



ASX/Media Announcement

Flagship Investments raises the standard for Listed Investment Companies (LICs)

- Revenue up 60%; Dividend up 16.7%; Portfolio increase doubles lift in All Ords
- Dr Manny Pohl says quality selection and investor communications driving renewed interest in LICs

26 August 2013: Listed investment company Flagship Investments Limited (ASX: FSI) announced a 16.7% lift in the final dividend following an outstanding full year result released today.

FSI declared a final dividend of 3.5 cents per share, making the full year dividend 6.5 cents.

Revenue from ordinary activities was up 6.8% to \$1.5 million, whilst revenue from comprehensive activities after tax was up 60.1% to \$5.8 million.

The value of the FSI portfolio increased by 32.9% over the 12 month period ending June 30 2013, which compares favourably to the increase in the lift in All Ordinaries index of 15.5% over the same period.

Flagship Investments Limited was listed in 1998. The investment portfolio is managed by EC Pohl & Co Pty Ltd, which also has an effective voting interest of 27.1 % in Flagship Investments Limited. EC Pohl & Co Pty Ltd principal, Dr Manny Pohl has been the Managing Director and responsible for investment decisions since the company was formed.

Dr Pohl said the results were pleasing and a reaffirmation of the disciplined investment model at the core of the management company, as well as renewed investor interest in LICs.

“The Flagship’s Investment portfolio is centred on growth companies that require less capital and meet our three exacting criteria for committing funds.”

“They are: growth businesses; an acceptable return on equity and operating cash flow that can withstand the pressure of tough economic times.”

“As manager, EC Pohl & Co Pty Ltd aligns itself totally with Shareholders interests by not charging a fixed management fee, instead being remunerated exclusively by a fee that is performance based. We believe this investor focus is crucial in ensuring the long-term success of our business as is our focus on quality investments,” said Dr Pohl.

“We believe interest in LICs is being renewed. This is being attributed to a growth in SMSF investments, plus the move to ‘fee for service’ by financial advisers, as well as better

communication from the LIC managers. But I also feel investors are becoming more active in their search for Alpha and may now see LICs as preferable to Beta-producing ETFs.”

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 Pty Ltd is also required to provide administrative services to FSI for which it receives no additional remuneration.

Corporate Background

Flagship Investments Limited (ASX code: FSI) commenced operations in April 1998 as WAM Australian Equity Fund Limited. The name of the Company was changed in October 2000 to Wilson Investments Taurine Fund Limited. In December 2000 the company listed on the Australian Securities Exchange (ASX code: WIT). In August 2005, WIT underwent a name change to Hyperion Flagship Investments Limited (ASX code: HIP) as Hyperion was no longer a wholly owned subsidiary of the Wilson HTM Investment Group. In October 2012 Shareholders decided to change the name to Flagship Investments Limited following the novation of the management service agreement to EC Pohl & Co Pty Ltd and to reflect FSI’s links with its funds manager, EC Pohl & Co Pty Ltd.

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