

24 January 2024



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 webcast being held today, **Wednesday 24 January 2024 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.

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

Release authorised by the Company Secretary, Matthew Rowe.

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**

Half-Year Results  
January 2024



# 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 and Nga Lucas

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Outlook      David Grace

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## Overview and Investment Objectives



# Our Company

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Invests in Australian and New Zealand companies

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Largest listed investment company on the ASX, over 160k shareholders, independent Board of Directors

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Shareholders own the 'management rights' to the portfolio

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Management expense ratio of 0.14% with no performance fees

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Long term investor with low turnover (tax effective). Portfolio and share price returns less volatile than the index

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Long history of growing/stable fully franked dividends

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Team manages three other funds – Djerriwarrh, Mirrabooka and AMCIL

## 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.



## Financial Results



# Interim Result Summary – Six months to 31 December 2023

2023

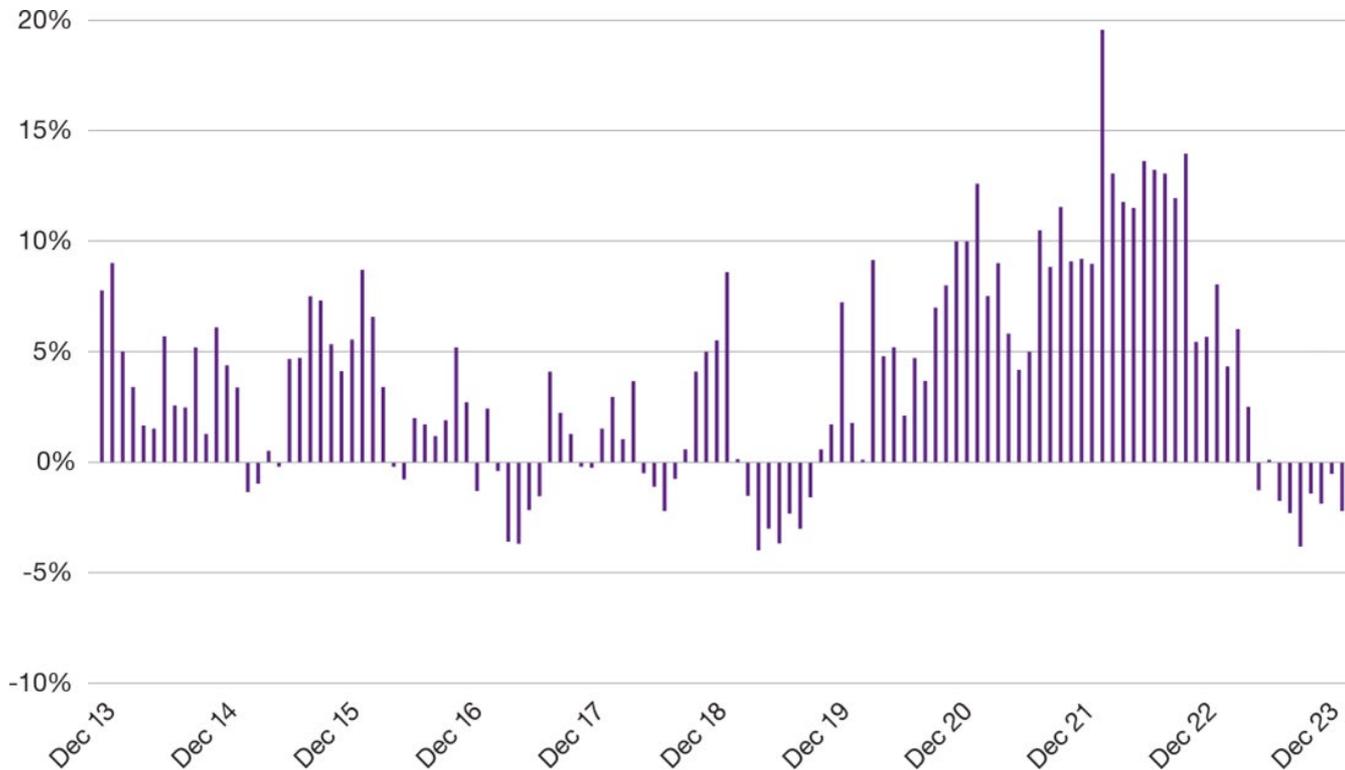
|                                       |                 |  |
|---------------------------------------|-----------------|--|
| <b>Profit for the Half-Year</b>       | <b>\$150.1m</b> | \$163.7m in 2022                             |
| <b>Fully Franked Interim Dividend</b> | <b>11.5¢</b>    | 11 cents in 2022                             |
| <b>Total Shareholder Return</b>       | <b>8.4%</b>     | Share price plus dividend including franking |

2023

|  |                                    |   |
|--|------------------------------------|---|
| <b>Management Expense Ratio (Annualised)</b> | <b>0.14%</b>                       | 0.13% in 2022   |
| <b>Total Portfolio Return</b>                | <b>9.0%</b><br>Including franking* | S&P/ASX 200 Accumulation Index including franking* 8.3% |
| <b>Total Portfolio</b>                       | <b>\$9.5b</b>                      | Including cash at 31 December \$8.5 billion in 2022     |

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

# Share Price Relative to NTA



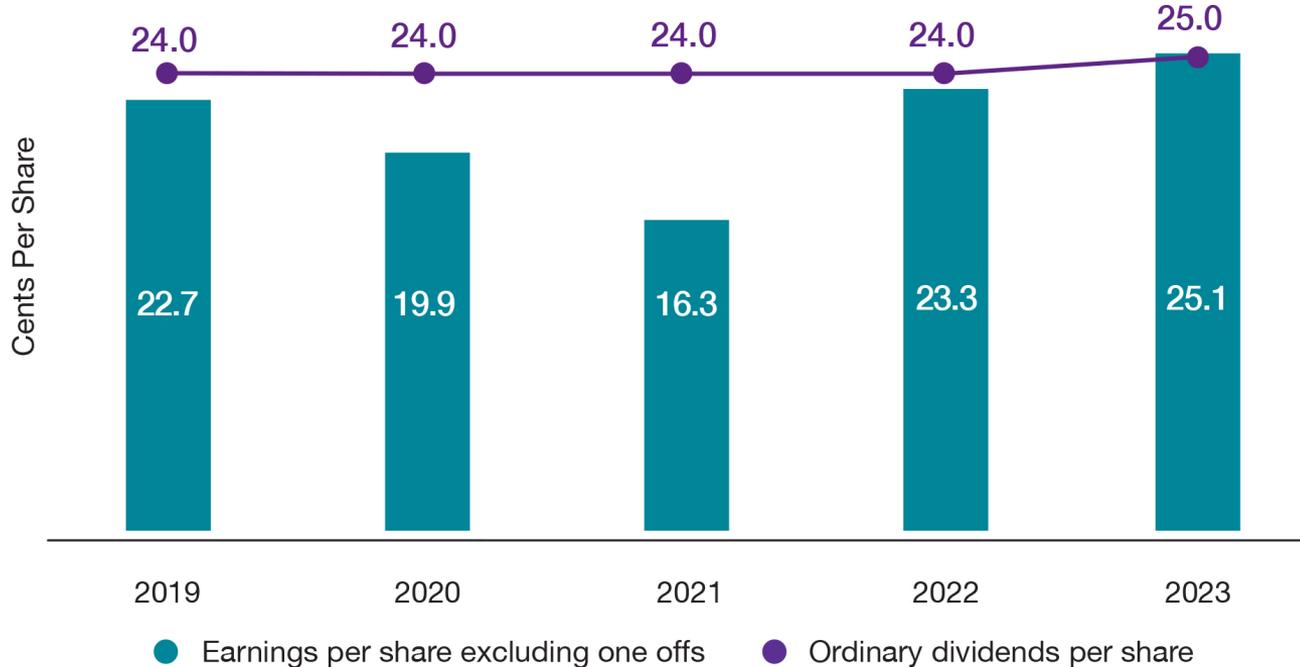
31 December 2023

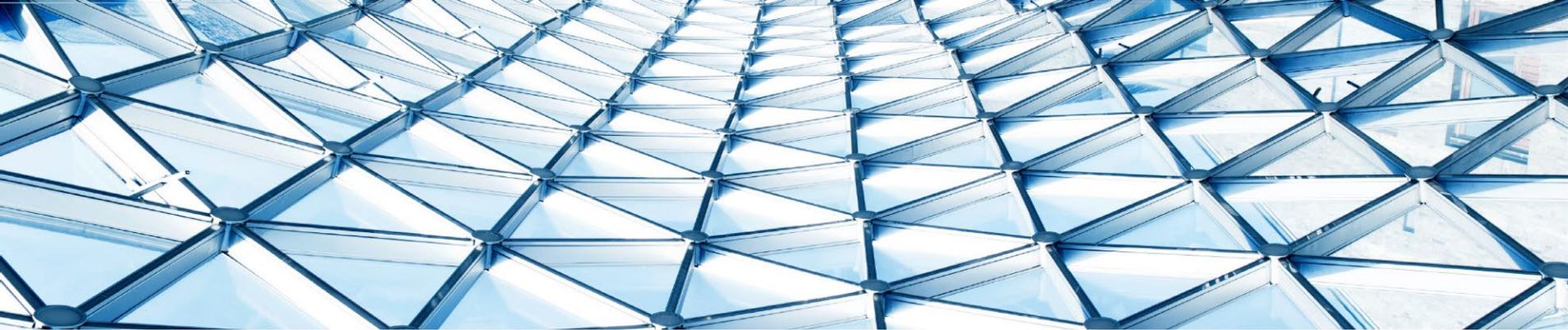
NTA: **\$7.62**

Share price: **\$7.45**

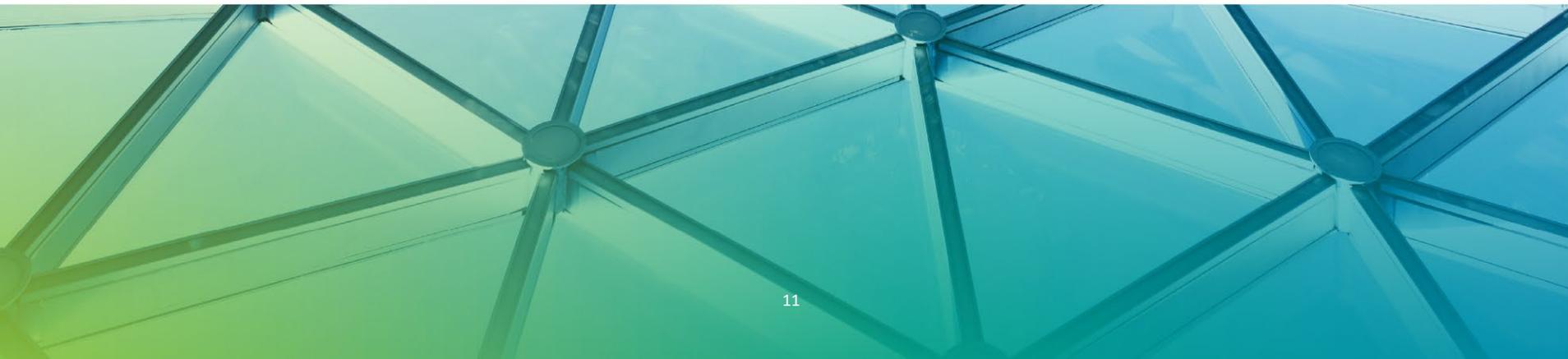
# Ensuring a consistent to growing dividend for shareholders

AFIC's franking reserve balance ensures we can pay a consistent dividend even through volatile times – full year dividends last 5 financial years

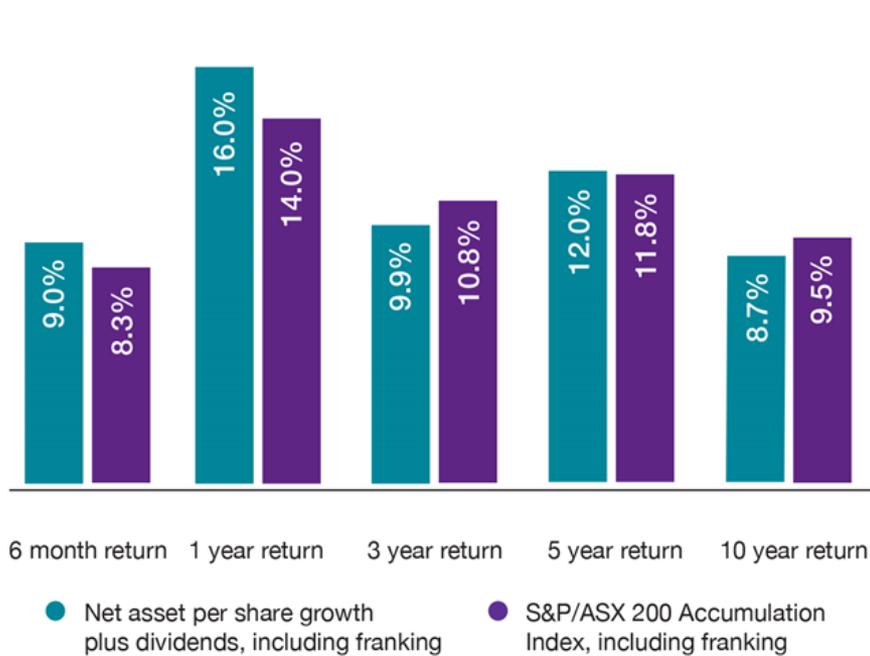




## Markets and the Portfolio

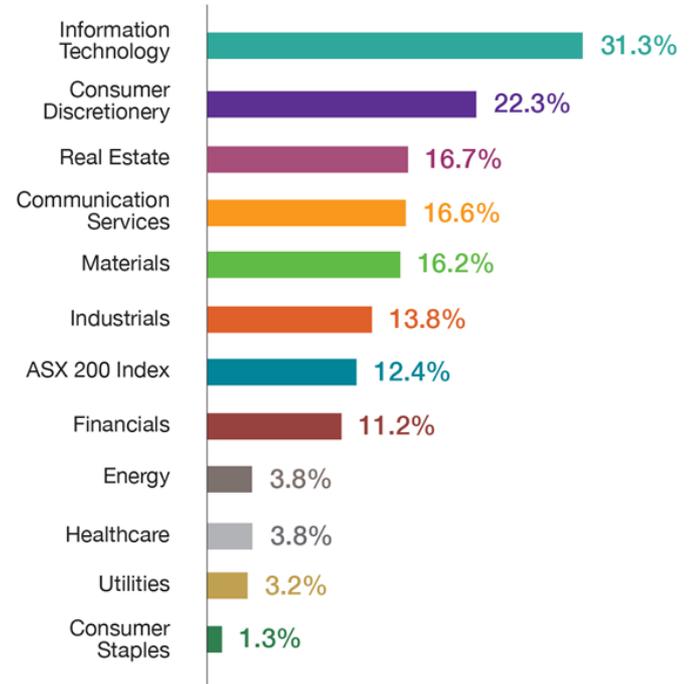


# Portfolio\* and Sector Performance to 31 December 2023



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

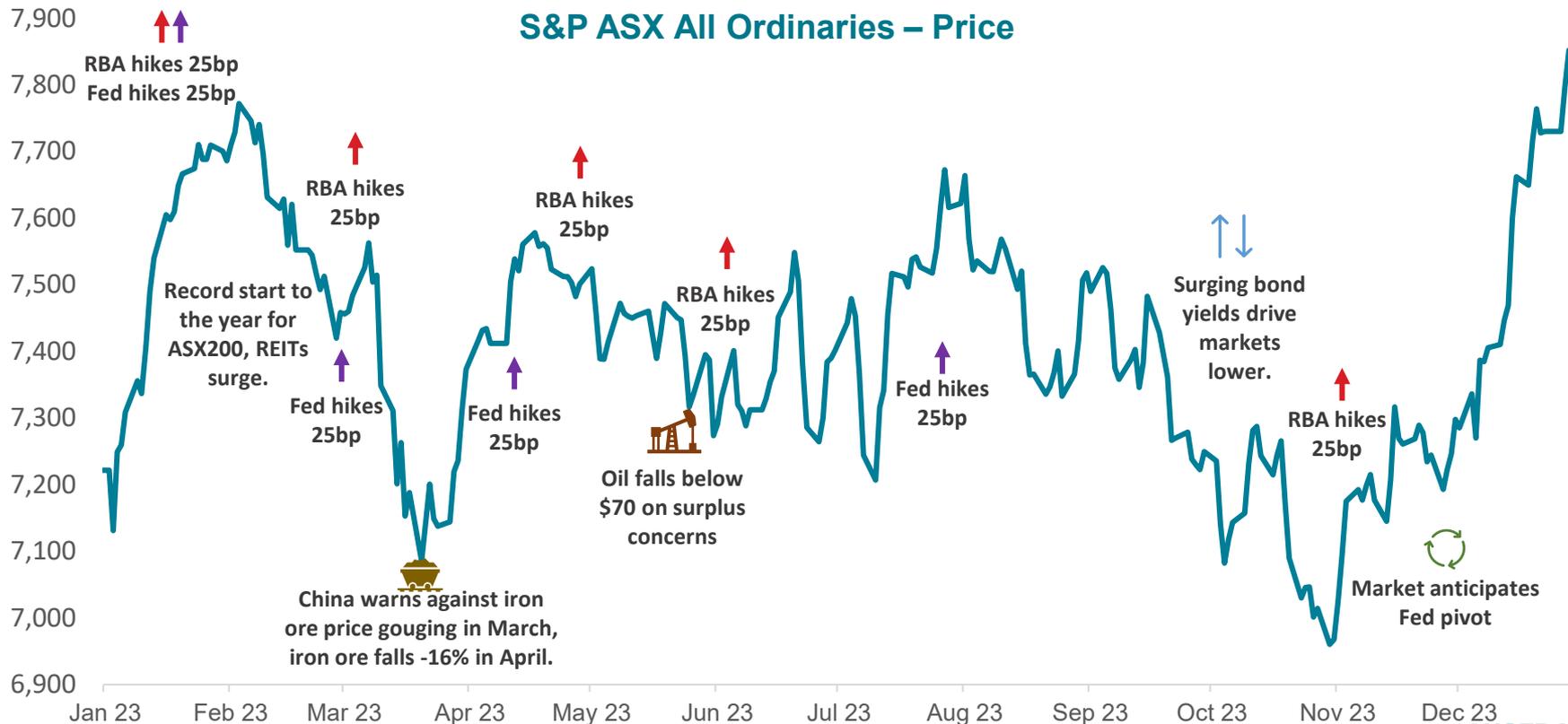
## 12 Month Sector Performance



Includes dividends but not franking.

# Short term volatility providing selective buying opportunities

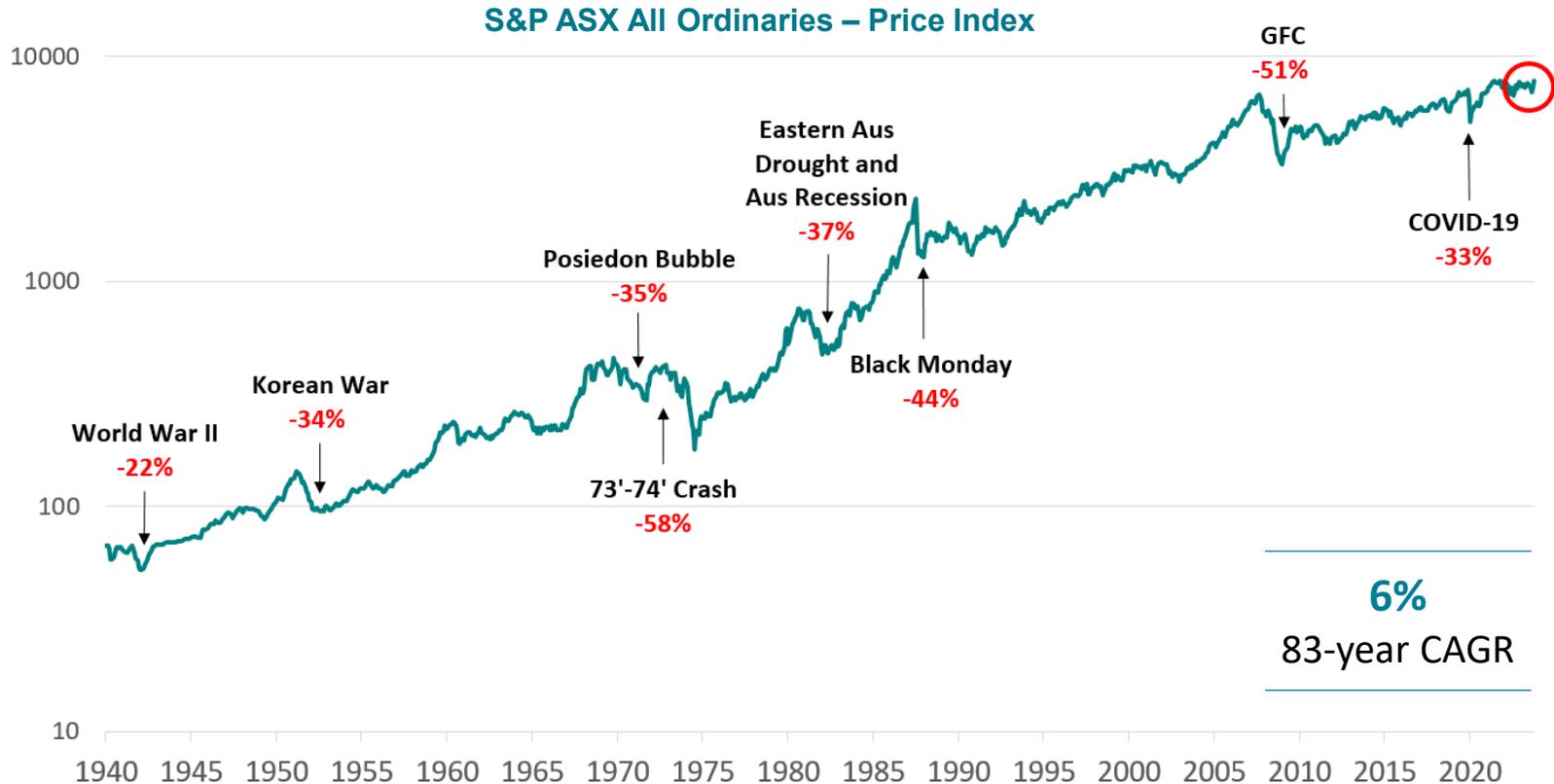
## S&P ASX All Ordinaries – Price



Source: FactSet

Half-Year Results – January 2024

# Despite current uncertainty shareholders are rewarded over the long term



Source: FactSet

# Valuation in a Long Term Context

## Price to Book – S&P/ASX 200 Index



## Price to Sales – S&P/ASX 200 Index



Source: FactSet

# Quality Companies Find a Way to Grow

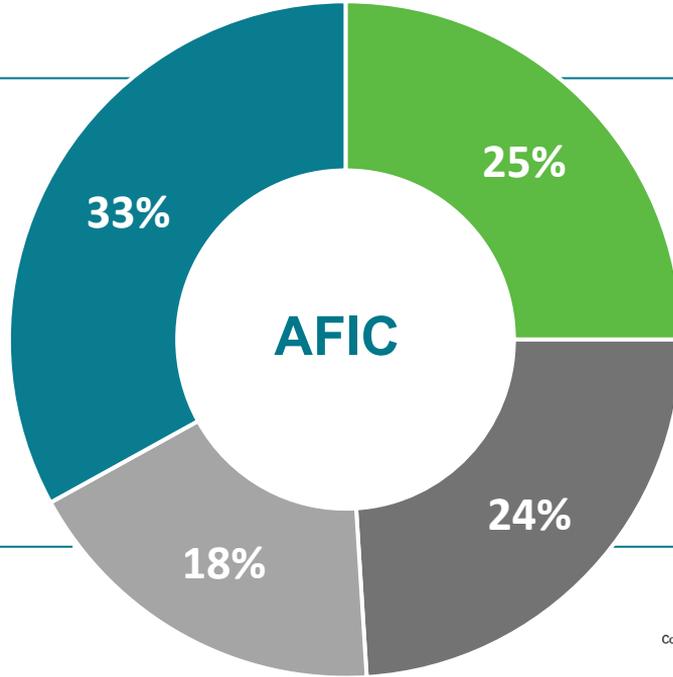
## Sales Growth **Per Annum** Since Our First Purchase



Sales from FY02

# Portfolio Set to Perform in Most Economic Settings

## Growth Companies



## Stalwarts



## Cyclicals



## Income



# Active Portfolio Management – Recent Transactions

## Additions to Existing Holdings



## New Purchases



## Trimmed Holdings



## Complete Disposals



A person is shown from the chest up, holding a tablet computer. The background is dark with several out-of-focus light sources, creating a bokeh effect. The person is wearing a blue denim jacket. The overall scene is dimly lit, suggesting an indoor or nighttime setting.

## Outlook

# Outlook

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- The lagged effect of rising interest rates and the high cost of living are placing pressure on the consumer.
- Inflation is declining. Is this sustainable? Implications for interest rates.
- Challenging environment for companies to deliver earnings growth.
- 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 expect high quality companies to continue reporting strong results.

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