

3 October 2024



The Manager
ASX Market Announcements
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Electronic Lodgement

Australian Foundation Investment Company Limited 2024 Annual General Meeting Presentation

Dear Sir / Madam

The following presentation will be delivered to shareholders at the Company's Annual General Meeting to be held today.

Yours faithfully

A handwritten signature in grey ink, appearing to read "Matthew Rowe".

Matthew Rowe
Company Secretary

Authorised for release by the Company Secretary

**Annual General Meeting
- Presentation**
October 2024



Disclaimer

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ABN: 56 004 147 120

Agenda

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	Winston Chong
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Outlook	David Grace
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International Portfolio	Mark Freeman
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A close-up photograph of a healthcare professional, likely a doctor, wearing a white lab coat over a blue shirt. A stethoscope is visible around their neck, and a blue identification badge hangs from it. They are holding a silver tablet with both hands, with their fingers touching the screen. The background is a blurred clinical setting with shelves of white containers.

Overview and Investment Objectives

Our Company

Invests in Australian and New Zealand companies

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

Shareholders own the 'management rights' to the portfolio

Management expense ratio of 0.15% with no performance fees

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

Long history of growing/stable fully franked dividends

Team manages three other funds – Djerriwarrh, Mirrabooka and AMCIL

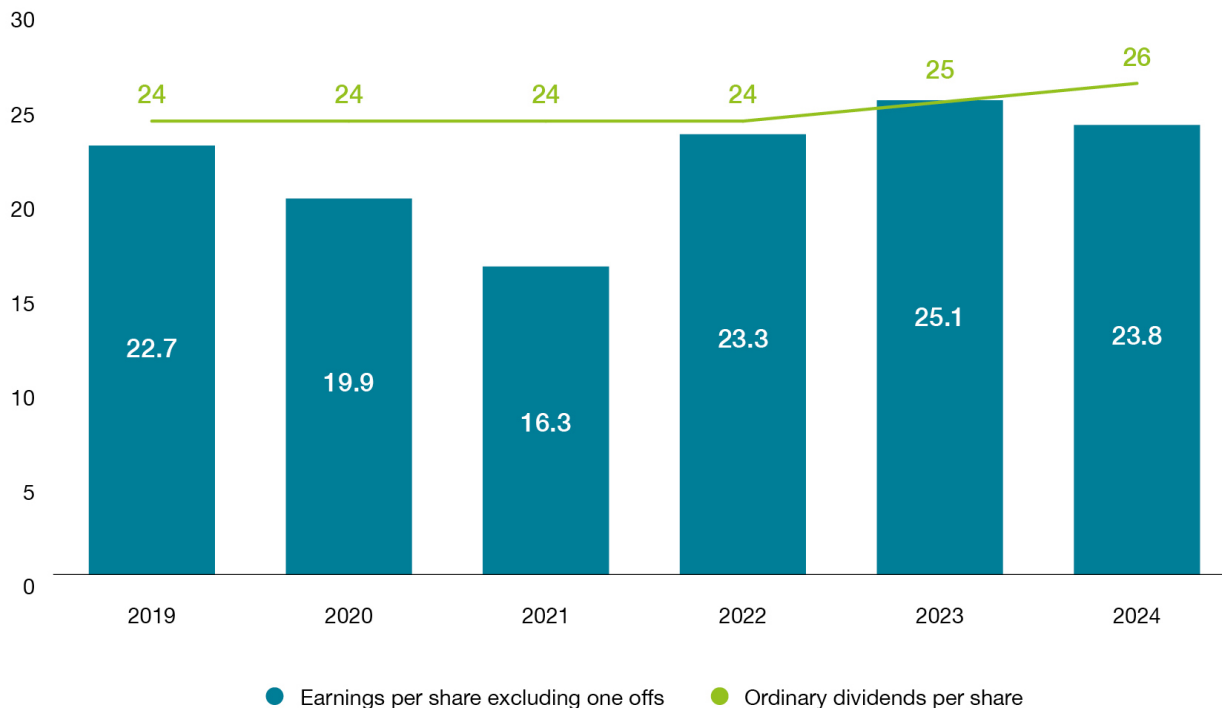
Investment Objectives

The Company's primary investment goals are:

- to pay stable to growing dividends over time; and
- to provide attractive total returns over the medium to long term.

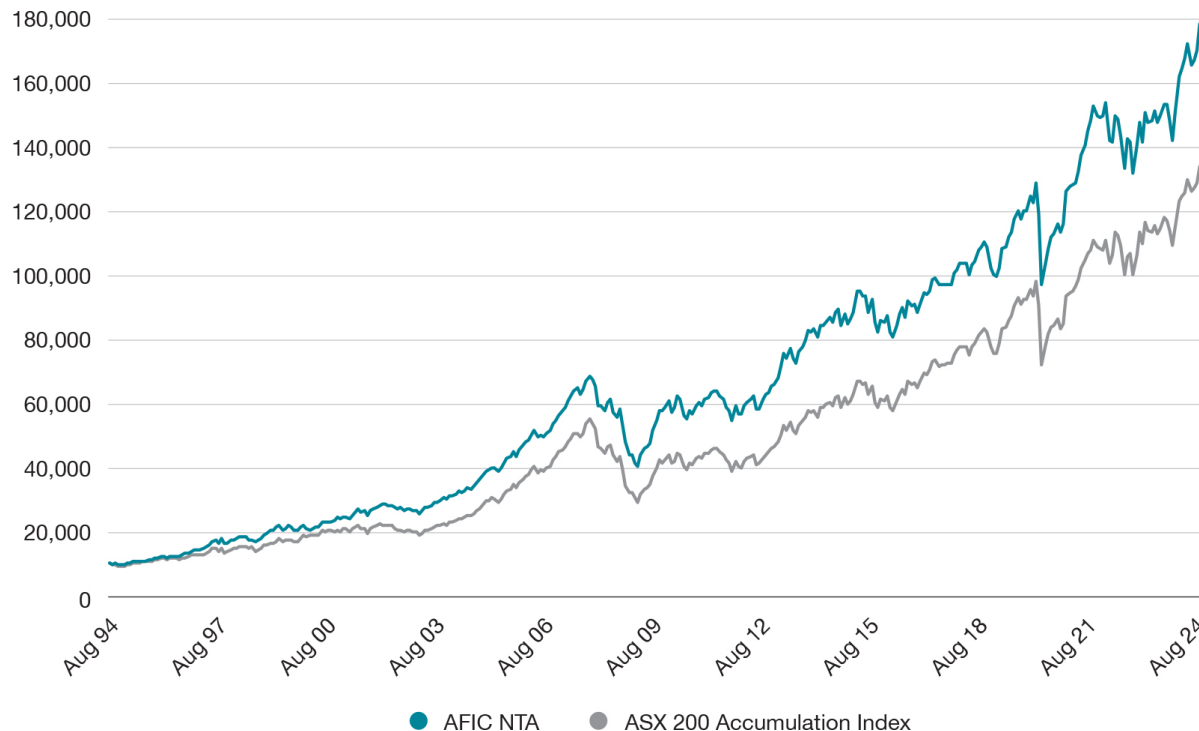
Ensuring a Stable to Growing Dividend for Shareholders

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



Attractive Total Returns Over the Long-term

AFIC NTA vs ASX 200 Accumulation Index



\$10k in AFIC → \$180k

\$10k in the Index → \$135k

Excludes the benefit of franking.

Financial Results



Financial Year in Summary

2024

Profit for
the Year

\$296.4m

\$310.2m in 2023

Fully Franked
Dividend
Per Share

14.5¢
Final

26¢
Total

25 cents total
in 2023

2024

Total Portfolio
Return

15.1%
Including franking*

S&P/ASX 200
Accumulation Index
including franking*
13.5%

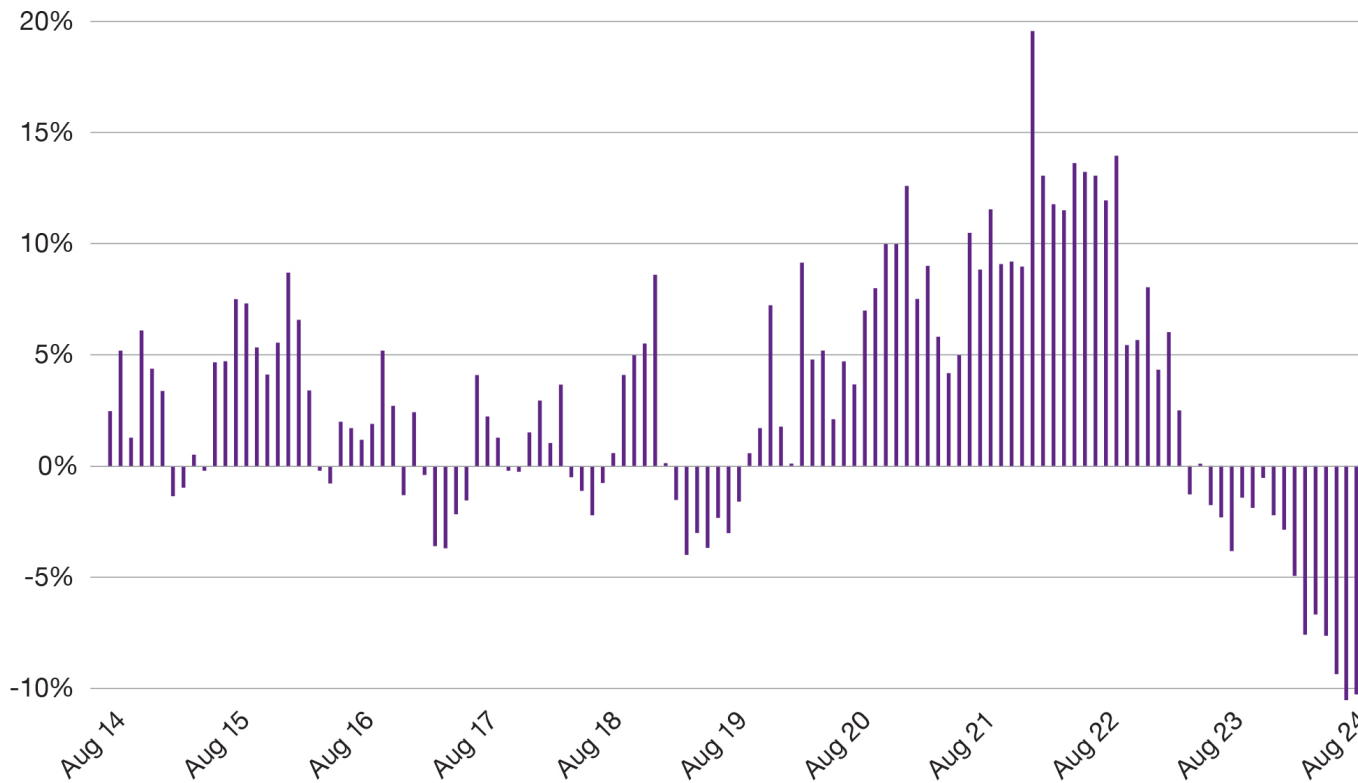
Management
Expense Ratio

0.15%

0.14% in 2023

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

Share Price Relative to NTA



31 August 2024

NTA: \$8.20

Share price: \$7.35

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are framed by a white rectangular box on the left side, which contains the title text. The sky is a pale, clear blue.

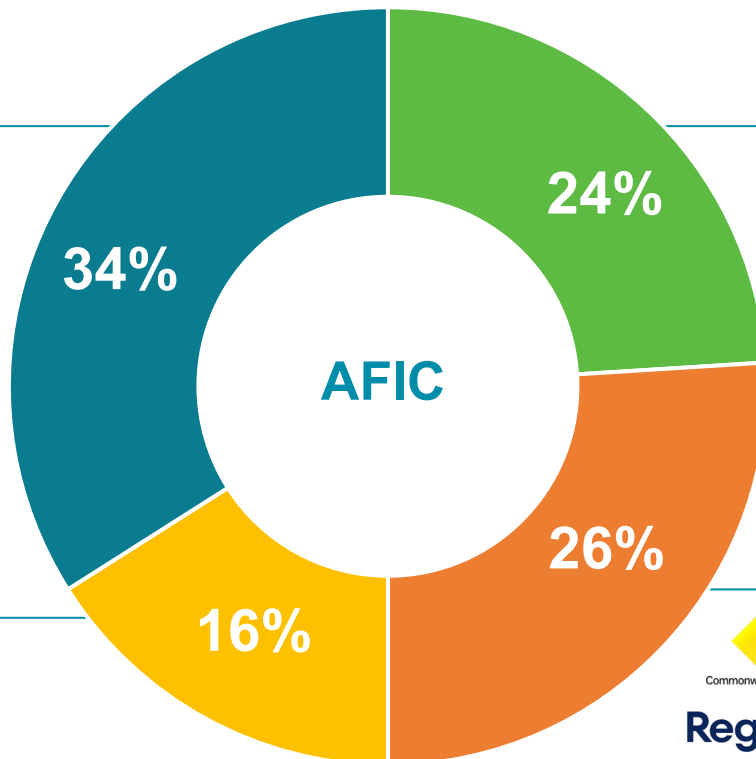
Markets and the Portfolio

Portfolio Set to Perform in Most Economic Settings

Growth Companies



Cyclicals



Stalwarts

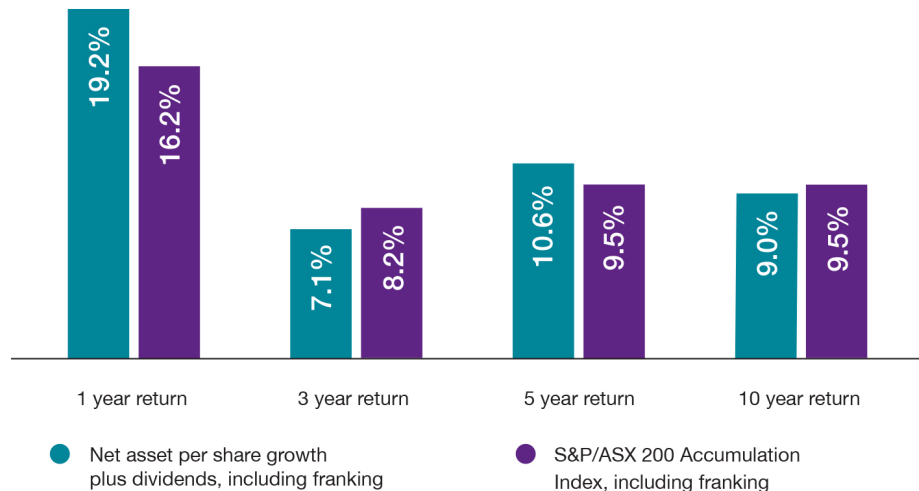


Income



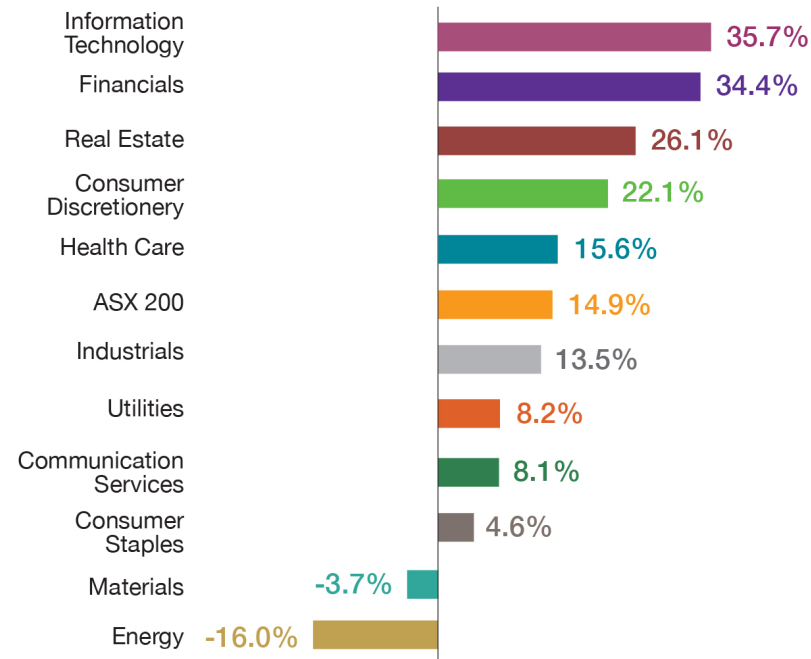
Portfolio and Sector Performance – to 31 August 2024

Portfolio Return (Including the Full Benefit of Franking) – Per Annum to 31 August 2024



Past performance is not indicative of future performance.

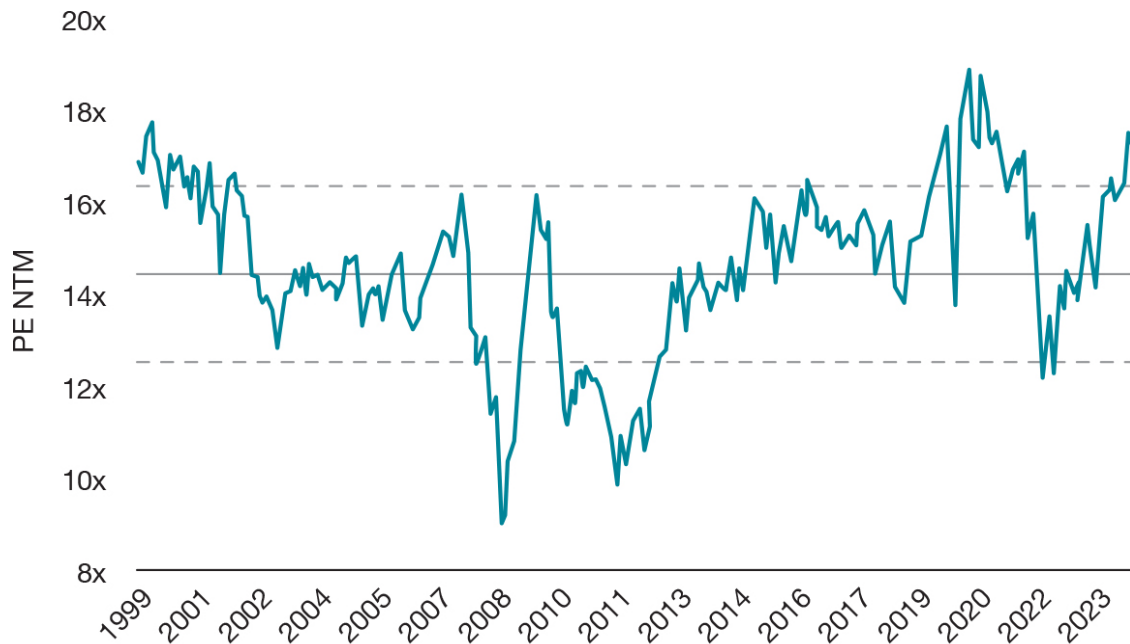
Sector Performance 12 months to 31 August 2024



Sector returns do not include franking.

Market Valuation in a Long Term Context

ASX 200 Firms Trade at an Average Forward PE of 17.2x, which is 19% Above the 20-yr Average



Source: Goldman Sachs Research

Market Conditions

What's Occupying Our Mind

Earnings growth becoming more challenging with price rises expected to slow.

Consumer spending is softening.

Employment trends to be important.

China. Announced policy initiatives attempting to stabilise market conditions.

Majority of the Central Banks moving to ease policy settings.

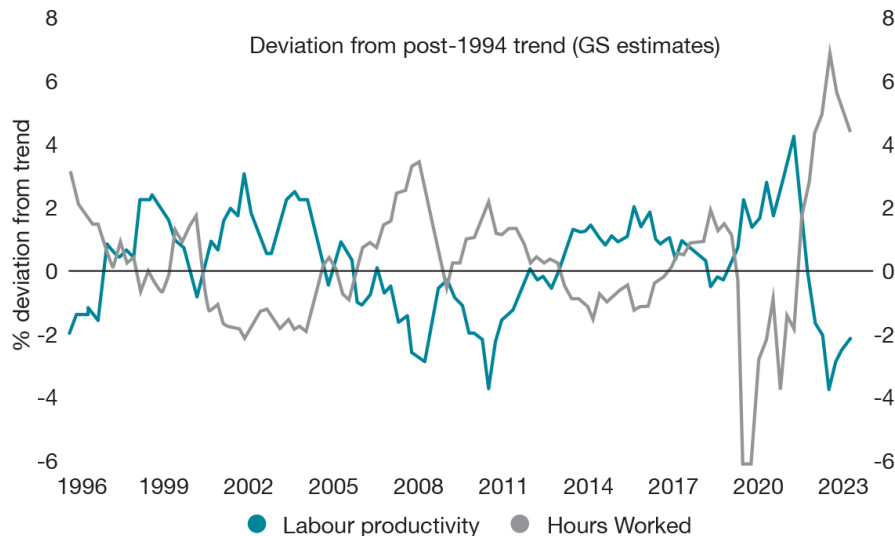
Portfolio Positioning

Diversified portfolio of quality companies owning strategic assets, with strong balance sheets that are well managed.

An appropriate mix of forecast growth and income returns to meet our long-term investment objectives.

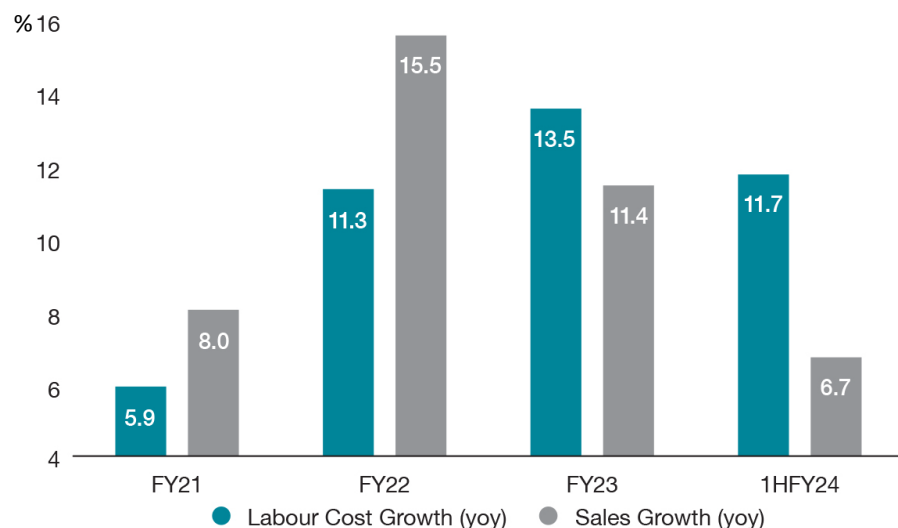
Labour Productivity Remains Weak. Cost-out to be a Focus?

Falling demand and a historically tight labour market impacting labour productivity.



Source: Goldman Sachs Research

ASX 200 (ex-REITs) annual growth in labour costs far exceeding sales growth.



A wide-angle photograph of the Chicago skyline at night. The Willis Tower is the central focus, with its top illuminated. To its left, another skyscraper with a red-tinted top is visible. In the foreground, the Bixby Creek Bridge is lit up, and its reflection is visible in the water. The water in the foreground is calm, reflecting the city lights. The sky is a deep blue.

Recent Portfolio Activity

Active Portfolio Management – Recent Transactions

Additions to Existing Holdings



Trimmed Holdings



New Purchases

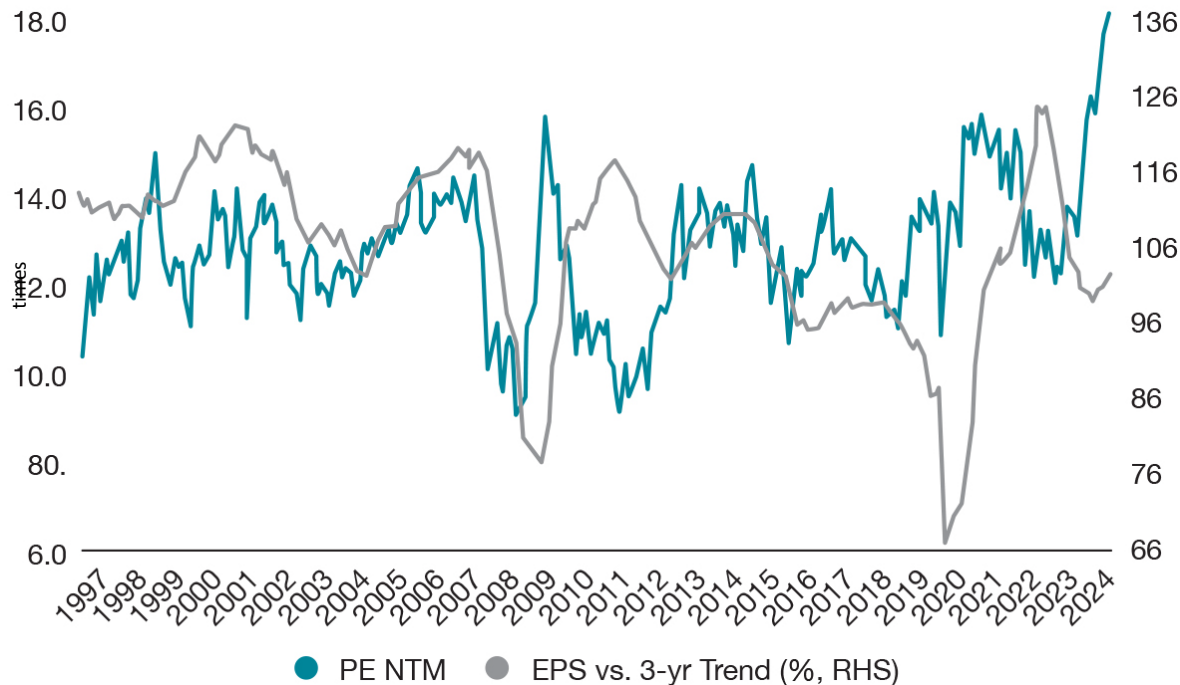


Complete Disposals



Recent Transactions – A Spotlight on Bank Valuations

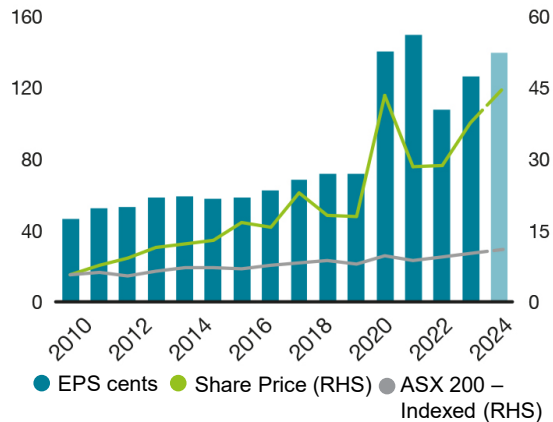
ASX 200 Banks Valuation vs Earnings Trend



Source: Goldman Sachs Research

ARB Corporation

EPS vs Share Price



Source: ARB Website, Diogenes Research

ARB Corporation is a founder led global business operating in the 4WD parts and accessories market.

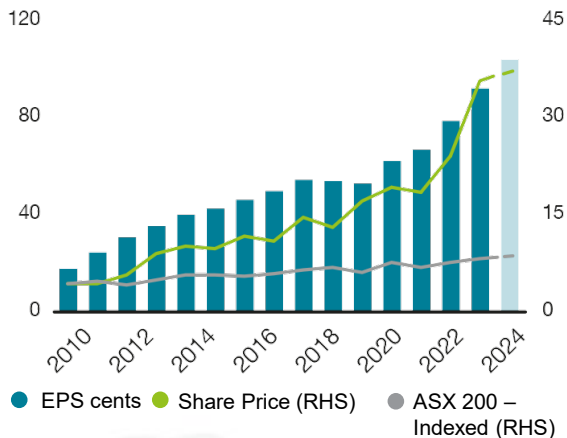
Vertically integrated controlling all aspects of its business – design, development, manufacturing, distribution and retail.

Significant long-term opportunity supplying branded parts directly to 4WD manufacturers.

Excellent balance sheet and experienced management team.

CAR Group

EPS vs Share Price



CAR Group holds market leading positions in auto classifieds in Australia, USA, South Korea and Brazil.

Management team with a long-term track record of delivering strong returns for shareholders.

Ability to leverage CAR Group's intellectual property from Australia to accelerate growth in international markets.

Significant long-term opportunity remains within all operating markets.



Source: CAR Group Investor Presentation,
Diogenes Research



Outlook

Slowing economic growth providing an increasingly challenging environment for companies to deliver earnings growth.

Investment markets been prepared to pay high prices where there is a high degree of confidence of earnings growth.

Drivers of market performance expected to broaden.

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.

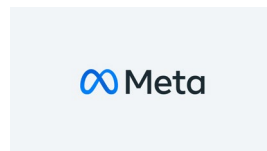
An aerial photograph of a city street grid. The image shows a mix of architectural styles, from modern glass-fronted buildings to older, more traditional structures. Streets are lined with trees, and there are visible parking lots and traffic. The overall scene is a high-angle, top-down view of a bustling urban environment.

International Portfolio

Snapshot of the International Portfolio which has 42 holdings



JPMORGAN
CHASE & CO.



**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**