

27 July 2021



The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Australian Foundation
Investment Company Limited
ABN 56 004 147 120
Level 21, 101 Collins St
Melbourne VIC 3000
T 03 9650 9911
F 03 9650 9100
invest@afi.com.au
afi.com.au

Electronic Lodgement

Australian Foundation Investment Company Limited Annual Results Webcast Presentation

Please find attached the presentation to be given at the Shareholder Teleconference/
Webcast being held today, **Tuesday 27 July 2021 at 3.30 p.m. (AEST)**

To join the webcast please use the below link.

Webcast Link: <https://edge.media-server.com/mmc/p/awoqj86r> (This link will open directly in your internet browser).

Alternatively to join via the teleconference, please use the details below:

Telephone: **1800 148 258 (free call within Australia)**
 1300 157 230 (mobile, free call within Australia)
 +61 2 8038 5271 (outside Australia)
Conference ID: **1659653**

Joining the Conference Call:

1. In the 10 minutes prior to the call start time, call the appropriate dial-in number.
2. Enter the Event Plus passcode **1659653**, followed by the pound or # key and leave any information requested after the tone. You will be joined automatically to the conference. During the call you can indicate if you would like to ask a question by pressing (*1) on your telephone keypad and wait for your name to be announced.

International Dial-In Numbers will be available via the Company's website.

The shareholder presentation material made available through the Company's website www.afi.com.au.

ASX Release authorised by the Company Secretary, Matthew Rowe.

Full Year Results Presentation

27 July 2021



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Agenda

- Overview and Objectives – Mark Freeman
- Financial Year in Summary – Andrew Porter
- Portfolio – David Grace and Nga Lucas
- Outlook – Mark Freeman
- Questions

Our Company

Invests in Australian and New Zealand companies – looking for quality for the long term.

Largest listed investment company on the ASX at \$9.1bn (also listed on NZX), 160k shareholders, full transparency from being listed, independent Board of Directors providing strong governance.

Shareholders own the 'management rights' to the portfolio – no external funds management business deriving an income from the portfolio.

Management expense ratio of 0.14% with no performance fees.

Long term investor with low turnover – tax has less of a negative impact on shareholder returns compared with high turnover funds.

Long history of growing/stable fully franked dividends.

Team manages three other funds – Djerriwarrh, Mirrabooka and AMCIL which adds significantly to the effectiveness of the investment process and idea generation.

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

Full Year Result Summary – 12 months to 30 June 2021

Profit for the Year	<p style="text-align: center;">2021</p> <p style="text-align: center; font-size: 2em;">\$235.1 m</p>		\$240.4m in 2020. Down 2.2%	Total Portfolio Return	<p style="text-align: center;">2021</p> <p style="text-align: center; font-size: 2em;">31.9%</p> <p style="text-align: center; font-size: 0.8em;">Including franking*</p>	S&P/ASX 200 Accumulation Index including franking* 29.1%
Fully Franked Dividend	<p style="text-align: center; font-size: 2em;">14¢</p> <p style="text-align: center; font-size: 0.8em;">Final</p>	<p style="text-align: center; font-size: 2em;">24¢</p> <p style="text-align: center; font-size: 0.8em;">Total</p>	24 cents total in 2020	Management Expense Ratio	<p style="text-align: center; font-size: 2em;">0.14%</p>	0.13% in 2020
Total Shareholder Return	<p style="text-align: center; font-size: 2em;">35.2%</p>		Share price plus dividend, including franking*	Total Portfolio	<p style="text-align: center; font-size: 2em;">\$9.1b</p>	Including cash at 30 June. \$7.2 billion in 2020

* Assumes a shareholder can take full advantage of the franking credits.

AFIC offers a diversified portfolio of quality stocks – what we look for



Sustainable competitive advantage – unique assets producing strong returns on capital



Strong management team and board



Recurring, predictable earnings are preferred



Financial strength – strong cash flow and balance sheet

AFIC offers a diversified portfolio of quality stocks – what we look for

continued



Businesses that can grow over the long term, producing growing dividends



Nursery stocks – developing the preceding attributes



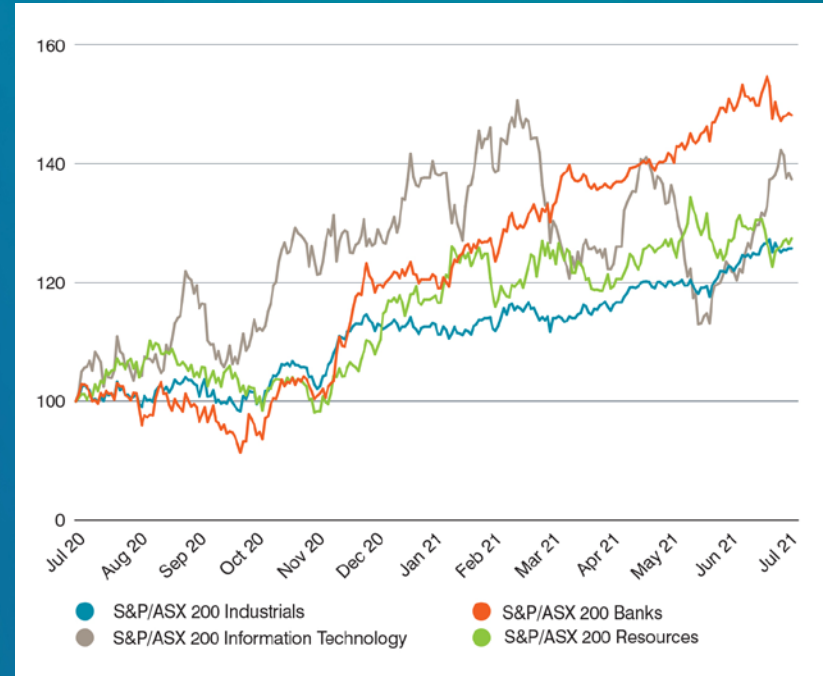
Look to buy when we see long term value

Market and Selected Sector Performances

S&P/ASX 200 Index 5 Years to 30 June 2021

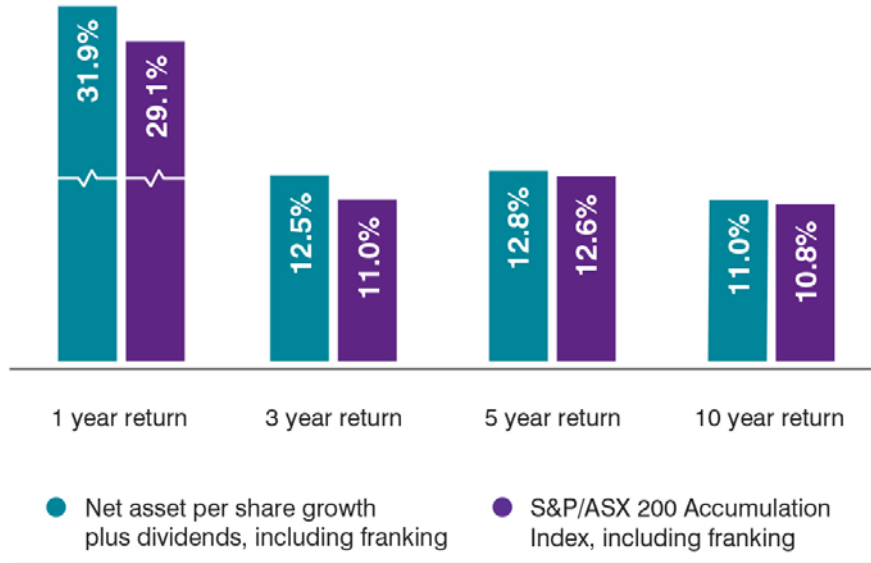


Selected Sector Performance Financial Year 20/21



Relative portfolio performance, including franking*

– per annum returns to 30 June 2021



Past performance is not indicative of future performance.

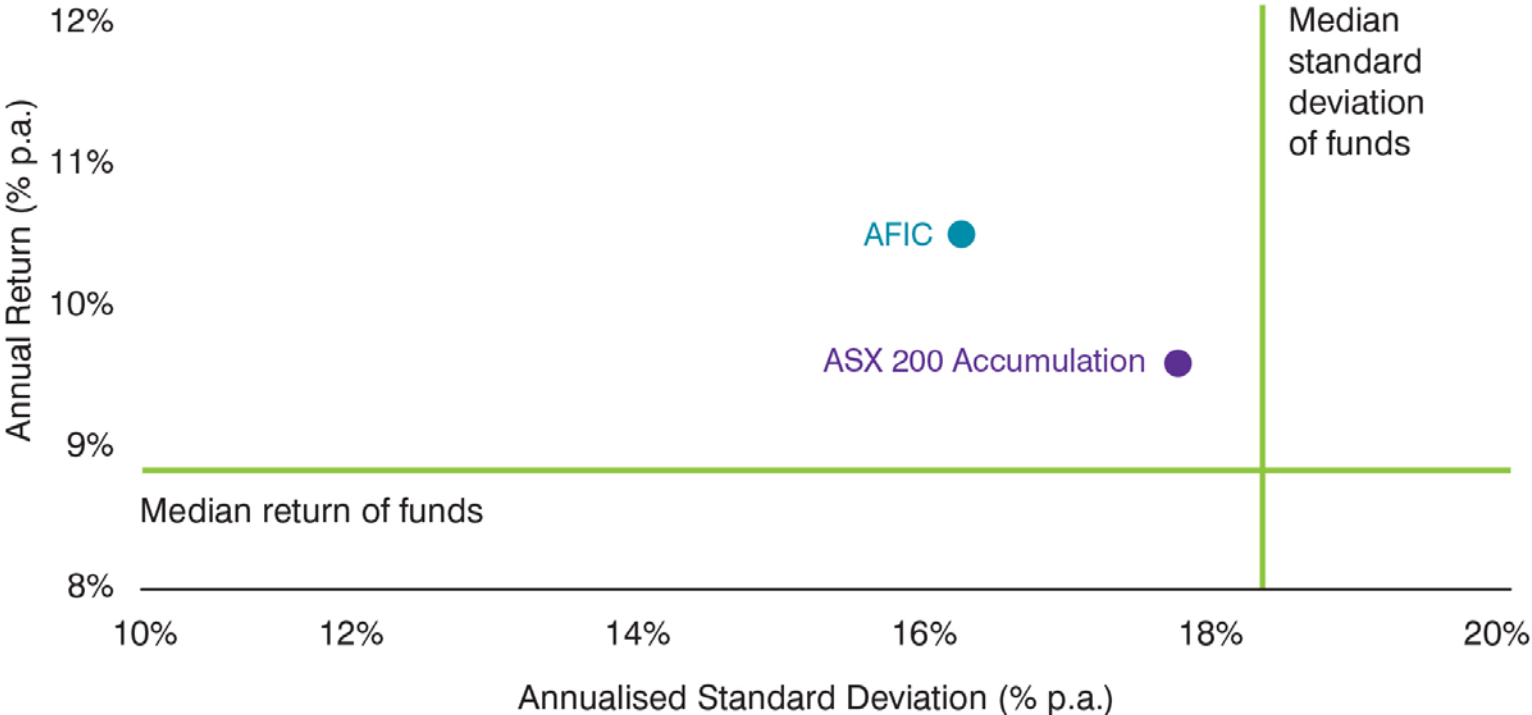
*assumes an investor can take full advantage of the franking credits

AFIC portfolio returns have a lower level of volatility (beta and standard deviation) than the Index.

Returns include growing/stable fully franked dividends over a 10-year period.

AFIC share price returns have a significantly lower level of volatility (beta and standard deviation) than the Index.

Over the 3-year period to 30 June 2021 AFIC has a higher portfolio return with less volatility than the S&P/ASX 200 Index (both exclude franking)



Source: Mercer Investment Performance Survey of Wholesale-Equity – Australia. Note AFIC’s return is after tax paid and costs. The universe for Wholesale-Equity – Australia returns are before tax and after fees

Winners and losers* - 12 months to 30 June 2021

Biggest Contributors

reece group™



Biggest Detractors



not held



not held



* Percentage gain/loss over the period

Major portfolio changes

Purchases

WOOLWORTHS GROUP



ASX

AUSTRALIAN SECURITIES EXCHANGE



TEMPLE &
WEBSTER



Sales

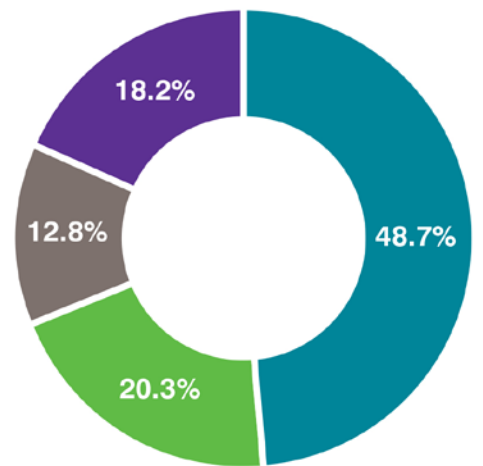


ALUMINA
LIMITED

BRICKWORKS
— BUILDING PRODUCTS —

Top 30 holdings – 30 June 2021

Total Portfolio 64 Holdings
(excluding international portfolio)

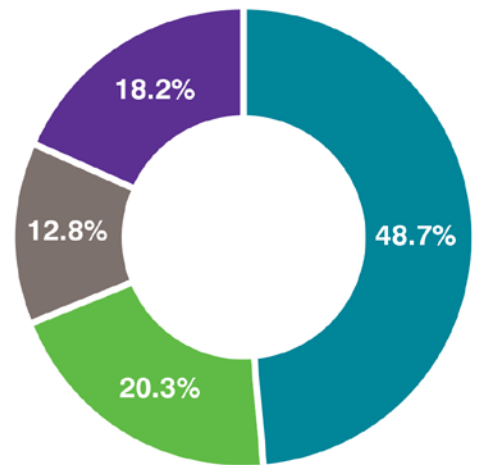


● Top 10 ● Next 11 to 20
● Next 21 to 30 ● Remainder

Rank	Company	% of Portfolio
1	Commonwealth Bank of Australia	8.8%
2	BHP Group	7.3%
3	CSL	6.9%
4	Wesfarmers	4.9%
5	Westpac Banking Corporation	4.5%
6	Macquarie Group	3.8%
7	Transurban Group	3.8%
8	National Australia Bank	3.3%
9	Woolworths Group	2.7%
10	Australia and New Zealand Banking Group	2.7%

Top 30 holdings – 30 June 2021 continued

Total Portfolio 64 Holdings
(excluding international portfolio)



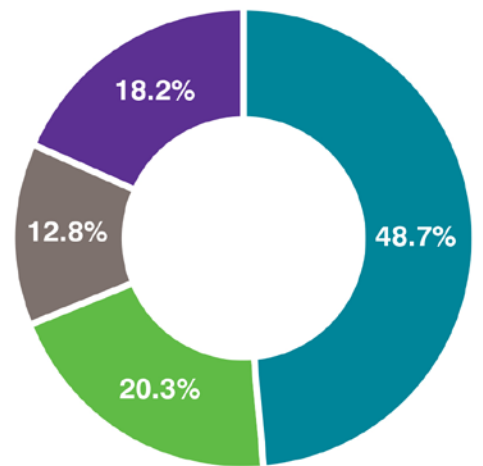
● Top 10 ● Next 11 to 20
● Next 21 to 30 ● Remainder

Rank	Company	% of Portfolio
11	Rio Tinto	2.6%
12	Mainfreight	2.6%
13	James Hardie Industries*	2.3%
14	Telstra Corporation*	2.3%
15	Ancor	2.0%
16	Reece	1.9%
17	ARB Corporation	1.7%
18	Sydney Airport	1.7%
19	Sonic Healthcare	1.6%
20	Goodman Group	1.6%

* Options were outstanding against part of the holding.

Top 30 holdings – 30 June 2021 continued

Total Portfolio 64 Holdings
(excluding international portfolio)



● Top 10 ● Next 11 to 20
● Next 21 to 30 ● Remainder

Rank	Company	% of Portfolio
21	ResMed	1.6%
22	Coles Group	1.3%
23	Seek	1.3%
24	Ramsay Health Care	1.3%
25	Carsales.com	1.3%
26	Xero	1.3%
27	Fisher & Paykel Healthcare	1.3%
28	ASX	1.2%
29	Brambles	1.2%
30	REA Group	1.0%

Outlook

COVID-19

Low Interest rates and valuation risks

Cost Inflation and supply chain disruptions – rising costs for companies?

Volatility likely to increase

Companies in the portfolio well positioned:

- market strength
- ability to absorb rising costs
- leverage efficiencies



Questions

**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**