



ASX/Media Announcement

Flagship Investments declares dividend, outperforms index in June quarter

Final dividend of 3.5c and special dividend of 0.5c declared - up 14% on previous year.

19 August 2014: Listed investment company Flagship Investments Limited (ASX:FSI) managed by Dr Manny Pohl's EC Pohl & Co has declared a final dividend of 3.5 cents per share and a special dividend of 0.5 cents per share for the six months to June 30, 2014. FSI announced the increased payout on the back of a 60% increase in Profit from ordinary activities after Income Tax and which represents a 14% increase in the final dividend over the previous financial year.

In the past year to 30 June 2014 the FSI portfolio has returned 26.2% compared with the All Ordinaries at 12.7%.

FSI investment focus is quality Australian listed equities with the objective of achieving long term capital growth and income.

"The investment strategy for FSI is a research driven bottom-up, high conviction approach," said Dr Pohl.

"The current profile of the portfolio is Financials 30%, Consumer Discretionary 14%, Industrials 12% and Materials 10% with the remaining 34% spread over other sectors."

FSI's top five holdings are CBA, SEEK, Telstra, Carsales.com and Rio Tinto which, in total, account for more than 30% of the portfolio and comprises 28 stocks in total.

"Our view of the immediate outlook for FSI portfolio is that organic sales growth, earnings and dividend growth will drive an improvement in stock valuations without any significant immediate improvements in the P/E ratings," Dr Pohl said.

The latest result continues FSI's ongoing outperformance of the Index since it was established in 1998.

"Performance since then has been 12.6% compared to the All Ordinaries at 4.35%. The corresponding figures for five years performance are FSI 15.2% compared to the index at 6.4%," said Dr Pohl.

During the last quarter of the reporting period the All Ordinaries declined by 0.4% whilst the value of FSI portfolio declined by 0.3%.



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Fees

The performance fee is 15% of the amount by which FSI's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the interest rate payable on bank bills as represented by the UBS Bank Bill Index for the financial year. If the FSI's net performance in the year is less than the interest rate payable on bank bills as represented by the UBS Bank Bill Index for the year, then no performance fee will be payable. EC Pohl & Co is also required to provide administrative services to FSI for which it receives no additional remuneration.

Corporate Background

Flagship Investments (ASX code: FSI) commenced operations in April 1998. The name of the Company was changed in October 2012 to Flagship Investments Limited following the novation of the management service agreement to EC Pohl & Co and to reflect FSI's links with its funds manager, EC Pohl & Co.

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