

June 2009

Total Net Market Value of Assets

\$36,216,110 or \$1.352 per share.

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period *	17.8%	-4.2%
Change in All Ords. over Period	11.3%	-26.0%
Total return over the period (NAV & div)	10.9%	-2.3%
Change in Bank Bill Index over the Period	0.8%	5.5%

* 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	32.6%
Consumer Discretionary	22.4%
Materials	8.6%
Industrials	8.4%
Information Technology	7.6%
Consumer Staples	6.8%
Energy	6.7%
Healthcare	5.4%
Cash and Equivalent	1.5%

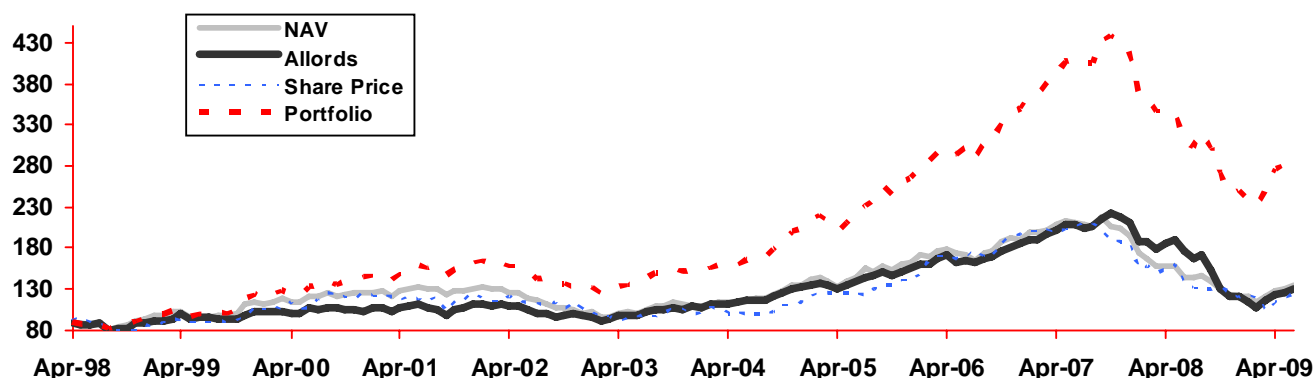
Five Major Investments

(As a % of the portfolio)

	June 09	March 09
IRESS	7.6%	6.7%
Woolworths	6.8%	7.3%
Wotif.com	6.6%	6.0%
CBA	6.6%	6.6%
AMP	5.7%	6.3%
Total	33.4%	32.9%

Relative Performance

(After adjusting for the rights issues)



Investment Philosophy

Our investment process focuses on investing in companies with talented management that are able to consistently grow their business because they have a sustainable competitive advantage, a sound balance sheet and a proven ability to generate operational cash-flow.

Portfolio Performance

The portfolio has outperformed the market by 6.5% over the quarter to June 2009 building on the good relative performance in the previous quarter. Within the current negative investment climate, quality businesses are once again being recognised and valued appropriately by the market. Our under-weight position in speculative resource companies has stood us in good stead during the quarter. Hyperion is under-weight resource companies due to their lack of a competitive advantage (other than through size as is the case with RIO Tinto and BHP Billiton), the high risk nature of the mining business and the volatility of revenues. Over the past twelve months Shareholders have seen a decline of 5.3% in the NAV per share compared to a market decline of 26.0%.

Investment Activity

Consolidated Media Holdings Limited (which owns a collection of high quality 'new media' investments being: 25% of Foxtel, 50% of Fox Sports and 27% of Seek) was added to the portfolio during the June quarter. We increased our exposure to Seek, IRESS and Macquarie Group, whilst our exposure to Cochlear, BHP Billiton and Brambles was reduced.

Market facts

- While the S&P 500 increased by 15.2% in US\$, it declined by 1.2% over the quarter in A\$ as a result of a substantial increase in the value of the A\$.
- The Australian market as measured by the All Ordinaries Index increased by 11.3% over the quarter. The portfolio increased by 17.8% over the quarter.
- As at the end of June 2009, the All Ordinaries Index is up 45.5% since April 1998. The NAV (after tax) per share has increased since April 1998 by 51.5%, while the total return including dividends paid to shareholders is 113.6%. The portfolio total return since April 1998 was 234.2%.
- At the current market value, the investments in the portfolio have a dividend yield of approximately 5.5% substantially fully franked.

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