FLAGSHIP INVESTMENTS

March 24
Quarterly Report

NTA
$2.649

FULL YEAR DIVIDEND
9.8cps

SHARE PRICE
$2.02

DIVIDEND YIELD
4.85%

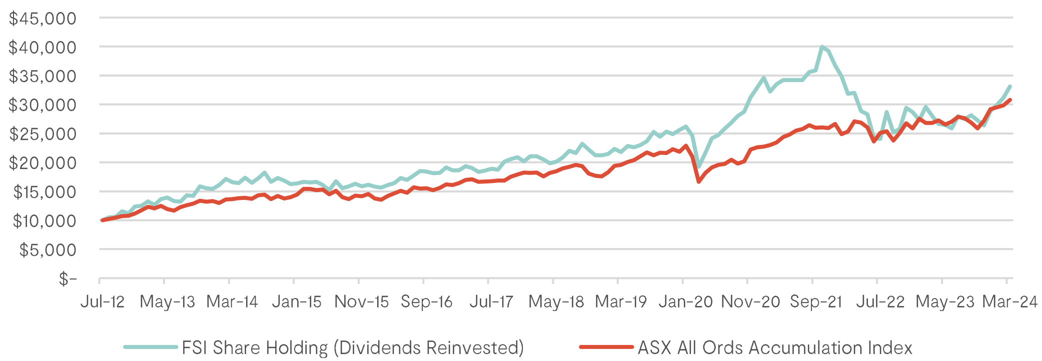
	3 mo	1 yr	3 yr p.a.	5 yr p.a.	10 yr p.a.	Since Inception
Portfolio^	12.9%	31.9%	10.7%	14.3%	12.6%	12.7%
Bloomberg Bank Bill Index	1.1%	4.2%	2.1%	1.5%	1.8%	3.8%
ASX All Ordinaries	4.1%	10.6%	5.1%	5.4%	4.2%	4.3%
ASX All Ord Accumulation	5.5%	15.0%	9.5%	9.5%	8.5%	8.6%

^ 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, Japanese semiconductor company Renesas Electronics bid to acquire Altium for $68.50 a share. The price represented a 33.6 per cent premium to Altium's last closing price and we sold all our shares into the bid. From an individual stock perspective, the largest contributors to performance during the quarter were GQG, Lovisa and Megaport while the largest detractors were Nanosonics, IDP Education and Dominoes, which faced challenging business conditions after exceptional performance the prior year.

$10,000 Investment in FSI under management of EC Pohl & Co



MARKET COMMENT

In 2024, global stock markets demonstrated robust gains, buoyed by a resilient US economy and expectations of interest rate cuts, though the pace of cuts may be slower than initially anticipated. Central banks moved closer to initiating rate cuts, contributing to declining government bond yields. Despite this backdrop of a "steady as she goes" seeking a soft landing, concerns persist regarding current valuations across equities and credit markets, where the focus remains on corporate profitability and investment resilience through these economic cycles.

In the US, recent economic releases revised the 4th quarter GBP growth up from an annualised 3.2% to 3.4%. This was driven by a substantial increase in non-residential spending which was adjusted upwards to 3.7% from 2.4% as well as the continued strength in consumer spending and more specifically, services outlays. In spite of this solid economic performance, inflation has unexpectedly continued to decline, albeit at a slower pace. This anomaly of declining prices in a buoyant economy has been caused by increased supply following the repair of supply chains and the labour market which suffered material damage during the pandemic. Labour force participation in the economy has recovered but not likely to improve materially from here and the high level of US government debt to GDP is likely to ensure that both short rates and long-term rates, while on the decline, are likely to be higher than previously experienced. As a result, equities in the US experienced robust gains in Q1, with the S&P 500 posting +10.2%, while the Nasdaq posted +9.1% over the quarter.

In Europe, equities surged, buoyed by signs of improving business activity in the Eurozone, despite cautious remarks from ECB President Christine Lagarde reflecting concerns over continued inflation. In the UK, market sentiment leaned towards anticipating earlier interest rate cuts as the economy navigated a technical recession. The FTSE increased by +2.8%, the CAC by +8.8%, and the DAX by +10.39%.

In Australia, equities performed robustly across all sectors in the first quarter, supported by gains in real estate, healthcare, materials, and IT. Despite sluggish economic growth, the Reserve Bank of Australia (RBA) opted to maintain its interest rate at 4.35%, citing persistent inflation worries amidst weakening business conditions. The housing market remained resilient, with prices rising, supported by positive net migration and supply dynamics.

The ASX All Ordinaries posted +4.1% for the quarter, ASX 200 +4.0%, and the Small Ordinaries +6.6%, respectively. The AUD depreciated during the quarter, posting -4.4% against the US Dollar (65.1 US cents), -3.5% against the Pound (51.6 pence), and -2.2% against the Euro (60.4 cents).

OBJECTIVE

Long-term capital growth and income

STRATEGY

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

DIRECTORS

Dominic M McGann
Non-Executive Chairman

Dr Emmanuel (Manny) C Pohl AM
Managing Director

Angela Obree
Non-Executive

COMPANY SECRETARY

Scott Barrett

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

A QUALITY FRANCHISE

The “Pillars of a Quality Franchise” is an integrated framework developed by the Investment Manager to assess the investments. Through in-depth, detailed analysis, companies are measured under each pillar ensuring they meet the criteria for investment and exhibit the requisite sustainable growth prospects to be incorporated in the portfolio.

SECTOR BREAKDOWN

GICS Sector	FSI %
Financials	34.4%
Consumer Discretionary	18.7%
Information Technology	15.5%
Health Care	14.2%
Communication Services	6.9%
Materials	5.7%
Cash	4.6%
Consumer Staples	0.0%
Energy	0.0%
Industrials	0.0%
Utilities	0.0%

TOP 10 HOLDINGS

Company	Weight
GQG Partners	8.6%
HUB24 Ltd	7.0%
Lovisa Holdings Ltd	6.7%
Block	5.7%
CSL Limited	5.5%
IDP Education Ltd	4.7%
Xero Ltd	4.4%
ResMed Inc	4.3%
Netwealth Group	4.1%
Wisetech Global Ltd	3.8%

OTHER INFO

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.
Fees	Management fee of NIL. Performance fee of 15% of the annual outperformance over the Bloomberg Bank Bill Index.
MER*	0.0%

* Calculated in accordance with ASX defined terms as at 30 June 2023

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