

# Managing Director's Quarterly Report



June 2007

## Total Net Market Value of Assets

\$36,706,627 or 214c per share

## Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	7.9%	35.9%
Change in All Ords. over Period	5.5%	25.4%
Total return over the period (NAV & div)	5.9%	26.2%
Change in Bank Bill Index over the Period	1.6%	6.4%

\* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid. Past performance is no guide for future performance.

## Asset Allocation

Financials	32.3%
Consumer Discretionary	17.8%
Materials	11.9%
Industrials	11.4%
Healthcare	8.4%
Energy	7.0%
Cash and Equivalent	4.5%
Consumer Staples	4.3%
Information Technology	2.4%

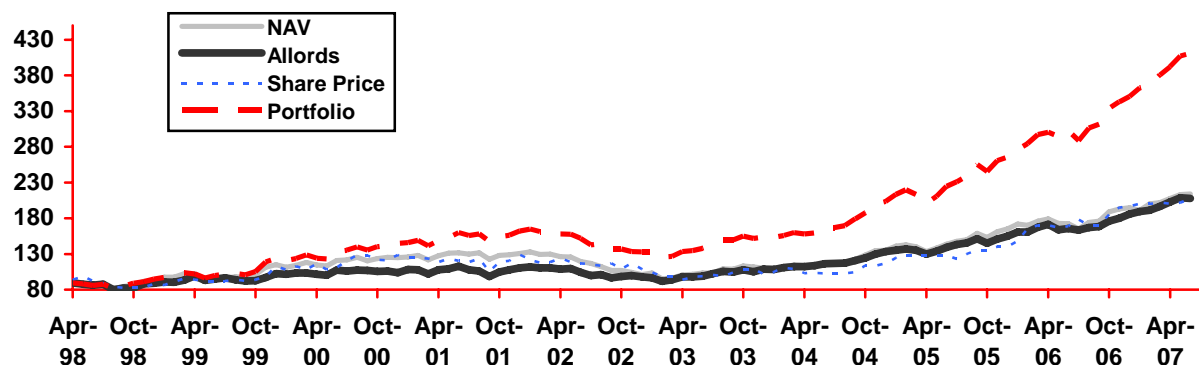
## Five Major Investments

(As a % of the portfolio)

	Jun 07	Mar 07
Rio Tinto	6.5%	5.5%
ANZ	5.9%	6.3%
Brambles	5.4%	5.5%
BHP Billiton	5.3%	4.8%
Woodside Petroleum	5.2%	2.8%
<b>Total</b>	<b>28.3%</b>	<b>24.9%</b>

## Relative Performance History

(After adjusting for the rights issues)



## Portfolio Performance

- The portfolio return (as shown in the chart and table is before all fees, costs, taxes and dividends) was 7.9% over the quarter and 35.9% for the twelve months to the end of June 2007. The return since April 1998 was 359.7%.
- The NAV increased by 5.9% over the quarter as compared to the All Ordinaries Index which increased by 5.5%.
- The NAV per share has increased since April 1998 by 139.7%, while the total return including dividends is 182.7%. The All Ordinaries Index was up 132.6% since April 1998.
- At the current market value, the investments in the portfolio have a dividend yield of 3.3% substantially fully franked.

## Investment Activity

- During the quarter under review, we added AMP and Platinum Asset Management to the portfolio whilst increasing exposure to Woodside Petroleum, Brambles and Aristocrat Leisure. Investments in Australis Aqua and CDS Technologies were removed from the portfolio and we reduced our exposure to Babcock & Brown, Cabcharge and JB Hi-Fi.
- Amongst the best performing investments over the quarter were JB Hi-Fi and Queensland Gas. The worst performing investment was Brambles.

## Market facts

- The Australian market as measured by the All Ordinaries Index increased by 5.5% over the quarter and by 25.4% over the past twelve months.
- The S&P 500 increased by 5.8% in US\$ over the quarter and by 18.4% over the twelve months to the end of June 2007. In A\$, the S&P increased by only 0.8% over the quarter and by 3.6% over the 12 months.

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