

FLAGSHIP INVESTMENTS LIMITED

SHAREHOLDERS' QUARTERLY REPORT

JUNE 2021

OBJECTIVE

Long-term capital growth and income

STRATEGY

High-conviction portfolio of quality Australian listed equities from a research driven, bottom-up investment philosophy

DIVIDEND INFORMATION

(Cents per share, fully franked)

4.25 cps paid on 05 March 2021
4.25 cps paid on 17 September 2020
4.25 cps paid on 06 March 2020
4.25 cps paid on 30 August 2019

COUNTRY WHERE LISTED

Australian Securities Exchange:
December 2000

STOCK EXCHANGE CODE

ASX: FSI

RATINGS

- Independent Investment Research – Recommended¹

DIRECTORS

Dominic M McGann

Non-Executive Chairman

Dr Emmanuel (Manny) C Pohl AM

Managing Director

Sophie A Mitchell

Non-Executive

COMPANY SECRETARY

Scott Barrett

COMPANY DETAILS

Flagship Investments Limited

ABN 99 080 135 913

Level 12, Corporate Centre One

2 Corporate Court

BUNDALL QLD 4217

AUSTRALIA

1800 FLAGSHIP 1800 352 474

Tel: +61 7 5644 4405

Fax: +61 7 5574 1457

Email:

contact@flagshipinvestments.com.au

www.flagshipinvestments.com.au

OVERVIEW

The Flagship Investments Limited (ASX: FSI) Net Tangible Asset Value (NTA), as at 30 June 2021 (before estimated tax on unrealised gains) was 275.2 cents per share, representing a 12.5% increase since March 2021.

UNDERLYING PORTFOLIO PERFORMANCE

	3 months	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since Inception (1 May 1998) p.a.
Portfolio [^]	13.5%	40.7%	21.2%	18.2%	16.0%	13.5%
Bloomberg Bank Bill Index	0.0%	0.1%	1.0%	1.3%	2.2%	4.1%
ASX All Ordinaries	8.1%	26.4%	6.4%	7.4%	5.0%	4.5%
ASX All Ord Accumulation	8.7%	30.2%	10.3%	11.5%	9.4%	8.8%

[^] Source: EC Pohl & Co Pty Ltd

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns

INVESTMENT ACTIVITY

During the quarter, we reincluded Fisher & Paykel Healthcare (ASX: FPH) back into our portfolio as our updated financial forecasts and a more attractive valuation resulted in the IRR increasing above the threshold. Further, we note that Costa Group (ASX: CGC) announced an acquisition of 2PH Farms, a producer and marketer based in Central Queensland, which prompted the company to implement a capital raising to help finance the deal. Costa currently has citrus operations in the Riverland (South Australia) and Sunraysia (Victoria and New South Wales) and the acquisition would increase Costa's total citrus plantings by 60%, while also giving it a presence in Central Queensland, an early-season production hub for Australian citrus. Given our positive view on the company we followed our rights.

The A2 Milk Company (ASX: A2M) was removed from our portfolio due to ongoing management turnover and increasing risks to their competitive position within the Chinese market.

MARKET COMMENT AND OUTLOOK

Global equities markets advanced in the second quarter, supported by the global Covid-19 vaccine roll-out. In an unanticipated twist, growth stocks once again outperformed their lowly valued counterparts, reversing much of the momentum in the prior quarter. Across the world, investors focused on inflationary pressures with ongoing disruptions to global supply chains continuing to affect several industries, notably the rising cost of logistics and the global shortage of semiconductors.

In the US, equities performed strongly with the S&P500 reaching a new all-time high. While the Fed announced no new changes to its rate-setting policies, it indicated that we may expect rises in 2023. Economically, the US appears to be firing on all cylinders with growth in consumption and industrial activity driving the economic expansion. President Joe Biden announced an infrastructure package worth about \$1 trillion to upgrade roads, bridges and broadband networks over the next eight years. The S&P500 posted +8.2% while the Nasdaq posted +9.5%, by quarter-end.

The Australian market was a relative outperformer during the June quarter with strong performance across many sectors. Most economic indicators including employment numbers and GDP surprised on the upside, with the speed of the national vaccine rollout being key to future economic certainty and performance. The ASX All Ordinaries posted +8.1% for the quarter, ASX 200 +7.7%, the Midcap 50 +9.8% and the Small Ordinaries was +8.1%. The AUD depreciated during the quarter, declining by 1.3% against the US Dollar (75.0 US cents), -1.6% against the Pound (54.2 pence), and -2.4% against the Euro (63.2 cents).

PORTFOLIO CHARACTERISTICS (as at 30 June 2021)

NTA (before tax on unrealised gains) – total	\$70,806,907
NTA (before tax on unrealised gains) – per share	275.2 cents
Concentration of the Top 20 Holdings	83.09%
Stocks in the underlying portfolio	29

FUND MANAGER

EC Pohl & Co Pty Ltd
 ABN 68 154 399 916
 Level 12, Corporate Centre One
 2 Corporate Court
 BUNDALL QLD 4217
 AUSTRALIA

PO BOX 7536
 GCMC BUNDALL QLD 9726
 AUSTRALIA

Tel: +61 7 5644 4405
 Fax: +61 7 5574 1457
 Email: flagship@ecpohl.com
www.ecpohl.com

INVESTMENT PHILOSOPHY

- Investments should outperform the risk-free rate
- The price one pays determines the ultimate long-term return
- High quality growth companies outperform over the longer term

INVESTMENT PROCESS

INITIAL SCREENING PROCESS

- ROE
- Revenue Growth
- Interest cover
- IPOs
- Broker Ideas
- Internal Ideas

FUNDAMENTAL ANALYSIS

- Understanding the Business Model
- Sustainable Competitive Advantage
- Organic Growth Opportunities
- Assessing Management
- Assessing the Operating Environment

PORTFOLIO WEIGHTING

- 3 Year Risk Adjusted Total Return
- Market Risk Analysis

HIGH CONVICTION

PORTFOLIO OF COMPANIES

This process is the basis for all our Australian equities investment decisions

FOLLOW OUR SOCIAL MEDIA



www.flagshipinvestmentslimited.com.au



[/flagshipinvestmentslimited](https://www.facebook.com/flagshipinvestmentslimited)



[/flagship-investments-limited-fsi/](https://www.linkedin.com/company/flagship-investments-limited-fsi/)



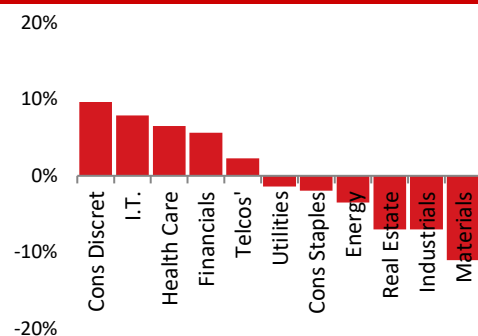
SECTOR BREAKDOWN

Financials	31.2%
Consumer Discretionary	17.7%
Health Care	15.5%
Information Technology	12.7%
Materials	9.4%
Telecommunication Services	7.0%
Cash	4.0%
Consumer Staples	2.5%
Energy	0.0%
Industrials	0.0%
Utilities	0.0%

TOP 10 STOCK HOLDINGS

HUB24 Ltd	8.1%
Macquarie Group Ltd	6.3%
Magellan Fin Grp Ltd	5.8%
Rio Tinto Limited	5.4%
Commonwealth Bank	5.4%
CSL Limited	5.4%
ResMed Inc.	5.3%
Domino Pizza Enterprises	4.4%
James Hardie Industries	4.0%
Lovisa Holdings Ltd	3.8%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS

Costa Group Holdings Rights	CGCXX
Fisher & Paykel Healthcare Corp Ltd	FPH

REMOVALS

The A2 Milk Company	A2M
---------------------	-----

ACTIVELY PROMOTING THE COMPANY

Flagship Investments Limited remains visible in the digital spectrum and through multiple mediums with industry participants including brokers, researchers, advisers, Investor Associations and Shareholders. In the coming quarter the Company will be participating in the Australian Investors Association national conference where Dr Manny Pohl AM, will be a speaker. Dr Pohl will also be presenting at the Switzer Investor Strategy Day. For further information including about these and other events, please contact the Company at +61 7 5644 4405 or toll-free 1800 352 474, or via email contact@flagshipinvestments.com.au including if you would like a representative to present to you, at an investor function or your office.

VISIT THE WEBSITE – AND SUBSCRIBE TO OUR MONTHLY NEWSLETTER

The Company website www.flagshipinvestments.com.au has information about Flagship Investments Limited and links to Articles, Videos, Announcements, Reports and more. A monthly email is sent to subscribers. Shareholders and interested parties can subscribe through the website or by emailing the Company asking to be added to the mailing list. Information about the Company on Social Media platforms can be found at the bottom left of this page.

The Investment Manager, Dr Manny Pohl AM was recently interviewed by Pulse Markets and this interview can be watched at www.flagshipinvestments.com.au/news

STRUCTURE AND TERMS

Dividend Reinvestment Plan	Dividend Reinvestment Plan (DRP) is an optional way of reinvesting dividends to acquire additional shares. When new shares are issued under the DRP, they are free of brokerage, commission, stamp duty and other costs.
Legal Domicile	Australian Securities Exchange (ASX) Listed Investment Company (LIC)
Fees	Management fee of NIL. Performance fee of 15% of the annual outperformance over the Bloomberg Bank Bill Index (formerly called UBS Bank Bill Index).
MER ²	0.0%
Reporting and Correspondence	Monthly Net Tangible Asset Values on www.asx.com.au and Quarterly Reports, Half-Yearly and Annual Reports on www.flagshipinvestments.com.au
Auditor	Connect National Audit Pty Ltd
Registry	Boardroom Pty Limited - 1300 737 760 OR enquiries@boardroomlimited.com.au
Share price and NTA	www.flagshipinvestments.com.au and www.asx.com.au

¹ This opinion is provided by Independent Investment Research and must be read together with whole report including the disclaimer and relevant legal notices which can be found at www.independentresearch.com.au

² Calculated in accordance with ASX defined terms as at 30 June 2020