

8 May 2023

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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 Tasmania in May 2023.

Yours faithfully



Matthew Rowe
Company Secretary

Release authorised by the Company Secretary

**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**

Tasmanian Shareholder Meetings May 2023



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Agenda

Overview and Investment Objectives Mark Freeman

Markets and the Portfolio David Grace

Recent Portfolio Activity David Grace

Outlook Mark Freeman



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



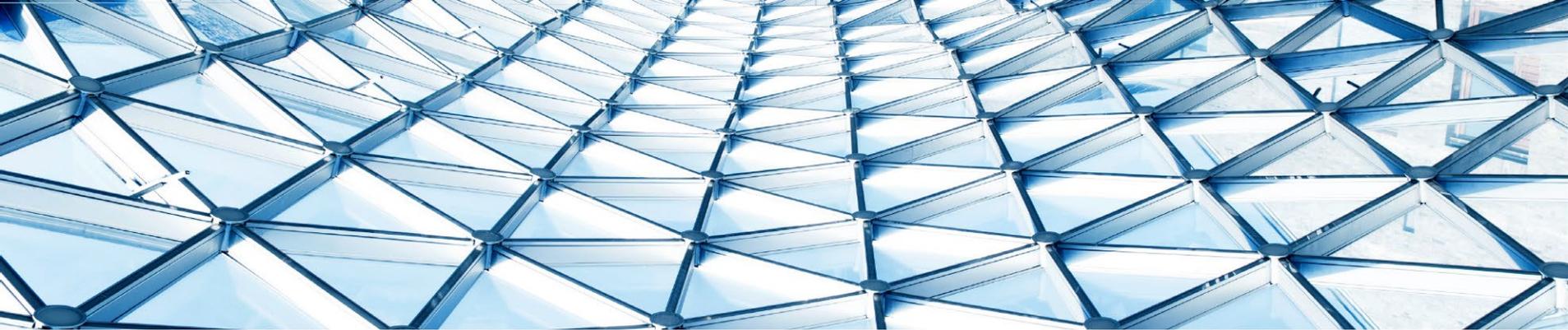
Approach to Environmental, Social and Governance (ESG) Factors

- 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 when we have concerns those resolutions are not aligned with shareholders' interests.



Markets and the Portfolio



Current Market Conditions

Inflation remains persistent with uncertainty around cash rate settings from Central Banks.

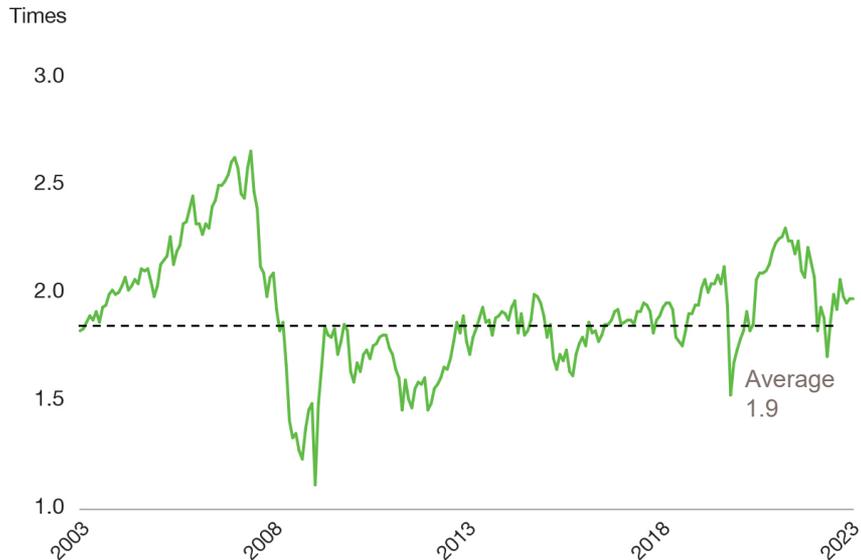
Operating environment for companies becoming more challenging.

Cost of living increases challenging the outlook for consumer spending.

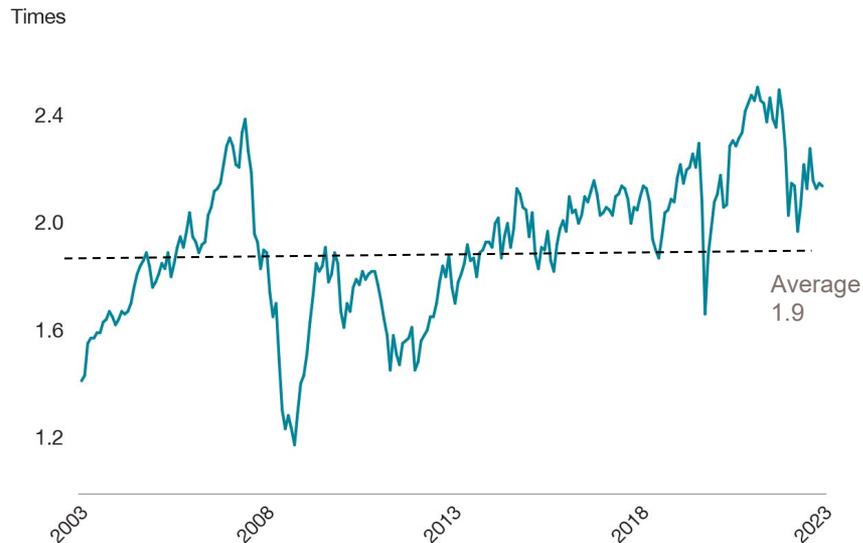
Value is presenting in selective companies where we maintain confidence in the long term opportunity.

Valuation in a Long Term Context

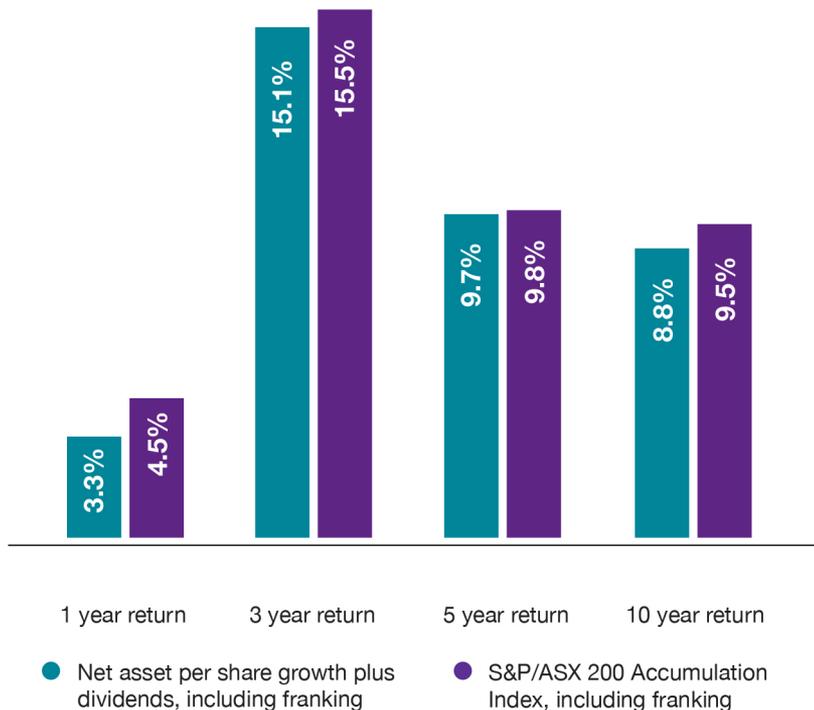
Price to Book – S&P/ASX 200 Index



Price to Sales – S&P/ASX 200 Index

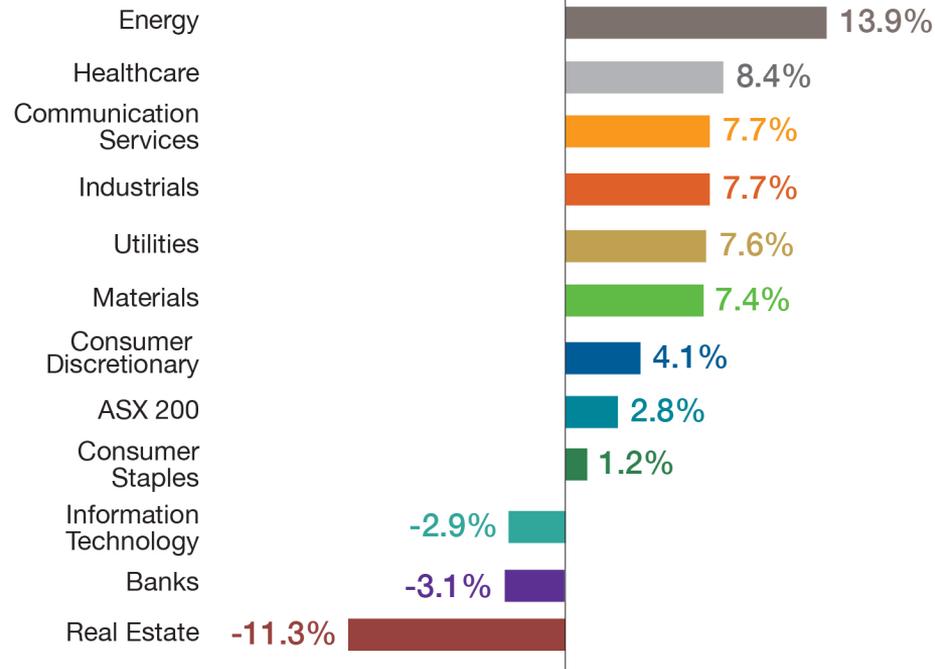


Portfolio* and Sector Performance to 30 April 2023



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

12 Month Sector Performance



Includes dividends but not franking.

Reece: Long Term Investing

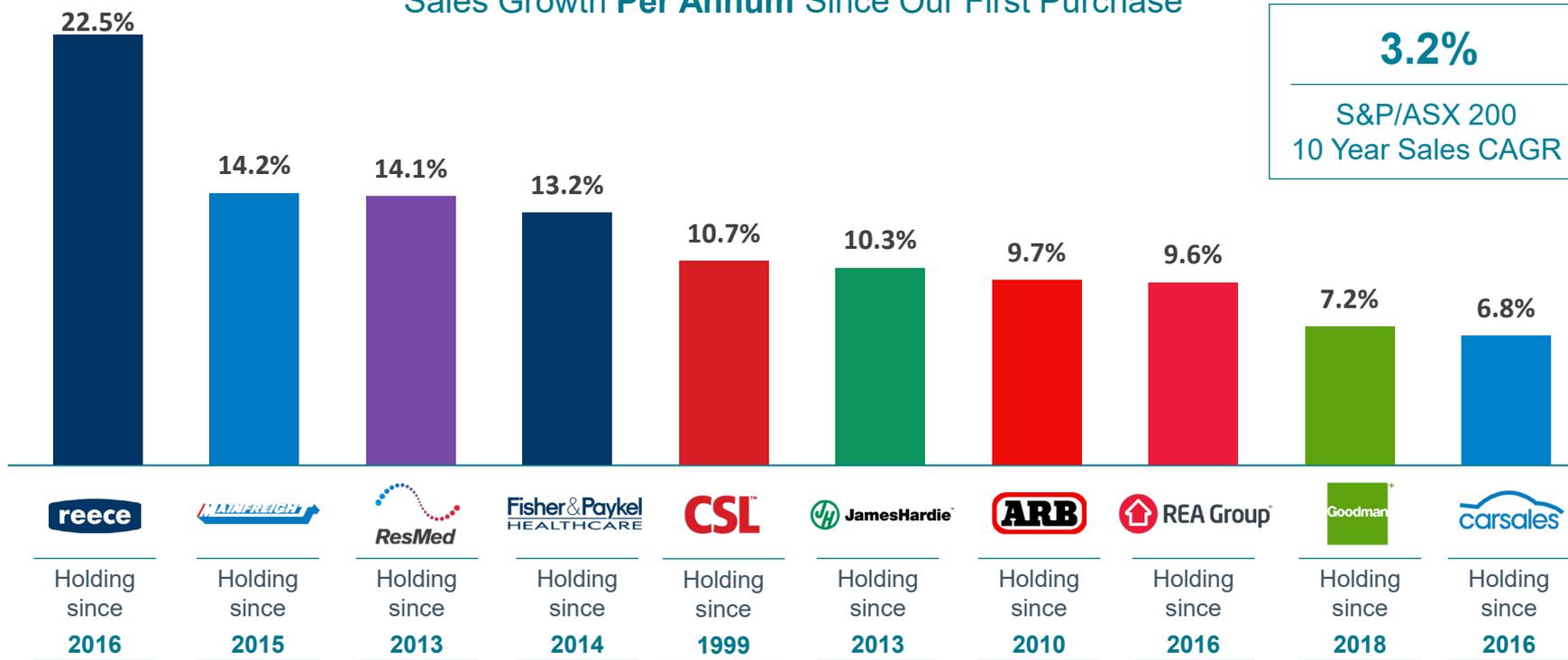


Reece Share Price vs ASX 200



Quality Companies Find a Way to Grow

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



3.2%
S&P/ASX 200
10 Year Sales CAGR

Sales from FY02

To 31 December 2022

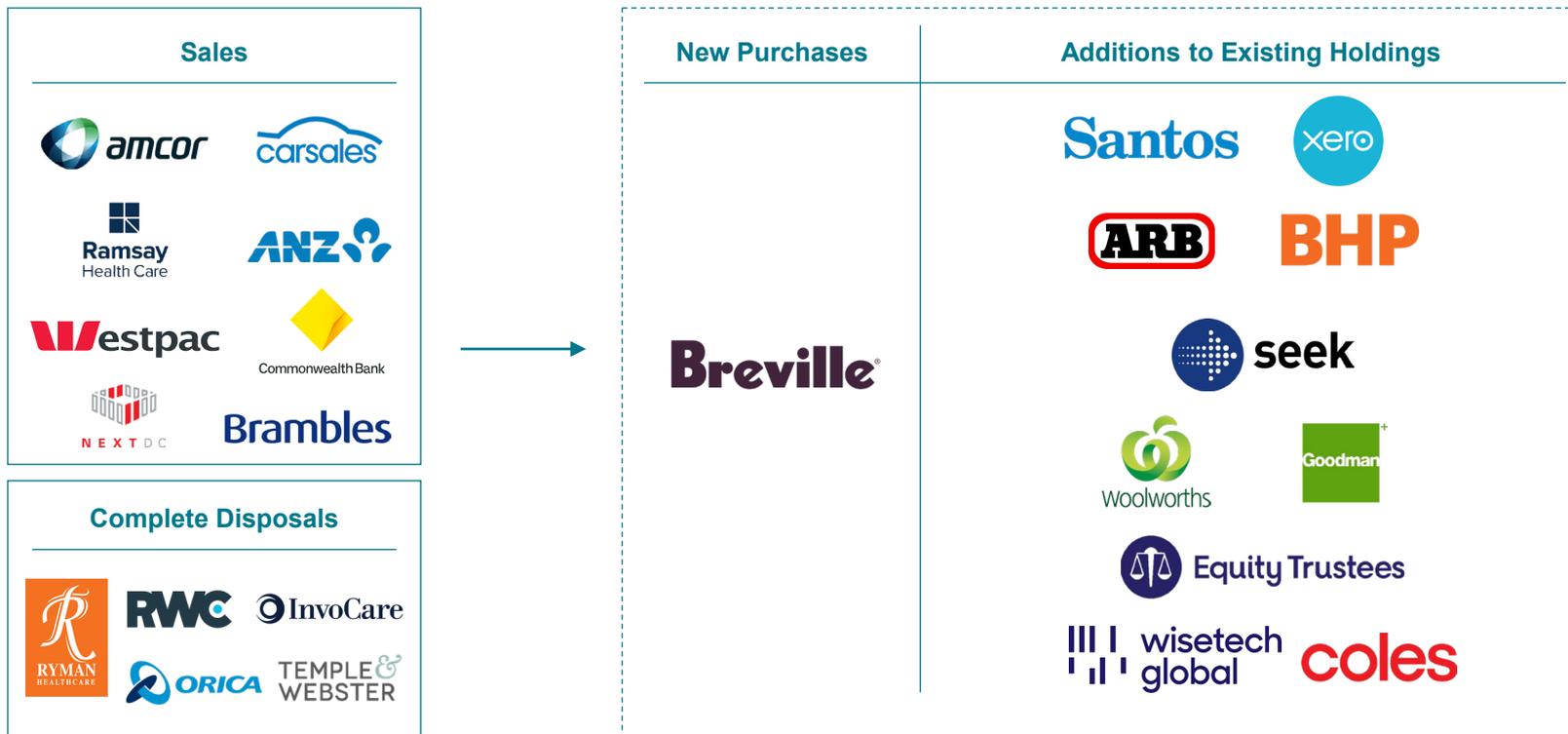
Shareholder Meeting – May 2023



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.

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

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

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.



Outlook



Outlook

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

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

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.

We remain confident about the quality of AFIC's largest holdings

Rank	Company	% of Portfolio
1	BHP Group	8.8%
2	Commonwealth Bank of Australia	8.8%
3	CSL	8.1%
4	Transurban Group*	4.6%
5	Macquarie Group*	4.6%
6	Wesfarmers	4.3%
7	National Australia Bank*	4.1%
8	Westpac Banking Corporation	3.8%
9	Woolworths Group*	3.2%
10	Telstra Group	2.4%

Rank	Company	% of Portfolio
11	Rio Tinto	2.4%
12	ANZ Group Holdings	2.2%
13	Woodside Energy Group*	2.2%
14	Mainfreight	2.1%
15	Goodman Group	2.1%
16	James Hardie Industries	2.1%
17	Coles Group*	2.0%
18	Amcor	1.9%
19	Carsales.com*	1.8%
20	ResMed	1.7%

As at 30 April 2023.

* Indicates that options were outstanding against part of the holding.

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