

**CEO Connect  
Presentation**  
8 December 2020

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**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**

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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 \$8.0bn (also listed on NZX), 160k shareholders, full transparency from 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 0.13%, no performance fees.

Actively managed with a long term buy and hold approach – 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.

## 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

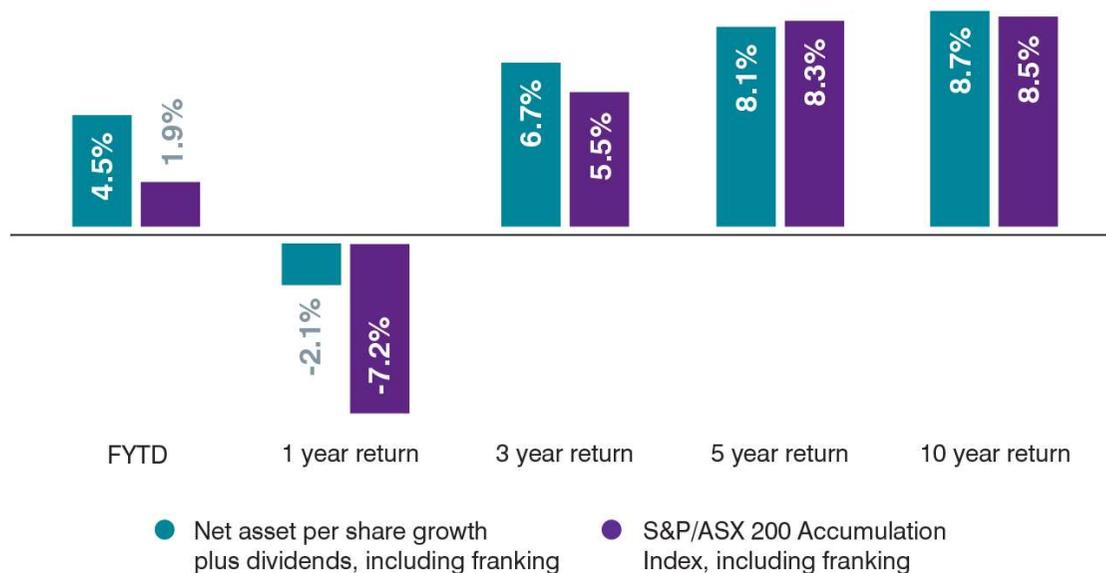


Nursery stocks – developing the preceding attributes



Look to buy when we see long term value

## Relative portfolio performance, including franking\* – per annum returns to 31 October 2020



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

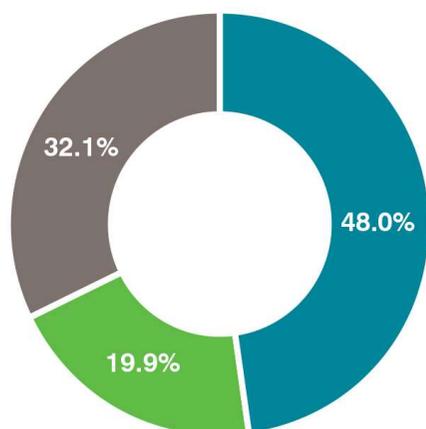
Returns include growing/stable fully franked dividends over a 10 year period.

\* Assumes an investor can take full advantage of the franking credits. AFIC's portfolio return is also calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses or tax.

Past performance is not indicative of future performance.

## Top 30 holdings – 31 October 2020

Total Portfolio 61 Holdings



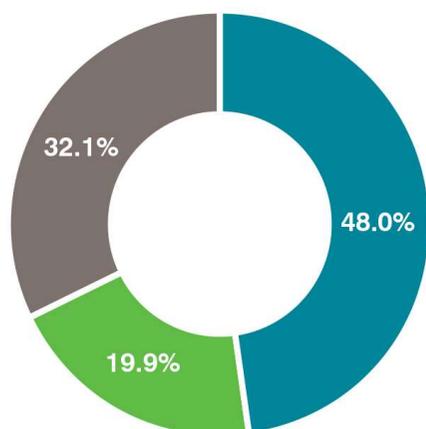
● Top 10 ● Next 10 ● Remainder

Rank	Company	% of Portfolio
1	CSL	8.5
2	Commonwealth Bank of Australia	7.5
3	BHP Group*	6.5
4	Wesfarmers	4.7
5	Transurban Group	4.3
6	Westpac Banking Corporation	3.8
7	Macquarie Group	3.8
8	Woolworths Group	3.3
9	National Australia Bank	3.1
10	Rio Tinto*	2.5

\* Options were outstanding against part of the holding.

## Top 30 holdings – 31 October 2020

Total Portfolio 61 Holdings

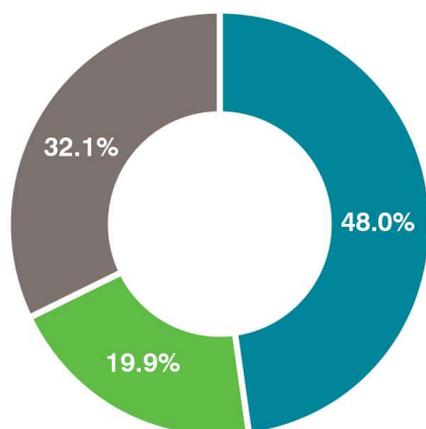


● Top 10 ● Next 10 ● Remainder

Rank	Company	% of Portfolio
11	Ancor	2.4
12	Mainfreight	2.3
13	Australia and New Zealand Banking Group	2.2
14	James Hardie Industries	2.2
15	Telstra Corporation	2.0
16	Sonic Healthcare	1.9
17	Sydney Airport	1.9
18	Coles Group	1.7
19	Goodman Group	1.7
20	Ramsay Health Care	1.6

## Top 30 holdings – 31 October 2020

Total Portfolio 61 Holdings



● Top 10 ● Next 10 ● Remainder

Rank	Company	% of Portfolio
21	Brambles	1.6
22	Fisher & Paykel Healthcare Corporation	1.6
23	Resmed	1.6
24	Reece	1.5
25	ARB Corporation	1.5
26	Carsales.com	1.4
27	NextDC	1.4
28	Xero	1.3
29	Qube Holdings	1.3
30	ASX	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.

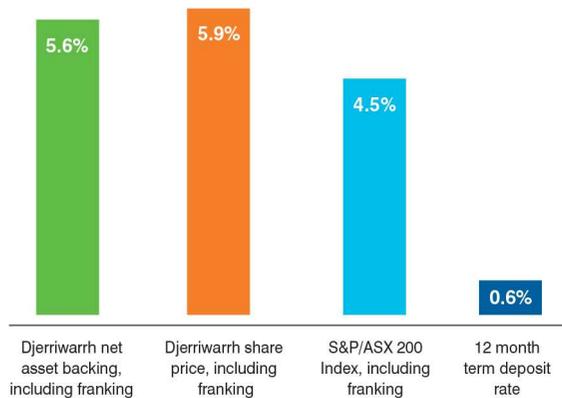
Aftermath of US election and Australia's position with China may provide further volatility.

We can remain patient.

# Our other LIC's

## Djerriwarrh – enhanced income

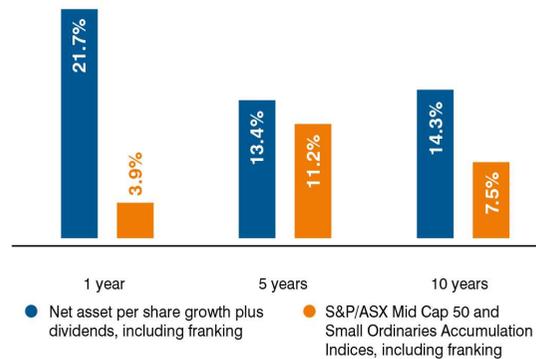
Yield – 31 October 2020



Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index is the historic yield and 70 per cent franked. Given the uncertain economic climate, the figures for Djerriwarrh are based on an annualised final dividend of 5.25 cents per share fully franked and the S&P/ASX 200 is based on forecast yield for next 12 months.

## Mirrrobooka – small/mid cap fund

Portfolio performance percentage per annum-periods ending 31 October 2020



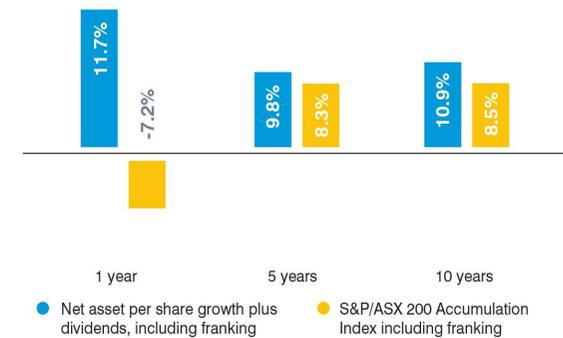
Figures assume an investor can take full advantage of the franking credits.

Note: Mirrrobooka's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments. It should also be noted that index returns for the market do not include the impact of management expenses and tax on their performance.

Past performance is not indicative of future performance.

## AMCIL – best ideas/focused portfolio with 34 holdings

Portfolio performance percentage per annum-periods ending 31 October 2020\*



\* Assumes an investor can take full advantage of the franking credits. AMCIL's portfolio return is also calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses or tax.

Past performance is not indicative of future performance.

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.

## Questions

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