are no other standards, interpretations or amendments to existing standards that are not yet effective and that are expected to have a material impact on the Fund in the prior periods or will affect the current or future reporting periods and on foreseeable future transactions.

## 2 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	As at			
	<b>31 December 2020</b>	31 December 2019	<b>31 December 2020</b>	31 December 2019
	<b>Units</b>	Units	<b>\$'000</b>	\$'000
Balance as at 1 July	<b>67,734,140</b>	68,194,092	<b>287,962</b>	284,812
Applications	<b>37,885,368</b>	8,196,672	<b>185,045</b>	36,248
Redemptions	<b>(2,612,639)</b>	(3,314,820)	<b>(12,578)</b>	(14,514)
Units issued upon reinvestment of distributions	<b>836,740</b>	1,871,286	<b>3,561</b>	7,821
Distribution paid and payable	-	-	<b>(397)</b>	(473)
Profit/(loss) for the half-year	-	-	<b>93,201</b>	26,302
Closing balance	<b>103,843,609</b>	74,947,230	<b>556,794</b>	340,196

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

### 3 Distributions to unitholders

The distributions for the half-year were as follows:

	Half-year ended			
	31 December 2020 \$'000	31 December 2020 CPU	31 December 2019 \$'000	31 December 2019 CPU
<b>Distributions</b>				
Distributions paid - September	397	0.4685	473	0.6615
	<u>397</u>	<u>0.4685</u>	<u>473</u>	<u>0.6615</u>

The fund has a NIL distribution for 31 December 2020 (31 December 2019 : NIL).

### 4 Financial assets at fair value through profit or loss

	As at	
	31 December 2020 \$'000	30 June 2020 \$'000
Listed equities	533,688	313,077
<b>Total financial assets at fair value through profit or loss</b>	<u>533,688</u>	<u>313,077</u>

### 5 Fair value measurements

The Fund measures and recognises the below financial assets and liabilities at fair value through profit or loss on a recurring basis.

The Fund has no financial assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### Fair value hierarchy

(i) *Classification of financial assets and financial liabilities*

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

## 5 Fair value measurements (continued)

### Fair value hierarchy (continued)

#### (i) Classification of financial assets and financial liabilities (continued)

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2020 and 30 June 2020.

#### As at 31 December 2020

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss:</b>				
Listed equities	533,688	-	-	533,688
<b>Total financial assets</b>	<b>533,688</b>	<b>-</b>	<b>-</b>	<b>533,688</b>

#### As at 30 June 2020

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss:</b>				
Listed equities	313,077	-	-	313,077
<b>Total financial assets</b>	<b>313,077</b>	<b>-</b>	<b>-</b>	<b>313,077</b>

The fair value of financial instruments traded in active markets (listed equities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current last price. These instruments are included in level 1.

#### (ii) Transfers between levels

There were no transfers between levels for the half-year ended 31 December 2020 or the year ended 30 June 2020.

## 6 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as at 31 December 2020 or on the results and cash flows of the Fund for the half-year ended on that date.

## **7 Contingent assets and liabilities and commitments**

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2020 and 30 June 2020.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the interim financial report and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Mr A Ihlenfeldt  
Director

Brisbane  
9 March 2021





# **Independent auditor's review report to the unitholders of Hyperion Small Growth Companies Fund**

## ***Report on the half-year financial report***

### *Conclusion*

We have reviewed the half-year financial report of Hyperion Small Growth Companies Fund (the Registered Scheme) which comprises the Condensed statement of financial position as at 31 December 2020, the Condensed statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors of the Responsible Entity's declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hyperion Small Growth Companies Fund does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Registered Scheme's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Responsibility of the directors of the Responsible Entity for the half-year financial report*

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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*Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Registered Scheme's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Ben Woodbridge'.

Ben Woodbridge  
Partner

Brisbane  
9 March 2021