

March 2010

Total Net Market Value of Assets

\$42,474,871 or \$1.581 per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period *	3.8%	62.6%
Change in All Ords. over Period	0.2%	38.5%
Total return over the period (NAV & div)	0.6%	29.6%
Change in Bank Bill Index over the Period	1.0%	3.5%

* 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	31.9%
Consumer Discretionary	23.8%
Materials	10.3%
Industrials	7.5%
Information Technology	6.9%
Consumer Staples	6.5%
Energy	6.2%
Healthcare	4.5%
Cash and Equivalent	2.5%

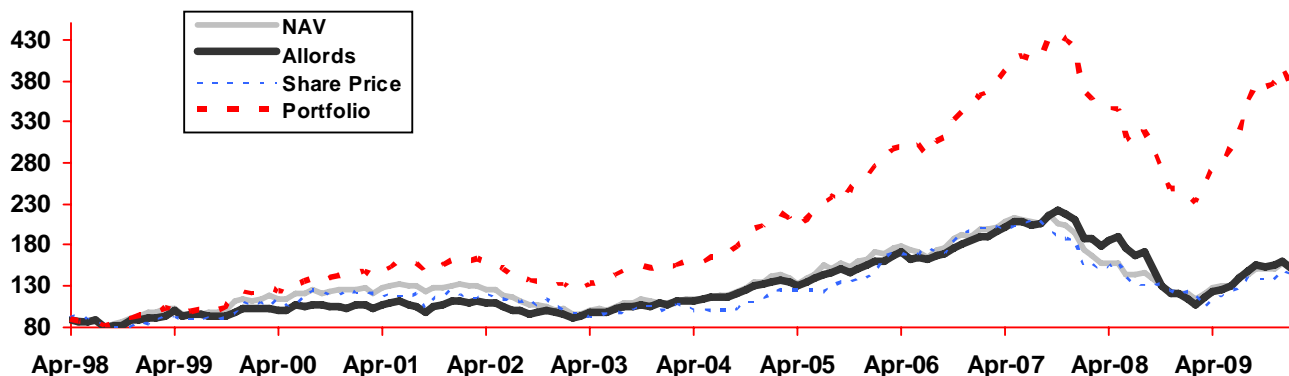
Five Major Investments

(As a % of the portfolio)

	Mar 10	Dec 09
CBA	7.3%	7.2%
Woolworths	6.5%	5.6%
Rio Tinto	5.9%	5.7%
Seek	5.8%	5.0%
Westpac	4.7%	4.3%
Total	30.2%	27.8

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 performance for the quarter to March 2010 of 3.8% is substantially better than the market return of 0.2% continuing the good relative performance. The return for the portfolio over the past twelve months of 62.6% compares with an increase in the market as measured by the All Ordinaries Index of 38.5%. Within the current investment climate, quality businesses continue to be recognised and valued appropriately by the market. Our under-weight position in speculative resource companies has once again 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.

Investment Activity

The portfolios exposure to the REA Group, Platinum Asset Management and Carsales.com was increased during the quarter under review, whilst exposure to Wotif.com Holdings, IRESS and Woodside petroleum was reduced. No new companies were added to the portfolio.

Market facts

- ⊙ While the S&P 500 increased over the quarter by 4.9% in US\$, in A\$ it increased by only 2.8% as a result of a substantial increase in the value of the A\$.
- ⊙ The Australian market increased by 38.5% over the past twelve months as compared to an increase of 29.6% in the NAV per share, an after tax return.
- ⊙ As at the end of March 2010, the All Ordinaries Index is up 80.4% since April 1998. The NAV (after tax) per share has increased since April 1998 by 77.1%, while the total return including dividends paid to shareholders is 148.6%. The portfolio total return since April 1998 was 361.3%.
- ⊙ At the current market value, the investments in the portfolio have a dividend yield of approximately 4.0% substantially fully franked.

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