

FLAGSHIP INVESTMENTS LIMITED

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 2022

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)

4.75 cps paid on 26 August 2022
4.50 cps paid on 24 February 2022
4.75 cps paid on 20 August 2021
4.25 cps paid on 05 March 2021

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

Angela Obree
Non-Executive

COMPANY SECRETARY

Scott Barrett

COMPANY DETAILS

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OVERVIEW

The Flagship Investments Limited (ASX: FSI) Net Tangible Asset Value (NTA), as at 30 September 2022 (before estimated tax on unrealised gains) was 191.3 cents per share, representing a 0.9% decrease since June 2022. During the quarter the Company paid its FY22 Final Dividend of 4.75 cents per share representing 2.5% of the opening NTA value.

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 [^]	2.1%	-23.7%	5.0%	11.3%	13.0%	11.7%
Bloomberg Bank Bill Index	0.4%	0.5%	0.4%	0.9%	1.7%	3.8%
ASX All Ordinaries	-1.0%	-12.5%	-0.6%	3.1%	4.2%	3.7%
ASX All Ord Accumulation	0.8%	-8.6%	3.1%	7.1%	8.6%	7.9%

[^] 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 did not add or remove any new investments from our portfolio. ResMed (ASX: RMD) outperformed during the quarter due to product recalls by competitor Philips. Dominos (ASX: DMP) was a key detractor over the quarter with the company focus challenging business conditions, after spectacular performance the prior year with the company's good fortune through lockdowns unwinding to some extent.

MARKET COMMENT AND OUTLOOK

Equity markets were under pressure over the quarter ending 30 September 2022 as inflation continued to move higher in the major economies. Fear of a global recession plagued investors, as central banks reaffirmed their hard stance to combat these inflationary pressures. In the US, the Fed raised their indicative rate by 75 bps to 3.25%. The US is in a technical recession, with inflation rising to 4.9% and GDP falling -0.6% YoY. The S&P500 posted -5.3%, while the Nasdaq posted -4.1% over the quarter.

In Europe, the ongoing Russia/Ukraine conflict has continued to drive steep declines in Eurozone equities as the expectation of gas shortages on the back of the Nord Stream gas pipeline closing for maintenance in July and Russia temporarily ceasing to supply at quarter-end renewed concerns of declining future economic growth. The ECB twice raised rates during the quarter, with deposit rates increasing to 0.75% while the refinancing rate rose to 1.25%. Inflation reached 10.0%, with energy being the primary contributor. The newly appointed UK Prime Minister, Liz Truss, released the Tory's fiscal package which was received very negatively by the market with the Sterling devaluing as a result. The FTSE declined by 3.8%, the CAC -2.7%, and the DAX was -5.2%.

In Asia, China reversed the previous quarter's performance with the index being the weakest in the region despite positive Chinese factory activity. Not only have concerns regarding global inflationary fears impacted the regions outlook, but China continues to battle Covid-related issues of infection and lockdowns. In Japan, markets were overshadowed by the shocking assassination of former Prime Minister Abe, Japan's longest serving PM. The Japanese central bank kept interest rate increases on hold which caused the Yen to slide against the US dollar, in spite of an increase in GDP, albeit slightly less than expected. The Shanghai Composite posted -11.0%, the Hang Seng -21.2%, and the Nikkei was -1.7%.

In Australia, equities ended slightly lower, with investors still wondering if the worst was yet to come. Domestically, the labour market remains strong and the participation rate at near all-time highs with unemployment sitting at 3.5%. Business conditions appear robust, business confidence indicators prove resilient while retail spending remained strong despite higher mortgage rates. Inflation was tracking at 6.9% in August, with tighter monetary measures having an adverse effect on house prices, with drawdown from the peak of 5.5%.

The ASX All Ordinaries posted -1.0% for the quarter, ASX 200 -1.4%, the Midcap 50 +3.9%, and the Small Ordinaries was -1.5%, respectively. The AUD depreciated during the quarter, posting a decline of 7.3% against the US Dollar (64.0 US cents), +1.1% against the Pound (57.3 pence), and -0.9% against the Euro (65.3 cents).

PORTFOLIO CHARACTERISTICS (as at 30 September 2022)

NTA (before tax on unrealised gains) – total	\$49,457,359
NTA (before tax on unrealised gains) – per share	191.3 cents
Concentration of the Top 20 Holdings	89.3%
Stocks in the underlying portfolio	26

FUND MANAGER

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INVESTMENT PHILOSOPHY

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

INVESTMENT PROCESS

INITIAL SCREENING PROCESS

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

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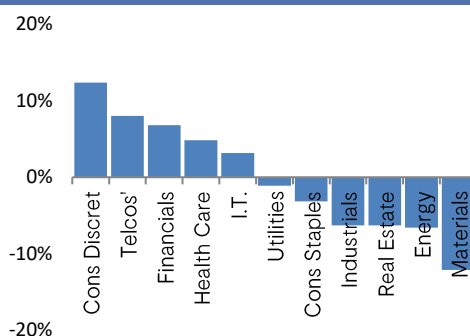
SECTOR BREAKDOWN

Financials	32.6%
Consumer Discretionary	18.6%
Health Care	14.5%
Telecommunication Services	12.3%
Materials	11.3%
Information Technology	6.7%
Cash	2.4%
Consumer Staples	1.6%
Energy	0.0%
Industrials	0.0%
Utilities	0.0%

TOP 10 STOCK HOLDINGS

GQG Partners	8.3%
Lovisa Holdings Ltd	6.7%
Commonwealth Bank	6.1%
Rio Tinto Limited	6.0%
Macquarie Group Ltd	5.6%
HUB24 Ltd	5.5%
Netwealth Group	5.5%
James Hardie Indust	5.3%
Carsales.com Limited	5.2%
CSL Limited	4.6%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS

Nil

REMOVALS

Nil

ACTIVELY PROMOTING THE COMPANY

Flagship Investments Limited remains visible in the digital spectrum and through multiple mediums with industry participants, Investor Associations and its Shareholders. During the quarter the Company met with and presented to various Brokers, Researchers and Financial Advisers and also participated in the SMSF Trustee Empowerment Day 2022 held in Sydney in September. New interviews with the Company and Stockbrokers can be found on the Company website and Youtube page.

For further information including about other upcoming 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 and Shareholders and interested parties who 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.

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.
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 2022