

# Managing Director's Quarterly Report



March 2006

## Total Net Market Value of Assets

\$29,766,965 or 176c per share

## Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	12.0%	39.3%
Change in All Ords. over Period	8.0%	24.1%
Total return over the period (NAV & div)	8.1%	30.1%
Change in Bank Bill Index over the Period	1.4%	5.8%

\* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid.

## Asset Allocation

Financials	33.6%
Consumer Discretionary	22.2%
Materials	15.1%
Industrials	10.4%
Healthcare	7.5%
Consumer Staples	5.1%
Cash and Equivalent	3.1%
Other	3.0%

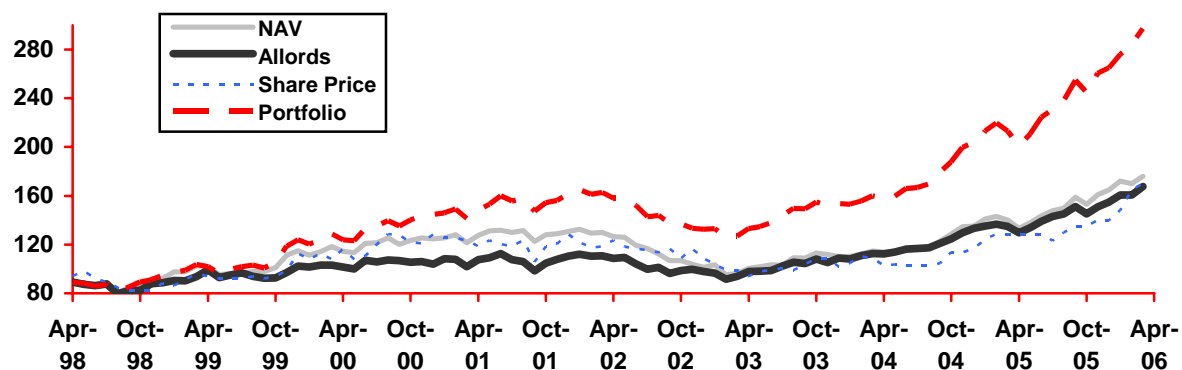
## Five Major Investments

(As a % of the portfolio)

	Mar-06	Dec-05
Rio Tinto	6.5%	8.7%
Brambles	5.8%	5.3%
ANZ	5.5%	5.0%
BHP Billiton	5.4%	5.6%
Babcock & Brown	5.3%	3.6%
<b>Total</b>	<b>28.5%</b>	<b>28.2%</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 12.0% over the quarter and 39.3% for the twelve months to the end of March 2006. The return since April 1998 was 232.6%.
- The 8.1% increase in the NAV for the quarter exceeded the 8.0% increase in the All Ordinaries Index.
- The NAV per share of the portfolio has increased since April 1998 by 97.1%, while the total return including dividends is 132.0%. The All Ordinaries Index was up 87.5% since April 1998.
- At the current market value, the investments in the portfolio have a dividend yield of 3.1% substantially fully franked.

## Investment Activity

- During the quarter under review, we increased our exposure to Seek, Woolworths and Billabong International. We reduced our exposure to Rio Tinto, Macquarie and Woolworths.
- Amongst the best performing investments over the quarter were Mortgage Choice and Great Southern Plantations. The worst performing investment was Vision Group.

## Market facts

- The Australian market as measured by the All Ordinaries Index increased by 8.0% over the quarter and increased by 24.1% over the past twelve months.
- By Comparison, the S&P 500 increased in US\$ by 3.7% during the quarter and increased by 9.7% over the twelve months to the end of March 2006.

## Hyperion Flagship Investments Limited

ABN 99 080 135 191

Level 38 Riparian Plaza 71 Eagle Street Brisbane QLD 4000 GPO Box 240 Brisbane 4001

Tel: (07) 3212 1318 Fax: (07) 3212 1060 Toll Free: 1300 550 293 [www.hyperionfi.com.au](http://www.hyperionfi.com.au)