

13 March 2024

The Manager
ASX Market Announcements
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Electronic Lodgement

**Australian Foundation Investment Company Limited
Information Meetings – Presentation**

Dear Sir / Madam

Please find attached the presentation to be given at the Information Meetings being held in March 2024.

Yours faithfully



Matthew Rowe
Company Secretary

ASX Release authorised by the Company Secretary.

Shareholder Meeting

March 2024

**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**



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Agenda

Overview and Investment Objectives Mark Freeman

Markets and the Portfolio David Grace and Nga Lucas

Outlook David Grace



Overview and Investment Objectives

Our Company

Invests in Australian and New Zealand companies

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

Shareholders own the 'management rights' to the portfolio

Management expense ratio of 0.14% with no additional 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

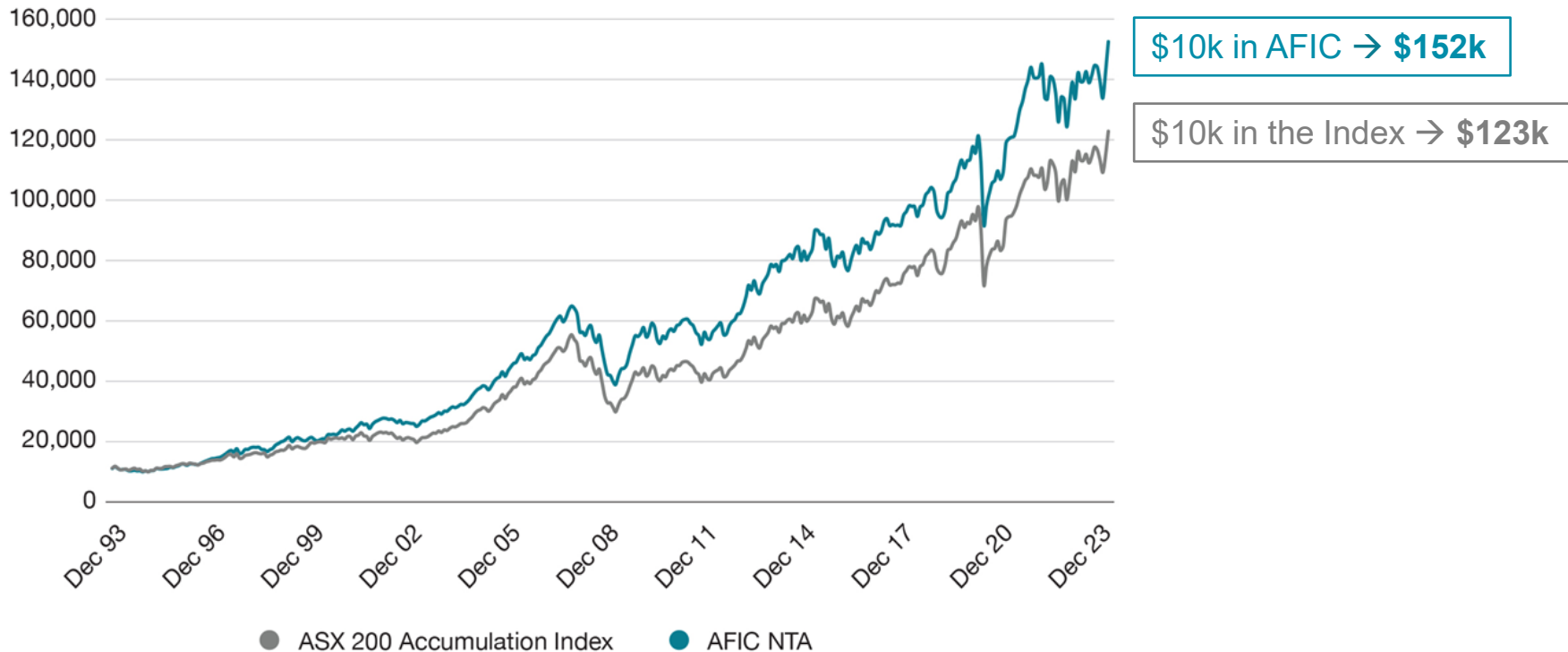
The Company aims to provide shareholders with attractive investment returns through access to a growing stream of fully franked dividends and growth in capital invested.

The Company's primary investment goals are:

- to provide attractive total returns over the medium to long term; and
- to pay dividends which, over time, grow faster than the rate of inflation.

Attractive Total Returns over the Long-term

AFIC NTA vs ASX 200 Accumulation Index

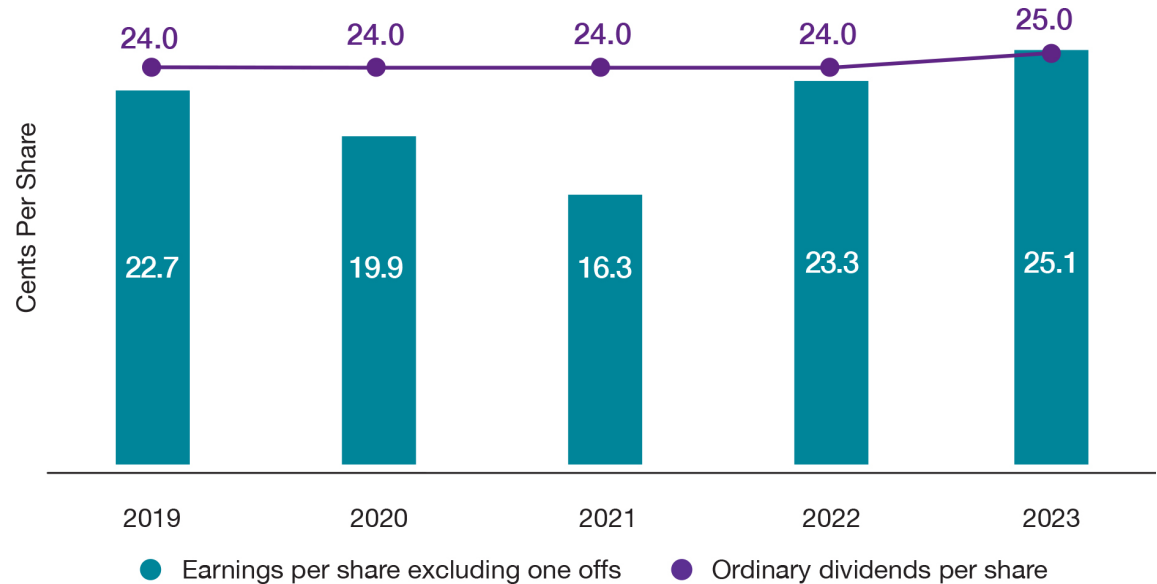


Excludes the benefit of franking

Ensuring a Consistent to Growing Dividend for Shareholders

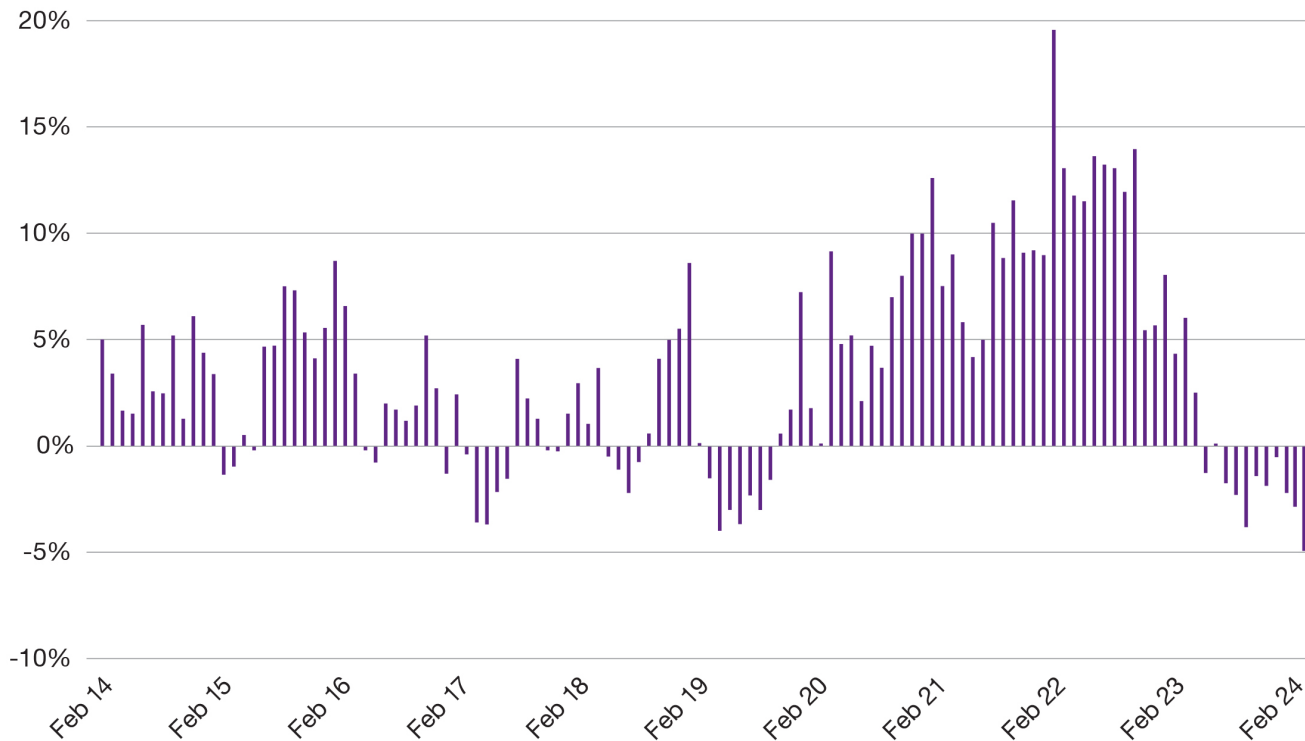
AFIC's franking reserve balance ensures we can pay a consistent dividend even through volatile times – full year dividends last 5 financial years

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



In 2019 AFIC also paid a special fully franked dividend of 8 cents per share

Share Price Relative to NTA



29 Feb 2024

NTA: **\$7.77**

Share price: **\$7.39**

A photograph of the Chicago skyline at dusk, featuring several illuminated skyscrapers and the white arch bridge over the water. A white rectangular text box is overlaid on the left side of the image.

Markets and the Portfolio

February 2024 Reporting Season Review

Overall reported company results were in line or slightly ahead of market expectations.

Revenue growth is slowing but margins are proving resilient as corporates cut costs.

Increasing risk of regulation for large consumer facing companies as the cost of living remains elevated.

Balance sheets remain in strong shape.

Increasingly, companies are looking to acquisitions to deliver earnings growth.

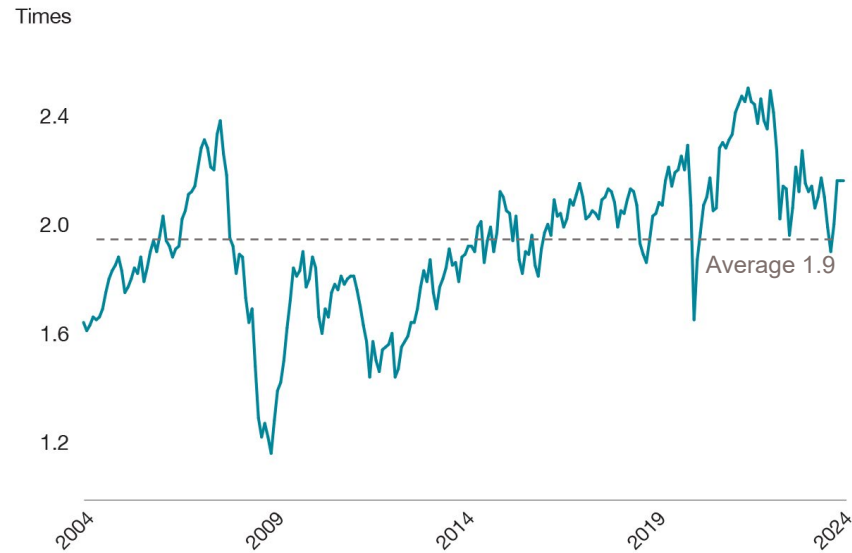
Valuation in a Long Term Context

Price to Book – S&P/ASX 200 Index

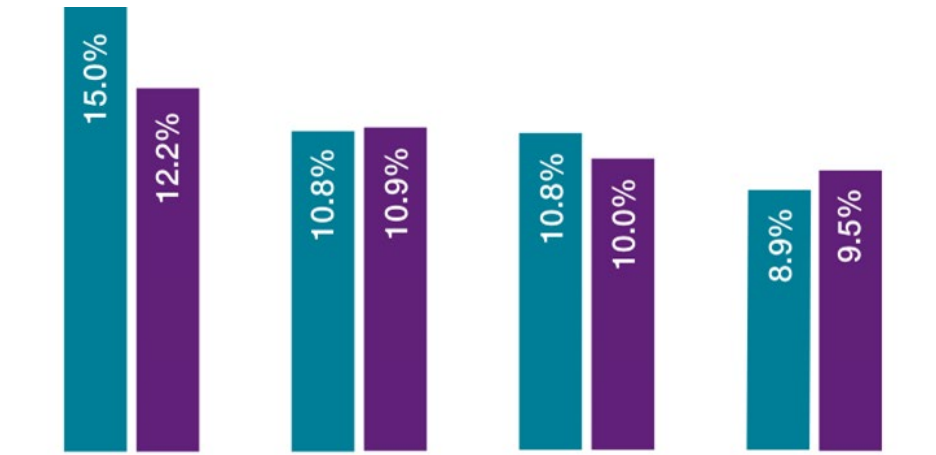


Source: FactSet

Price to Sales – S&P/ASX 200 Index



Portfolio* and Sector Performance to 29 February 2024



1 year return

3 year return

5 year return

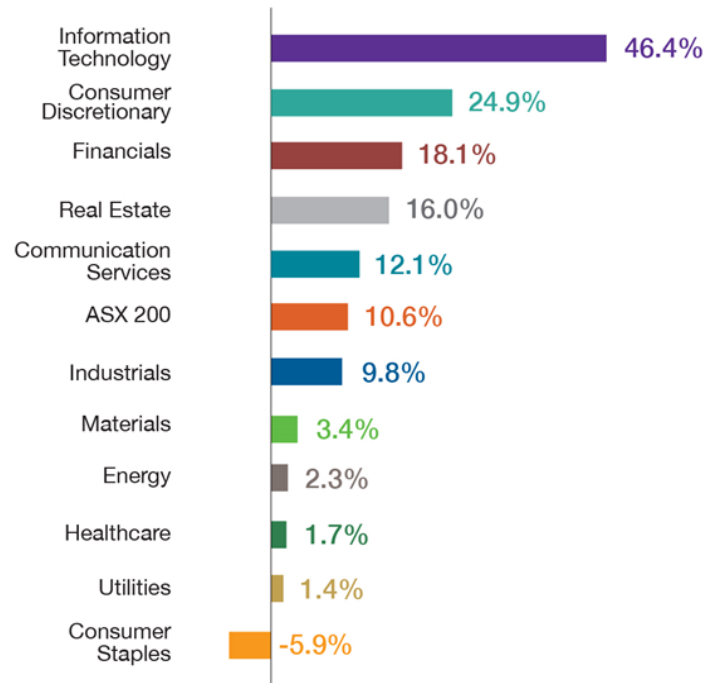
10 year return

● AFIC net asset per share growth plus dividends, including franking

● S&P/ASX 200 Accumulation Index, including franking

* Per annum returns. Assumes the full benefit of franking credits.
Past performance is not indicative of future performance.

12 Month Sector Performance



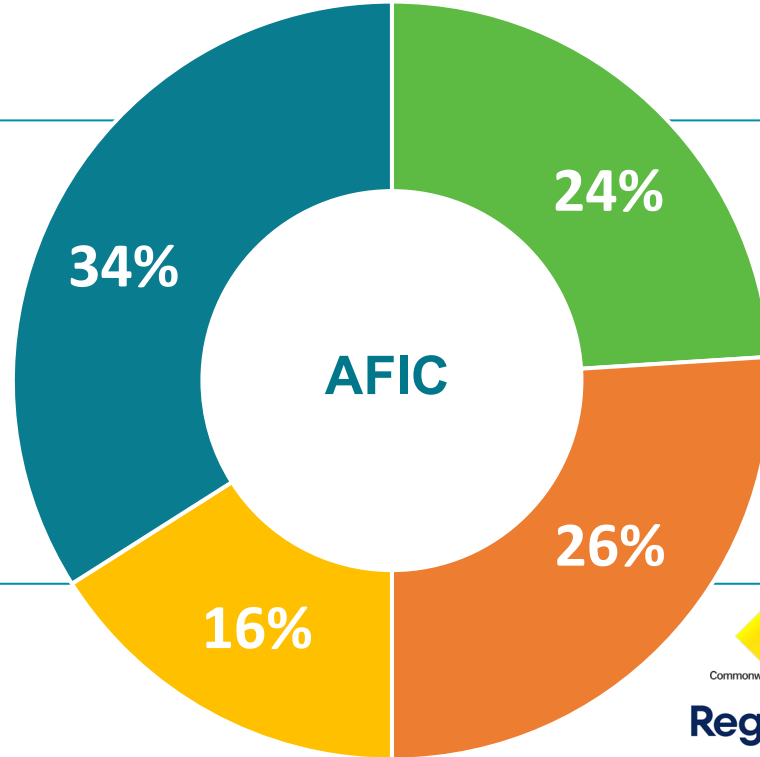
Includes dividends but not franking.

Portfolio Set to Perform in Most Economic Settings

Growth Companies



Cyclicals



Stalwarts

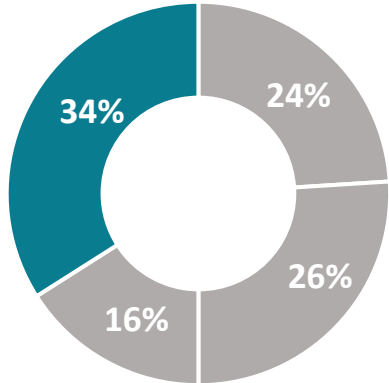


Income



Quality Growth Companies

Growth Companies



Structural growth companies in large growing markets

Strong customer proposition driving share gains

Generate free cash flow that is reinvested in growth and efficiency

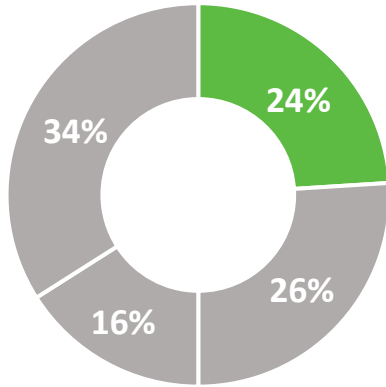
CSL - Plasma, capital allocation, capacity and efficiency

Xero - Cloud accounting software, global opportunity, focused efficient growth



Quality Stalwart Companies

Stalwart Companies



Highly strategic, difficult to replicate assets with a market leadership position.

Consistent earnings growth leading to a growing dividend profile.

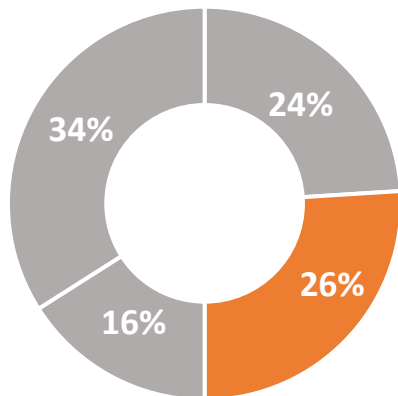
Wesfarmers – Bunnings, Kmart, Industrial and Healthcare

Transurban – Core road network in markets with population growth



Quality Income Companies

Income Companies



Regulatory or asset-based barriers against new entrants.

Attractive dividend profile (preferably fully franked) with modest earnings growth.

Strong balance sheets

Banks – benign bad debt environment, secure dividend

Telstra – mobile growth, improving returns, infrastructure assets



Commonwealth Bank



nab

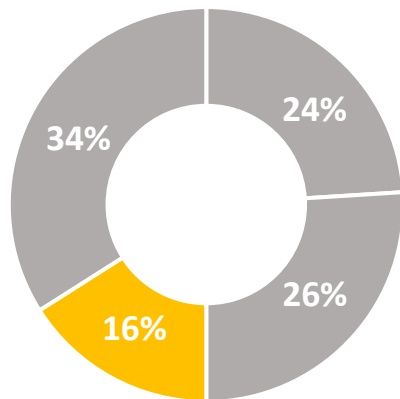


Westpac



Quality Cyclical Companies

Cyclical Companies



Long life assets with low costs to operate.

Ability to generate a meaningful return in low points of the cycle.

Balance sheets in strong shape with the ability to invest in growth projects as they emerge.

BHP & RIO. High cash generation. Maturing end market demand.

BHP

RioTinto

Santos

 Woodside
Energy

 AMPOL

 Computershare

Active Portfolio Management – Recent Transactions

Additions to Existing Holdings



New Purchases



Trimmed Holdings



Outlook



The rate of inflation is declining yet the cost of living remains elevated.

Challenging environment for companies to deliver meaningful near term earnings growth.

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.

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