

# Managing Director's Quarterly Report



December 2005

## Total Net Market Value of Assets

\$27,883,622 or 165c per share

## Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	4.1%	30.3%
Change in All Ords. over Period	2.5%	16.2%
Total return over the period (NAV & div)	3.8%	24.3%
Change in Bank Bill Index over the Period	1.4%	5.7%

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

## Asset Allocation

Financials	38.6%
Materials	17.8%
Consumer Discretionary	16.7%
Industrials	8.9%
Healthcare	8.2%
Cash and Equivalent	3.6%
Consumer Staples	3.5%
Other	2.7%

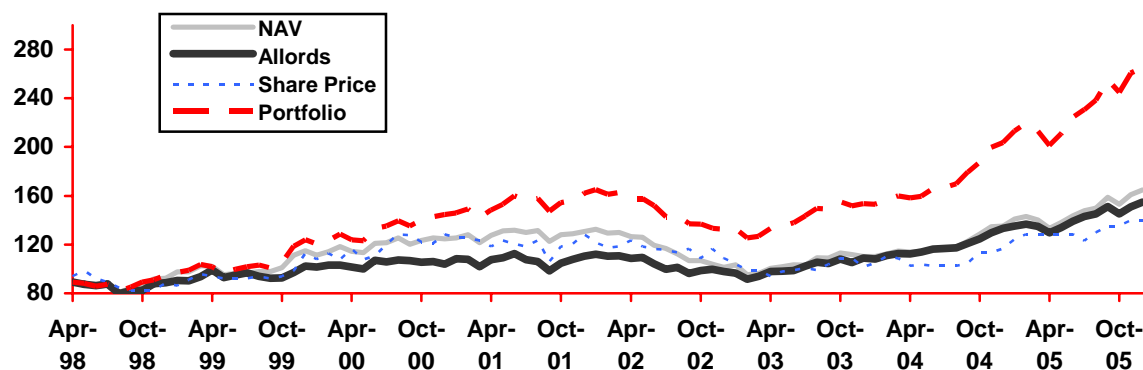
## Five Major Investments

(As a % of the portfolio)

	Dec 05	Sep 05
Rio Tinto	8.7%	7.9%
Commonwealth Bank	5.8%	4.4%
Perpetual Trustees	5.7%	6.0%
BHP Billiton	5.6%	5.2%
Brambles	5.3%	4.3%
<b>Total</b>	<b>31.1%</b>	<b>27.8%</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 4.1% over the quarter and 30.3% for the twelve months to the end of December 2005. The return since April 1998 was 196.9%.
- The 3.8% increase in the NAV for the quarter exceeded the 2.5% increase in the All Ordinaries Index.
- The NAV per share of the portfolio has increased since April 1998 by 84.8%, while the total return including dividends is 116.0%. The All Ordinaries Index was up 73.6% 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 Commonwealth Bank, STW Communications and Colorado. We sold our holding in Flight Centre and reduced our exposure to Macquarie and Woolworths.
- Amongst the best performing investments over the quarter were Queensland Gas and Rio Tinto. The worst performing investment was Flight Centre.

## Market facts

- The Australian market as measured by the All Ordinaries Index increased by 2.5% over the quarter and increased by 16.2% over the past twelve months.
- By Comparison, the S&P 500 increased in US\$ by 1.6% during the quarter and increased by 3.0% over the twelve months to the end of December 2005.

## 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)