

Income,  
Capital Growth,  
Low Cost

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**

Annual Review  
2023



# AUSTRALIAN FOUNDATION INVESTMENT COMPANY IS A LISTED INVESTMENT COMPANY INVESTING IN AUSTRALIAN AND NEW ZEALAND EQUITIES.

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## Year in Summary

2023

Profit for the Year	\$310.2m	\$360.6m in 2022 <sup>#</sup>
Fully Franked Dividend	14¢ Final	25¢ Total 24 cents total in 2022
Total Portfolio Return	13.9% Including franking*	S&P/ASX 200 Accumulation Index including franking* 16.6%
Total Shareholder Return	-1.4%	Share price plus dividend, including franking*
Management Expense Ratio	0.14%	0.16% in 2022
Total Portfolio	\$8.9b	Including cash at 30 June. \$8.2 billion in 2022

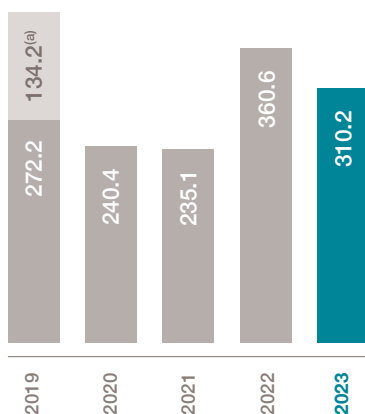
\* Assumes a shareholder can take full advantage of the franking credits.

<sup>#</sup> Includes a non-cash dividend of \$74.9 million from the BHP Petroleum/Woodside merger in 2022.

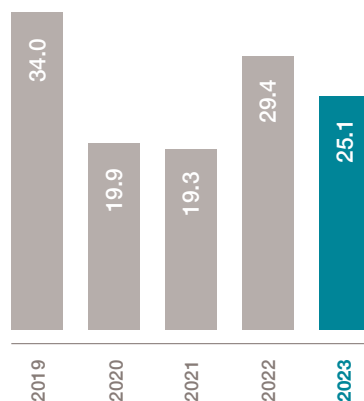
# DIRECTORS' REPORT

## 5 Year Summary

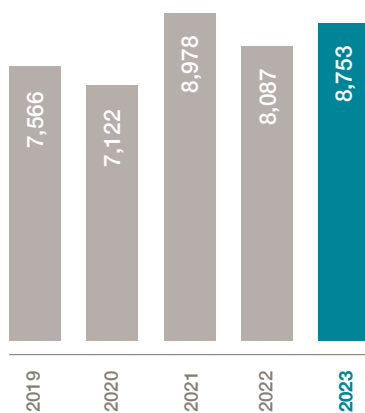
Net Profit After Tax  
(\$ Million)



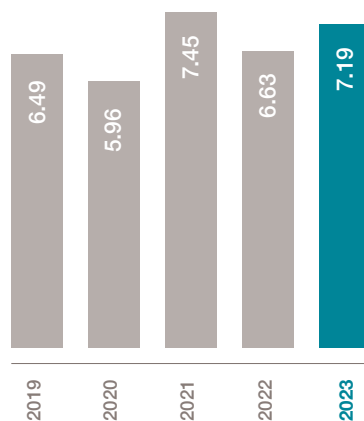
Net Profit Per Share  
(Cents)



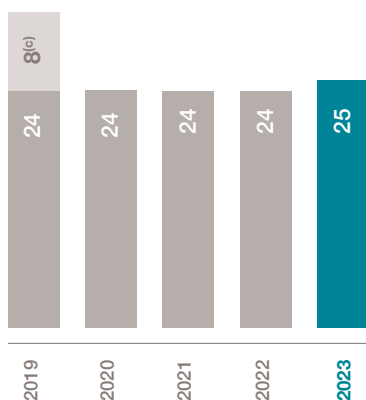
Investments at Market Value  
(\$ Million)<sup>(d)</sup>



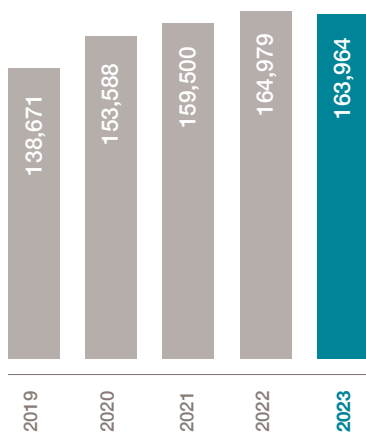
Net Asset Backing Per Share  
(\$)<sup>(e)</sup>



## Dividends Per Share (Cents)<sup>(b)</sup>



## Number of Shareholders (30 June)



### Notes

- (a) Participation in the Rio Tinto and BHP off-market share buy-backs, special dividends and the receipt of a dividend because of the Coles demerger from Wesfarmers.
- (b) All dividends were fully franked. The LIC attributable gain attached to the dividend was 2023: 10.0 cents; 2022: 14.29 cents, 2021: 4.29 cents, 2020: 7.14 cents, 2019: 7.14 cents.
- (c) 8 cents fully franked special dividend paid with the interim dividend.
- (d) Excludes cash.
- (e) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.



# About the Company

Australian Foundation Investment Company (AFIC) is a listed investment company investing in Australian and New Zealand equities.

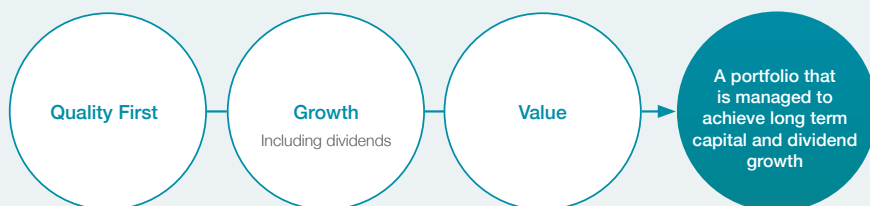
## Investment Objectives

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.

## How AFIC Invests – What We Look For in Companies



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## Approach to Investing

### Investment Philosophy

Our investment philosophy is built on taking a medium to long term view on companies in a diversified portfolio with an emphasis on identifying and investing in quality companies that are likely to sustainably grow their earnings and dividends over this timeframe.

Quality in this context is an outcome of our assessment of the following factors:

1. We prefer companies that have a leadership position or are developing one within the industry in which they operate. This will often mean we are investing in a unique set of assets with competitive advantages that produces attractive returns on invested capital.
2. As a long term, tax aware investor we seek to be in companies that have a long term sustainable business model, with low risk of disruption. This helps to ensure portfolio turnover remains low. The analysis may consider technological disruption, environmental issues, including the impact of climate change, and social risks as all of these factors can have a material impact on the assessment of a company's long term sustainability.
3. We consider how a company's business can be potentially impacted by influences outside the control of management such as change in government regulation and/or policy.
4. We are attracted to companies with outstanding management teams and boards with strong governance processes, whose interests are closely aligned with shareholders, and act in the best interest of all their stakeholders, including their

employees, customers, suppliers and wider communities. We consider matters including safety, diversity, social impacts, environmental impact, and modern slavery where material or appropriate in the context of that company. We regularly review and meet with companies to ensure ongoing alignment with our investment frameworks. Our process may include an assessment of the board in terms of their past performance, history of capital allocation, level of accountability, mix of skills, relevant experience and succession planning. We also consider a company's degree of transparency and disclosure.

Voting on resolutions is one of the key functions that a shareholder has in ensuring better long term returns and management of investment risk. We take input from proxy advisers but conduct our own evaluation of the merits of any resolution. We vote on all company resolutions as part of our regular engagement with the companies in the portfolio and our voting record is on the company's website. We actively engage with companies when we are concerned about resolutions that are not aligned with shareholders' interests. We seek to stay engaged with the companies and satisfy ourselves that any issues are taken seriously and worked through constructively. Ideally we seek to remain invested to influence a satisfactory outcome for stakeholders.

5. We prefer companies with more stable income flows. We are wary of companies that have large, inconsistent profit streams.

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## About the Company

### continued

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6. We like our companies to be financially strong and the assessment of the balance sheet and the degree to which the company is self-funding is critical in our analysis. Cash generation is also an important consideration.

Analysis of the above factors helps to inform us of the structure of the industry and a company's sustainable competitive position as well as the quality of the people running the business, strength of the balance sheet and consistency of earnings. Within this analysis some key financial metrics are considered. These include return on capital employed, return on equity, the level of gearing in the balance sheet, margins and free cash flow generation.

Alongside the assessment of quality is an analysis of the ability of companies to grow earnings over time, which ultimately should drive dividend growth.

Recognising value is also an important aspect of sound long term investing. Short term measures such as the price earnings ratio, price to book or price to sales may be of some value but aren't necessarily strong predictors of future performance. Our assessment of value tries to capture the opportunity a business has to prosper and thrive over the medium to long term.

Reporting of social and environmental issues will be influenced by the development of standards by the International Sustainability Standards Board (ISSB). Their potential introduction in Australia should enable investors over time to better make informed decisions on these issues based on company

disclosures arising from these standards. Assessment of commitments and plans by companies to reach net zero by 2050 may also be considered having regard to several factors. These include the industry in which they operate, progress against their plans, their broader contribution to social good in addressing the challenge of reducing global carbon emissions, and the impact on their value if they fail to achieve their stated goals. In applying external data for benchmarking\*, the current carbon intensity of AFIC's portfolio is considerably less than the S&P/ASX 200 Index.

In building the investment portfolio with the principles outlined, we believe we can offer investors a well-diversified portfolio of quality companies structured to deliver total returns ahead of the Australian equity market over the long term with less volatility and with more consistent dividends.

From time to time, some borrowings may be used where potential investment returns justify the use of debt.

AFIC is managed for the benefit of its shareholders with fees based on the recovery of costs rather than as a fixed percentage of the portfolio. There are no additional fees. As a result, the benefit of scale over time results in a very low expense ratio for investors. For the 12 months to 30 June 2023 this was 0.14 per cent, or 14 cents for each \$100 invested.

\* Data provided by ISS ESG. Portfolio at 30 June 2023.





## Review of Operations and Activities

### Profit and Dividend

The full year profit was \$310.2 million, down from \$360.6 million in the previous corresponding period. Last year's profit included a dividend of \$74.9 million (which was non-cash but carries franking credits with it) resulting from the BHP Petroleum/Woodside merger. Excluding this figure, the full year profit was up 8.6 per cent from \$285.7 million in the corresponding period last year. The increase in the underlying profit from last year was driven by higher dividends received from investee companies and adjustments made to the portfolio throughout the year.

Earnings per share for the financial year were 25.1 cents per share. The final dividend was maintained at 14 cents per share fully franked, bringing total fully franked dividends applicable for the year to 25 cents per share following the 1 cent per share increase in the interim dividend declared in January 2023.

Seven cents of the final dividend were sourced from taxable capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain on this portion of the dividend, known as an 'LIC capital gain', is equal to 10.0 cents per share. This enables some shareholders to claim a tax deduction in their tax return.

**Figure 1: Performance of the S&P/ASX 200 Price Index – 12 Months to 30 June 2023**



Source: FactSet

# Market and Portfolio Performance

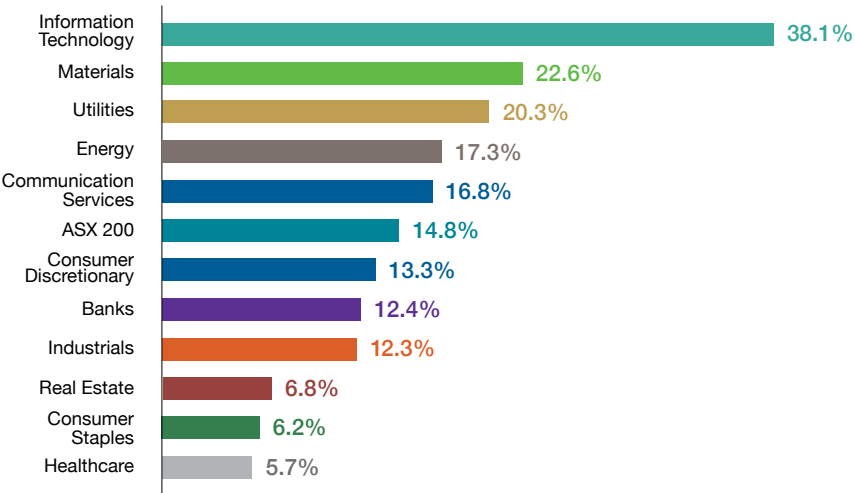
The Australian equity market enjoyed a strong year despite significant the increase in interest rates over the period in response to inflationary pressures and a somewhat more subdued outlook for economic growth. In some quarters there are concerns about a looming recession, but this has yet to eventuate, and the employment market remains strong. However, this environment produced quite a marked divergence in performance across sectors.

Including the benefit of franking credits, the S&P/ASX 200 Accumulation Index rose 16.6 per cent over the financial year.

Best performing sectors were Information Technology, up 38.1 per cent and Materials, up 22.6 per cent.

The Information Technology sector has shown similar strength to the NASDAQ Composite Index over recent months amid growing interest in the future applications of artificial intelligence. The strength in the Materials sector was primarily driven by the re-opening of the Chinese economy following a period of lockdown during the COVID-19 pandemic. Sectors that underperformed the broader market included Healthcare which increased 5.7 per cent, Consumer Staples up 6.2 per cent and Real Estate up 6.8 per cent.

**Figure 2: Sector Performance for the 12 Months to 30 June 2023 (Returns Do Not Include Franking)**



## — Review of Operations and Activities —

continued

The portfolio returned 13.9 per cent when franking is included. Together with the strong rally in Materials the relative underperformance in the strong market came from a number of high-quality companies in the portfolio which trailed the return of the overall market. These included Transurban Group, Mainfreight and ASX. However, despite these short term movements we still consider the prospects for these companies remain strong.

Following a strong financial year ending June 2022, our overweight position in Amcor also had a meaningful negative impact on relative performance. Customer demand for its products declined from the panic buying during the COVID-19 related supply chain challenges leading to a subsequent period of customer destocking.

Materials exposure in the portfolio is primarily through our holdings in BHP and Rio Tinto. While our long term underweight position in Materials (particularly in lithium and gold) detracted from relative performance, we remain comfortable with the positioning of the portfolio regarding this more cyclical part of the market. We maintain our research efforts in the lithium sector, however high spot commodity prices in these markets make us cautious about investing at present for the medium to long term.

Companies in the portfolio that performed relatively well against the Index through the 12-month period included strong returns from Reece, AUB Group, James Hardie Industries, Carsales.com and Xero.



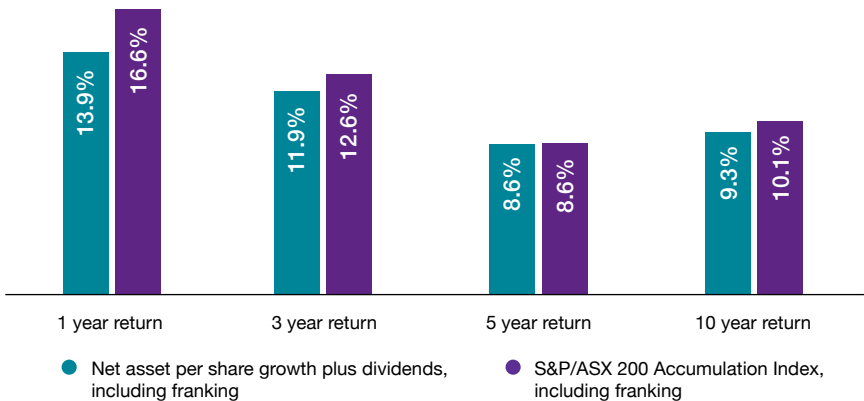
## Positioning the Portfolio

While we endeavour to have low turnover to reduce the impact of tax paid on returns, recycling capital from companies trading at extreme valuations to capture the appropriate buying opportunity remains fundamental to our approach. In this context, the portfolio benefited from trimming several holdings at appropriate times through the year. This included holdings in NEXTDC, Brambles, IRESS, Carsales.com (following participation in recent equity placements which took the holding to above our desired portfolio position), Commonwealth Bank of Australia, Westpac Banking Corporation,

ANZ Group Holdings, Mainfreight, Transurban, Ramsay Healthcare and Amcor. We exited the position in Temple & Webster Group which allowed us to redeploy this capital in other opportunities.

We also exited our holdings in Orica, InvoCare, Reliance Worldwide and Ryman Healthcare. We are observing structural industry challenges for many of these companies or an environment where competitive intensity has materially increased. We consider the growth prospects for the majority of these companies to be increasingly challenged as a result.

**Figure 3: Portfolio Performance – Per Annum Returns to 30 June 2023**



Figures assume an investor can take full advantage of the franking credits. Past performance is not indicative of future performance.

Note AFIC's performance returns are after costs. AFIC on occasions incurs realised capital gains tax on the sale of shares. Not all the of the franking generated from these realised capital gains is paid out as dividends and is therefore not included in these performance figures.

# Review of Operations and Activities

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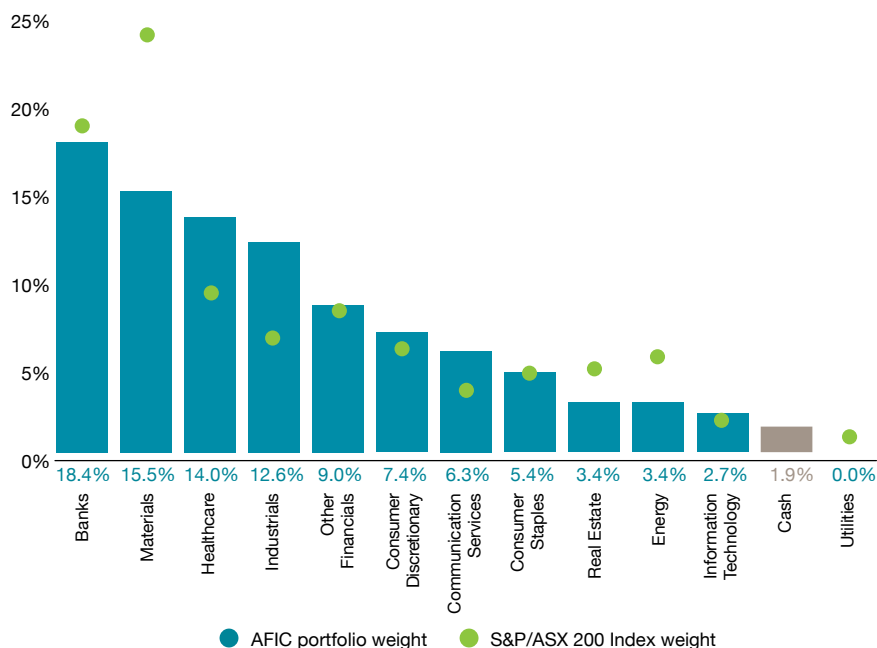
As a counterbalance to this activity most purchases during the year were focused on increasing weightings to existing holdings. This included BHP, National Australia Bank, Domino's Pizza Enterprises, IDP Education, Santos, CSL, Mirvac, Computershare and Goodman Group.

In managing the portfolio, we endeavour to hold a diversified portfolio of quality companies with an appropriate mix of income and growth attributes to achieve our long term investment objectives. As value across the market during the financial year became more difficult to observe, we materially increased activity to enhance income through the writing

of call options over selected holdings. Pleasingly, this activity provided a meaningful contribution to an improvement in income for the year.

One new stock was added through the year. We initiated a position in Breville Group, which is a kitchen appliance company operating premium brands in the cooking, beverage and food preparation categories. The business was founded in 1932, maintains a heavy focus on product innovation and has very strong global distribution which should provide for further profit growth. Breville Group has a long history of excellent financial discipline delivering strong returns for shareholders.

**Figure 4: AFIC Investment by Sector versus the S&P/ASX 200 Index as at 30 June 2023 – Excludes International Holdings**







# Review of Operations and Activities

continued

## International Portfolio

We have continued to trial the management of an international portfolio over the period. This portfolio consists of what we have assessed to be high-quality companies with a strong competitive advantage, good growth potential and across a broad range of industries. This portfolio was first initiated in May 2021 as a potential precursor to establishing a separate low-cost international Listed Investment Company in the future.

At 30 June 2023 approximately \$115.4 million was invested in 41 companies in this portfolio (which represents approximately 1.3 per cent of the total AFIC portfolio).

The performance of the portfolio since its inception is ahead of its benchmark index which is very pleasing given the volatile market conditions that have been in evidence over this period.

## Share Price Return

The share price was trading at a discount of 2 per cent to the net asset backing (before tax on unrealised gains) at the end of June 2023, whereas at 30 June 2022 the premium was very high at 13 per cent (Figure 5). As a result, the share price return, including reinvestment of dividends and franking credits, over the 12 months to 30 June 2023 did not align with the performance of the portfolio.

There appears to have been less demand for equity funds across the industry as interest rates have risen over the year and AFIC was not immune from this trend.

The longer-term share price returns are outlined in Figure 6. The figures for the Index and share price assume a shareholder can take full advantage of the franking credits attached to the dividends paid.

## Outlook

Medium-term conditions remain unpredictable with a broad range of potential outcomes. Economic growth and the employment rate remain sound despite inflationary pressures, the recent rapid rises in interest rates and growth in China slowing.

In this context equity markets have surprisingly been strong despite broad-based expectations of a significant slowing in many global economies including Australia.

While aware of the prevailing environment our research effort remains focused on the fundamentals of the companies in our investment universe. We consider the portfolio remains invested in quality companies forecast to deliver an appropriate mix of income and growth returns positioning us well to deliver our long term investment objectives.



Figure 5: Share Price Premium/Discount to Net Asset Backing

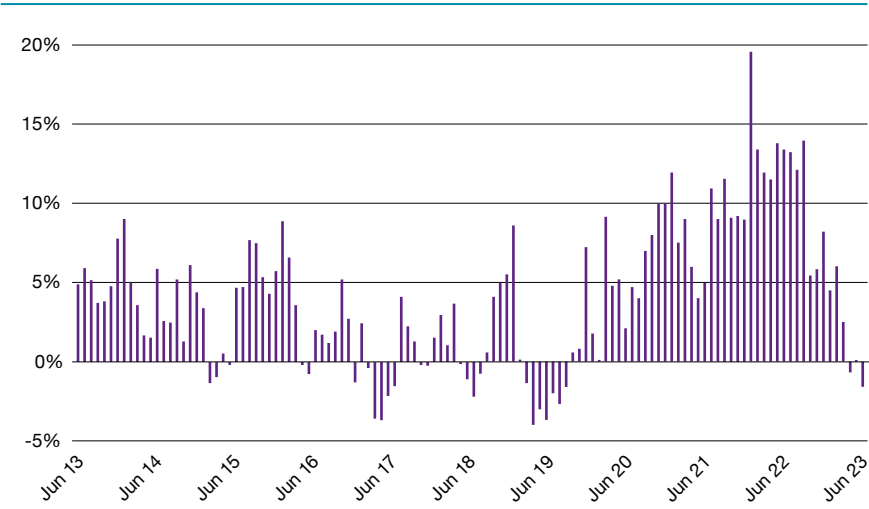
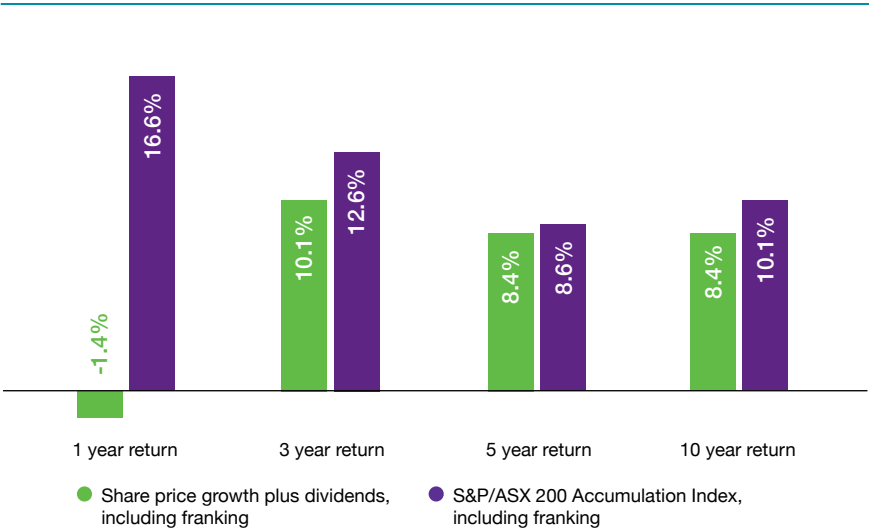


Figure 6: Share Price Return – Per Annum Returns to 30 June 2023



## — Review of Operations and Activities —

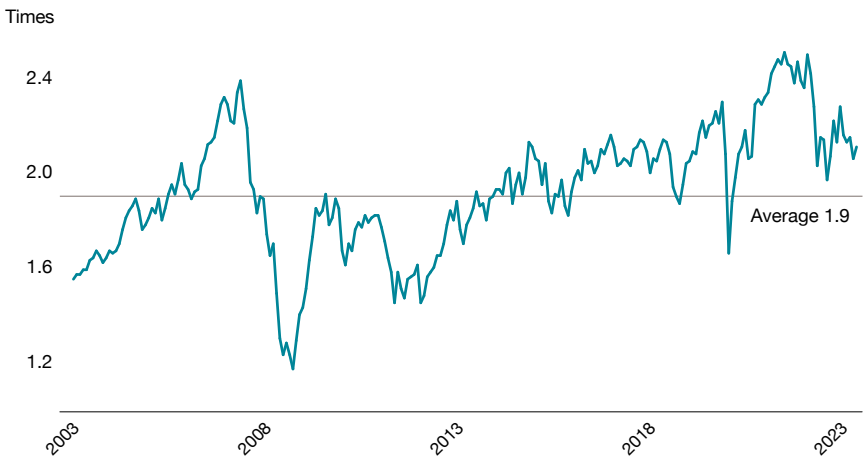
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Valuation of the market as measured by the price to sales ratio (Figure 7) and price to book ratio (Figure 8) are relatively high, particularly against the expected background of more difficult operating conditions for companies as higher

interest rates start to negatively impact economic activity. In this context we can afford to take a patient approach and use any short term volatility to our advantage as long term investors.



**Figure 7: Valuation of the Market – Price to Sales of the S&P/ASX 200 Index**



Source: FactSet

**Figure 8: Valuation of the Market – Price to Book of the S&P/ASX 200 Index**



Source: FactSet

# Top 25 Investments

As at 30 June 2023

Includes investments held in both the investment and trading portfolios.

## Value at Closing Prices at 30 June 2023

		Total Value \$ Million	% of the Portfolio
1	BHP	793.3	9.1
2	Commonwealth Bank of Australia	783.0	8.9
3	CSL	674.3	7.7
4	Macquarie Group*	397.7	4.5
5	Transurban Group*	386.3	4.4
6	Wesfarmers	363.7	4.2
7	National Australia Bank*	341.3	3.9
8	Westpac Banking Corporation	322.8	3.7
9	Woolworths Group*	292.2	3.3
10	James Hardie Industries*	215.1	2.5
11	Rio Tinto	213.6	2.4
12	Telstra Group	209.3	2.4
13	Woodside Energy Group*	200.1	2.3
14	Goodman Group	193.8	2.2
15	ANZ Group Holdings	192.0	2.2
16	Mainfreight	186.8	2.1
17	Coles Group*	179.0	2.0
18	Carsales.com*	161.2	1.8
19	Amcor	154.8	1.8
20	ResMed	144.0	1.6
21	Reece	134.9	1.5
22	Sonic Healthcare	118.1	1.3
23	Xero	105.9	1.2
24	Santos*	104.5	1.2
25	ARB Corporation	104.1	1.2
<b>Total</b>		<b>6,971.8</b>	

As percentage of total portfolio value (excludes cash)

**79.6%**

\* Indicates that options were outstanding against part of the holding.

# Income Statement

As at 30 June 2023

	2023 \$'000	2022 \$'000
Dividends and distributions	334,740	388,492
Revenue from deposits and bank bills	3,714	61
Net gains on trading portfolio (including unrealised gains or losses)	6,000	629
<b>Total income</b>	<b>344,454</b>	<b>389,182</b>
Finance costs	(1,265)	(845)
Administration expenses (net of recoveries)	(12,434)	(14,294)
<b>Profit before income tax</b>	<b>330,755</b>	<b>374,043</b>
Income tax	(20,544)	(13,486)
<b>Net profit</b>	<b>310,211</b>	<b>360,557</b>
	<b>Cents</b>	<b>Cents</b>
Net profit per share	25.06	29.40

# Balance Sheet

As at 30 June 2023

	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash	165,385	144,619
Receivables	44,709	36,598
Trading portfolio	3,837	4,979
<b>Total current assets</b>	<b>213,931</b>	<b>186,196</b>
<b>Non-current assets</b>		
Investment portfolio	8,749,226	8,082,513
<b>Total non-current assets</b>	<b>8,749,226</b>	<b>8,082,513</b>
<b>Total assets</b>	<b>8,963,157</b>	<b>8,268,709</b>
<b>Current liabilities</b>		
Payables	1,268	28,688
Borrowings – bank debt	10,000	10,000
Tax payable	32,156	62,567
Provisions	6,057	6,114
<b>Total current liabilities</b>	<b>49,481</b>	<b>107,369</b>
<b>Non-current liabilities</b>		
Provisions	90	896
Deferred tax liabilities – other	830	503
Deferred tax liabilities – investment portfolio	1,355,200	1,169,452
<b>Total non-current liabilities</b>	<b>1,356,120</b>	<b>1,170,851</b>
<b>Total liabilities</b>	<b>1,405,601</b>	<b>1,278,220</b>
<b>Net assets</b>	<b>7,557,556</b>	<b>6,990,489</b>
<b>Shareholders' equity</b>		
Share capital	3,136,332	3,070,213
Revaluation reserve	2,926,191	2,556,466
Realised capital gains reserve	509,741	510,503
General reserve	23,637	23,637
Retained profits	961,655	829,670
<b>Total shareholders' equity (including minority interests)</b>	<b>7,557,556</b>	<b>6,990,489</b>

# Summarised Statement of Changes in Equity

For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
<b>Total equity at the beginning of the year</b>	<b>6,990,489</b>	<b>7,559,022</b>
Dividends paid	(296,702)	(283,554)
Shares issued – Dividend Reinvestment Plan	66,268	62,584
Other share capital adjustments	(149)	(151)
<b>Total transactions with shareholders</b>	<b>(230,583)</b>	<b>(221,121)</b>
Profit for the year	310,211	360,557
Revaluation of investment portfolio	697,758	(1,008,188)
Provision for tax on revaluation	(210,319)	300,219
Revaluation of investment portfolio (after tax)	487,439	(707,969)
<b>Total comprehensive income for the year</b>	<b>797,650</b>	<b>(347,412)</b>
Realised gains on securities sold	142,285	196,422
Tax expense on realised gains on securities sold	(24,571)	(66,560)
Net realised gains/(losses) on securities sold	117,714	129,862
Transfer from revaluation reserve to realised gains reserve	(117,714)	(129,862)
<b>Total equity at the end of the year</b>	<b>7,557,556</b>	<b>6,990,489</b>

A full set of AFIC's final accounts are available on the Company's website.

# Holdings of Securities

At 30 June 2023

Individual investments for the combined Investment and Trading portfolios as at 30 June 2023 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Net asset backing is advised to the Australian Securities Exchange each month and is recorded on the toll-free telephone service at 1800 780 784 and posted to AFIC's website [afi.com.au](http://afi.com.au).

Individual holdings in the portfolios may change during the course of the year. In addition, holdings which are part of the trading portfolio may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

		Number Held 2022 '000	Number Held 2023 '000	Market Value 2023 \$'000
Code	Ordinary Shares, Trust Units or Stapled Securities			
AIA	Auckland International Airport	10,300	10,300	80,854
ALQ	ALS	7,622	7,622	85,063
AMC	Amcor	11,600	10,415	154,767
ANN	Ansell	1,369	1,369	36,590
ANZ	ANZ Group Holdings	8,488	8,098	191,997
ARB	ARB Corporation	3,473	3,640	104,104
ASX	ASX	1,432	1,432	90,216
AUB	AUB Group	2,378	2,121	62,357
BHP	BHP	13,926	17,634	793,338
BRG	Breville Group	0	702	14,008
BXB	Brambles	9,279	6,200	89,342
CAR*	Carsales.com	8,026	6,778	161,240
CBA	Commonwealth Bank of Australia	7,900	7,809	783,008
COH	Cochlear	334	334	76,549
COL*	Coles Group	9,023	9,722	179,013
CPU	Computershare	4,043	4,265	99,716
CSL	CSL	2,372	2,431	674,311
CWY	Cleanaway Waste Management	17,014	18,185	47,099
DJW	Djerriwarrh Investments	7,505	7,505	21,315



<b>Code</b>	<b>Ordinary Shares, Trust Units or Stapled Securities</b>	<b>Number Held 2022 '000</b>	<b>Number Held 2023 '000</b>	<b>Market Value 2023 \$'000</b>
DMP	Domino's Pizza Enterprises	653	1,093	50,756
DUI	Diversified United Investments	12,030	12,030	59,189
EQT	EQT Holdings	1,322	1,647	42,702
FCL	FINEOS Corporation	9,253	9,253	20,541
FPH	Fisher & Paykel Healthcare Corporation	3,913	3,913	88,188
GMG	Goodman Group	8,835	9,655	193,776
IAG*	Insurance Australia Group	9,527	8,100	45,613
IEL	IDP Education	790	2,505	55,366
IRE	IRESS	8,211	3,975	40,741
JBH	JB Hi-Fi	1,131	1,131	49,493
JHX*	James Hardie Industries	5,245	5,425	215,057
MFT	Mainfreight (NZX Listed)	3,268	2,819	186,802
MGR	Mirvac Group	22,000	29,350	66,331
MIR	Mirrabooka Investments	8,728	8,728	23,914
MQG*	Macquarie Group	2,207	2,240	397,749
NAB*	National Australia Bank	11,155	12,950	341,301
NAN	Nanosonics	5,970	5,853	27,745
NWL	Netwealth Group	3,489	3,489	48,288
NXT	NEXTDC	7,864	1,744	21,936
PXA	PEXA Group	2,919	3,299	44,897
REA	REA Group	644	644	92,155
REH	Reece	7,201	7,264	134,893
RHC	Ramsay Health Care	1,583	1,226	69,012
RIO	Rio Tinto	1,862	1,862	213,555
RMD	ResMed	4,750	4,390	144,036
SEK*	Seek	3,333	3,795	82,391
SHL	Sonic Healthcare	3,320	3,320	118,081

# Holdings of Securities

At 30 June 2023 continued

		Number Held 2022 '000	Number Held 2023 '000	Market Value 2023 \$'000
Code	Ordinary Shares, Trust Units or Stapled Securities			
STO*	Santos	11,286	13,921	104,451
TCL*	Transurban Group	28,791	27,115	386,304
TLS	Telstra Corporation	48,680	48,680	209,325
WBC	Westpac Banking Corporation	15,545	15,125	322,768
WDS*	Woodside Energy Group	5,816	5,816	200,099
WES	Wesfarmers	7,372	7,372	363,734
WOW*	Woolworths Group	7,175	7,355	292,171
WTC	Wisetech Global	250	420	33,520
XRO	Xero	833	891	105,907
<b>Total</b>				<b>8,637,677</b>

\* Indicates that options were outstanding against part of the holding.

# Holdings of International Securities

At 30 June 2023

Code	Ordinary Shares, Trust Units or Stapled Securities	Number Held 2022	Number Held 2023	Market Value 2023 A\$
ACN-US	Accenture	5,506	5,506	2,552,471
AENA-ES	Aena	10,728	8,108	1,966,758
GOOGL-US	Alphabet	1,534	31,314	5,630,883
AMZN-US	Amazon	23,360	23,360	4,574,822
AAPL-US	Apple	21,658	20,058	5,844,901
CP-US	Canadian Pacific	0	14,372	1,743,898
SCHW-US	Charles Schwab	27,651	30,501	2,597,160
CMG-US	Chipotle	1,325	1,115	3,582,941
CTAS-US	Cintas	3,414	2,851	2,129,013
COST-US	Costco	2,976	2,976	2,406,989
CCI-US	Crown Castle	10,886	10,886	1,863,357
EL-US	Estée Lauder	5,037	5,037	1,486,016
FERG-GB	Ferguson	12,851	12,851	3,045,944
FTNT-US	Fortinet	24,220	24,220	2,750,423
FCX-US	Freeport	0	17,870	1,073,808
HCA-US	HCA Healthcare	10,619	9,164	4,178,051
HD-US	Home Depot	6,284	6,034	2,815,887
ICE-US	Intercontinental	15,643	16,678	2,833,259
JPM-US	JP Morgan	12,029	14,176	3,097,314
OR-FR	L'Oréal	3,018	2,568	1,797,651
MC-FR	LVMH Moët	2,155	2,191	3,099,082
MAR-US	Marriott	9,615	8,715	2,404,991
MA-US	Mastercard	3,461	3,461	2,044,932
MCD-US	McDonalds	8,702	7,442	3,336,249
META-US	Meta	2,889	7,433	3,204,589
MSFT-US	Microsoft	16,083	16,463	8,422,306
NESN-CH	Nestlé	18,826	20,806	3,759,228
NFLX-US	Netflix	3,792	3,322	2,198,300
NEE-US	Nextera	20,749	20,749	2,312,891

# Holdings of International Securities

At 30 June 2023 continued

Code	Ordinary Shares, Trust Units or Stapled Securities	Number Held 2022	Number Held 2023	Market Value 2023 A\$
NKE-US	Nike	13,173	13,173	2,184,215
NOVOB-DK	Novo Nordisk	12,978	11,768	2,847,856
NVDA-US	NVIDIA	0	2,555	1,623,703
PEP-US	PepsiCo	10,474	9,294	2,586,056
ROG-CH	Roche	5,035	5,545	2,546,597
SPGI-US	S&P Global	3,927	3,927	2,365,036
SU-FR	Schneider	10,228	10,851	2,960,478
SBUX-US	Starbucks	11,612	11,612	1,728,098
TMO-US	Thermo Fisher	3,523	2,773	2,173,533
UNH-US	United Health	0	3,125	2,256,438
UMG-NL	Universal Music	0	47,498	1,584,058
V-US	Visa	4,977	4,977	1,775,595
<b>Total</b>				<b>115,385,777</b>

## Major Transactions in the Investment Portfolio

<b>Acquisitions</b>	<b>Cost (\$m)</b>
BHP	148.1
National Australia Bank	50.4
IDP Education	39.4
Domino's Pizza Group	23.4
Santos	19.1
<b>Disposals</b>	<b>Proceeds (\$m)</b>
NEXTDC	69.9
Brambles	40.2
Orica*	39.0
IRESS	38.3
InvoCare*	38.3

\* Complete disposal from the portfolio.

### New Companies Added to the Portfolio

Breville Group

# Company Particulars

## Australian Foundation Investment Company Limited (AFIC)

ABN 56 004 147 120

### Directors

John Paterson, Chairman  
Mark Freeman, Managing Director  
Rebecca P Dee-Bradbury  
Craig M Drummond  
Julie A Fahey  
Graeme R Liebelt  
David A Peever  
Catherine M Walter AM

### Company Secretaries

Matthew J Rowe  
Andrew JB Porter

### Auditor

PricewaterhouseCoopers  
Chartered Accountants

### Country of Incorporation

Australia

## Registered Office and Mailing Address

Level 21, 101 Collins Street  
Melbourne Victoria 3000

### Contact Details

**Telephone** (03) 9650 9911  
**Facsimile** (03) 9650 9100  
**Email** [invest@afi.com.au](mailto:invest@afi.com.au)  
**Website** [afi.com.au](http://afi.com.au)

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

**Telephone** 1800 780 784 (toll free)

# Shareholder Information

## Share Registrar

Computershare Investor Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067

## New Zealand Address

Computershare Investor Services Limited  
159 Hurstmere Road  
Takapuna Auckland 0622

## Shareholder

**Enquiry Line** 1300 662 270  
+61 3 9415 4373  
(from overseas)

**Facsimile** (03) 9473 2500

**Website** [investorcentre.com/contact](http://investorcentre.com/contact)

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registrar as above.

## Securities Exchange Codes

**AFI** Ordinary shares  
(ASX and NZX)

## Annual General Meeting

**Time** 10.00am  
**Date** Tuesday 3 October 2023

**Venue** Zinc at Federation Square  
**Location** Corner of Flinders Street  
and Swanston Street  
Melbourne

The AGM will be a hybrid meeting with a physical meeting and access via an online platform. Further details are provided in the Notice of Annual General Meeting.

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**