

28 November 2014

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

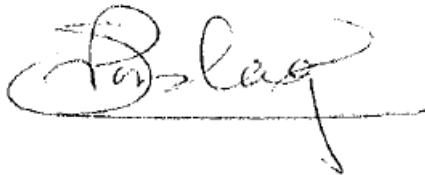
Electronic Lodgement

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

Dear Sir / Madam

Please find attached a presentation that will be delivered to shareholders at an information meeting being held in New Zealand on Monday 1 December 2014.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Pordage', with a long horizontal line extending to the right.

Simon Pordage
Company Secretary



NZ SHAREHOLDER MEETING NOVEMBER 2014

**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**

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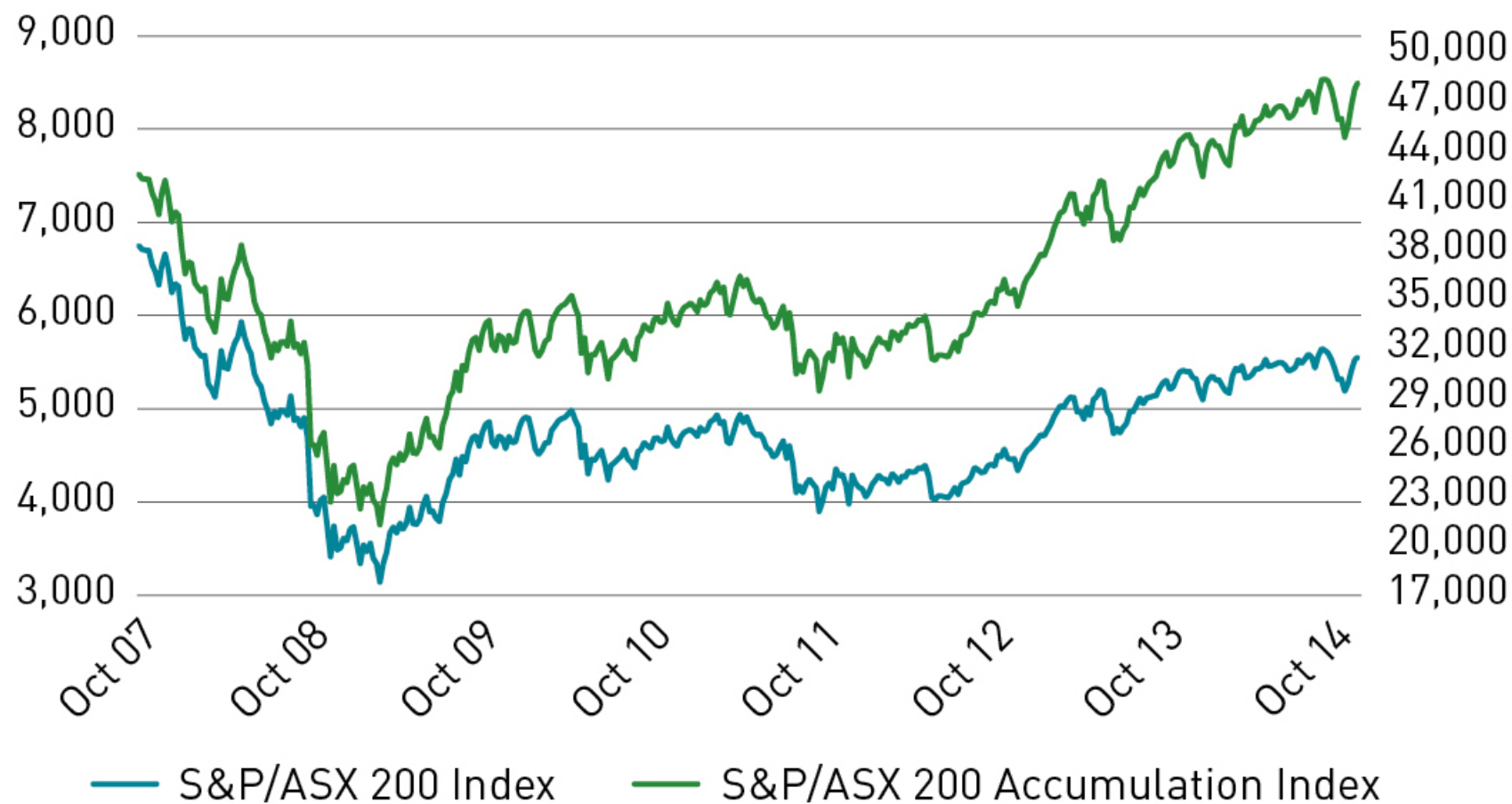
- Diversified Australian Equities - Long Term Investor
- 97 stocks, A\$6.6billion portfolio, dividend yield 3.8%, MER of 0.17%
- Approximately 8,500 NZ Shareholders
- ASX/NZX code: AFI

As at 31 October 2014

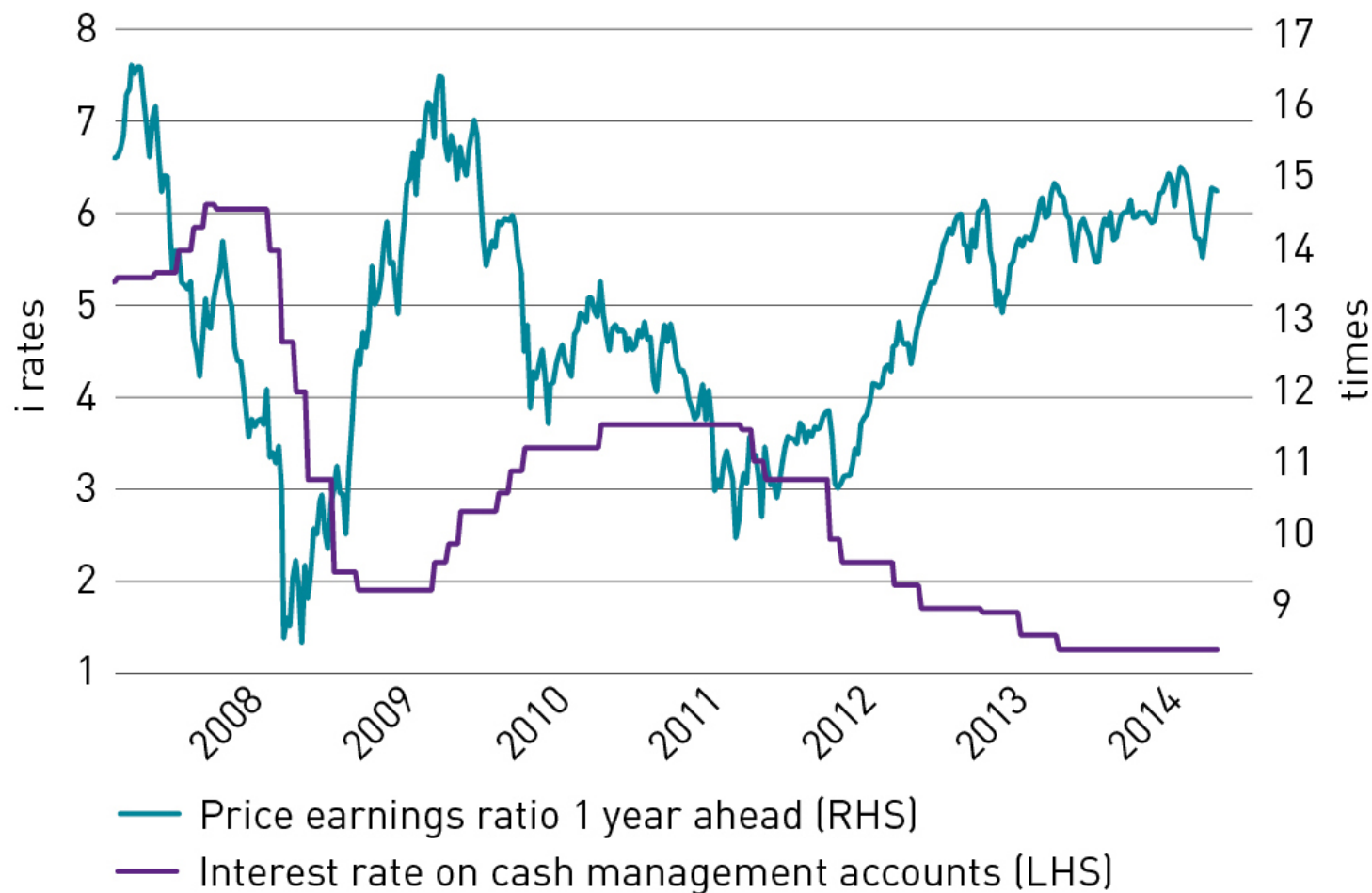
1. THE MARKET



INCLUDING DIVIDENDS THE AUSTRALIAN MARKET HAS SURPASSED PRE GFC LEVELS

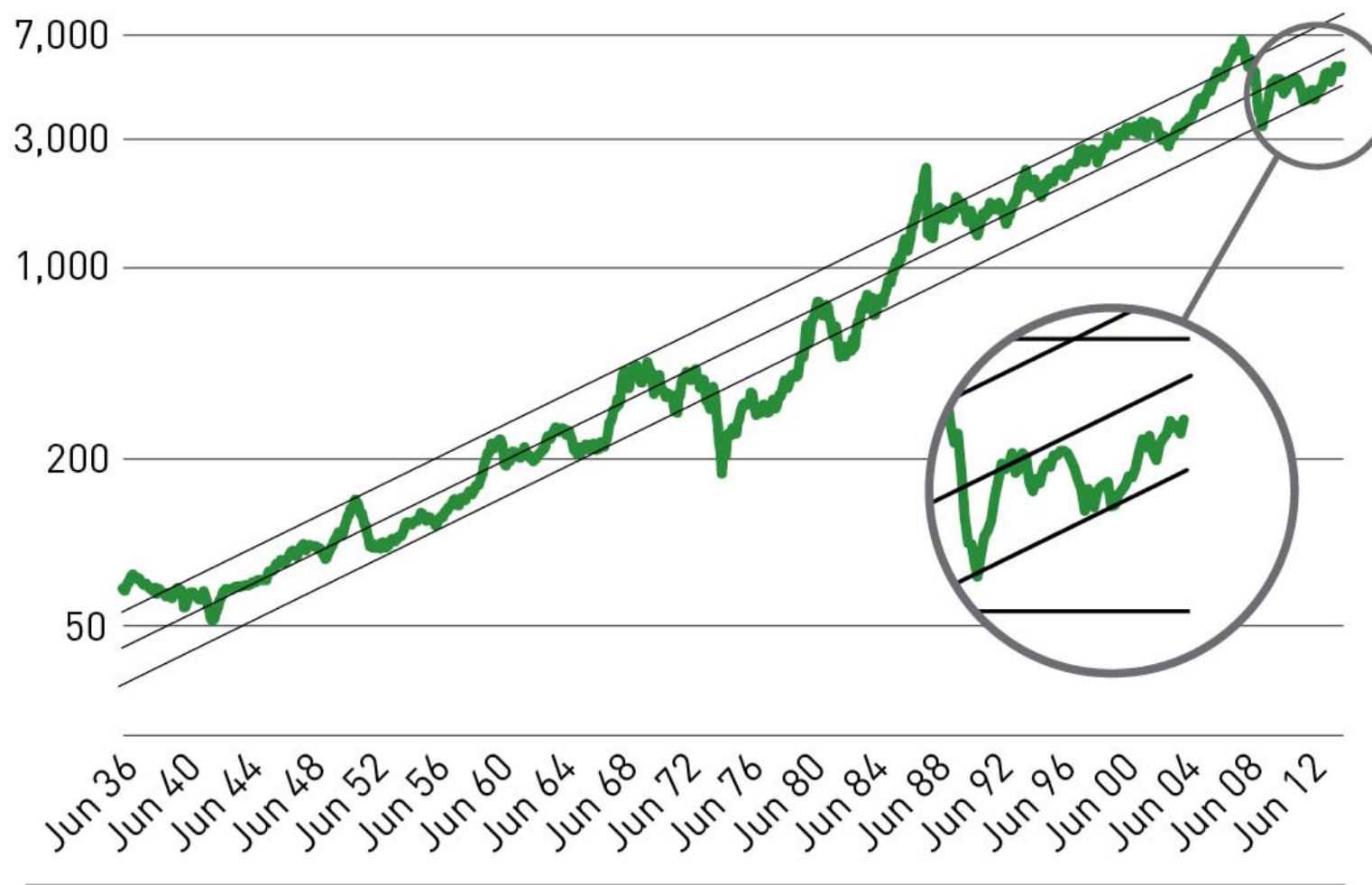


LOW INTEREST RATES HELPING TO DRIVE MARKET VALUATIONS (PRICE EARNINGS RATIO)



Source: FactSet.

ALL ORDINARIES PRICE INDEX LONG TERM PERFORMANCE



Note: A semi log scale has been used to better show a comparison of the relative size of the percentage changes over the period.

An aerial night photograph of a city, likely Sydney, Australia. The city is illuminated with numerous lights, and a large river flows through the center, crossed by a bridge. The sky is dark with some clouds, and the city lights reflect on the water. A teal banner is overlaid on the top left of the image.

2. RESULTS & SHAREHOLDER RETURNS

FINANCIAL SUMMARY FOR 2014 (A\$)

PROFIT FOR THE YEAR

\$254.3m

▲ Up 4.7% from 2013

NET OPERATING RESULT

\$254.2m

▲ Up 8.5% from 2013

FULLY FRANKED DIVIDENDS

14¢
Final

22¢
Total

■ Same as 2013

MANAGEMENT EXPENSE RATIO

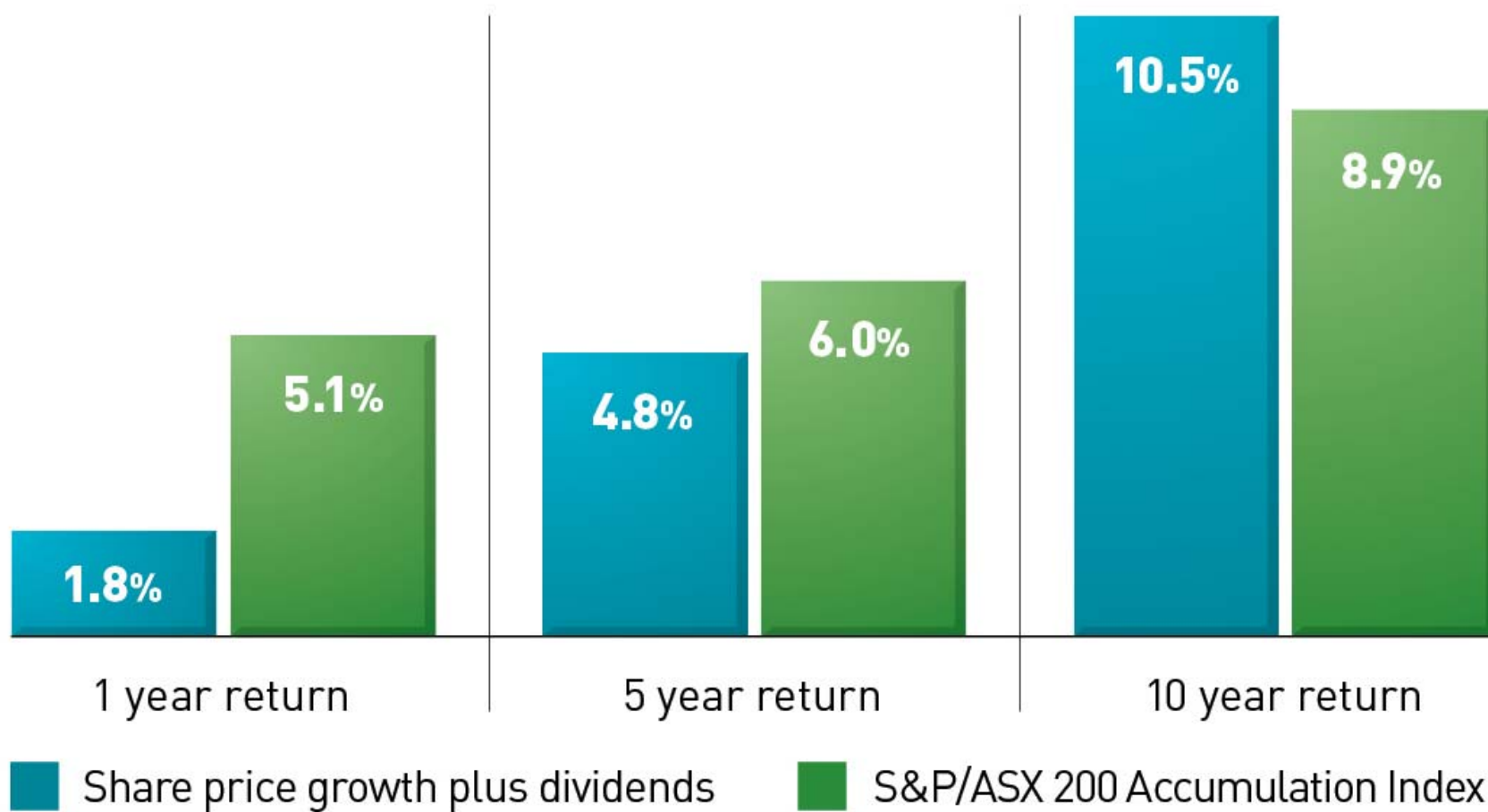
0.17%

0.18% in 2013

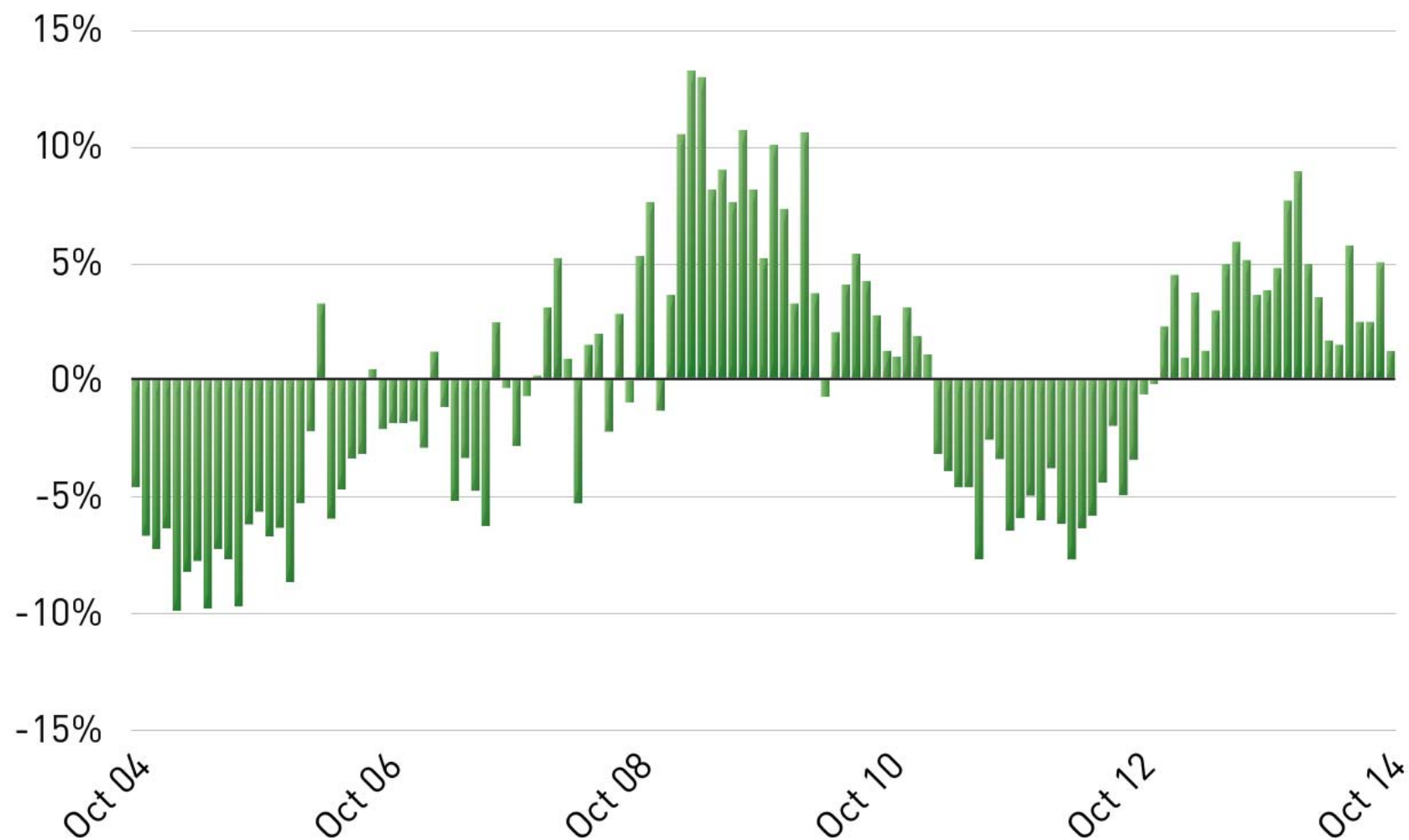
DIVIDENDS

“Board’s current intention is to lift the upcoming interim dividend by 1 cent per share to adjust the disparity between the interim and final dividends.”

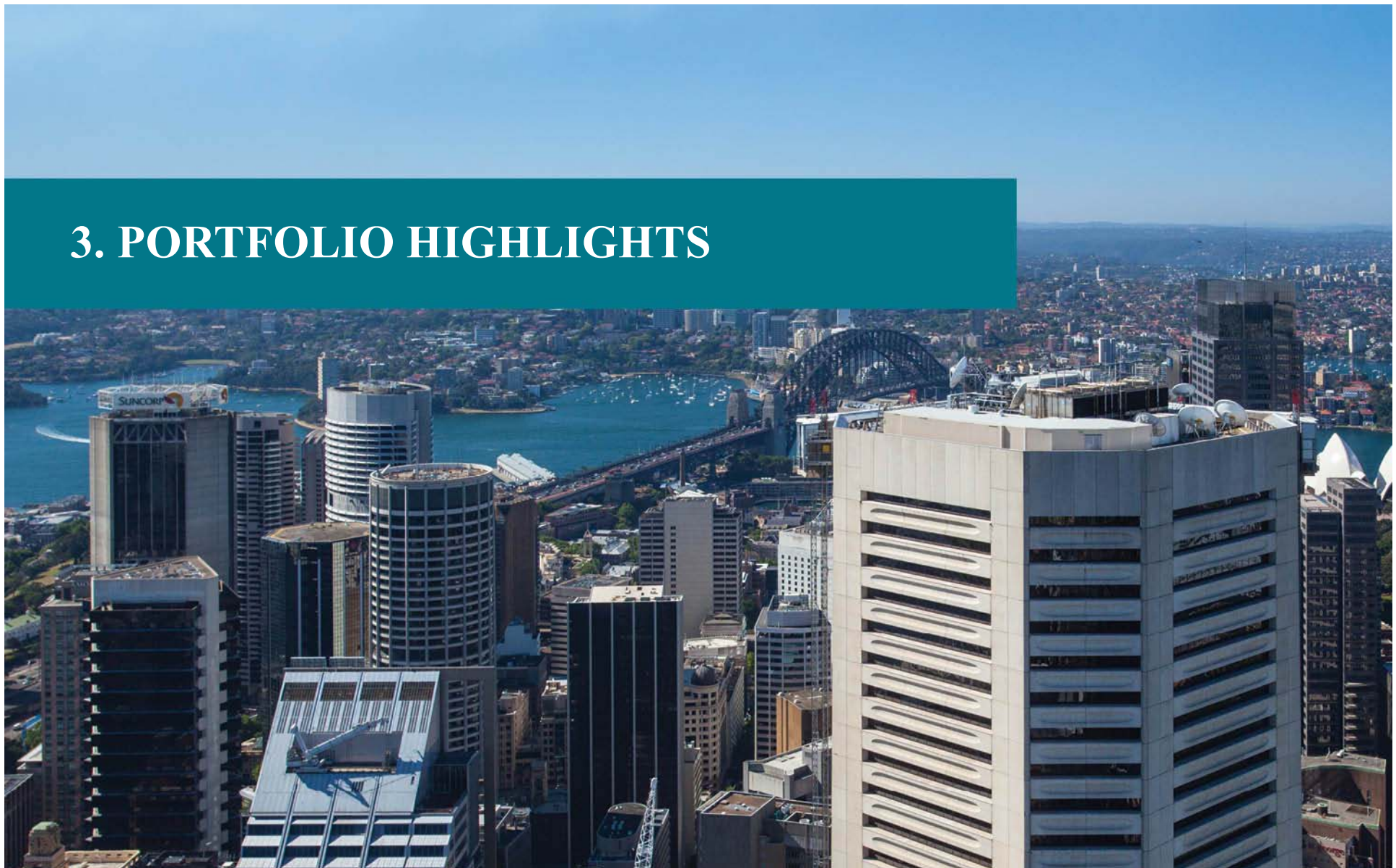
SHARE PRICE PERFORMANCE – PER ANNUM RETURN TO 31 OCTOBER 2014 (IN \$NZ)



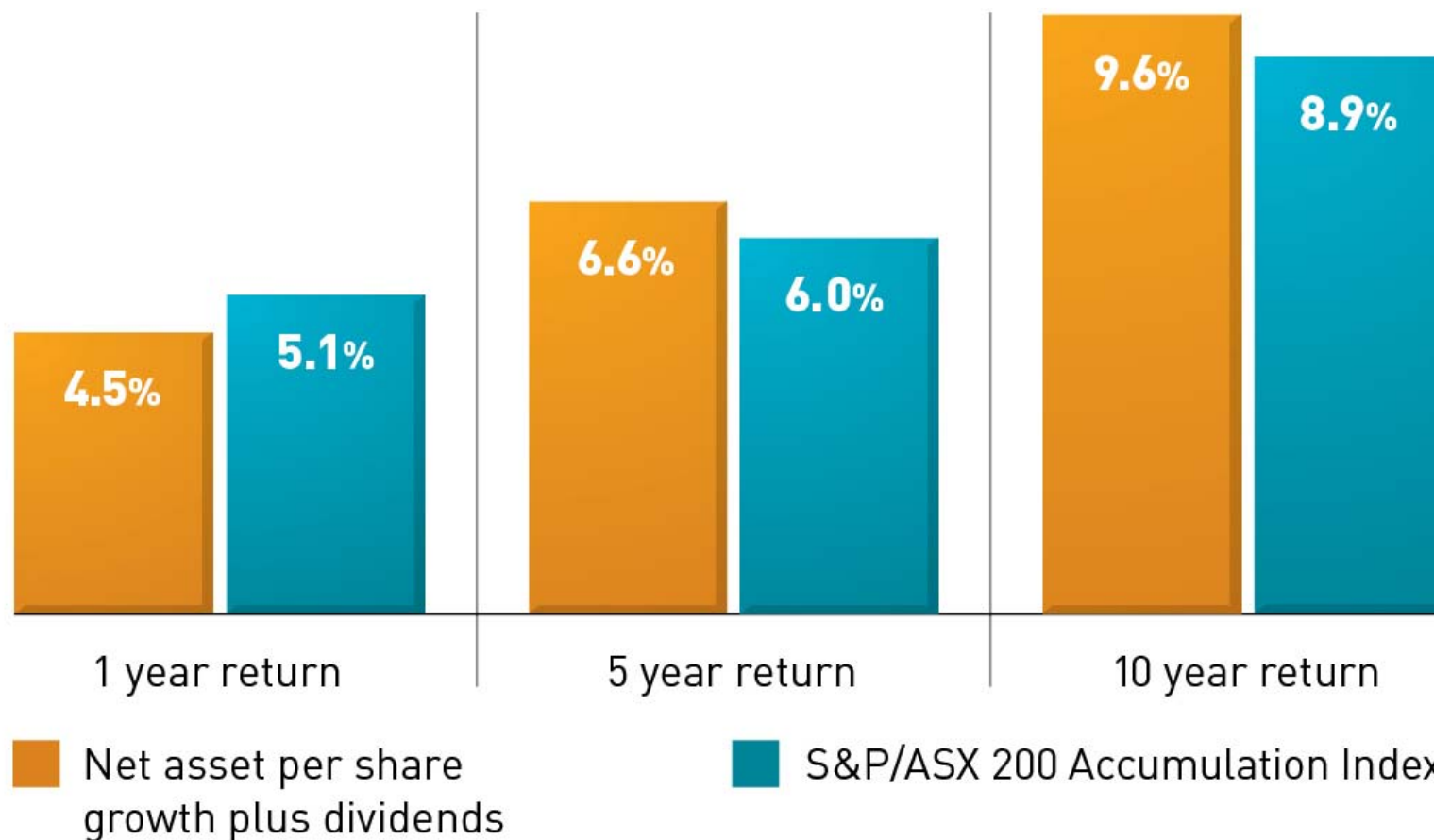
SHARE PRICE TRADING AT A SLIGHT PREMIUM



3. PORTFOLIO HIGHLIGHTS



PORTFOLIO PERFORMANCE – PER ANNUM RETURN TO 31 OCTOBER 2014 (IN \$NZ)

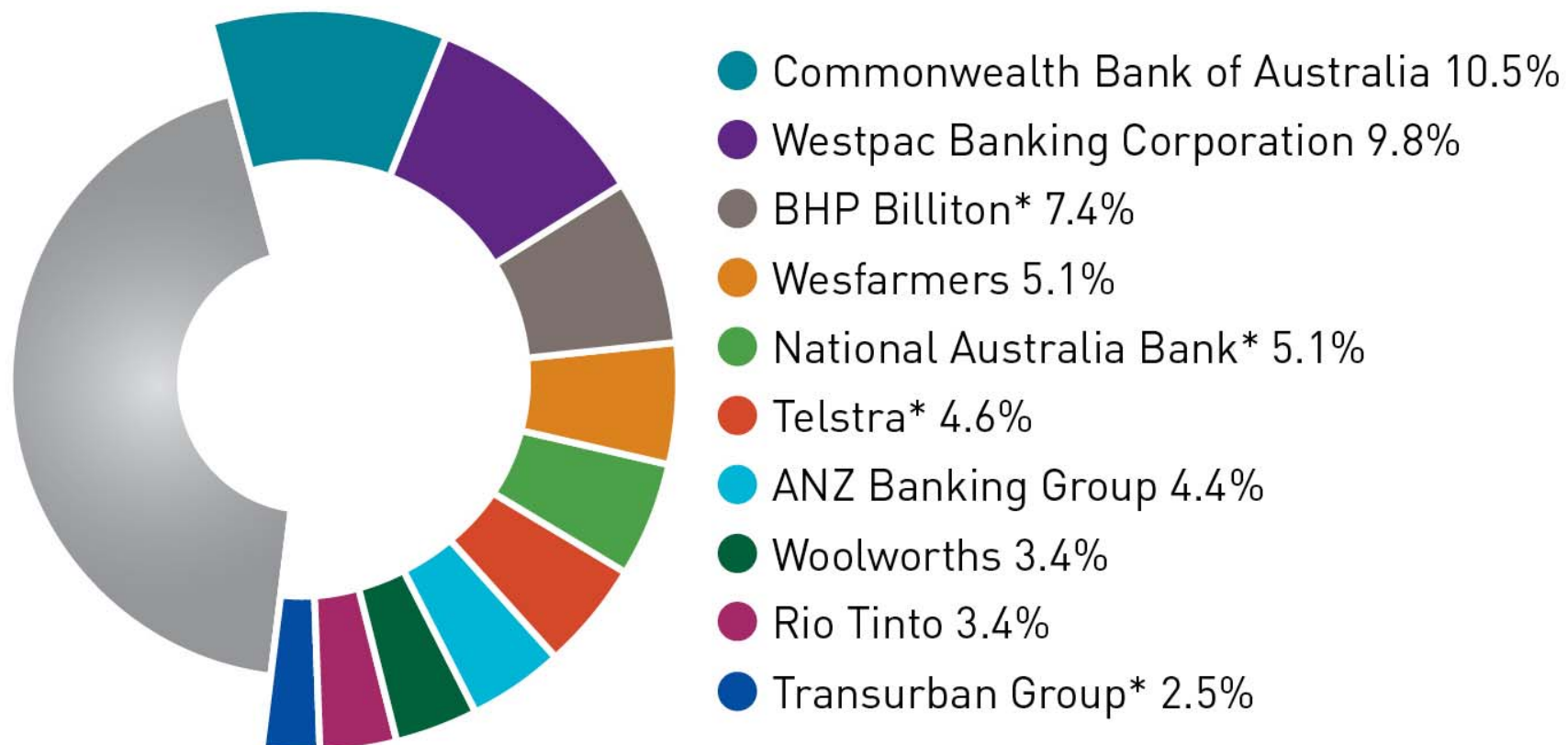


After tax and expenses. Ignores benefits of franking and LIC tax credits.

TOP CONTRIBUTORS AND DETRACTORS TO PORTFOLIO RETURN IN FY 2013/14 BY VALUE (INCLUDING DIVIDENDS)

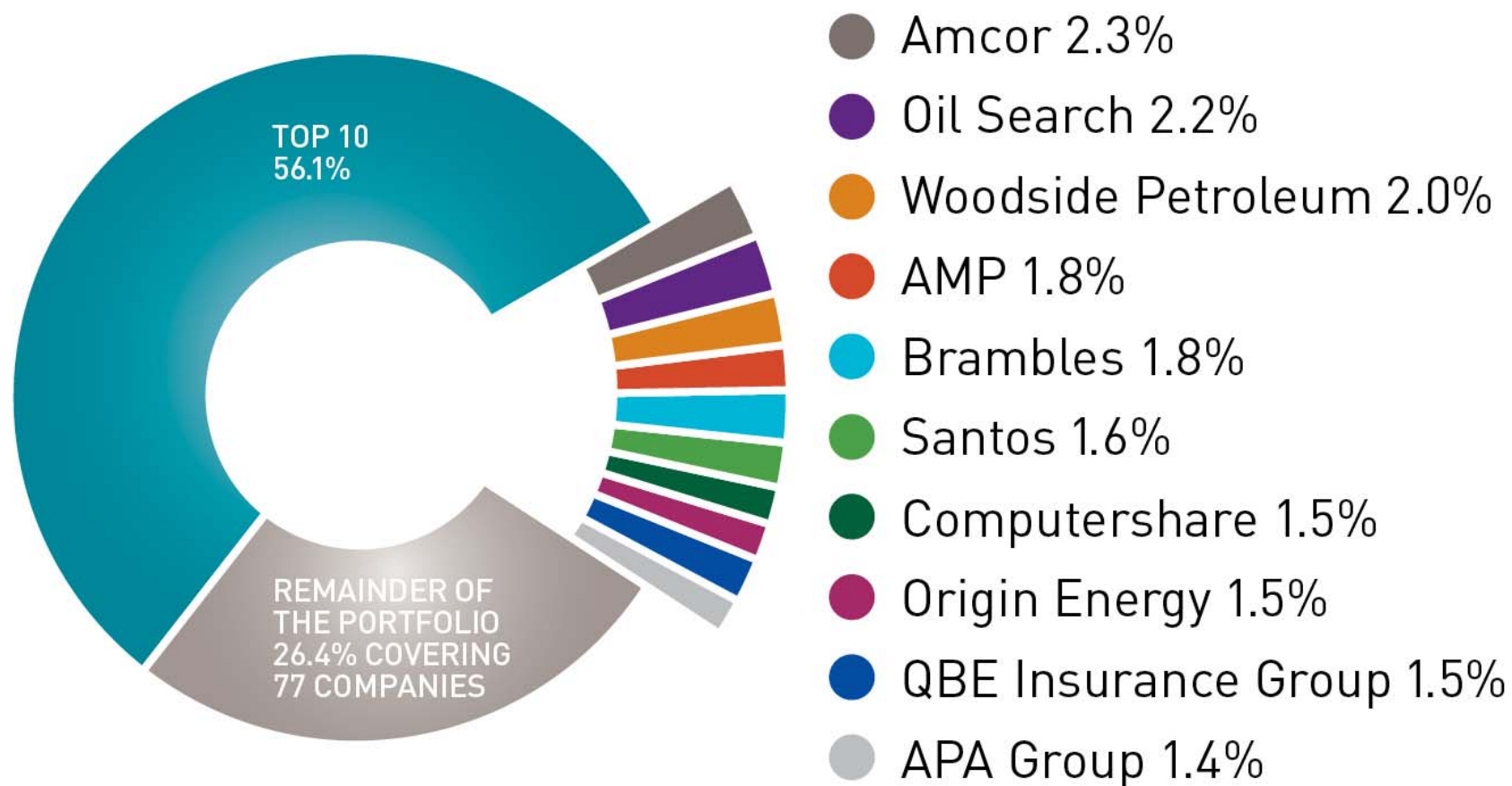
- ✓ Commonwealth Bank
- ✓ Westpac
- ✓ BHP Billiton
- ✓ ANZ Banking Group
- ✓ National Australia Bank
- ✗ Coca-Cola Amatil
- ✗ QBE Insurance

PORTFOLIO AT 31 OCTOBER 2014 – TOP 10 HOLDINGS REPRESENT 56.1% OF THE PORTFOLIO

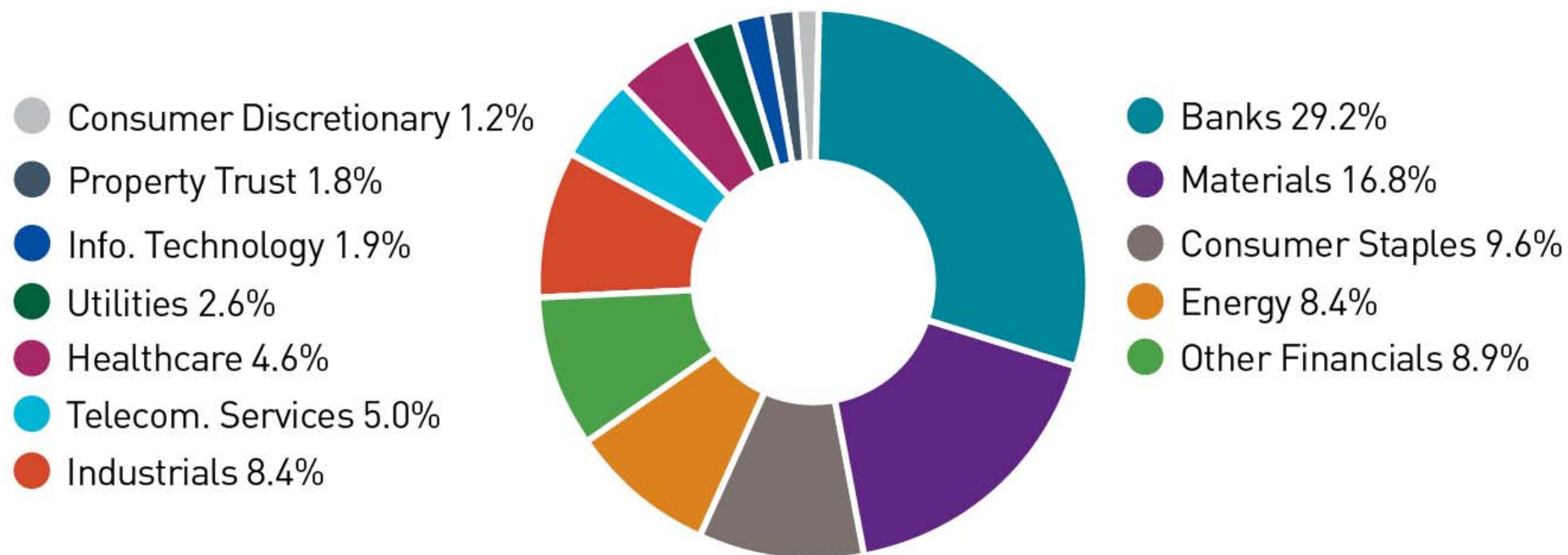


* Indicates that options were outstanding against part the holding.

PORTFOLIO AT 31 OCTOBER 2014 – NEXT 10 REPRESENT 17.5% OF THE PORTFOLIO



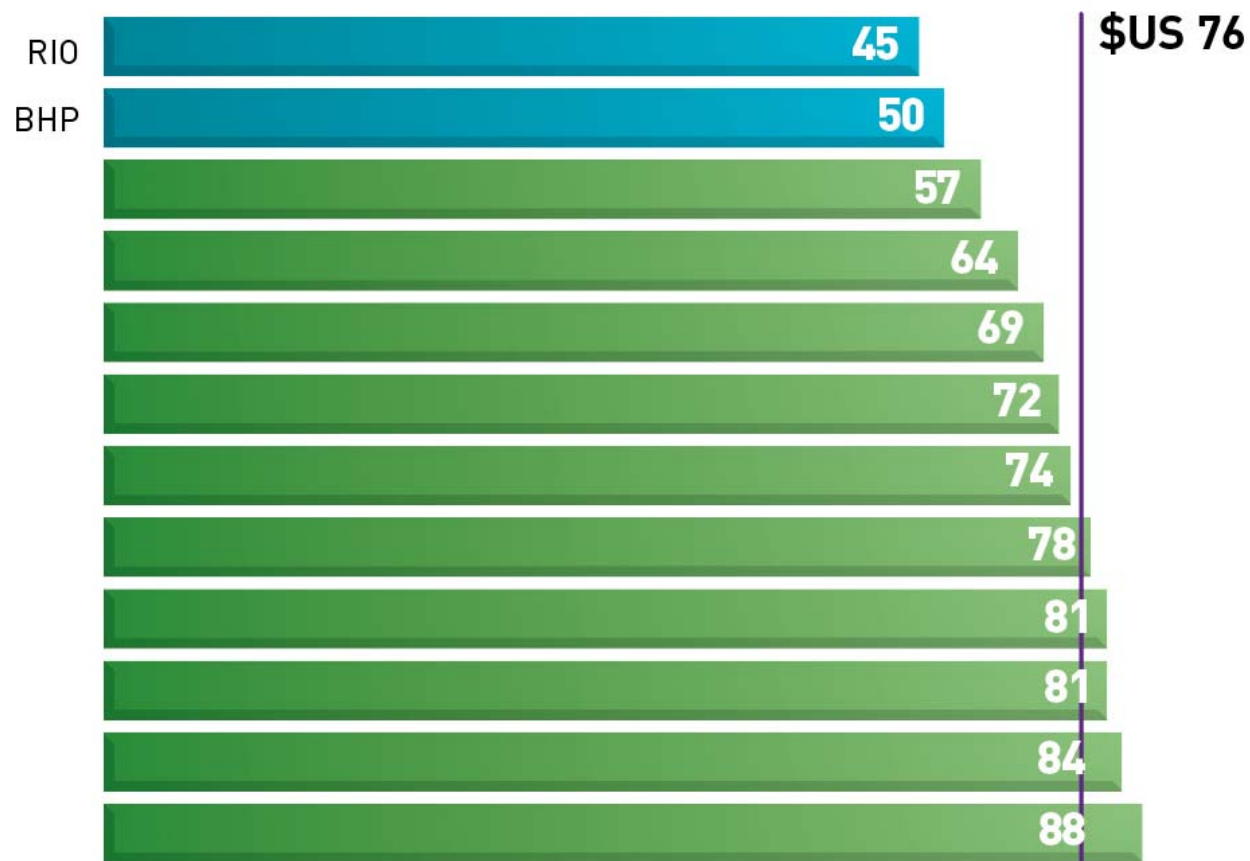
PORTFOLIO AT 31 OCTOBER 2014 – BY SECTOR



BHP AND RIO ARE WELL POSITIONED EVEN IN AN ENVIRONMENT OF FALLING IRON ORE PRICES

Iron ore: break even costs

\$US/tonne



Source: UBS.

ENERGY AN IMPORTANT PART OF THE PORTFOLIO – MOVING FROM CAPITAL INVESTMENT TO CASH FLOWS



Santos
We have the energy.



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HEALTHCARE HAS BEEN AN INCREASING FOCUS

30 June 2011 –
0.74% of the portfolio

CSL

Ramsay Health

Sonic Health

+

31 October 2014 – 4.6% of the portfolio

Ansell

Fisher & Paykel

Japara Health

ResMed

Capitol Health

Healthscope

Sirtex

Regis Healthcare

AFIC – INCREASING THE NURSERY

Cover•More®
Travel Insurance


ASHLEY SERVICES GROUP
TRAINING | RECRUITMENT | LABOUR HIRE

FLIGHT CENTRE®
TRAVEL GROUP



 **iProperty Group**
Asia's No.1 Online Property Group

Lifestyle 
COMMUNITIES
DOWNSIZE TO A BIGGER LIFE


iCarAsia
ASEAN'S NO.1 NETWORK OF AUTOMOTIVE PORTALS



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MAJOR ADDITIONS FROM 1 JULY 2014

- AGL Energy (1 for 5 capital raising)
- Asciano
- CSL
- QBE Insurance (Placement)

CONTINUED ALLOCATION OF FUNDS TO BUY AND WRITE STRATEGIES WITHIN THE INVESTMENT PORTFOLIO TO ENHANCE INCOME

- Produced A\$9.8 million of income and A\$2.6 million of realised capital gains in 2013/2014
- Portfolio size A\$120million - main holdings:
 - Twenty First Century Fox
 - CSL
 - Asciano
 - Transurban Group
 - Sonic Healthcare



4. LOOKING AHEAD

REPORTING SEASON FEEDBACK FROM COMPANIES

- Overall earnings and dividends better than first expected
- Cost efficiency generally driving earnings improvement
- Top line revenue growth remains challenging
- Company balance sheets are strong
- Business conditions are mixed

EXPECTED EARNINGS PER SHARE GROWTH BY SECTOR – % CHANGE

Pro-rated to June	FY14A	FY15E
Banks	8.3	5.4
Property Trusts	5.8	4.1
Resources	29.2	2.3
Industrials (excludes Res, LPT's, Banks)	2.7	10.8
All Companies	10.0	6.6

Source: Macquarie Equities August 2014.

ISSUES FOR THE MARKET

- Short term interest rates likely to stay relatively low for some time given weak growth outlook in Australia
- Reporting season has been encouraging for dividends
- Opportunities to invest – privatisations, IPO's
- Global growth other than the US looks weak, China?
- After two strong years of performance equity market returns may be below the long term average

SHARE PURCHASE PLAN

- Issue price of A\$5.88
- 20.9% of shareholders participated
- Raised \$185 million
- Shares were issued 6 October

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