

24 January 2023



The Manager  
ASX Market Announcements  
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## Electronic Lodgement

### Australian Foundation Investment Company Limited Half Yearly Results Webcast Presentation

Please find attached the presentation to be given at the Shareholder Teleconference/ Webcast being held today, **Tuesday 24 January 2023 at 3.30 p.m. (AEDT)**.

To join the webcast please use the below link (this will be made available on the [afi.com.au](http://afi.com.au) website).

**Webcast Link:** Please register for the results webcast [here](#) (This link will open directly in your internet browser). Questions can be asked through the webcast link.

## Conference Call

Alternatively to join via the teleconference, please register using the following link: [conference call registration link](#)

Upon registering for the conference call you will have the option to dial in or to be called directly. International dial in numbers are available through the registration process.

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.

The shareholder presentation material will be made available through our website.

ASX Release authorised by the Company Secretary, Matthew Rowe.

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**

Half-Year Results  
January 2023



# Disclaimer

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# Agenda

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Overview and Investment Objectives      Mark Freeman

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Financial Results      Andrew Porter

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Markets and the Portfolio      David Grace

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Recent Portfolio Activity      Nga Lucas

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Outlook      David Grace

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## Overview and Investment Objectives



## 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.

# ESG Considerations are Integrated into Our Investment Framework

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## Approach to Environmental, Social and Governance (ESG) Factors

- Long term sustainability of a company's business model is a key focus in our assessment of quality.
- Assessment of ESG risk factors is an important part of our investment process.
- We regularly review companies to ensure ongoing alignment with our investment framework.



## Engagement with Companies

- We conduct our own evaluation of the merits of any shareholder resolution and also take input from proxy advisors.
- We vote on all company resolutions as part of our regular engagement with companies.
- We actively engage with companies, including when we have concerns those resolutions are not aligned with shareholders' interests.



## Financial Results

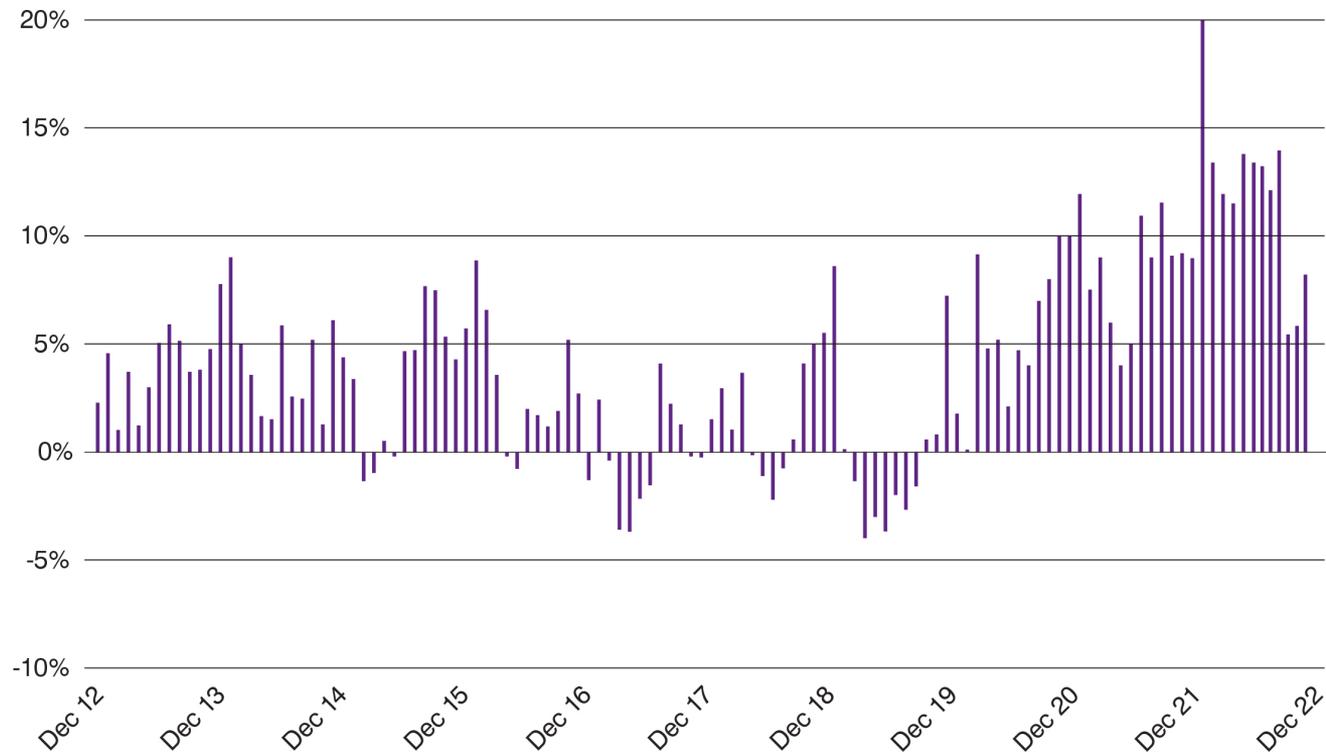


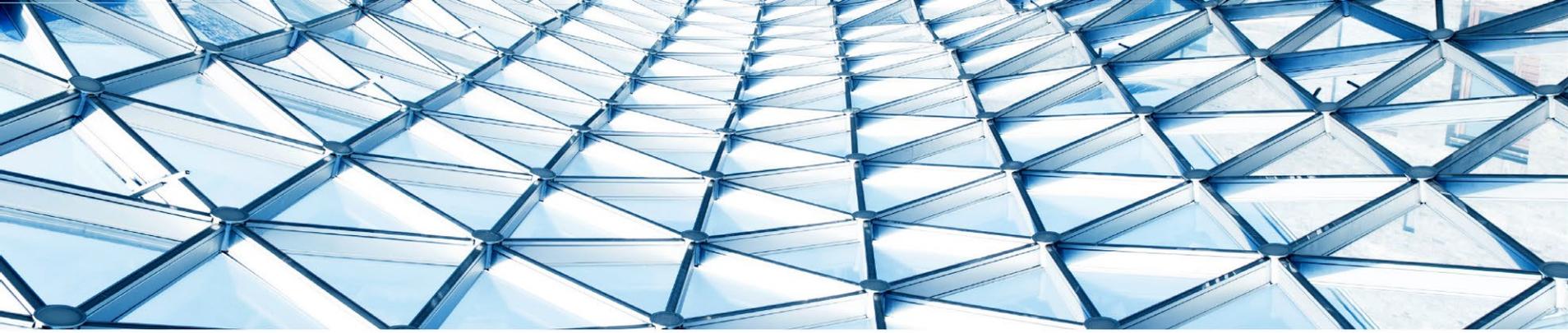
# Interim Result Summary – Six months to 31 December 2022

	2022		2022	
<b>Profit for the Half-Year</b>	<b>\$163.7m</b>	Up 12.2% from 2021	<b>Management Expense Ratio (Annualised)</b>	<b>0.13%</b> 0.15% in 2021
<b>Fully Franked Interim Dividend</b>	<b>11¢</b>	10 cents in 2021	<b>Total Portfolio Return</b>	<b>7.1%</b> Including franking* S&P/ASX 200 Accumulation Index including franking* 10.8%
<b>Total Shareholder Return</b>	<b>1.1%</b>	Share price plus dividend	<b>Total Portfolio</b>	<b>\$8.5b</b> Including cash at 31 December. \$9.6 billion in 2021

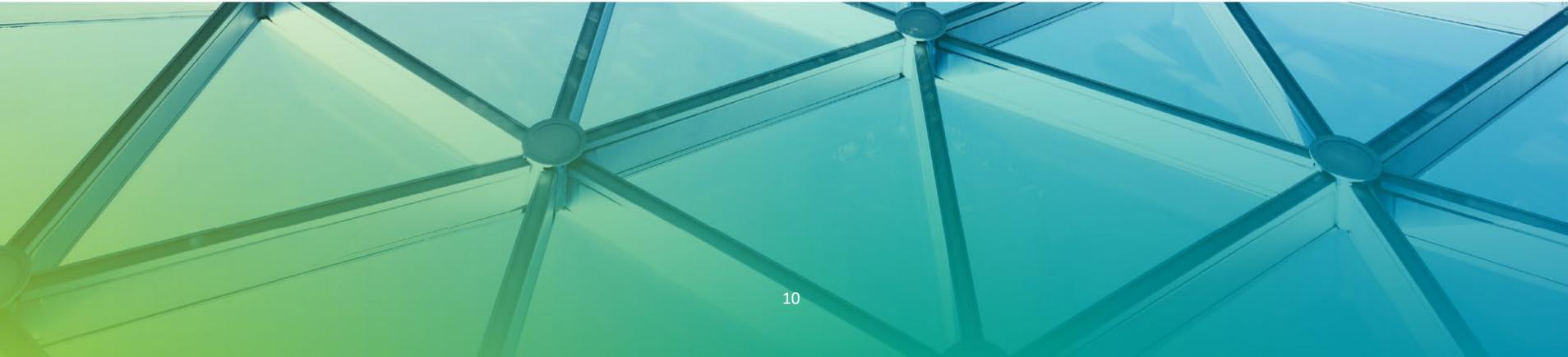
\* Assumes a shareholder can take full advantage of the franking credits.

# Share Price Relative to NTA





## Markets and the Portfolio

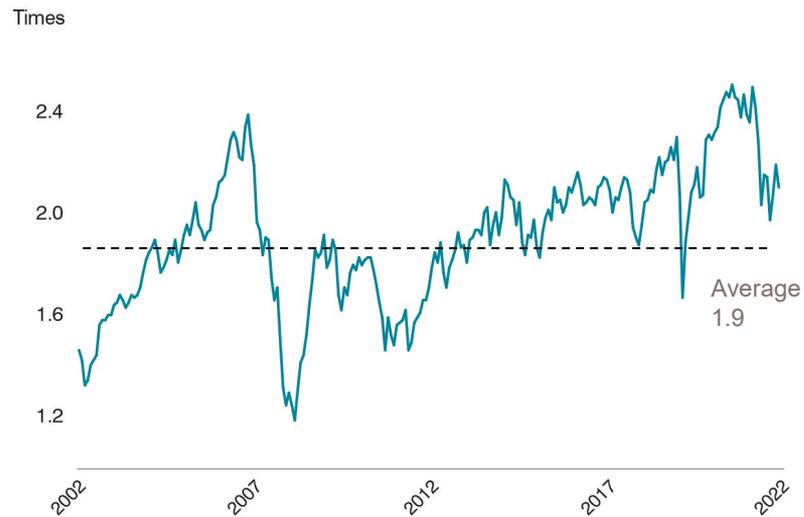


# Valuation in a Long Term Context

## Price to Book – S&P/ASX 200 Index



## Price to Sales – S&P/ASX 200 Index

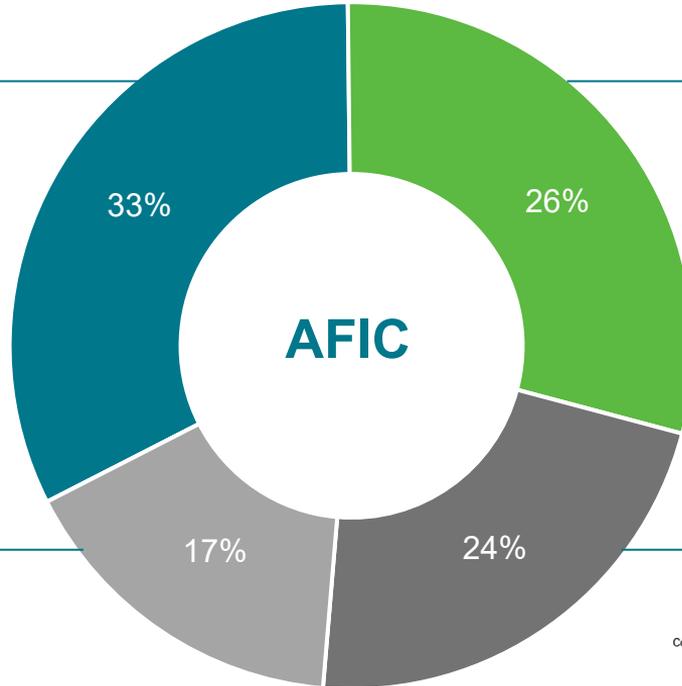


# Portfolio Set to Perform in Most Economic Settings

## Growth Companies



## Cyclicals



## Stalwarts



## Income

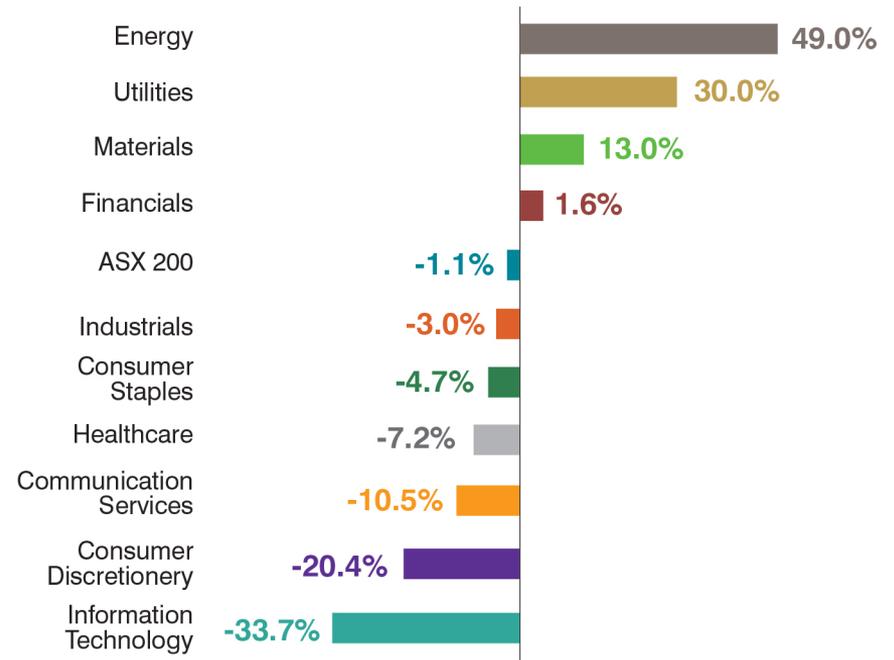


# Portfolio\* and Sector Performance to 31 December 2022



\* Assumes the full benefit of franking credits. Per annum returns other than for six months. Past performance is not indicative of future performance.

## 12 Month Sector Performance



Includes dividends but not franking.

# Reece: Long Term Investing



Reece Share Price vs S&P/ASX 200 Price Index



# Quality Companies Find a Way to Grow

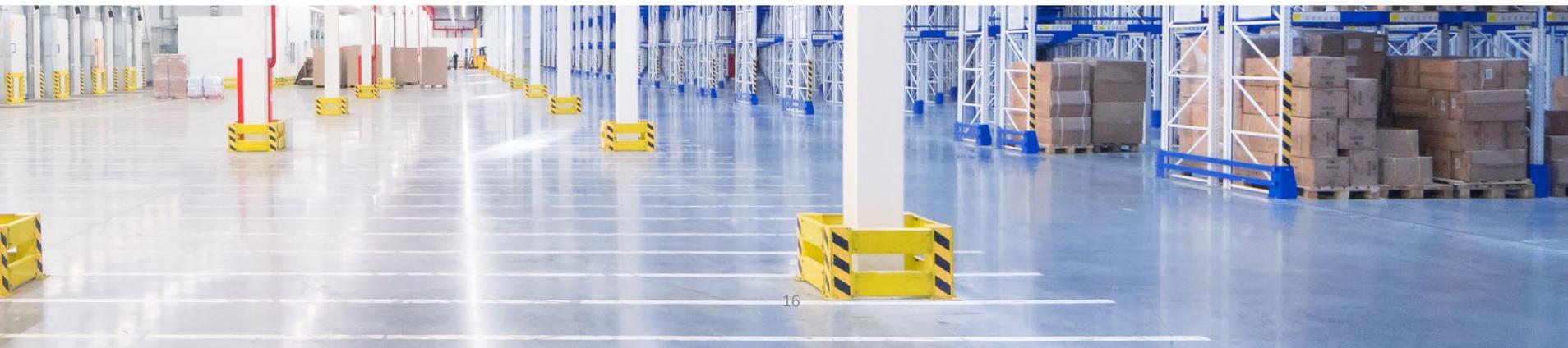
## Sales Growth **Per Annum** Since Our First Purchase



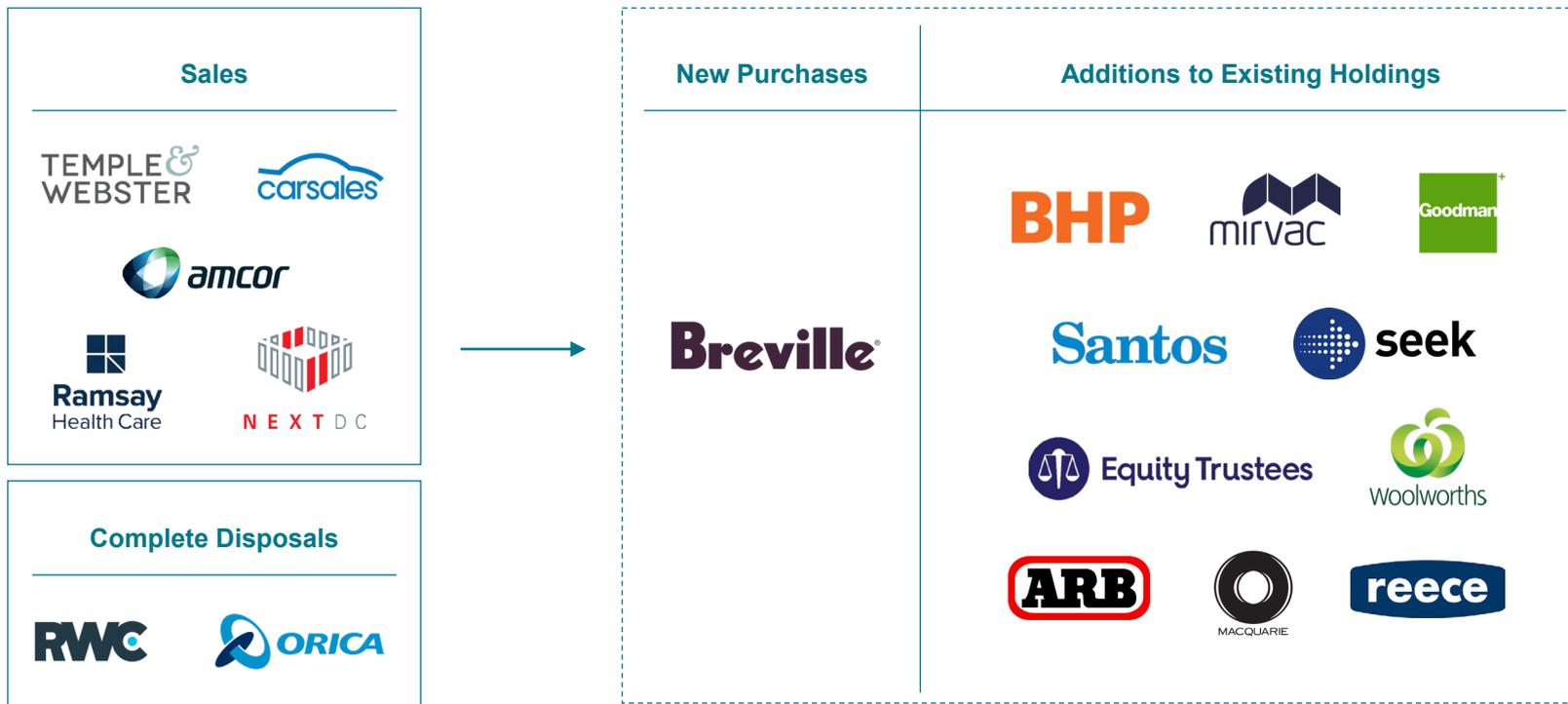
Sales from FY02



## Recent Portfolio Activity



# Active Portfolio Management – Recent Transactions





Wesfarmers is a conglomerate that operates a number of large, well known retail brands including Bunnings, Officeworks, Kmart and Target.

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Bunnings is one of the best retailers in the world generating very attractive shareholder returns.

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Bunnings is a key driver of earnings growth at >60% of group earnings, with a long growth runway.

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Wesfarmers' strategy is to continually establish new businesses and invest in existing businesses to provide a 'satisfactory' return to shareholders in the long term.

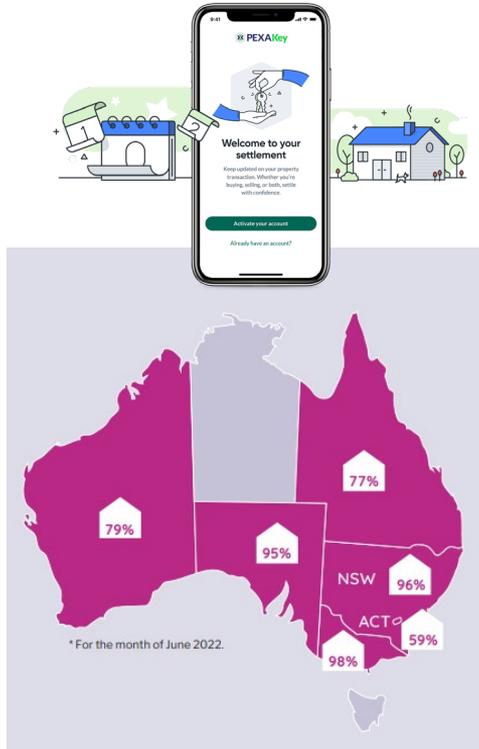


Auckland Airport owns a highly unique and strategic infrastructure asset.

Freehold nature and large undeveloped landbank offers opportunity for long term growth.

Expect post COVID international passenger recovery to drive earnings growth, currently at over 70% vs 2019.

Strong balance sheet and experienced management team.

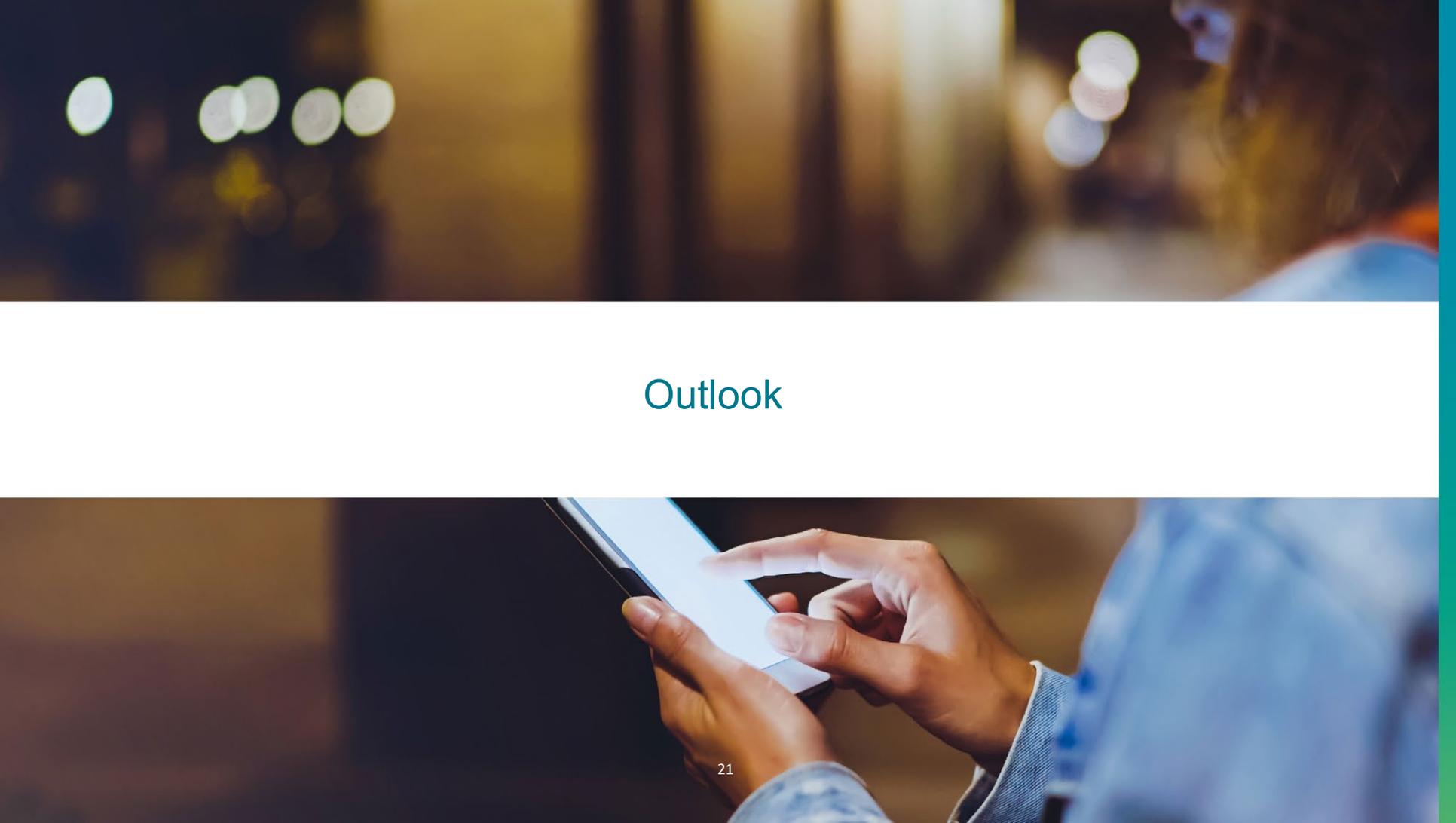


A pioneer and leader in digital property settlements in Australia.

Handles >80% of property transfer transactions and >90% of refinancing transactions in Australia.

Has developed a deep network of practitioner firms, financial institutions, the RBA, land titles offices and state revenue offices.

PEXA is uniquely positioned to take its know-how to larger offshore markets, starting in the United Kingdom.

A person is shown from the chest up, wearing a blue denim jacket, holding a tablet computer. The background is dark with several out-of-focus light sources, creating a bokeh effect. The scene is set at night. The word "Outlook" is centered in a white horizontal band across the middle of the image.

## Outlook

# Outlook

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The effects of inflation and high living costs are placing pressure on parts of the economy.

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Market valuations are slightly above long term averages with some downside risk.

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

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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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