

20 January 2021

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

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## **Electronic Lodgement**

### **Australian Foundation Investment Company Limited Interim Results Webcast Presentation**

Please find attached the presentation to be given at the Shareholder Teleconference/  
Webcast being held today, **Wednesday 20 January 2021 at 4.00 p.m. (AEDT)**

To join the webcast please use the below link (also available on the afi.com.au  
website).

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

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

**Telephone:**                    **1800 175 864 (free call within Australia)**  
   **1300 212 365 (mobile, free call within Australia)**  
   **+61 2 8373 3550 (outside Australia)**

**Conference ID:**            **5088347**

#### **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 **5088347**, 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 and shareholder presentation material will be available  
via the Company's website [www.afi.com.au](http://www.afi.com.au).

ASX Release authorised by the Company Secretary, Matthew Rowe.

# Interim Results Presentation

20 January 2021

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**

## Disclaimer

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## Our Company

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

Largest listed investment company on the ASX at \$8.1bn (also listed on NZX), 160k shareholders, full transparency through 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 0.10% (annualised at 31/12/2020), no performance fees.

Long term investor with low portfolio 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.

## Interim Result Summary – 6 months to 31 December 2020

<b>Profit for the Half-Year</b>	<b>2020</b> <b>\$84.1m</b>	Down 42.4% from 2019	<b>Management Expense Ratio (Annualised)</b>	<b>2020</b> <b>0.10%</b>	0.10% in 2019
<b>Fully Franked Interim Dividend</b>	<b>10¢</b>	10 cents in 2019	<b>Total Portfolio Return</b>	<b>15.2%</b> <small>including franking*</small>	S&P/ASX 200 Accumulation Index including franking* 13.7%
<b>Total Shareholder Return</b>	<b>22.5%</b>	Share price plus dividend	<b>Total Portfolio</b>	<b>\$8.1b</b>	Including cash at 31 December \$8.0 billion in 2019

\* 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

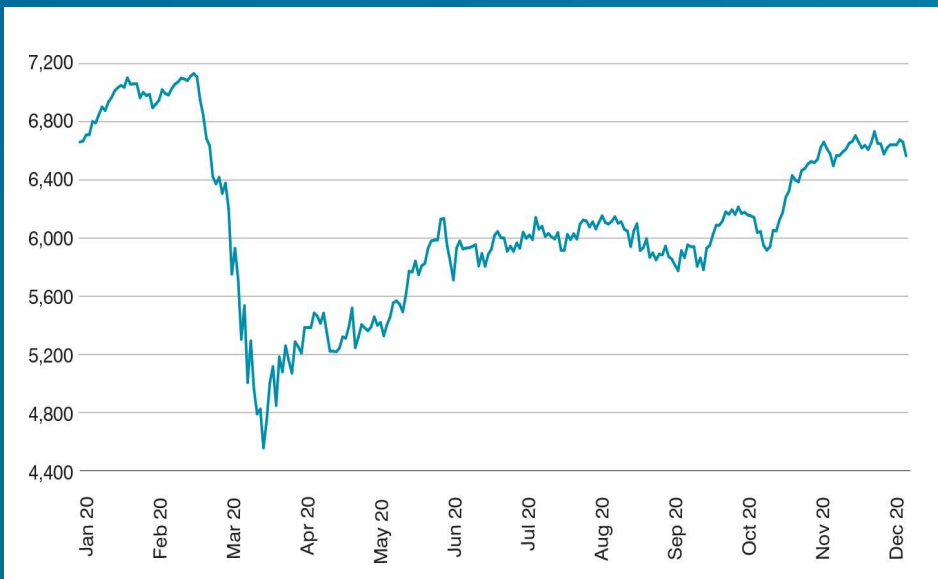


Look to buy when we see long term value

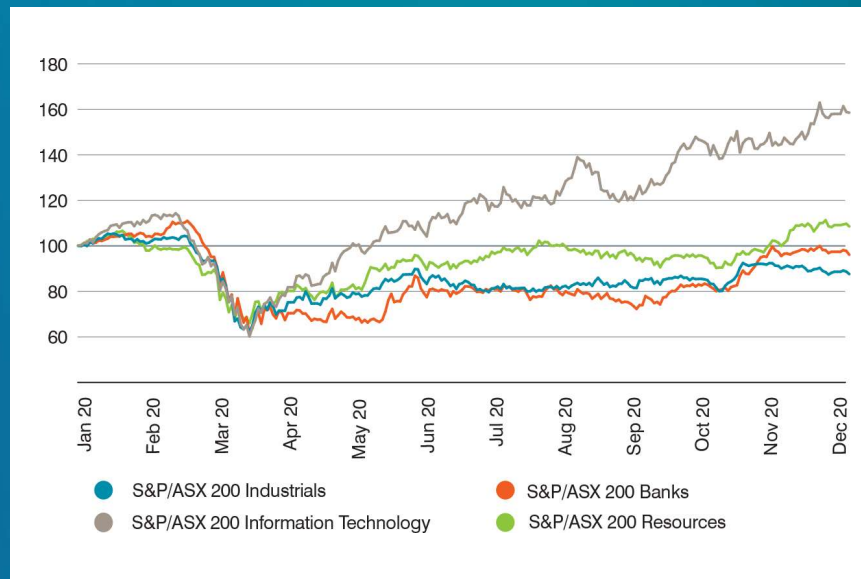


# Market and Selected Sector Performances

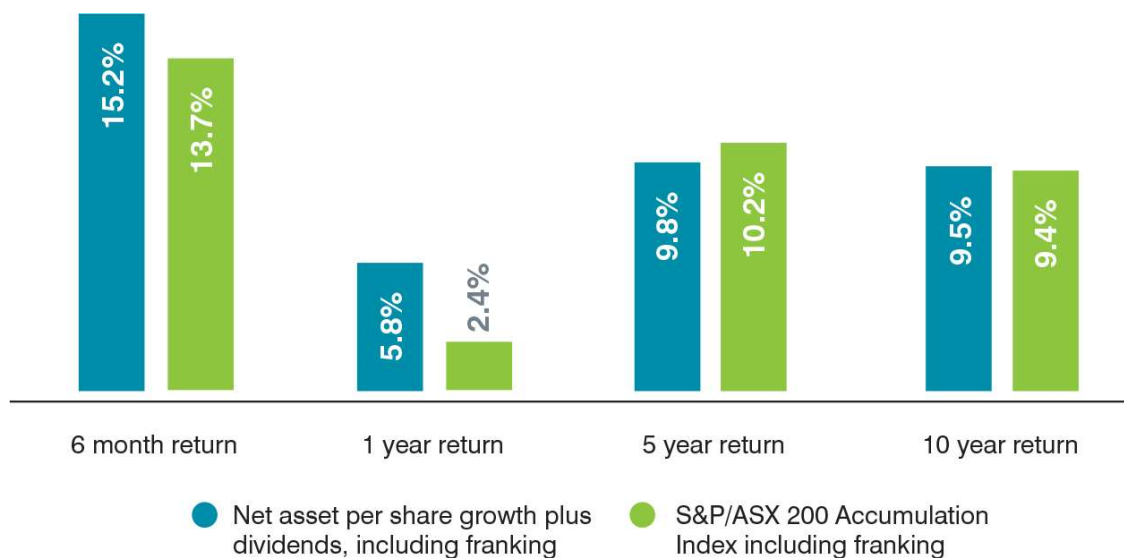
## S&P/ASX 200 Index



## Selected Sector Performance



## Relative portfolio performance, including franking\* – returns to 31 December 2020



AFIC portfolio returns have a lower level of volatility (Beta of 0.91) than the Index.

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

\* Assumes an investor can take full advantage of the franking credits.

Per annum returns other than for 6 months. Past performance is not indicative of future performance.

## Winners and losers\* – 6 months to 31 December 2020

### Winners



reece group™



### Losers



### Missed



\* Percentage gain/loss over the period.

# Major portfolio changes

## Purchases

Top up transactions for the half



Included participation in placement



Transactions that demonstrate the investment process



Cochlear®

Included participation in placement



New Additions in the half

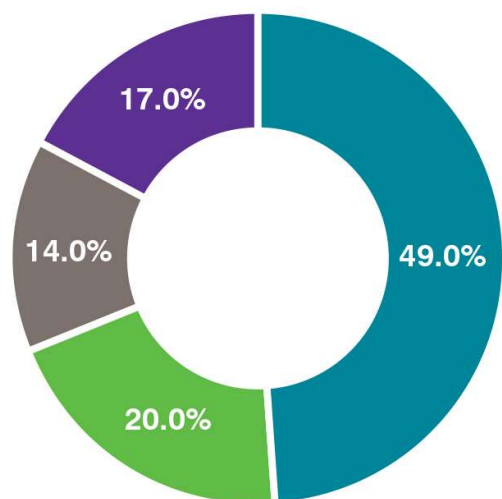


## Sales



## Top 30 holdings – 31 December 2020

Total Portfolio 61 Holdings



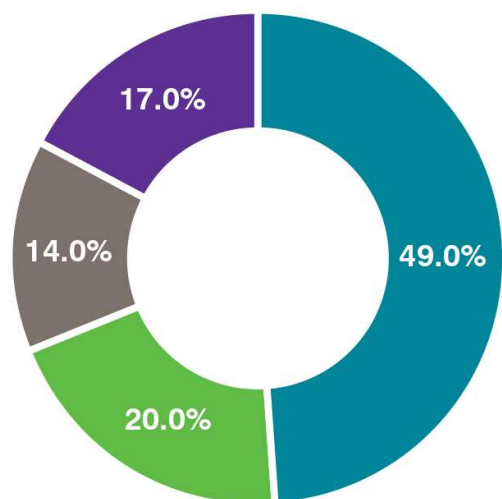
- Top 10
- Next 11 to 20
- Next 21 to 30
- Remainder

Rank	Company	% of Portfolio
1	Commonwealth Bank of Australia	8.1%
2	CSL	7.7%
3	BHP Group*	7.4%
4	Wesfarmers	4.7%
5	Transurban Group	4.1%
6	Westpac Banking Corporation	3.8%
7	Macquarie Group	3.8%
8	National Australia Bank*	3.4%
9	Woolworths Group	3.1%
10	Rio Tinto*	2.9%

\* Options were outstanding against part of the holding.

## Top 30 holdings – 31 December 2020 continued

Total Portfolio 61 Holdings



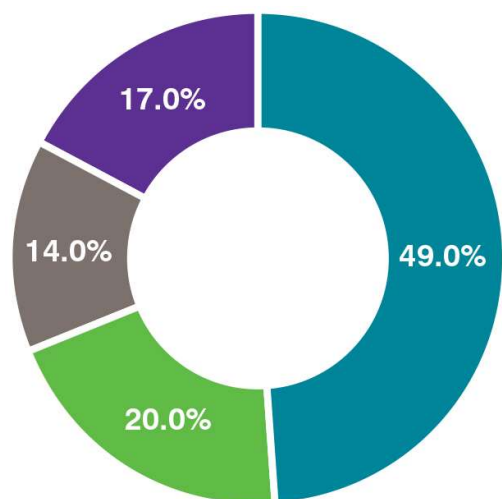
- Top 10
- Next 11 to 20
- Next 21 to 30
- Remainder

Rank	Company	% of Portfolio
11	Mainfreight	2.7%
12	Australia and New Zealand Banking Group	2.4%
13	Ancor	2.2%
14	James Hardie Industries*	2.2%
15	Sydney Airport*	2.1%
16	Telstra Corporation	2.0%
17	Brambles	1.6%
18	Coles Group	1.6%
19	Xero	1.6%
20	Goodman Group	1.6%

\* Options were outstanding against part of the holding.

## Top 30 holdings – 31 December 2020 continued

Total Portfolio 61 Holdings



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

Rank	Company	% of Portfolio
21	Sonic Healthcare	1.5%
22	Ramsay Health Care	1.5%
23	Seek	1.5%
24	Reece	1.5%
25	ResMed	1.4%
26	ARB Corporation	1.4%
27	Fisher & Paykel Healthcare	1.4%
28	Qube Holdings	1.3%
29	Carsales.com	1.3%
30	NextDC	1.2%

## Outlook

The onset of COVID-19 means low interest rates and significant government stimulus for the foreseeable future.

Full impact of economic conditions on company earnings and dividends still to play out.

Difficult to reconcile expansion of market valuations, although it is being driven by a small number of stocks – particularly Information Technology and Healthcare.

We believe the portfolio is well positioned given the quality of the holdings and further adjustments made through the March/April downturn.

New administration in the US and Australia's position with China may provide further volatility.

We can remain patient.



A woman with long brown hair, wearing a red dress with a black and white floral pattern, is smiling and clapping her hands. She is looking slightly to the left of the camera. The background is a bright, out-of-focus indoor setting with a window and a door.

# Questions

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**