

07 October 2026

Company Announcements Office
ASX Ltd, Exchange Centre
Level 6, 20 Bridge Street
SYDNEY NSW 2000

PRESENTATION SLIDES

Please find attached the information slides for today's presentation to the Australian Shareholders' Association Gold Coast Investor Forum.

Yours faithfully



Scott Barrett
Company Secretary
FLAGSHIP INVESTMENTS LIMITED

Australian Shareholder Association
Nerang RSL 2026



Franking in a Post-Division 296 World
Why the source of your income matters more than the yield

Flagship Investments Limited (FSI) Corporate Profile



- ▶ FSI commenced operations in April 1998 and is a Listed Investment Company (LIC) quoted on the ASX
- ▶ The portfolio is managed by EC Pohl & Co and provides investors with access to an expertly crafted quality portfolio of listed Australian growth companies
- ▶ The portfolio of investments comprise investments in capital efficient companies without excessive financial leverage and a sustainable competitive advantage enabling them to expand their economic footprint and maintain these characteristics into the future.

FSI Performance Based Fee Structure



- › There is no ongoing management fee
- › EC Pohl & Co is only paid a performance fee
- › No performance fee is paid until portfolio performance exceeds the cash rate
- › The performance fee is calculated and charged annually



FSI Investment Objectives

The investment objectives are to:

- ▶ achieve medium to long-term capital growth and income through investing in a diversified portfolio of Australian companies;
- ▶ preserve and enhance the NTA backing per share; and
- ▶ provide FSI Shareholders with a fully franked dividend, which, over time, will grow at a rate in excess of the rate of inflation.

Major Treasury initiatives causing structural change in Australia



➤ Superannuation performance test

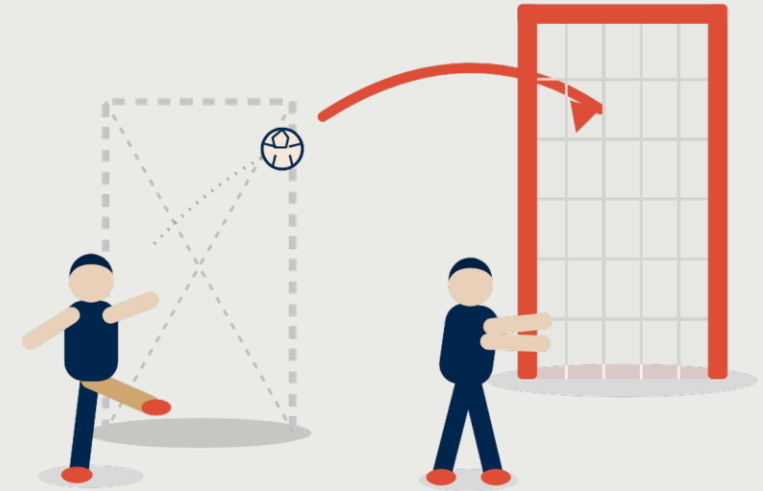
- Rapid rise of passive investing
- Industry consolidation

➤ Ageing population

- Removal of reliance on age pension
- Focus on income generation

The rules around accumulated capital keep moving

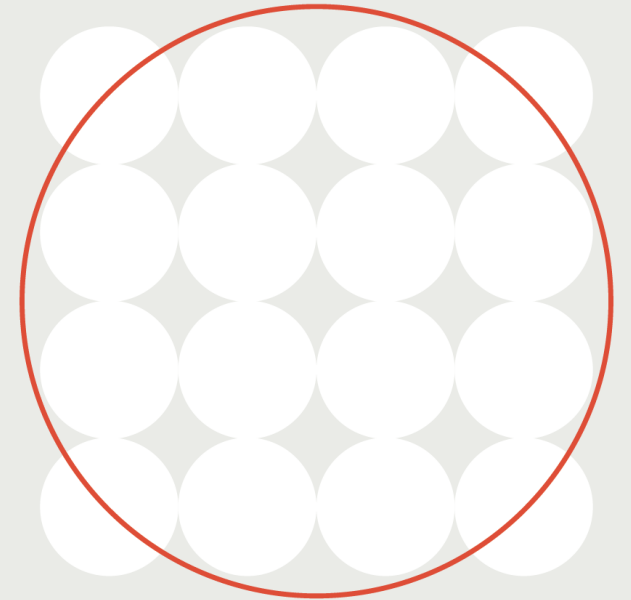
- › From 1 July 2026, super balances above \$3m face an extra 15% tax; above \$10m, an extra 25%.
- › Tax applies to realised earnings — taxed at the fund level, then again under Division 296.
- › The latest in a decade of tightening: the 2017 transfer balance cap, the 2019 franking proposal, now this.
- › You can't control the rules. You can control whether your income survives them.



Franking is mechanical — so ask where it comes from

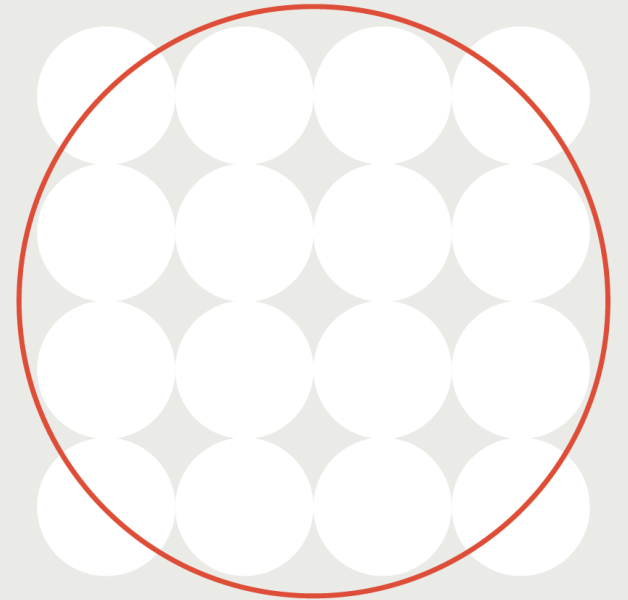


- ▶ A franking credit exists only where Australian company tax has actually been paid.
- ▶ Every franked dollar traces to a specific taxpayer and profit — the question is whose, and for how long.
- ▶ Two sources reach investors: tax paid on operating earnings, or tax paid on realised investment gains.
- ▶ The cheque looks the same. The sources are not.



Franking from trading is fragile

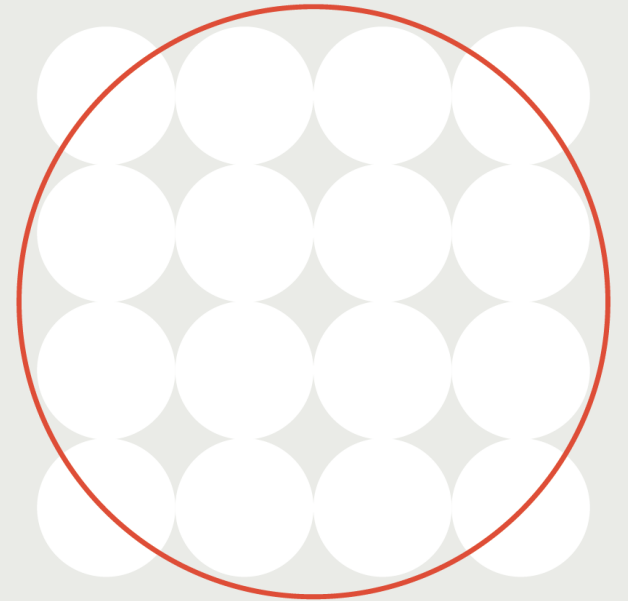
- ▶ It requires gains to be realised — markets that keep rising, turnover that never stops.
- ▶ It's self-consuming: the position that created the credit is gone, and must be replaced.
- ▶ It has no link to business performance — so it stops exactly when income is needed most.
- ▶ Canberra has closed the manufactured routes one by one: buy-backs, capital-raising dividends, bank hybrids.



Franking from operating profit renews itself



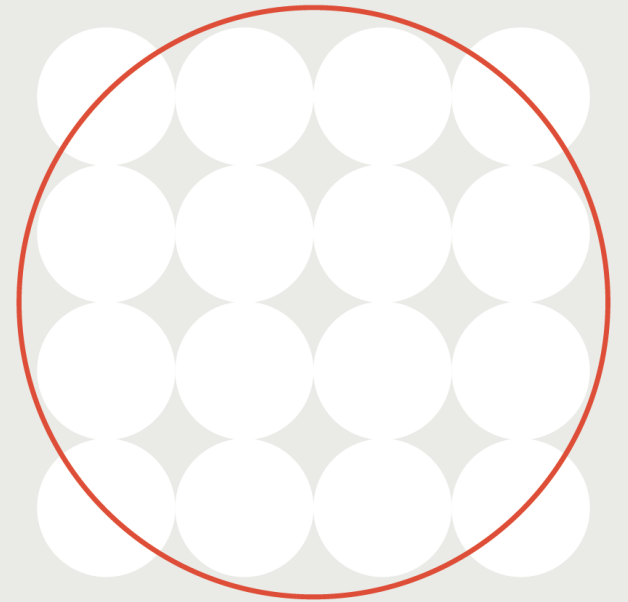
- ▶ An operating business earns, pays Australian tax, and generates credits as a by-product of trading.
- ▶ Nothing has to be sold – the source isn't consumed by producing the income.
- ▶ It repeats every year the business earns, and grows as the business grows.
- ▶ It depends only on the business performing, not on markets rising.



Consistency, not yield, is the test



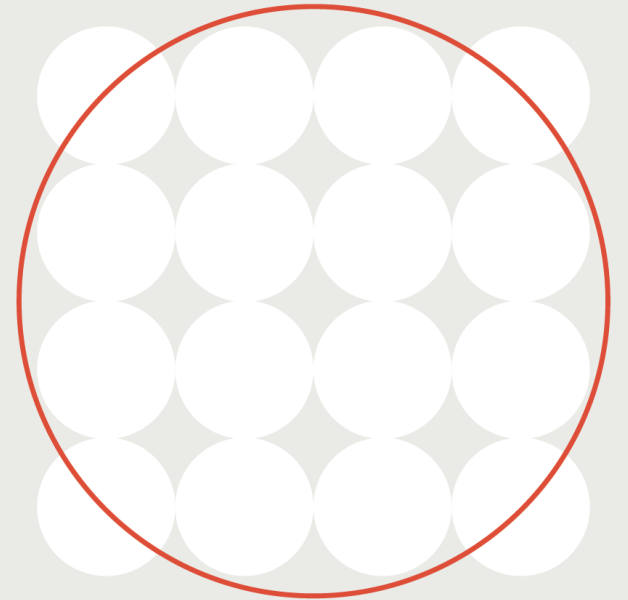
- ▶ A high yield tells you what's being paid now — not whether it will be paid again.
- ▶ The highest yields cluster where earnings are most cyclical or declining.
- ▶ The right measure: franked income received per year over a decade, and whether that line rises.
- ▶ Earnings-funded dividends persist. Dividends funded from asset sales, debt or capital raises do not.



So, the requirement is quality, defined precisely



- ▶ Return on capital sustained above the cost of capital, so growth creates value.
- ▶ Cash conversion, so reported profit is real and the dividend is actually funded.
- ▶ Low leverage, so the dividend isn't the first casualty of a downturn.
- ▶ Pricing power, a reinvestment runway, and Australian tax actually paid.





The Manager's Investment Philosophy

The economics of a business drives long-term investment returns.

Investing in **high quality, growth businesses**, that have the ability to generate predictable, above average economic returns will produce superior investment performance over the long-term.

- 1 Valuing potential, not just performance
- 2 Choosing high quality growing businesses
- 3 Ignoring temporary market turbulence





How to find the companies of tomorrow

There's no substitute for due diligence.

Through in-depth, detailed analysis, we come to a conclusion as to whether a business is a quality franchise, has a **sustainable competitive advantage**, is operating in a favourable industry and has the appropriate management in place to execute on an appropriate strategy.

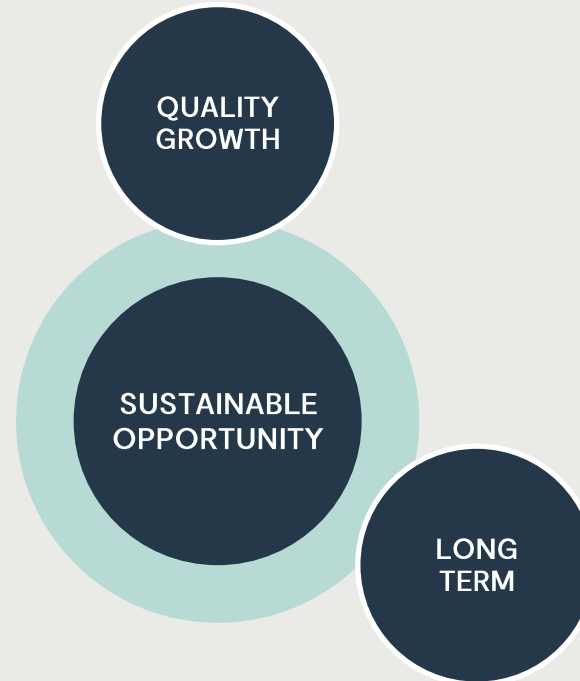


THE SIX PILLARS OF A QUALITY FRANCHISE ARE INTERDEPENDENT & INTERRELATED

Market Inefficiencies We Exploit

➤ Quality Anomaly

On average the current market undervalues extremely high-quality, capital efficient, organic growth businesses assuming AI will destroy them all.



➤ Time Arbitrage

The market tends to overemphasize temporary themes and short-term factors.

Notable current drivers of stock markets

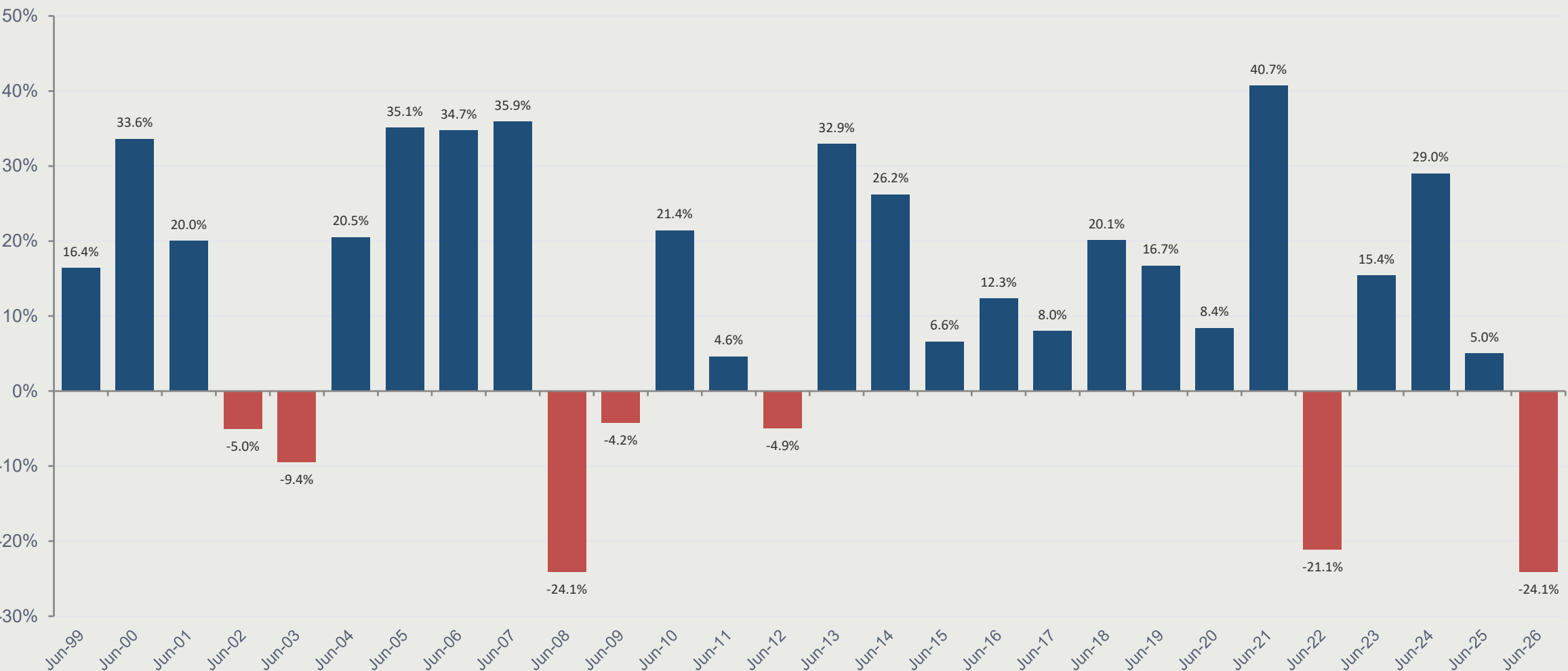


- ▶ Sticky core inflation has moderated rate-cut expectations, keeping long-term bond yields elevated.
- ▶ Global Trade & Tariff Uncertainty: The continuation of protective trade measures, universal import tariffs, and shifting supply chains—particularly involving the US, China, and regional manufacturing hubs—continue to impact supply chains, corporate margins, and FX volatility.
- ▶ High government debt levels across major economies (notably the US and select European nations) have drawn increased market scrutiny.
- ▶ The impact of AI – the SaaSocolypse
- ▶ Geopolitical Risk & Commodity Volatility: Ongoing international conflicts, shifting energy dynamics

Portfolio Return Pre Fees



Annual percentage change, years to June 1999–2026

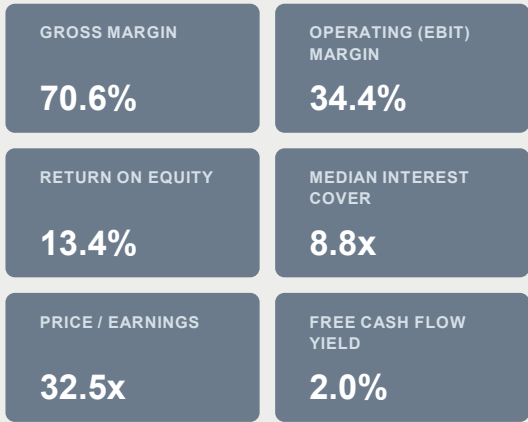


Source: Annual Report 2026, Investment Performance (p. 65)

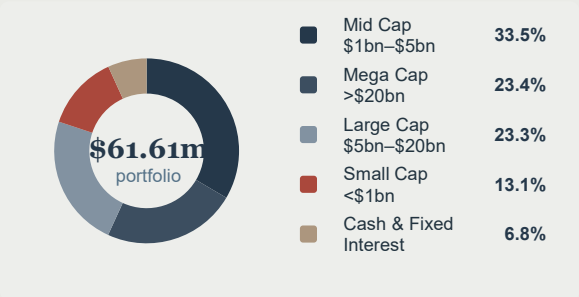
Portfolio Insights



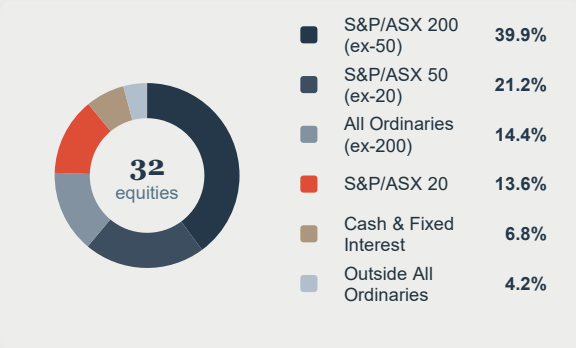
PORTFOLIO FUNDAMENTALS



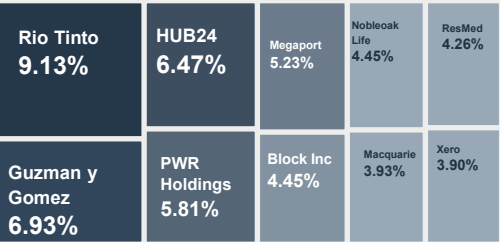
MARKET CAP ALLOCATION



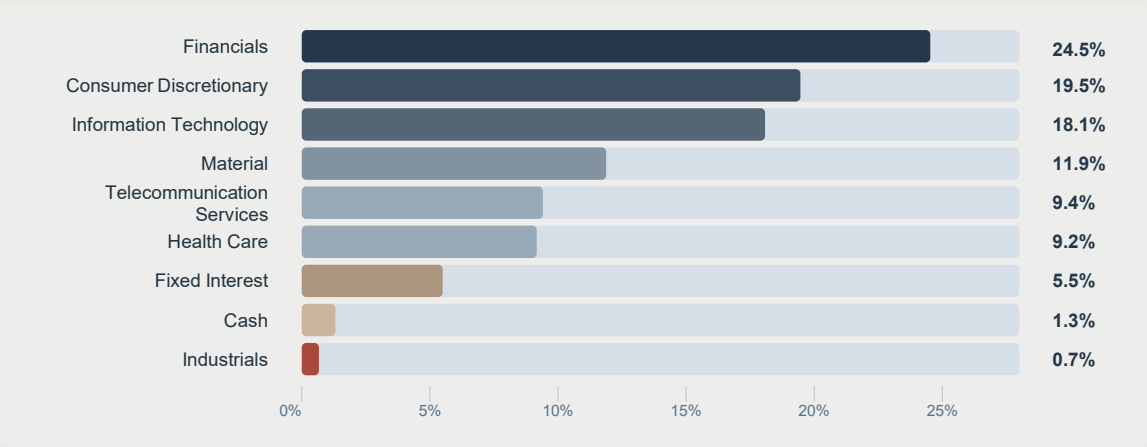
S&P/ASX INDEX WEIGHTING



TOP 10 HOLDINGS



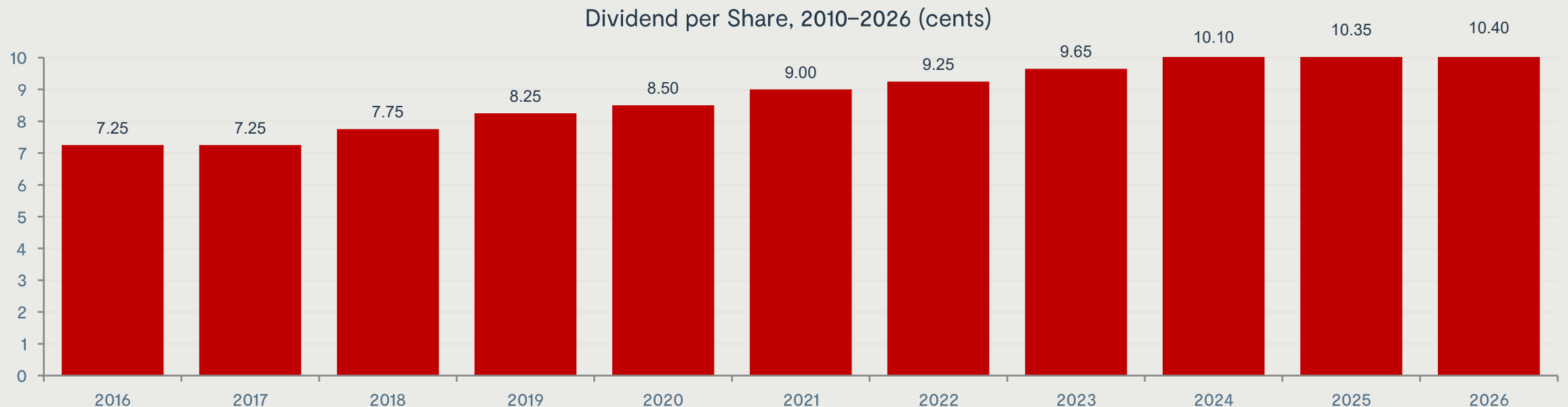
SECTOR ALLOCATION



FSI Historical Dividends



Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dividend (cents)	7.25	7.25	7.75	8.25	8.50	9.00	9.25	9.65	10.10	10.35	10.4
Change %	0.0	0.0	6.9	6.5	3.0	5.9	2.8	4.3	4.7	2.5	0.5
CPI	1.0	1.9	2.1	1.6	1.2	3.0	7.3	5.4	2.8	3.2	2.6



➤ Benefits to Investors



- 9% fully franked dividend yield
- Current franking credit covered 3x by franking credit reserves
- Anticipated continued growth in fully franked dividend income (Since inception DPS:+4.7%, CPI: +2.9%)
- Dividends can be paid even if portfolio value declines
- No fixed management fees – the Manager is only remunerated on a performance basis
- Top quartile investment performance since inception



➤ Disclaimer

This presentation has been prepared by Flagship Investments Ltd (“Flagships”, “FSI” or the “Company”). This presentation and its contents have been distributed in confidence and may not be reproduced or disclosed to any other person. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. No shares or notes of the Company have or will be registered under the US Securities Act, and may not be offered or sold in the US or to US persons. This presentation is made only to sophisticated or professional investors under the Corporations Act 2001.

This presentation is not an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, and neither this document nor anything in it shall form the basis of any contract or commitment. You should make your own independent evaluation of an investment in the Company.

Flagships has prepared this presentation based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation.

