

2 December 2024

The Manager
ASX Market Announcements
Australian Securities Exchange
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Electronic Lodgement

**Australian Foundation Investment Company Limited
NZ Information Meeting – Presentation**

Dear Sir / Madam

Please find attached a presentation that will be delivered to shareholders at the information meeting being held in New Zealand.

Yours faithfully



Matthew Rowe
Company Secretary

NZ Shareholder Meeting
December 2024



Disclaimer

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ABN: 56 004 147 120

A close-up photograph of a doctor in a white lab coat using a tablet computer. The doctor's hands are visible, with a gold ring on the left hand. A stethoscope is visible around the doctor's neck, and a blue identification badge is pinned to the lab coat. The background is blurred, showing what appears to be a hospital setting.

Overview and Investment Objectives

Our Company

Invests in Australian and New Zealand companies

Largest listed investment company on the ASX, 160k shareholders, independent Board of Directors

Shareholders own the 'management rights' to the portfolio

Management expense ratio of 0.15% with no performance fees

Long term investor with low turnover (tax effective). Portfolio and share price returns less volatile than the index

Long history of growing/stable fully franked dividends

Team manages three other funds – Djerriwarrh, Mirrabooka and AMCIL

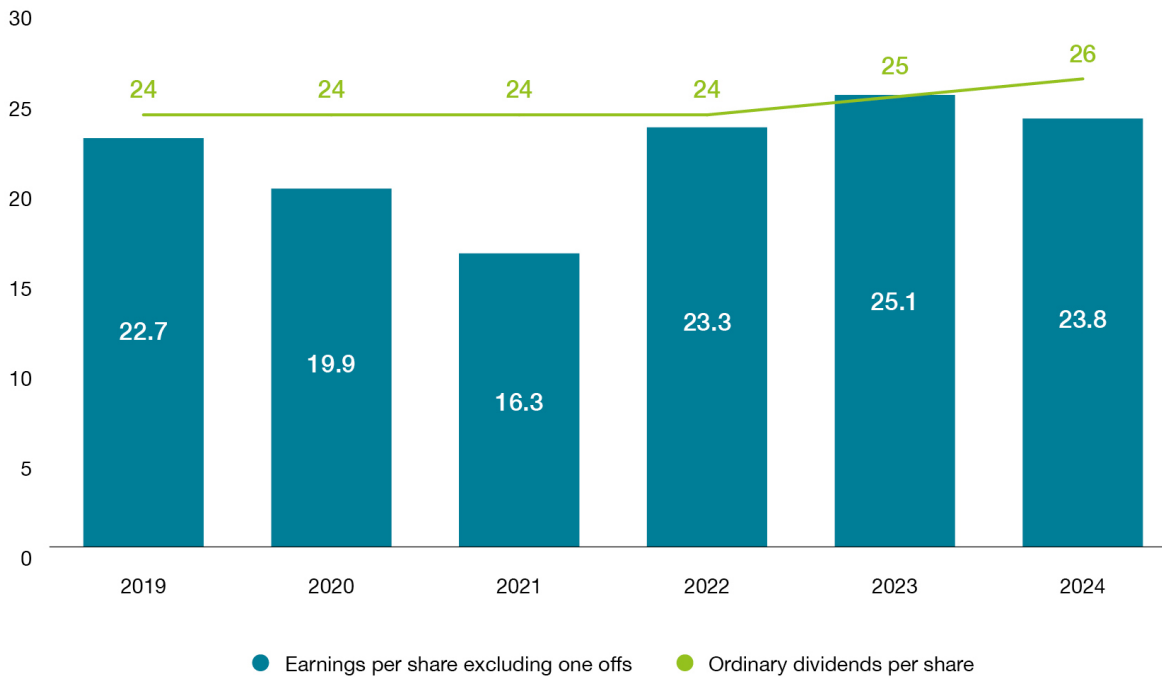
Investment Objectives

The Company's primary investment goals are:

- to pay stable to growing dividends over time; and
- to provide attractive total returns over the medium to long term.

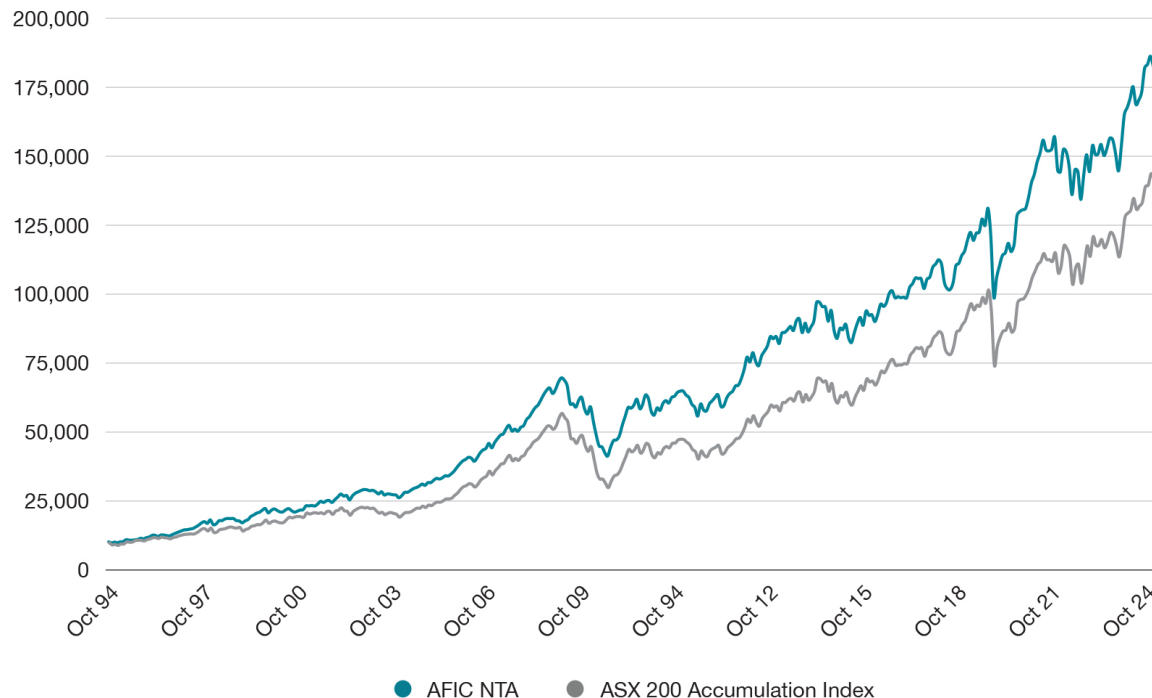
Ensuring a Stable to Growing Dividend for Shareholders

AFIC's franking reserve balance ensures we can pay a consistent dividend even through volatile times – full year dividends last six financial years.



Attractive Total Returns Over the Long-term

AFIC NTA vs ASX 200 Accumulation Index



\$10k in AFIC → \$180k

\$10k in the Index → \$135k

Excludes the benefit of franking.

Financial Results



Financial Year in Summary

2024

Profit for
the Year

\$296.4m

\$310.2m in 2023

Fully Franked
Dividend
Per Share

14.5¢
Final

26¢
Total

25 cents total
in 2023

2024

Total Portfolio
Return

15.1%
Including franking*

S&P/ASX 200
Accumulation Index
including franking*
13.5%

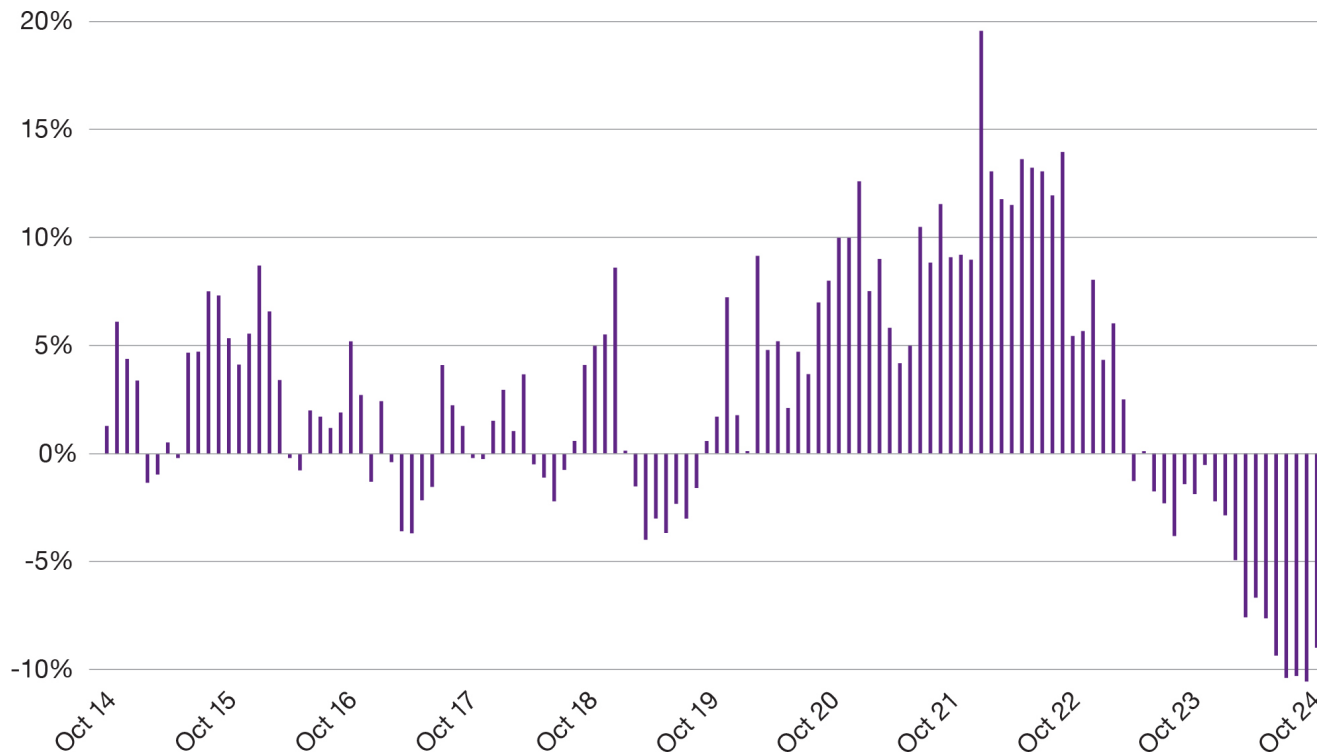
Management
Expense Ratio

0.15%

0.14% in 2023

* Assumes an investor can take full advantage of the franking credits.

Share Price Relative to NTA



31 October 2024

NTA: \$8.17

Share price: \$7.43

An aerial photograph of a city street grid, showing various buildings, streets, and greenery. A white rectangular box is overlaid on the left side of the image, containing the text "Markets and the Portfolio".

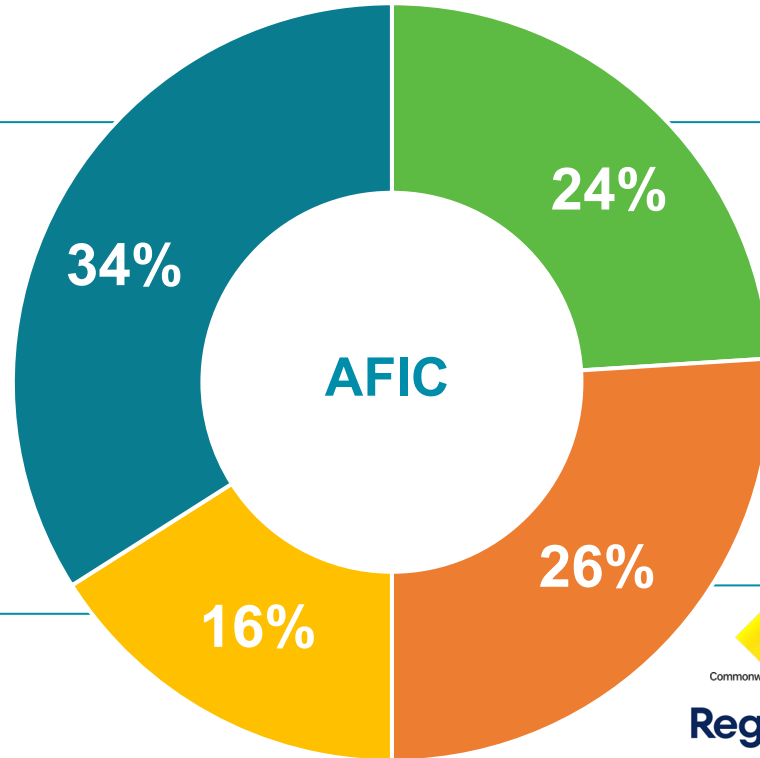
Markets and the Portfolio

Portfolio Set to Perform in Most Economic Settings

Growth Companies



Cyclicals



Stalwarts

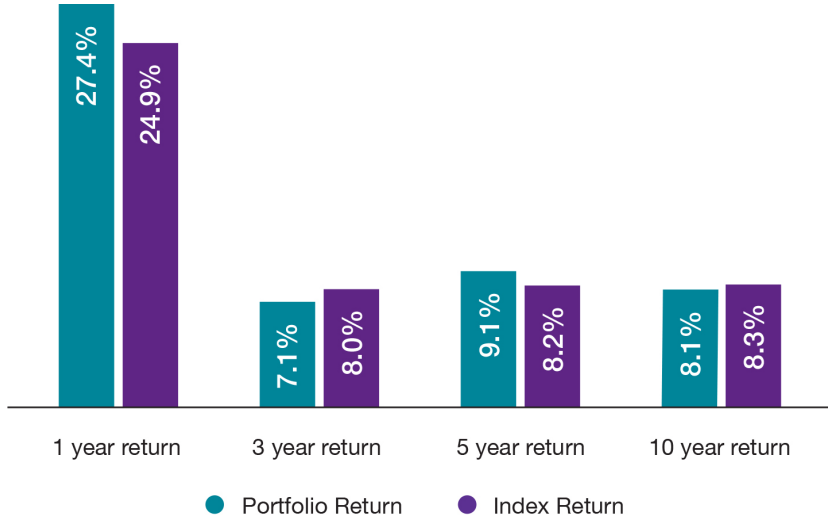


Income



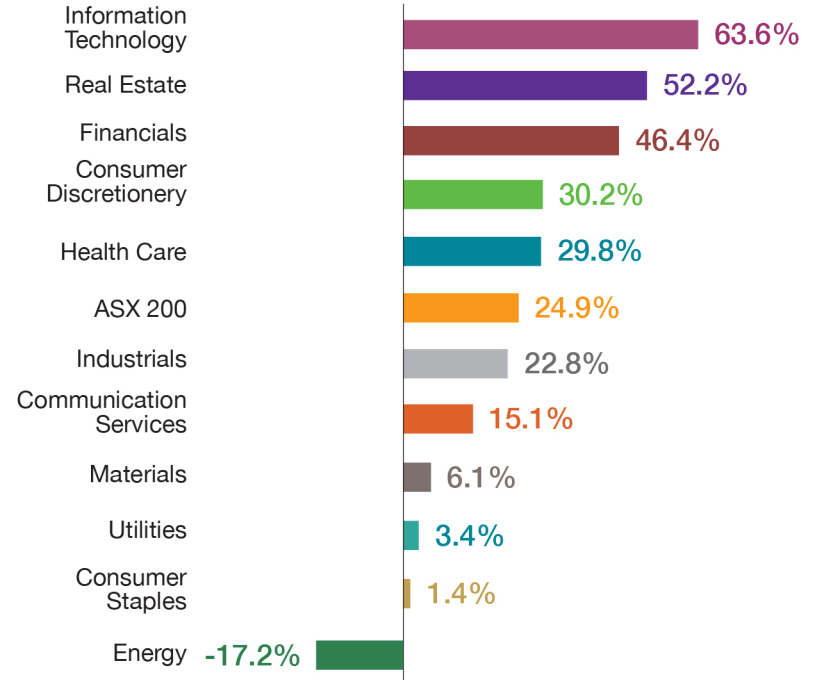
Portfolio and Sector Performance

Portfolio Return – Per Annum to 31 October 2024



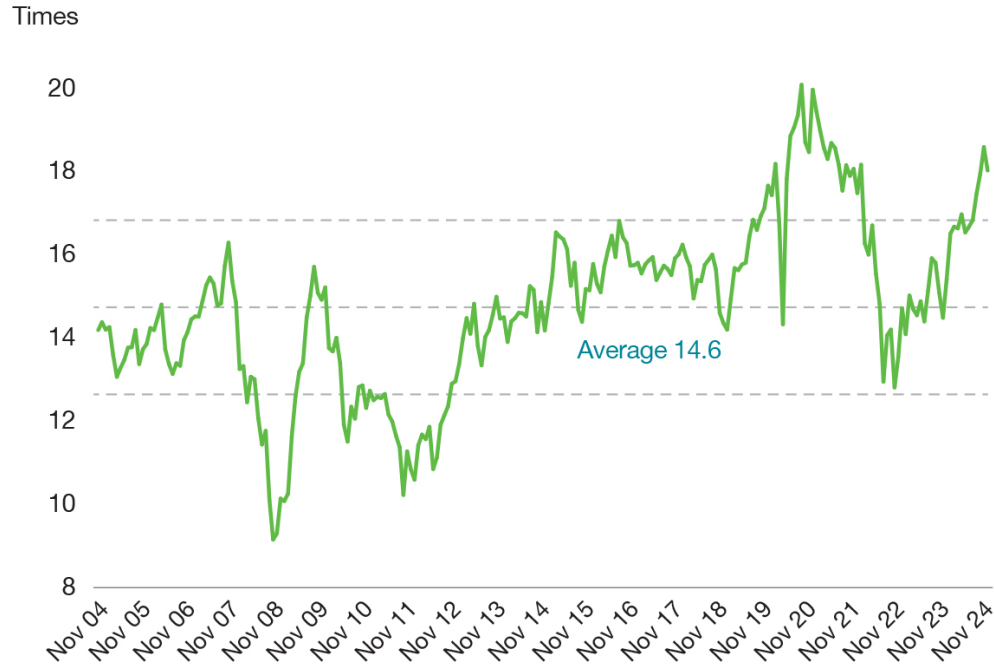
Portfolio Return is before tax and costs.
Past performance is not indicative of future performance.

Sector Performance 12 months to 31 October 2024



Market Valuation in a Long Term Context

ASX 200 Firms Trade at an Average Forward PE of 18.0x, which is 17% Above the 20-yr Average



Market Conditions

What's Occupying Our Mind

Earnings growth becoming more challenging with price rises expected to slow.

Consumer spending is softening.

Employment trends to be important.

China. Announced policy initiatives attempting to stabilise market conditions.

Majority of the Central Banks moving to ease policy settings.

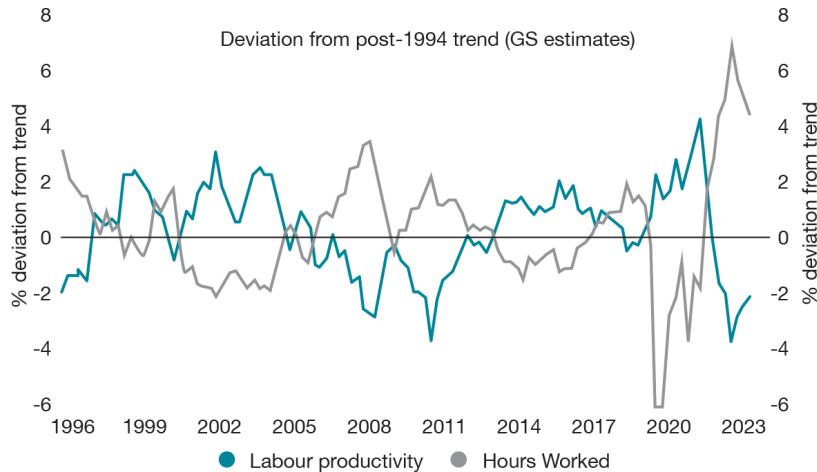
Portfolio Positioning

Diversified portfolio of quality companies owning strategic assets, with strong balance sheets that are well managed.

An appropriate mix of forecast growth and income returns to meet our long-term investment objectives.

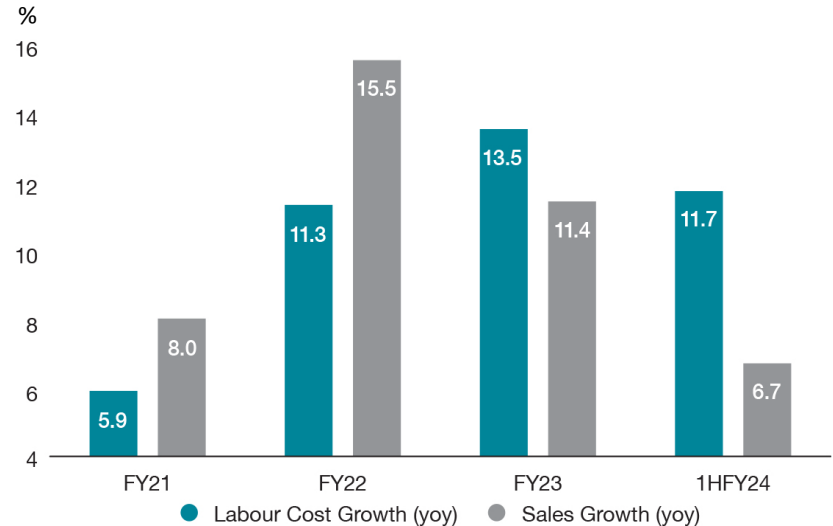
Labour Productivity Remains Weak. Cost-out to be a Focus?

Falling demand and a historically tight labour market impacting labour productivity



Source: Goldman Sachs Research

ASX 200 (ex-REITs) annual growth in labour costs far exceeding sales growth



Recent Portfolio Activity



Active Portfolio Management – Recent Transactions

Additions to Existing Holdings



Trimmed Holdings



New Purchases

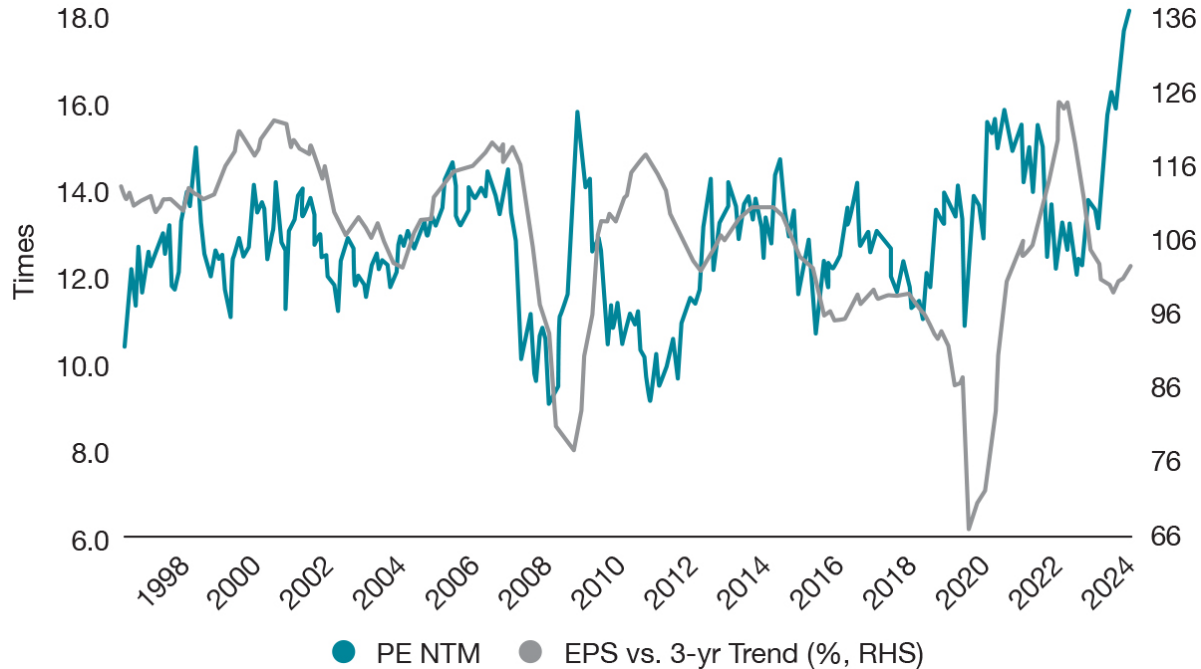


Complete Disposals



Recent Transactions – A Spotlight on Bank Valuations

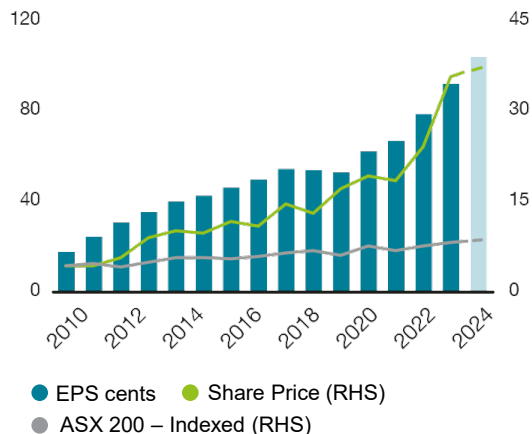
ASX 200 Banks Valuation vs Earnings Trend



Source: Goldman Sachs Research.

CAR Group

EPS vs Share Price



Source: CAR Group Investor Presentation,
Diogenes Research

CAR Group holds market leading positions in auto classifieds in Australia, USA, South Korea and Brazil.

Management team with a long-term track record of delivering strong returns for shareholders.

Ability to leverage CAR Group's intellectual property from Australia to accelerate growth in international markets.

Significant long-term opportunity remains within all operating markets.

A construction worker wearing a white hard hat and a blue jacket is shown in profile, looking towards the left. The background is a blurred construction site with yellow machinery. A white rectangular box is overlaid on the left side of the image, containing the word "Outlook" in a teal font.

Outlook

Slowing economic growth providing an increasingly challenging environment for companies to deliver earnings growth.

Investment markets been prepared to pay high prices where there is a high degree of confidence of earnings growth.

Drivers of market performance expected to broaden.

We remain focused on companies well positioned to create long term shareholder value.

The portfolio is invested in well managed companies with proven track records of financial discipline capturing value-accretive opportunities as they arise.

International Portfolio



Snapshot of the International Portfolio which has 42 holdings



JPMORGAN
CHASE & CO.



HCA
Healthcare®



Our Other LIC's



Fully franked yield that is higher than that available from the ASX 200 Index utilising option strategies, also produces long term capital growth.

MER of 0.42%



Australian and NZ small/midcap sector, capital growth over the long term and fully franked dividends.

MER of 0.56%



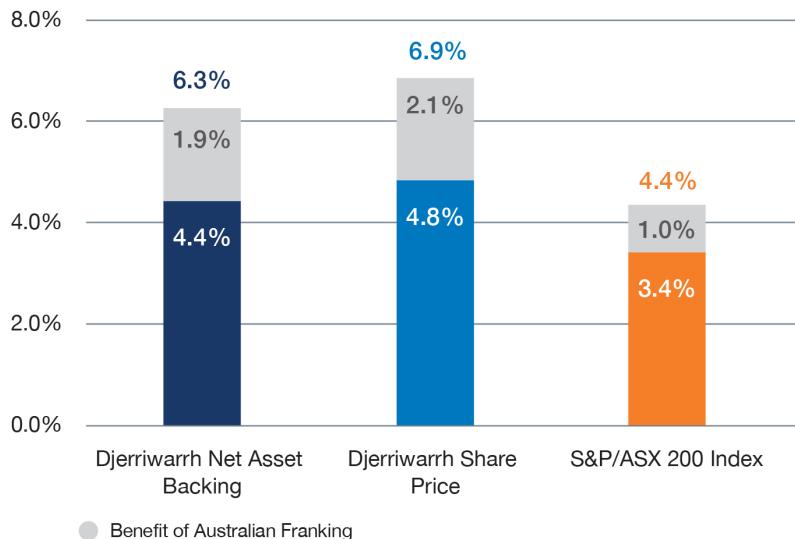
High conviction portfolio, strong capital growth over the long term and fully franked dividends.

MER of 0.56%

Managing four funds with different investment objectives adds significantly to the effectiveness of the investment process and idea generation

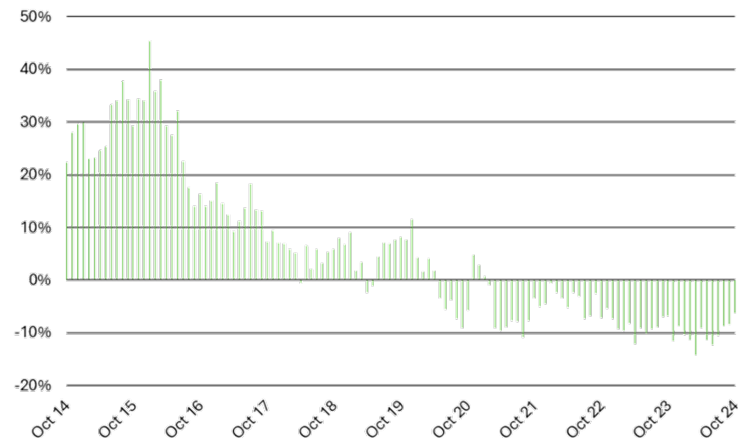
Djerriwarrh: Dividend Yield & Share Price to NTA – 31 October 2024

Yield



Assumes an investor can take full advantage of franking credits.
Past performance is not indicative of future performance.

Share Price Relative to NTA



31 October 2024

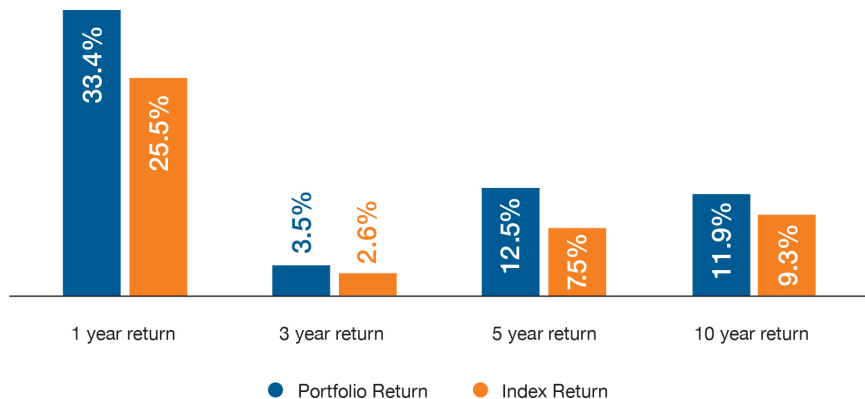
NTA: \$3.38

Share price: \$3.17

Mirrabooka: Portfolio Performance & Share Price to NTA – 31 October 2024

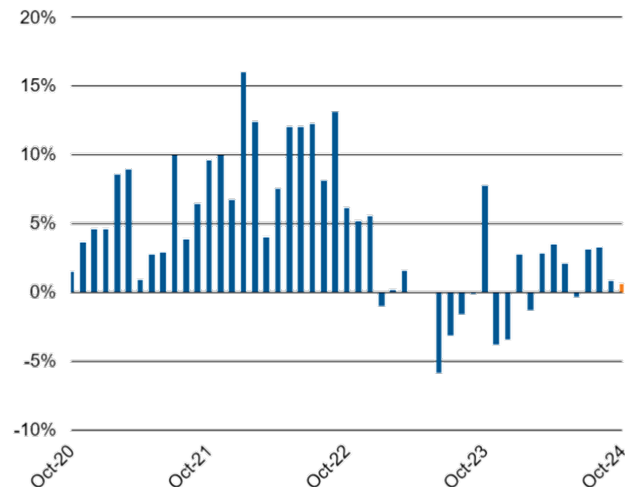


Portfolio Return



Portfolio Return is before tax and costs.
Past performance is not indicative of future performance.

Share Price Relative to NTA

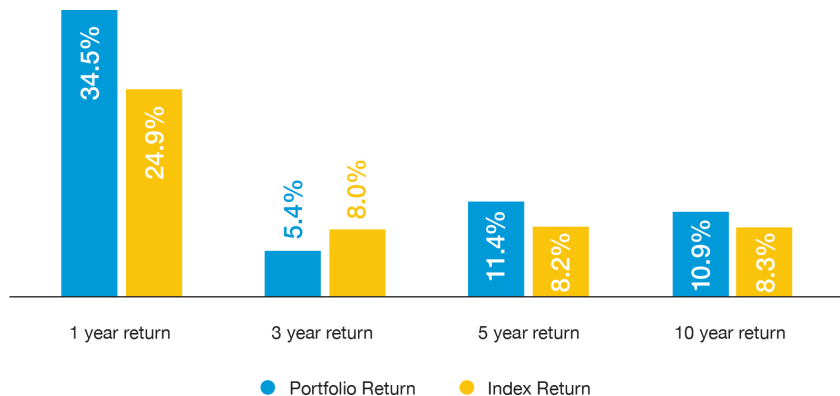


31 October 2024

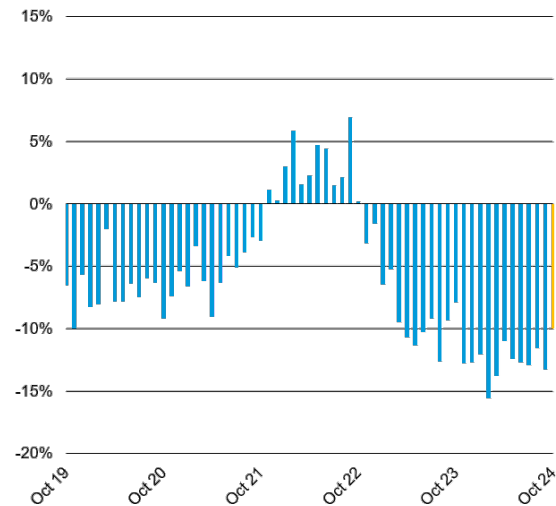
NTA: \$3.29

Share price: \$3.31

Portfolio Return



Share Price Relative to NTA



31 October 2024

NTA: \$1.30

Share price: \$1.17

Portfolio Return is before tax and costs.
Past performance is not indicative of future performance.

**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**