

March 2009

Total Net Market Value of Assets

\$32,685,513 or \$1.220 per share.

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period *	1.3%	-27.0%
Change in All Ords. over Period	-3.5%	-34.7%
Total return over the period (NAV & div)	1.3%	-17.7%
Change in Bank Bill Index over the Period	1.0%	6.7%

* 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	19.3%
Materials	9.9%
Industrials	8.3%
Consumer Staples	7.3%
Healthcare	7.1%
Information Technology	6.7%
Energy	6.4%
Cash and Equivalent	2.4%

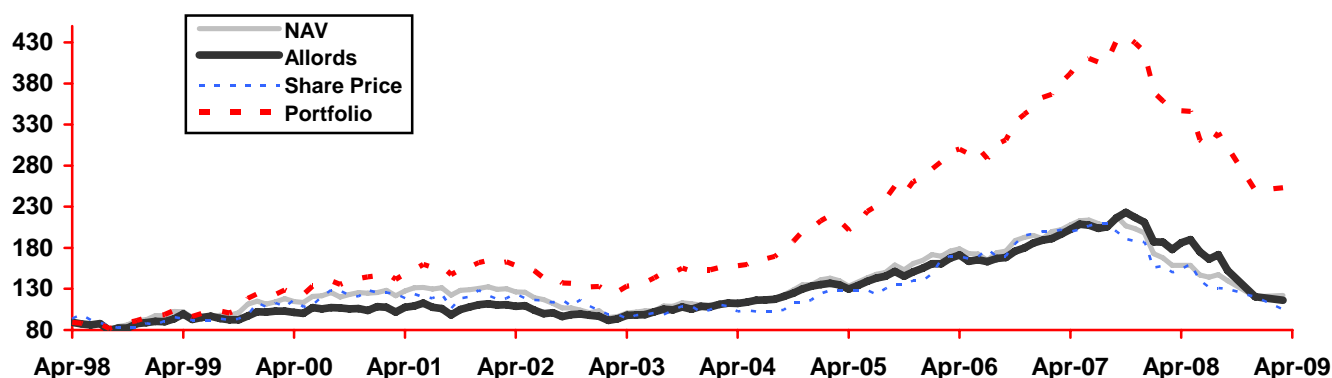
Five Major Investments

(As a % of the portfolio)

	Mar-09	Dec-08
Woolworths	7.3%	7.7%
Cochlear	7.1%	7.7%
IRESS	6.7%	6.1%
CBA	6.6%	5.4%
AMP	6.3%	6.3%
Total	34.0%	33.2%

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 4.8% over the quarter to March 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 regrettably seen a decline in the NAV per share of 23%.

Investment Activity

WorleyParsons Limited (a provider of professional services to the energy, resource and infrastructure industries) was added to the portfolio during the March quarter. We increased our exposure to RIO Tinto, reduced our exposure to Brambles, whilst Blackmores, Runge and Vision Group were removed from the portfolio.

Market facts

- While the S&P 500 declined by 11.7% in US\$, the decline was only 10.2% over the quarter in A\$ as a result of a continued decline in the value of the A\$.
- The Australian market as measured by the All Ordinaries Index declined by 3.5% over the quarter. The portfolio increased by 1.3% over the quarter.
- As at the end of March 2009, the All Ordinaries Index is up 30.2% since April 1998. The NAV (after tax) per share has increased since April 1998 by 36.6%, while the total return including dividends paid to shareholders is 98.7%. The portfolio total return since April 1998 was 183.7%.
- 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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