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28 August 2025

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Australian Foundation Investment Company Limited
Statutory Annual Report, Annual Shareholder Review and Annual General Meeting Documentation

Dear Sir / Madam

Please find attached the 2025 Statutory Annual Report, Annual Shareholder Review and Annual General Meeting Documentation being sent to shareholders.

Yours faithfully

Matthew Rowe
Company Secretary

Authorised by the Company Secretary

ANNUAL REPORT

2025

Income, Capital Growth, Low Cost

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

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

Contents

Year in Summary

2025

Profit for the Year

$285.0m

$296.4m in 2024

Fully Franked Dividend Per Share

14.5¢ Final

5.0¢ Special

31.5¢ Total#

26 cents total in 2024

Total Portfolio Return

10.7% Including franking*

S&P/ASX 200 Accumulation Index including franking* 15.1%

Total Shareholder Return

8.2%

Share price plus dividend, including franking*

Management Expense Ratio

0.16%

0.15% in 2024

Total Portfolio

$10.5b

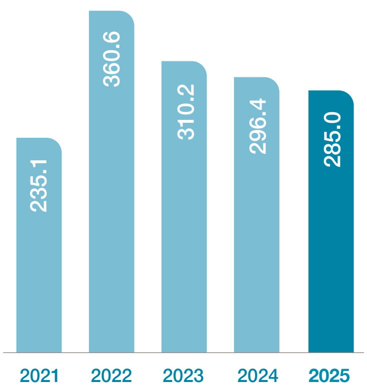
Including cash at 30 June. $9.9 billion in 2024

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

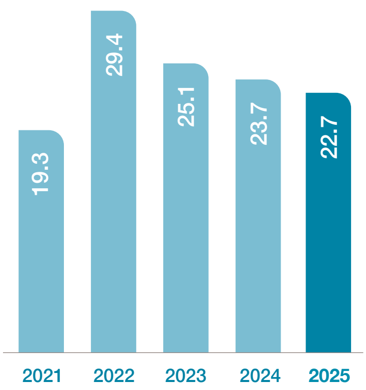
\# Includes 12.0 cent interim dividend.

5 Year Summary

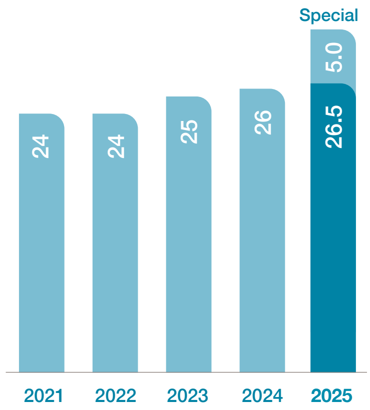
Net Profit After Tax ($ Million)



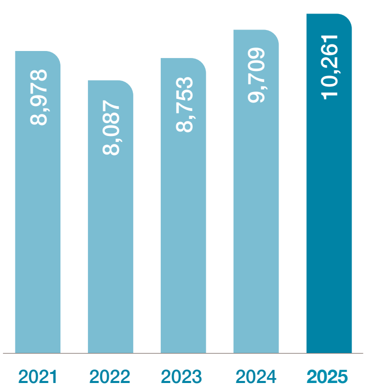
Net Profit Per Share (Cents)



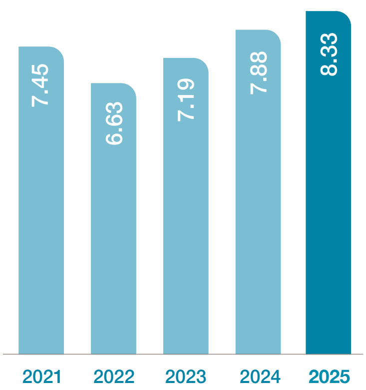
Dividends Per Share (Cents)[(a)]



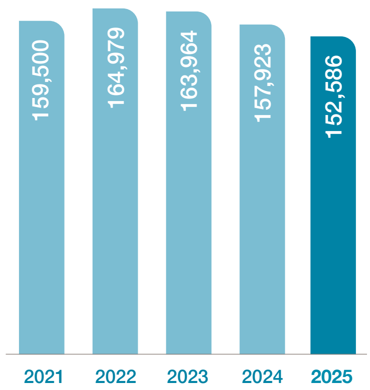
Investments at Market Value ($ Million)[(b)]



Net Asset Backing Per Share ($)[(c)]



Number of Shareholders (30 June)



Notes:

(a) All dividends were fully franked. The LIC attributable gain per share attached to the dividend (including the special dividend) was 2025: 27.86 cents; 2024: 6.43 cents; 2023: 10.0 cents; 2022: 14.29 cents; 2021: 4.29 cents.

(b) Excludes cash.

(c) 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

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

Investment Objectives

The Company's primary investment goals are:

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

How AFIC Invests – What We Look For in Companies

Quality First

Growth
Including dividends

Value

A portfolio that is managed to achieve long term capital and dividend growth

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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.
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 is being influenced by the development of climate related disclosures as required by Australian Corporate Legislation. Their 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 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 2025 this was 0.16 per cent, or 16 cents for each $100 invested.

* Data provided by ISS ESG. Portfolio at 30 June 2025.

Review of Operations and Activities

Profit and Dividend

The full year profit was $285.0 million, down from $296.4 million in the previous corresponding period. The decrease in the profit from last year was primarily due to lower dividends as bank holdings were trimmed. The management expense ratio remains low at 0.16 per cent with no additional fees. This is up marginally from 0.15 per cent last financial year.

Earnings per share for the financial year were 22.71 cents per share. The final dividend was maintained at 14.5 cents per share fully franked. A special dividend of 5.0 cents per share has also been declared. This reflects the significant amount of realised capital gains and franking credits generated from trimming our shareholding in Commonwealth Bank of Australia during the financial year.

Total fully franked dividends applicable for the year including the special dividend are 31.5 cents per share, an increase of 21.2 per cent from the previous financial year's total fully franked dividend of 26.0 cents per share.

The Board has elected to pay the entire final and special dividends from capital gains, on which the Group has paid or will pay tax. The amount of this pre-tax attributable gain, known as an 'LIC capital gain', equals 27.86 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details are on the dividend statements.

The amount of dividends in the future, including any special dividends, remains at the discretion of the Board and depends on the level of earnings, the amount of realised capital gains generated and the reserve of franking credits.

Market and Portfolio Performance

The S&P/ASX 200 Accumulation Index (not including the benefit of franking) rose 13.8 per cent in the financial year with sector returns widely dispersed. The best performing sectors were Banks, up 31.1 per cent, Communication Services, up 27.8 per cent, and Information Technology, up 24.2 per cent. Industrials, up 19.1 per cent, outperformed the broader Index and was significantly ahead of the Resources sector, which was down 3.7 per cent. Domestic economic conditions proved more resilient than originally expected, providing a supportive backdrop for Australian banks. A significant portion of the Bank sector's performance has come from a re-rating higher of valuation multiples and less from earnings growth. In the case of Commonwealth Bank of Australia, we now view the current valuation as extreme (Figure 3) and accordingly have been reducing our holding in recent months. Slowing growth of fixed asset investment in China weighed on the performance of the Resources sector. In addition to the Resources sector, other sectors to underperform the broader market return of 13.8 per cent included Energy (down 8.1 per cent) and Healthcare (down 4.6 per cent).

The portfolio, including the benefit of franking, returned 10.7 per cent, underperforming the S&P/ASX 200 Accumulation Index return of 15.1 per cent when franking is included. Strong returns came from our holdings in JB Hi-Fi, Wesfarmers, Coles Group, Computershare and Netwealth Group, which all materially outperformed the market. A drag on performance came from several quality companies that underperformed the market during the year. These included ARB Corporation, James Hardie Industries, CSL and Reece Limited. We still consider the long term prospects for these companies to remain strong. IDP Education, which has been a disappointing investment for us, also had a material negative impact on performance. Additionally, having no exposure to gold producers dragged on performance. The All-Ordinaries Gold Index was up 59.6 per cent during the year. Widespread uncertainty regarding the direction of global economic growth resulted in the perceived safe haven asset of gold performing well. Gold producers have historically shown a variable track record in maintaining production and increasing profitability over the medium to long term. On this basis, AFIC has not traditionally invested in this sector.

Positioning the Portfolio

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. Portfolio adjustments through the year are consistent with our focus of buying quality companies during times of bad news and trimming holdings when valuations reach extreme levels.

While we endeavour to hold companies for the long term, selling companies when we identify a significant deterioration in future growth prospects remains fundamental to meeting our long term investment objectives. We exited Mineral Resources, Ramsay Health Care and Domino's Pizza Enterprises. We are observing structural industry challenges for Domino's Pizza Enterprises and Ramsay Health Care, which are likely to weigh on the rate of earnings growth for both these companies in the foreseeable future. Competitive intensity has materially increased for both Mineral Resources and Domino's Pizza Enterprises, with the balance sheet for both companies fully geared in a tougher operating environment.

Figure 1: Key Sector Performance for the 12 Months to 30 June 2025

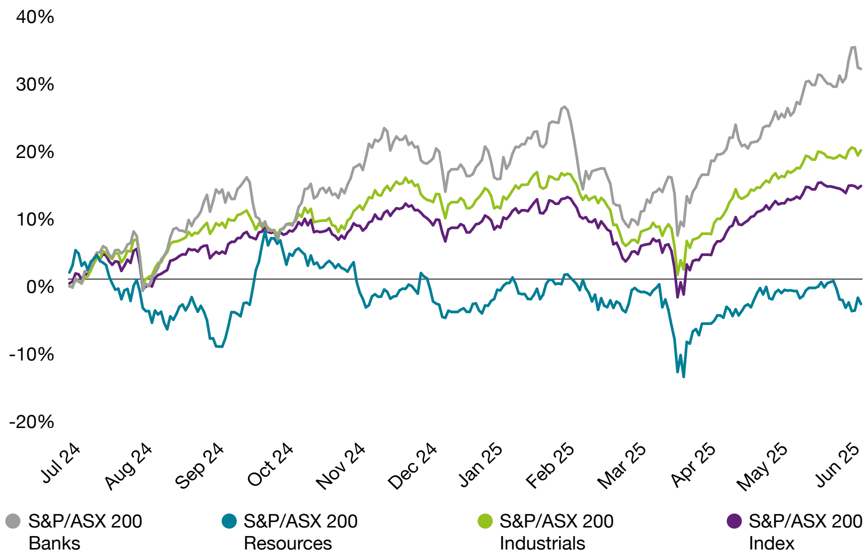
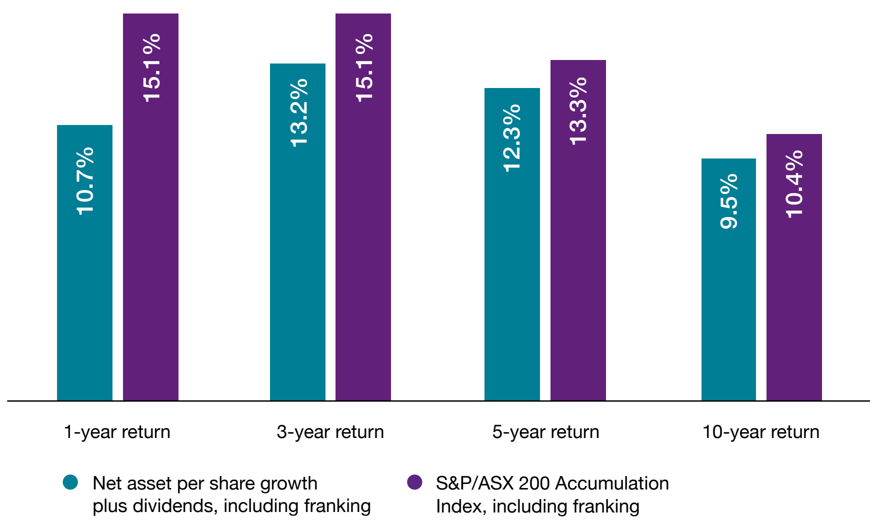


Figure 2: Portfolio Performance – Per Annum Returns to 30 June 2025



Includes the full benefit of franking credits.

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 immediately as dividends and is therefore not included in these performance figures. Past performance may not be indicative of future performance.

Review of Operations and Activities continued

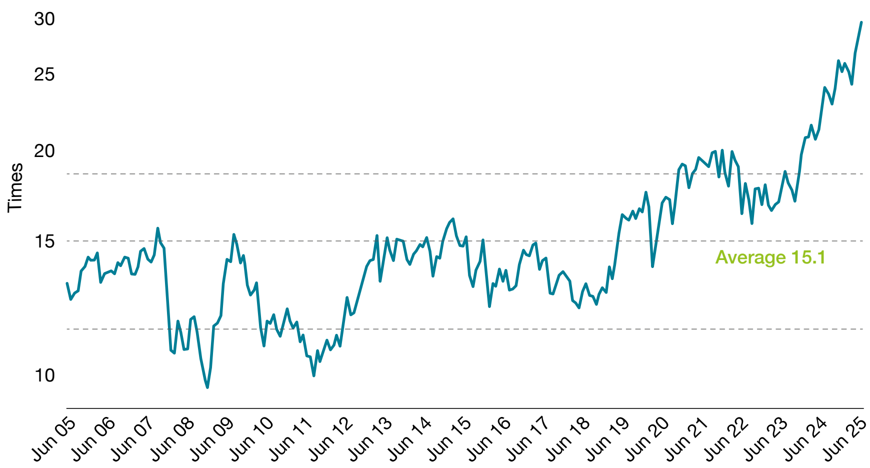
While the trimming of our shareholding in the Commonwealth Bank of Australia has weighed on returns given its ongoing strength in the market, we still consider our average sale price reflects a position where the shares were sold at a time when they were trading at extreme valuations (Figure 3).

The majority of purchases during the year were undertaken to increase weightings in existing holdings BHP, Goodman Group, ResMed, NEXTDC, WiseTech Global and Cochlear.

We initiated positions in BlueScope Steel, Sigma Healthcare, Telix Pharmaceuticals and Worley. BlueScope Steel is a cyclical company with operations predominantly in Australia and the United States. The company has a number of 'self-help' drivers beyond the cycle likely to deliver significant earnings growth over the medium term. These predominantly relate to capital investment into growth projects. Sigma Healthcare merged with Chemist Warehouse during the year. We took a small position pre-ACCC approval of the merger. We are wishing to make our holding significantly larger over time (at an appropriate valuation) given the strong market position and large market opportunity for Chemist Warehouse.

Telix Pharmaceuticals is predominantly focused on the diagnosis and treatment of prostate cancer. Telix Pharmaceuticals uses a targeting agent with a radioactive isotype concentrating radiation at the tumour site for either imaging or therapy. The technology is being widely adopted by industry practitioners resulting in strong earnings growth. The range of potential outcomes is widely dispersed; accordingly we elected to establish a small holding looking to increase our weighting should our conviction grow.

Figure 3: Commonwealth Bank of Australia Valuation – Price to Earnings Ratio



Source: FactSet

Figure 4: AFIC Investment by Sector Versus the S&P/ASX 200 Index as at 30 June 2025 – Excludes International Holdings

Worley is an engineering and professional services company operating in the energy, chemicals and resources end markets. Historically, Worley contracted on a fixed price lump sum basis, meaning earnings were highly cyclical dependent on the successful delivery of projects within budget. Demand for engineering services, particularly in the energy market, is growing strongly at a time when professional service firms have substantially consolidated. The result is more favourable contracting terms on a cost plus model materially reducing earnings risk.

International Portfolio

We have continued to manage the global portfolio (within the AFIC portfolio) over the period. This portfolio was first initiated in May 2021. Whilst significant preparatory work has been done for establishing a separate low-cost global investment company in the future, we are still considering the most appropriate next steps for this initiative. AFIC has invested a total of $103.5 million of shareholder capital in the global portfolio, which is valued at $168.1 million as at 30 June 2025. At current value, the global portfolio represents about 1.6 per cent of the overall AFIC portfolio.

AFIC's global portfolio returned 14.0 per cent for the financial year, an attractive return for shareholders although below our benchmark.

Gross returns in Australian dollars to 30 June 2025

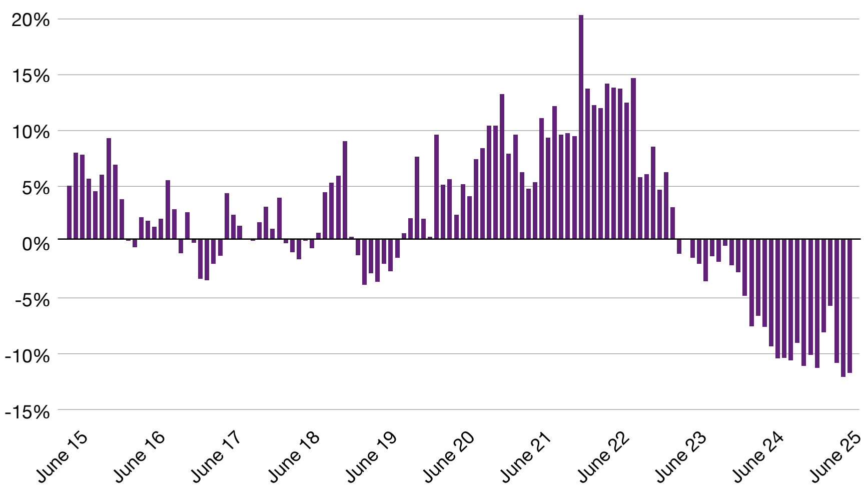
	1 Year % pa	3 Year % pa	Since Inception % pa
AFIC global portfolio	14.0	21.0	14.0
Benchmark	18.5	20.3	14.0
Differential	(4.5)	0.7	0.0

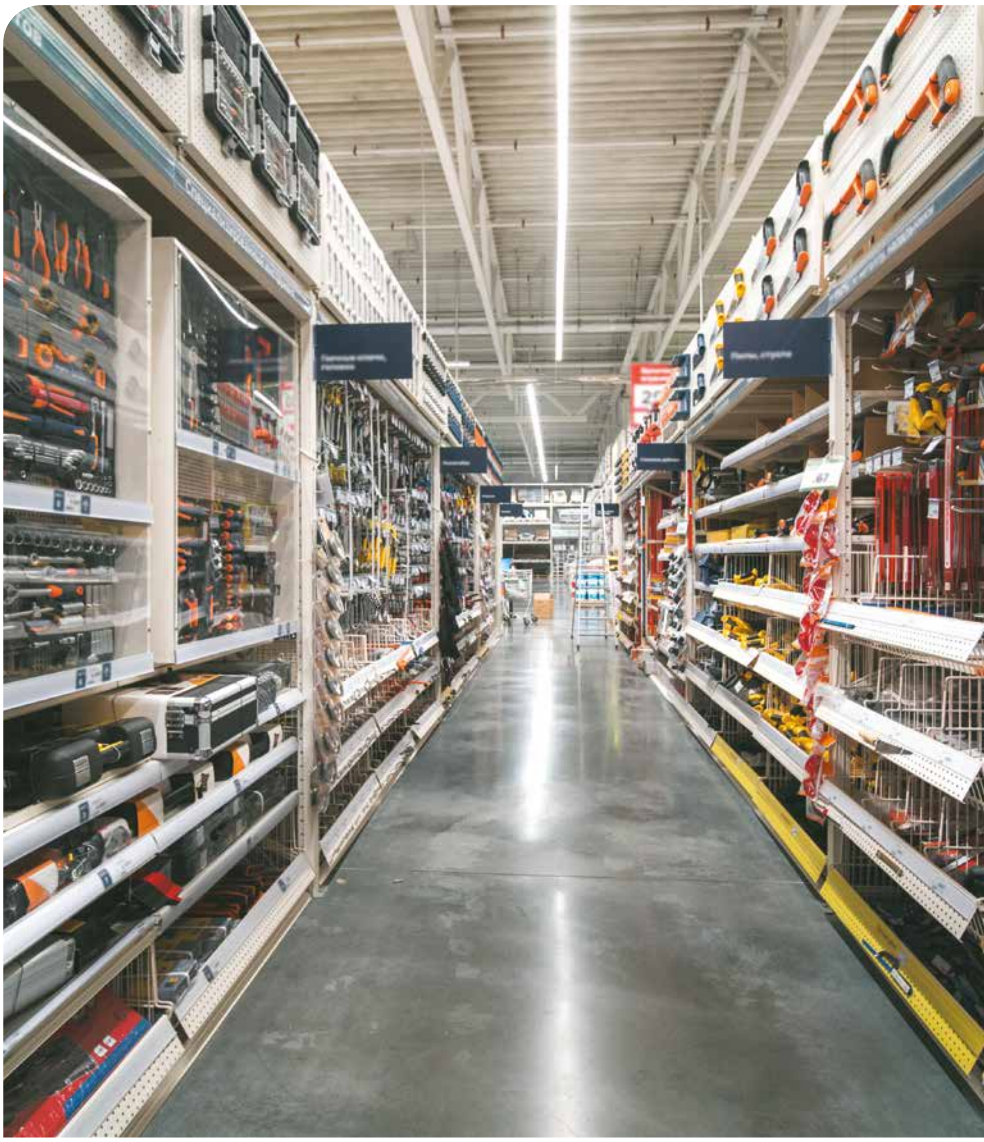
Source: Northern Trust.

Volatility stemming in part from changes to United States domestic and foreign policy resulted in a negative shift in sentiment towards a number of our holdings, although we continue to believe their characteristics and prospects will produce attractive risk adjusted returns for our shareholders over the long term.

During the year we established new positions in Expand Energy, Spotify, Haleon, Builders FirstSource and Zoetis. These investments were funded via trimming our Costco position and the complete exits of Cintas, UnitedHealth Group, Louis Vuitton, Estée Lauder and Nike. In addition, we switched our GLP1 exposure from Novo Nordisk into Eli Lilly. During the tariff induced sell off in April, we added to existing holdings at attractive prices including Nvidia, Freeport McMoRan, Halma and Marriott.

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





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Review of Operations and Activities continued

Share Price Return

Over the 12-month period the share price has moved from a discount of 9.3 per cent to the net asset backing of $7.88 per share at 30 June 2024 to a discount of 11.8 per cent to net asset backing of $8.33 per share at 30 June 2025 (Figure 5), Total share price return including franking was 8.2 per cent over the 12-month period.

As illustrated in Figure 5, the extent of this discount is unusual in the context of the historical trend. There appears to have been less demand for Listed Investment Companies across the industry as interest rate products have become more attractive. In an environment where the Index increases strongly, the share price of listed investment companies can also sometimes lag the market performance, with AFIC not immune from this trend.

The discount is not something that we can control in the short term, but we are very conscious of this issue. As a result, we have lifted our communication with brokers and financial planners, moved to weekly disclosure of the portfolio NTA and begun to buy back shares in an orderly fashion as and when opportunities arise. In total, approximately 9.0 million shares were bought back at a cost of approximately $66.3 million.

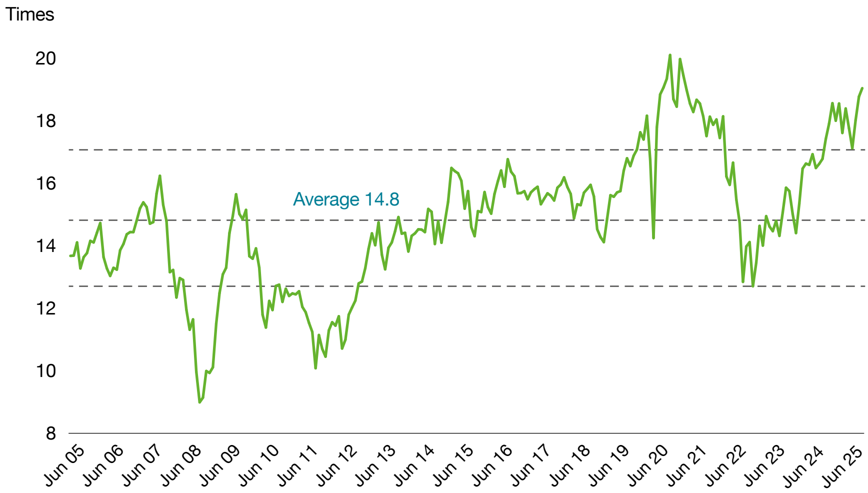
The way that AFIC shares are priced relative to the NTA will likely move from modest premiums to discounts over time, which is impacted by a range of factors such as the level of interest rates and the broader stock market, but we remain very focused on investing in quality companies that outperform the market over an extended period. This will ultimately drive our share price more than the shorter term vagaries of the market.

Outlook

Market conditions remain unpredictable with the outlook for economic growth uncertain, consumer confidence softening and the prospect for the employment market remaining highly uncertain.

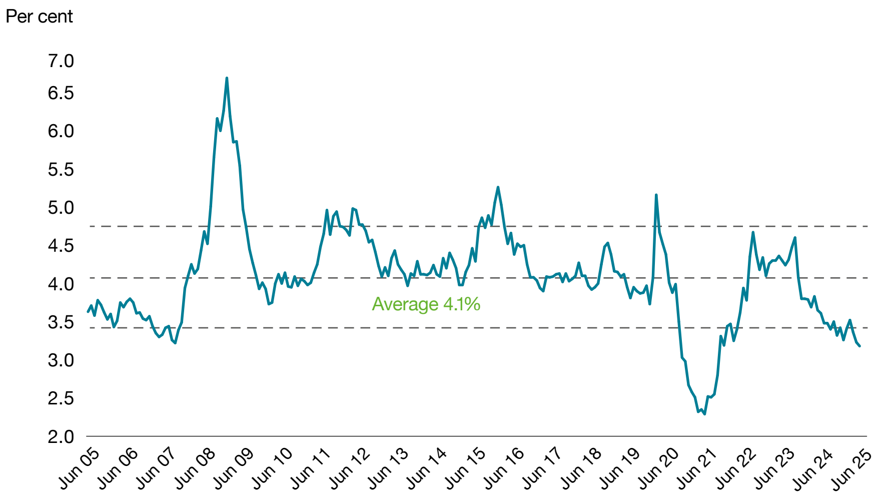
In this environment corporate earnings appear set to slow as revenue growth appears harder to achieve with many corporates now talking about cost out initiatives.

Figure 6: Valuation of the Market – Price to Earnings Ratio of the S&P/ASX 200 Index



Source: FactSet

Figure 7: Valuation of the Market – Dividend Yield of the S&P/ASX 200 Index



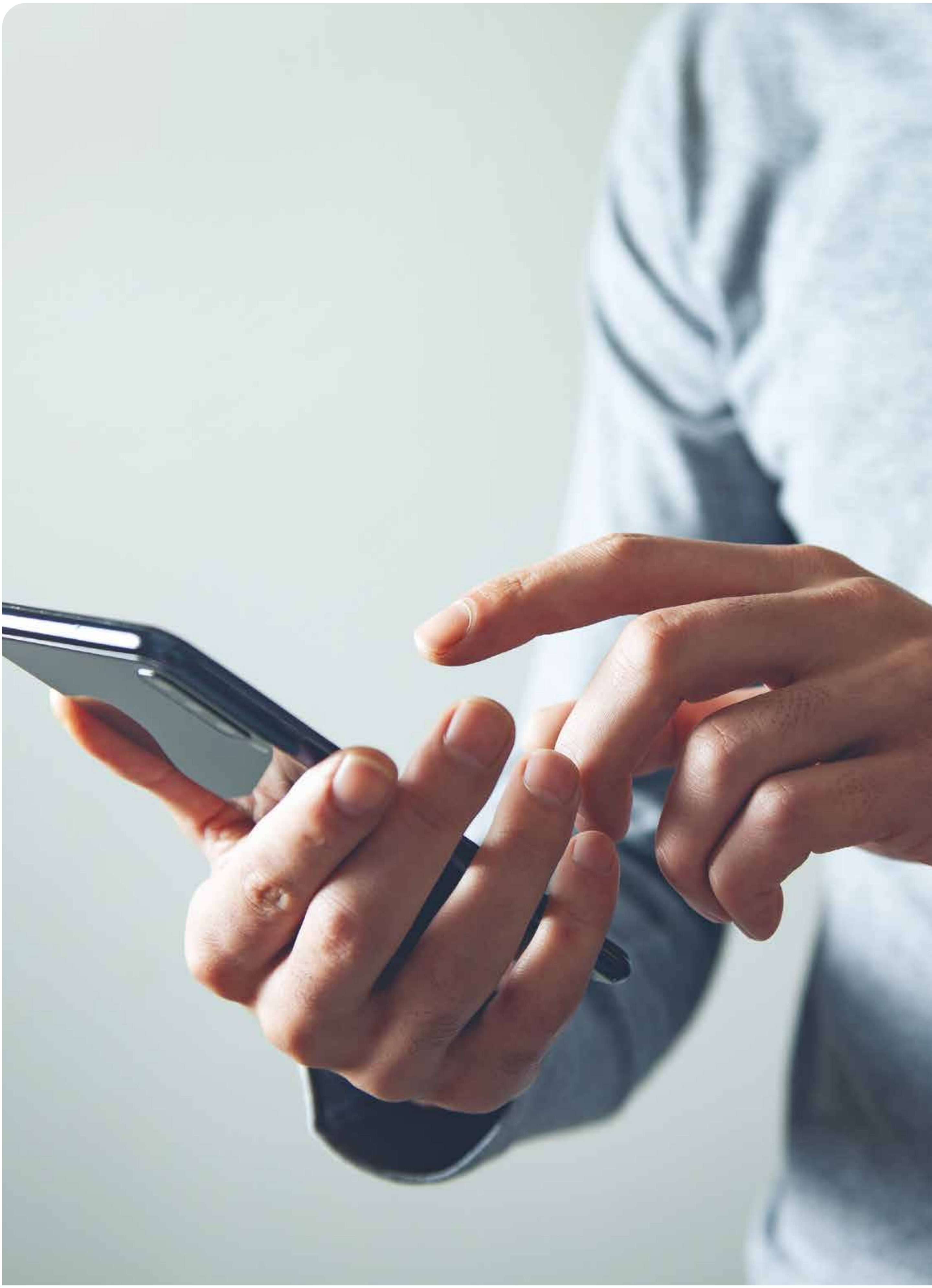
Source: FactSet

Valuations are trading above long term averages and at extreme levels for a number of companies (Figure 6). In this context the dividend yield for the market is also trading below the long term average as share prices have run strongly across the market (Figure 7).

The dispersion in market valuations between the winners and losers is also extremely wide and is likely to exacerbate volatility as we anticipate that the market's tolerance for earnings disappointment won't be high. Patient deployment of capital is required in times like these.

Finally, geopolitical factors remain highly relevant with the occurrence of ongoing conflicts and with politics, particularly out of the United States, driving sharp changes in market sentiment.

While we are aware of the volatile geopolitical environment, our focus continues to remain on the fundamentals of the companies we seek to invest in. 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.



Top 25 Investments

At 30 June 2025

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2025

		Total Value $ Million	% of the Portfolio
1	Commonwealth Bank of Australia	968.5	9.4
2	BHP	762.7	7.4
3	CSL	632.9	6.2
4	Macquarie Group	491.2	4.8
5	National Australia Bank	485.5	4.7
6	Wesfarmers	473.8	4.6
7	Westpac Banking Corporation	449.7	4.4
8	Goodman Group	394.6	3.8
9	Transurban Group	369.0	3.6
10	Telstra Group	305.7	3.0
11	ResMed	252.9	2.5
12	ANZ Group Holdings	216.2	2.1
13	CAR Group	212.9	2.1
14	James Hardie Industries*	211.4	2.1
15	Woolworths Group	207.4	2.0
16	Rio Tinto	199.5	1.9
17	Woodside Energy Group	192.9	1.9
18	Coles Group*	192.4	1.9
19	Xero	150.1	1.5
20	Mainfreight	149.6	1.5
21	Computershare	144.8	1.4
22	REA Group	138.8	1.4
23	ARB Corporation	138.2	1.3
24	Brambles	136.8	1.3
25	Amcor	136.6	1.3
Total		**8,014.0**	
As percentage of total portfolio value (excludes cash)			78.1%

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

Company Position

The following changes occurred to the Company' share capital during the year:

- Under the Company's Dividend Substitution Share Plan, 919,786 new shares were issued at nil cost in August 2024 and 763,944 new shares were issued at nil cost in February 2025.
- Under the Company's Dividend Reinvestment Plan, 5,461,382 new shares were issued at a price of $7.26 in August 2024 and 4,350,392 new shares were issued at a price of $7.40 in February 2025.

During the year the Company bought back shares through its on-market buy-back facility. A total of 9,007,117 shares for a total consideration of $66.3 million were bought back and cancelled.

The Company's contributed equity, net of share issue costs, rose $5.2 million to $3.2 billion. At the close of the year the Company had 1,254 million shares on issue.

Dividends

Directors have declared a fully franked final dividend of 14.5 cents per share and a special dividend of 5.0 cents per share, up from 14.5 cents last year.

The dividends paid during the year ended 30 June 2025 were as follows:

	$'000
Final dividend for the year ended 30 June 2024 of 14.5 cents fully franked at 30 per cent paid 30 August 2024	174,798
Interim dividend for the year ended 30 June 2025 of 12 cents per share fully franked at 30 per cent, paid 25 February 2025	144,717
	319,515

Dividend Substitution Share Plan (DSSP)

The Company has in place a Dividend Substitution Share Plan.

This enables shareholders to elect to receive shares in the Company instead of dividends, forgoing any franking credit and LIC gains that would otherwise be attached to the dividend but deferring any tax due on the receipt of such shares (for Australian tax payers) until such time as the shareholding is sold. Shareholders will need to seek their own taxation advice in determining if this plan is suitable for them.

Further details are available on the Company's website or by request from the Company's Share Registrar.

Financial Condition

The Company's primary source of funds consists of its shareholders' funds. The Company also had agreements with Commonwealth Bank of Australia and National Australia Bank for loan facilities totalling $100 million (see Note D2).

As at 30 June 2025, the facilities were drawn down by $10 million. The Board takes a prudent and conservative approach to the use of borrowed funds. Currently, when used, they are maintained within a limit of 10 per cent of total assets.

Listed Investment Company Capital Gains

Listed Investment Companies (LIC), which make capital gains on the sale of investments held for more than one year, are able to attach to their dividends an LIC capital gains amount, which some shareholders are able to use to claim a tax deduction. This is called an 'LIC capital gain attributable part'. The purpose of this is to put shareholders in Listed Investment Companies on a similar footing with holders of managed investment trusts with respect to capital gains tax on the sale of underlying investments.

Tax legislation sets out the definition of a 'Listed Investment Company', which AFIC satisfies. Furthermore, from time to time the Company sells securities out of the investment portfolio held for more than one year, which may result in capital gains being made and tax being paid. The Company is therefore on occasion in a position to be able to make available to shareholders a LIC capital gain attributable part with our dividends.

In respect of this year's final and special dividends of 19.5 cents per share for the year ended 30 June 2025, it carries with it a 27.9 cents per share LIC capital gain attributable part (2024: 6.4 cents). The amount which shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statements.

Likely Developments

The Company intends to continue investing on behalf of its shareholders as it has been doing since 1928. The results of these investment activities will depend upon the performance of the companies and securities in which we invest. Their performance in turn depends on many economic factors (macro, which include economic growth rates, inflation, interest rates, exchange rates and taxation levels, and micro, which includes industry economics and competitive behaviour) and their approach to, and management of, material Environmental, Social and Governance (ESG) risks.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities. However, the Company's focus is on paying stable to growing dividends over time and providing attractive total returns over the medium to long term.

Significant Changes in the State of Affairs

Directors are not aware of any other significant changes in the operations of the Company, or the environment in which it operates, that will adversely affect the results in subsequent years.

Events Since Balance Date

The Directors are not aware of any matter or circumstance not otherwise disclosed in the financial statements or the Directors' Report which has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

Environmental Regulations

The Company's operations are such that they are not directly materially affected by environmental regulations.

As an overseas listed issuer on the New Zealand Stock Exchange (NZX) that does not have a large presence in New Zealand, the Company is relying on the exemption in clause 6 of the Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024 in respect of the accounting period from 1 July 2024 to 30 June 2025. The effect of relying on the exemption is that for the accounting period ended 30 June 2025, the Company is not required to comply with climate reporting (including producing climate statements), assurance and record-keeping requirements imposed under part 7A of the *Financial Market Conduct Act 2013*. Whilst the Company does not currently produce climate statements, any future disclosures, including the proposed Australian mandatory climate-related financial disclosures, will be able to be accessed on the Company's website. This information is provided for the purposes of clause 7(1)(c) of the Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024.

Rounding of Amounts

The Company is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar.

Corporate Governance Statement

The Company's Corporate Governance Statement for the financial year ended 30 June 2025 will be found on the Company's website at: afi.com.au/corporate-governance.

As an overseas listed issuer on the New Zealand Stock Exchange (NZX), the Company is generally deemed to comply with the NZX Listing Rules provided that the Company remains listed on the ASX, complies with the ASX Listing Rules and provides the NZX with all the information and notices that it provides to the ASX.

Board Members

Craig Drummond

–

Chairman and Independent Non-Executive Director

BCom (Melb), SF FIN, FCA

Chairman of the Investment and Nomination Committees. Member of the Remuneration and Audit Committees. Non-Executive Chairman of the Company's subsidiary, Australian Investment Company Services Limited (AICS).

Mr Drummond was appointed to the Board in July 2021. He is Chairman of Transurban Co Ltd, Chairman of The Ian Potter Foundation and a Director of Ramsay Health Care Ltd. He was a Director of the Geelong Football Club from 2011 to 2024 and President of the Club from 2021 until the end of 2024.

Mr Drummond served as Chief Executive Officer of Medibank from July 2016 to May 2021. Prior to joining Medibank, he was Group Executive Finance and Strategy of National Australia Bank (NAB), and Chief Executive Officer and Country Head of Bank of America Merrill Lynch (Australia). He served as a Member of the Financial Regulator Assessment Authority from 2021 to 2023.

Earlier in his career, Mr Drummond worked in equity research at JBWere, and subsequently held roles including Chief Operating Officer, Chief Executive Officer and Executive Chairman of Goldman Sachs JBWere.

Mark Freeman

–

Managing Director

BE, MBA, Grad Dip App Fin (Sec Inst), AMP (INSEAD)

Member of the Investment and Nomination Committees. Managing Director of the Company's subsidiary, Australian Investment Company Services Limited (AICS).

Mr Freeman became Chief Executive Officer and Managing Director in January 2018 having been Chief Investment Officer since joining the Company in February 2007. Prior to this he was a Partner with Goldman Sachs JBWere where he spent 12 years advising the investment companies on their investment and dealing activities. He has a deep knowledge and experience of investment markets and the Company's approaches, policies and processes. He is also Managing Director of Djerriwarrh Investments Limited, Mirrabooka Investments Limited and AMCIL Limited.

Rebecca Dee-Bradbury

–

Independent Non-Executive Director

BBus, GAICD

Member of the Investment, Remuneration and Nomination Committees.

Ms Dee-Bradbury was appointed to the Board in May 2019. Ms Dee-Bradbury is a Non-Executive Director at BlueScope Steel Limited (appointed April 2014), a Director of Energy Australia Holdings following her appointment in April 2017 and a member of Chief Executive Women.

Ms Dee-Bradbury was previously Non-Executive Director of Bapcor Limited, Chief Executive Officer/ President of Developed Markets (Asia Pacific and ANZ) for Mondelez from 2010 to 2014. Before joining Mondelez, Ms Dee-Bradbury was Group CEO of the global Barbeques Galore group and has held other senior executive roles in organisations including Maxxium, Burger King Corporation and Lion Nathan/Pepsi Cola Bottlers.

Julie Fahey

–

Independent Non-Executive Director

BAS

Chairman of the Audit Committee and member of the Investment and Nomination Committees.

Ms Fahey was appointed to the Board in April 2021. She has over 30 years of experience in technology, including in major organisations such as Western Mining, Exxon, Roy Morgan, General Motors and SAP, covering consulting, software vendor and Chief Information Officer roles. In addition to her industry experience, she spent 10 years at KPMG as a partner with the firm, during which time she held roles as National Lead Partner Telecommunications, Media and Technology, and National Managing Partner – Markets. She was also a member of the KPMG National Executive Committee.

Ms Fahey is a Non-Executive Director of Datacom and a member of the Australian Red Cross LifeBlood board. She was formerly a Non-Executive Director of IRESS Limited, Seek Limited, Vocus, Partnerslife and Cenitex and formerly a member of the Latrobe University Council.

Katie Hudson

–

Independent Non-Executive Director

BCom (Melb)

Member of the Audit and Nomination Committees.

Ms Hudson was appointed to the Board in January 2024. She has more than 25 years of experience in investment markets, including roles as an equities research analyst, head of research and portfolio manager.

Ms Hudson is currently a portfolio manager for Yarra Capital Management focused on the small and mid cap universe and, in addition, serves as Yarra Capital's Head of Australian Equities Research. Prior to transitioning to Yarra Capital Management, she was a managing director at Goldman Sachs Asset Management and has previously worked as an equities analyst and partner at JBWere. Prior to this she spent seven years at PwC, where she was a senior manager primarily focused on mergers and acquisitions advisory and transaction support.

Ms Hudson is currently a Director of Yarra Capital Management and the Hawthorn Football Club.

Graeme R Liebelt

–

Independent Non-Executive Director

BEc (Hons), FAICD*Life*, FTSE

Chairman of the Remuneration Committee and member of the Investment and Nomination Committees.

Mr Liebelt was appointed to the Board in June 2012. He is Chairman of Amcor Limited. He is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Life Fellow of the Australian Institute of Company Directors. He was formerly Director of Australia and New Zealand Banking Group Limited, Chairman and Director of DuluxGroup Limited, a Director of Carey Baptist Grammar School, Chairman and Director of the Global Foundation, Deputy Chairman of Melbourne Business School and Managing Director and CEO of Orica Limited.

Richard Murray

–

Independent Non-Executive Director

B.Comm, Grad.Dip. Applied Finance and Investment, FCA

Member of the Nomination Committee.

Mr Murray was appointed to the Board in January 2024.

Mr Murray has over 30 years' experience in the retail industry, assurance and advisory services and listed public companies. His most recent executive experience includes CEO of Total Tools Holdings and CEO Premier Retail and Executive Director of Premier Investments.

Prior to his role at Premier Investments, he was the Group Chief Executive Officer from 2014 to 2021 and Executive Director of JB Hi-Fi, the major electronic and white-goods retailer. He had an 18-year career at JB Hi-Fi, commencing in 2003, initially as Chief Financial Officer, taking the business through the IPO process. Prior to that he had roles for 10 years in the Corporate Finance and Assurance and Advisory practices at Deloitte.

Mr Murray holds a Bachelor of Commerce degree from Melbourne University, a Graduate Diploma in Applied Finance and Investment and is a qualified Chartered Accountant.

David A Peever

–

Independent Non-Executive Director

BEc MSC (Mineral Economics)

Member of the Audit, Investment and Nomination Committees. Non-Executive Director of the Company's subsidiary, Australian Investment Company Services Limited (AICS).

Mr Peever was appointed to the Board in November 2013. He was Managing Director of Rio Tinto Australia from 2009 to 2014. He is Chairman of Brisbane Airport Group Pty Ltd. He chaired the Minister of Defence's First Principles Review of Defence and following the acceptance of the review by Government was Chair of the Oversight Board, which helped guide implementation (with Defence) of the Review's recommendations.

Mr Peever was a Non-Executive Chairman of Naval Group Australia, a former member of the Foreign Investment Review Board, a former Chair of Cricket Australia and a former Director of the Stars Foundation, a not for profit body which promotes education of Indigenous girls and also a former Vice Chairman of the Minerals Council of Australia and was a Director of the Business Council of Australia.

Board Members continued

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2025 and the numbers of meetings attended by each Director were:

	Board		Investment		Audit		Remuneration		Nomination	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
CM Drummond	8	8	13	13	4	4	2	2	2	2
RM Freeman	8	8	13	13	–	4#	–	2#	2	2
RP Dee-Bradbury	8	8	13	13	–	4#	2	1	2	2
JA Fahey	8	8	13	9	4	4	–	2#	2	2
KM Hudson	8	8	–	12#	4	4	–	–	2	2
GR Liebelt	8	8	13	13	–	4#	2	2	2	2
RL Murray	8	8	–	11#	–	2#	–	–	2	2
DA Peever	8	8	13	12	4	4	–	2#	2	2

Attended meetings as non-members.

Insurance of Directors and Officers

During the financial year, the Company paid insurance premiums to insure the Directors and officers named in this report to the extent allowable by law. The terms of the insurance contract preclude disclosure of further details.

Senior Executives

Andrew JB Porter

–

Chief Financial Officer/ Company Secretary

MA (Hons) (St And), FCA, MAICD

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 30 years' experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston, and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is a Director of the Auditing and Assurance Standards Board (AUASB) and a Director of the Anglican Foundation. Mr Porter is a former Chair of The Group of 100 (G100), the peak body for CFOs.

Geoffrey N Driver

–

General Manager Business Development and Investor Relations

B Ec, Grad Dip Finance, MAICD

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations. Mr Driver was formerly Chairman of Trust for Nature (Victoria).

Matthew J Rowe

–

Company Secretary

BA (Hons), MSc Corp Gov, FGIA, FCG

Mr Rowe joined the Company in July 2016. He is a Chartered Secretary with over 18 years of experience in corporate governance with a particular focus in Listed Investment Companies. He was previously a corporate governance adviser at a professional services firm, which included acting as Company Secretary for three ASX listed companies. Prior to that he was the Company Secretarial Manager for a funds management company based in the United Kingdom.

Remuneration Report

Contents

The Directors present AFIC's 2025 Remuneration Report, which outlines key aspects of our remuneration policy and remuneration awarded this year.

Note on Incentives

The Remuneration Committee uses a range of performance measures to inform their deliberations. Whilst the Incentive Plan is termed the 'annual' Incentive Plan, the performance measures used cover one, three, five and 10 years. The plan is therefore a mixture of short and long term incentives. The Remuneration Committee considers the various measures holistically to make a determination on the progress of AFIC (and the other LICs) in meeting their defined investment goals.

Awards under the Incentive Plan are paid in cash. Executives are required to use 25 per cent of the pre-tax amount of any incentive that vests to purchase shares in AFIC and/or the other LICs (see below). Executives are expected to build over time and maintain an appropriate holding not only in AFIC shares, but also in shares in the other LICs to which the Executives provide service.

Note on AFIC's Proportion of the Costs Detailed in the Remuneration Report

The Remuneration Report is required to show the salary and incentives that the Group Executives receive. It does not accurately reflect the actual cost to AFIC shareholders of this remuneration as the other companies that the Executives provide services to (Djerriwarrh Investments Ltd, Mirrabooka Investments Ltd and AMCIL Ltd, collectively 'the LICs) pay for a proportion of these costs.

The total remuneration shown in Table 3 is $3.6 million.

Of this, 45 per cent (or $1.6 million) is or will be paid for by the other LICs, through the service agreements with AFIC's subsidiary, Australian Investment Company Services Ltd (AICS).

Therefore, 55 per cent, or $2.0 million, will be borne by AFIC and its shareholders.

The report is structured as follows:

1. Remuneration Policy, Link to Performance and Outcomes
2. Structure of Remuneration
3. Contract Terms
4. Non-Executive Director Remuneration

Appendix

A. Remuneration Governance

B. Annual Incentives: Details of Outcomes and Conditions

C. Directors and Executives: Equity Holdings and Other Transactions

D. Potential Clawback of Incentives

E. Detailed Performance Measures by Investment Company

1. Remuneration Policy, Link to Performance and Outcomes

1.1 What is our Remuneration Policy?

AFIC is an investor in securities which are listed mainly in Australia and New Zealand. Our primary investment goals are to ‘provide attractive total returns over the medium to long term and to pay a stable to growing dividend over time’.

To achieve this we need to attract and retain professional, competent and highly motivated executives and staff through offering attractive remuneration arrangements, which:

- reflect market conditions;
- recognise the skills, experience, roles and responsibilities of the individuals;
- align with shareholder interests; and
- align with the risk management strategies.

Generally, we seek to set total remuneration above the median level of the sectors in which we operate.

Remuneration for the Group’s executives has two main elements:

- fixed annual remuneration (FAR); and
- performance-related pay (Incentive Plan).

FAR is determined with reference to levels necessary to recruit and retain staff with the relevant skills and experience in the industry in which the Group operates. We utilise external input, seeking to ensure that the FAR meets these reference levels. This includes industry data provided by the Financial Institutions Remuneration Group Inc. (FIRG) for the financial services industry. The costs of the FAR (and the personal element of the Incentive Plan) are allocated to the LICs based on an internal estimate of work performed which is subject to Board approval.

Through performance-related pay, the remuneration is adjusted to reflect the risks that the Company and its shareholders face and how the Company has responded to those risks. In particular:

- the key performance indicators chosen to determine performance-related pay are those that the Company considers most relevant to its objectives of improving shareholder wealth over the medium to long term, whilst also considering the relative levels of risk;
- the focus is on performance over the medium to long term. A smaller proportion of the Incentive Plan is based on investment returns over the most recent year’s performance; and
- executives agree to invest 25 per cent of the pre-tax annual cash incentive in AFIC shares and/or shares of the other investment companies that AICS currently or will in the future provide services to and to hold these shares for a minimum of four years.

Remuneration Report continued

1.2 What is Our Target Remuneration Mix?

The target remuneration mix for executives is as follows:

Managing Director's Target Remuneration Mix

- Fixed annual remuneration **50%**
- Annual incentive **50%**

Other Executives' Target Remuneration Mix

- Fixed annual remuneration **67%**
- Annual incentive **33%**

1.3 How is the Remuneration Paid in 2025 Linked to Performance?

1.3.1 Fixed Remuneration

Most executives received increases in their fixed annual remuneration this year. AFIC continues to operate in a highly competitive market, and salary levels are reviewed at least annually. The Company aims to attract and retain executives who are extremely competent and highly motivated.

Performance-related Pay

This section shows how Incentive measurements are split between AFIC and the other investment companies.

	%	Result
AFIC investment performance	32	Table 2
AFIC other metrics	8	Table 1
Percentage of incentive determined by AFIC performance	**40**	
Other LIC investment performance	28	Table 9
Other LIC other metrics	12	Table 9
Percentage of incentive determined by other LIC performance	**40**	
Total percentage of Incentive determined by AFIC/Other LIC performance	80	
Personal metrics	20	N/A
	100	

See Section 2 for more details on the measures used in determining the annual incentives.

Commentary

The Banks Index continued to outperform during the year ended 30 June 2025, up another 31.1 per cent, whilst the S&P/ASX Gold Index was up 59.6 per cent. These are both areas of the market where AFIC is underweight, and this contributed, amongst other factors, to AFIC underperforming the S&P/ASX 200 during the year. This underperformance has had an effect on longer-term performance, with AFIC falling below the benchmarks for three, five and 10 years, and on the risk/reward measure. This underperformance has been reflected in the remuneration figures shown in Table 3. As noted above, not all of the incentive payment is based on AFIC's performance – 60 per cent of the Incentive Plan is based on personal KPIs and on the performance of the other LICs. The incentive paid based on the performance of the other LICs is charged to those LICs and is not borne by AFIC.

It should be noted that many returns quoted by managed funds exclude either tax or expenses, or both. The use of 'grossed-up returns' mitigates the tax disparity to some extent, as it adds back franking credits to the nominal dividend that the Index pays, and also that AFIC pays. The extent to which franking credits are retained by the Company, particularly from capital gains, will be a drag on the stated performance and are only reflected in performance when the Board elects to pay them out, whilst being mindful of the need to preserve a suitable reserve of franking credits to meet future dividends.

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For the other LICs, AMCIL also underperformed on its performance measures, although the returns measured from the beginning of 2023 when there was a limited restructure continue to be favourable, but this recent improvement is not reflected fully in the measures used. Mirrabooka outperformed on all of its longer term investment targets, in several cases very strongly, despite underperforming on a one-year basis.

AMCIL's MER remained constant at 0.56 per cent whilst Mirrabooka's MER fell from 0.56 per cent to 0.54 per cent.

Djerriwarrh also underperformed on its performance measures. However, a significant element of Djerriwarrh's value proposition is its ability to pay a fully franked dividend yield higher than that obtainable from the broader market. This has continued during the current year, and Djerriwarrh has increased its dividend each year since 2021. Djerriwarrh's MER increased during the year, partly due to reduced gearing (which also explains part of Djerriwarrh's underperformance) and also due to a reduced profit from its associated entity, AICS.

The MER for AFIC has increased slightly in the year from 0.15 per cent to 0.16 per cent, but still remains comfortably within the targets that the Board has set, and which it believes still represents excellent value for shareholders, noting the additional expense (including additional headcount) being incurred whilst the international portfolio is being trialled.

Earnings growth for AFIC has been subdued in an environment where the dividend income from many companies that constitute the S&P/ASX 200 has been reducing, particularly from previously large dividend payers such as BHP. Despite this, AFIC has been able to increase its dividend over each of the last three years.

Detailed information about the performance of each investment company is provided in Section E of the Appendix.

Table 1: Non-investment Return Performance Measures

Performance Measure	Benchmark Result	AFIC Result	Comparison to Benchmark
Growth in net operating result	Est. CPI over 5 years: 3.8%	2.7%	Unfavourable ●
Management expense ratio	n/a*	0.16%	Favourable ●

Outcome: ● Achieved ● Partially achieved ● Not achieved

Table 2: Investment Return Performance Measures^

Measure	Benchmark Result	AFIC Result	Comparison to Benchmark
Investment return – 1 year	13.8%	10.9%	Unfavourable ●
Investment return – 3 years	13.6%	12.6%	Unfavourable ●
Investment return – 5 years	11.9%	11.6%	In line ●
Investment return – 10 years	8.9%	8.4%	Unfavourable ●
Grossed-up return – 1 year	15.1%	10.7%	Unfavourable ●
Grossed-up return – 3 years	15.1%	13.2%	Unfavourable ●
Grossed-up return – 5 years	13.3%	12.3%	Unfavourable ●
Grossed-up return – 10 years	10.4%	9.5%	Unfavourable ●
Risk/Reward – 5 years	0.96	0.87	Unfavourable ●

Outcome: ● Achieved ● Partially achieved ● Not achieved

* Favourable to Board-established targets and external benchmarks – see above.

^ See Table 7. Note that investment return figures exclude expenses and tax, and the latter in particular can have a meaningful impact on the grossed-up returns as these tax figures are only included when paid out as dividends. This explains in part the disparity in the differential to the benchmark between the two measures utilised.

Remuneration Report continued

1.3.2 Remuneration Outcomes

The below table discloses the actual remuneration outcomes received by the Company's executives during the year.

Table 3: Actual Executive Remuneration Outcomes

	Short Term	Post-employment							
	Base Salary $	Superannuation $	Total FAR $	Annual Incentive $	Total Remuneration $	Fixed/ Performance-related %	Total Borne by AFIC $	Total Borne by Other LICs $	Incentive Forfeited $
Mark Freeman – Managing Director									
2025	**943,900**	**30,000**	**973,900**	**439,716**	**1,413,616**	**69%/31%**	**753,214**	**660,402**	**(534,184)**
2024	913,500	27,500	941,000	771,714	1,712,714	55%/45%	946,458	766,256	(169,286)
Andrew Porter – Chief Financial Officer									
2025	**758,000**	**30,000**	**788,000**	**177,891**	**965,891**	**82%/18%**	**549,000**	**416,891**	**(216,109)**
2024	732,500	27,500	760,000	309,738	1,069,738	71%/29%	616,626	453,112	(70,262)
Geoff Driver – General Manager – Business Development and Investor Relations									
2025	**608,800**	**30,000**	**638,800**	**144,209**	**783,009**	**82%/18%**	**445,052**	**337,957**	**(175,191)**
2024	591,500	27,500	619,000	252,273	871,273	71%/29%	502,226	369,047	(57,227)
Matthew Rowe – Company Secretary									
2025	**334,100**	**30,000**	**364,100**	**82,196**	**446,296**	**82%/18%**	**253,668**	**192,628**	**(99,854)**
2024	316,967	27,500	344,467	140,387	484,854	71%/29%	279,483	205,371	(31,846)

The value of incentive forfeited is the difference between the target amount and the amount awarded. See Table 6.

Information about Non-Executive Director remuneration is provided in Section 4 Non-Executive Director Remuneration.

2. Structure of Remuneration

2.1 Fixed Annual Remuneration (FAR)

The FAR component of an executive's remuneration comprises base salary, superannuation guarantee contributions and fringe benefits. Executives can elect to receive a portion of their FAR in the form of additional superannuation contributions or fringe benefits. This will not affect the gross amount payable by the Group.

2.2 Incentive Plan

The table below outlines the key terms and conditions of the Incentive Plan.

Table 4: Annual Incentives – Key Terms and Conditions

	MD	**Other Execs**
Targeted per cent of FAR	100 per cent	50 per cent
Objectives	Align remuneration with the creation of shareholder wealth. Measures reflect the management of the Group and the other investment companies, as well as the key investment returns that reflect the creation of shareholder wealth.	
Performance measures	Company performance (20 per cent); investment performance (60 per cent); personal objectives (20 per cent)	
Relative weightings of investment companies for investment and Company-related performance	AFIC: 40 per cent Djerriwarrh Investments Limited: 16 per cent AMCIL Limited: 12 per cent Mirrabooka Investments Limited: 12 per cent Personal objectives: 20 per cent (allocated on same basis as FAR)	
Delivery of award	Incentive is paid in cash, but 25 per cent of the pre-tax amount received is used by recipients to acquire shares in AFIC and/or the other investment companies which they agree to hold for minimum of four years.	
Performance measured in 2025	See Tables 1 and 2 for AFIC. Mirrabooka outperformed on most measures, Djerriwarrh outperformed on yield. AMCIL underperformed.	
Outcomes for 2025 (see Table 6 for details)	45 per cent	Average 45 per cent

The performance measures of the Incentive Plan are reviewed by the Remuneration Committee. The Committee may, from time to time, revise the performance conditions and weightings in order to better meet the objectives of the annual incentive policies. It may also change or suspend any part of the incentive payment arrangements. If relevant targets are not achieved but performance is close to the target, some of the incentive may be paid. This would be noted as 'partially achieved' or 'in line' in Table 2. Where stretch levels of performance are achieved above target, then higher amounts may be paid at the discretion of the Board. To date, total annual incentives paid to each executive have never exceeded target.

For more detailed information about the annual incentive performance conditions and outcomes for 2025, please refer to Appendix B Annual Incentives: Details of Outcomes and Conditions.

Remuneration Report continued

3. Contract Terms

Each executive is employed under an open-ended contract, the terms of which can be varied by mutual agreement. There are no contractual provisions for cessation of employment other than statutory requirements. Either the Company or the executive can give notice in accordance with statutory requirements. There are no specific payments to be made as a consequence of termination beyond those required by statute. Should there be any payments, these will be at the Board's discretion.

Material breaches of the terms of employment will normally result in the termination of an executive's employment.

4. Non-Executive Director Remuneration

Shareholders approve the maximum aggregate amount of remuneration per year available to be allocated between Non-Executive Directors (NEDs). In proposing the amount for consideration by shareholders, the Remuneration Committee takes into account the time demands made on Directors together with such factors as the general level of fees paid to Australian corporate directors.

For NEDs, who are charged with the responsibility of oversight of the Company's activities, a fixed annual fee is paid with no element of performance-related pay.

The amount approved at the AGM in October 2019 was $1,250,000 per annum, which is the maximum amount that may be paid in total to all NEDs.

On appointment, the Company enters into a deed of access and indemnity with each NED. There are no termination payments due at the cessation of office, and any Director may retire or resign from the Board, or be removed by a resolution of shareholders.

The amounts paid to each NED, and the figures for the corresponding period, are set out below. The Board has decided to hold Directors' fees unchanged for the 2025/26 year.

Table 5: Non-Executive Director Remuneration

	Primary (Fee/Base Salary) $	Post-employment (Superannuation) $	Total Remuneration $
CM Drummond – Chairman (appointed Chairman 3 October 2023)			
2025	**196,413**	**22,587**	**219,000**
2024	167,905	18,470	186,375
J Paterson – Chairman (retired 3 October 2023)			
2024	49,537	5,449	54,986
RP Dee-Bradbury – Non-Executive Director			
2025	**98,386**	**11,314**	**109,700**
2024	95,946	10,554	106,500
JA Fahey – Non-Executive Director			
2025	**98,386**	**11,314**	**109,700**
2024	95,946	10,554	106,500
KM Hudson – Non-Executive Director (appointed 1 January 2024)			
2025	**106,871**	**2,829**	**109,700**
2024	47,973	5,277	53,250
GR Liebelt – Non-Executive Director			
2025	**106,871**	**2,829**	**109,700**
2024	103,861	2,639	106,500
RL Murray – Non-Executive Director (appointed 22 January 2024)			
2025	**98,386**	**11,314**	**109,700**
2024	42,438	4,668	47,106
DA Peever – Non-Executive Director			
2025	**98,386**	**11,314**	**109,700**
2024	95,946	10,554	106,500
CM Walter AM – Non-Executive Director (retired 3 October 2023)			
2024	24,769	2,725	27,494
Total remuneration of Non-Executive Directors			
2025	**803,699**	**73,501**	**877,200**
2024	**724,321**	**70,890**	**795,211**

Remuneration Report continued

Appendix

A. Remuneration Governance

Responsibilities of the Board and the Remuneration Committee

It is the Board's responsibility to review and approve the recommendations of the Remuneration Committee.

For more information, the Charter of the Board is available on the Company's website.

The Remuneration Committee's primary responsibilities include:

- reviewing the level of fees for NEDs and the Chairman;
- reviewing the Managing Director's remuneration arrangements;
- evaluating the Managing Director's performance;
- reviewing the remuneration arrangements for other senior executives;
- monitoring legislative developments with regards to executive remuneration; and
- monitoring the Group's compliance with requirements in this area.

For more information, the Charter of the Remuneration Committee is available on the Company's website.

The Remuneration Committee is composed of three NEDs (GR Liebelt (Chairman), CM Drummond and RP Dee-Bradbury) and meets at least twice per year.

Policy on Hedging

The Company provides no lending or leveraging arrangements to its executives, who are prohibited by Company policy from entering hedging arrangements that mitigate the possibility that 'at risk' incentive payments may not vest.

Use of Remuneration Consultants

The Managing Director makes recommendations to the Remuneration Committee with regards to the remuneration levels and structure of the KMP. The Company has not engaged a remuneration adviser in the last two years.

The Company also participates in the annual FIRG survey of fund managers to understand current remuneration levels and practices.

B. Annual Incentives: Details of Outcomes and Conditions

Table 6 below shows the annual incentives paid to individual executives as a result of AFIC's and the other investment companies' performance on financial metrics and the individual's achievement of their own personal objectives. Table 7 sets out the detailed terms and conditions of the annual incentives.

Table 6: Annual Incentive Outcomes

Executive	% of Target Paid	$ Paid	% of Target Forfeited	$ Forfeited
Mark Freeman	45%	$439,716	55%	$534,184
Andrew Porter	45%	$177,891	55%	$216,109
Geoff Driver	45%	$144,209	55%	$175,191
Matthew Rowe	45%	$82,196	55%	$99,854

Table 7: Executive Annual Incentive Performance Conditions

Performance Areas and Relative Weighting	Performance Measures	Purpose of Measure
Company performance (20 per cent) The relevant weightings of the investment companies are: • AFIC: 50 per cent • Djerriwarrh Investments Limited: 20 per cent • AMCIL Limited: 15 per cent • Mirrabooka Investments Limited: 15 per cent	• Operating result and dividend growth – measured over five years against CPI. • Management expense ratio (MER): at Board discretion, generally measured against prior years' results. • Dividend yield (DJW only).	• Net operating result reflects the ability of the Company to meet its dividend objectives. The dividends of both MIR and AMH vary from year to year and are not a key objective for those companies. • MER reflects the costs of running the Company. • Maintaining a dividend yield above the market's is an important object for DJW.
Investment performance (60 per cent) The relevant weightings of the investment companies are: • AFIC: 50 per cent • Djerriwarrh Investments Limited: 20 per cent • AMCIL Limited: 15 per cent • Mirrabooka Investments Limited: 15 per cent	• Relative investment return: measure of the return on the portfolio invested (including cash) over the previous one, three, five and 10 years, relative to the S&P/ASX 200 Accumulation Index (Combined Mid Cap 50 and Small Ordinaries for Mirrabooka and a modified S&P/ASX 200 Accumulation Index for Djerriwarrh). • Risk/Reward – measure of the return that AFIC's portfolio generates as a ratio of the volatility risk that such a portfolio incurs. • Grossed-up return (GR): measure of the movement in the net asset backing of the Company (per share) plus the dividends assumed to be reinvested grossed up for franking credits over the previous one, three, five and 10 years. This return is compared to the S&P/ASX 200 Accumulation Index grossed up for franking credits (Combined Mid Cap 50 and Small Ordinaries for Mirrabooka and a modified S&P/ASX 200 Accumulation Index for Djerriwarrh).	• The Board considers that the metrics used reflect, over the medium to long term, the Company's investment return objectives. • Investment return: reflects the returns generated by the mix of the investments that the Company has invested in. These reflect the value added to shareholders' wealth by the investment decisions of the Company. • Risk/Reward: reflects the aim for AFIC's portfolio to be designed to face less volatility risk than the market generally. • Grossed-up return (GR): reflects the movement in the value of the underlying portfolio over the period with the additional recognition of the importance of franking credits. Note: The Remuneration Committee has discretion to determine, at the time of the review, what it considers to be the appropriate level of return to be used.
Personal objectives (20 per cent) These costs are allocated to AFIC and to the LICs on the same proportion as the FAR	Includes: • advice to the Board; • succession planning; • management of staff; • risk management; and • shareholder stewardship. These measures all contribute to the efficient running of the Group, and the other investment companies, enhancing investment outcomes.	Personal objectives are included in incentive calculations to encourage out performance on non-financial metrics. These metrics can be important determinants of business success in the medium term. The Managing Director reviews the performance of each executive with the Remuneration Committee, and the Remuneration Committee alone determines how the Managing Director is performing against his objectives. 50 per cent is awarded based on the individual's execution of their role and 50 per cent on alignment with the Company's culture.

Remuneration Report continued

C. Directors and Executives: Equity Holdings and Other Transactions

This table sets out reconciliations of shares issued by the Group and held directly, indirectly or beneficially by Non-Executive Directors and executives of the Group, or by entities to which they were related.

Table 8: Shareholdings of Directors and Executives

	Opening Balance	Changes During Year	Closing Balance
CM Drummond	66,001	2,410	68,411
RM Freeman	190,148	9,741	199,889
RP Dee-Bradbury	15,461	309	15,770
JA Fahey	5,424	198	5,622
KM Hudson	–	8,000	8,000
GR Liebelt	663,629	–	663,629
RL Murray	8,313	2	8,315
DA Peever	35,956	1,313	37,269
GN Driver	162,297	5,927	168,224
MJ Rowe	14,092	2,931	17,023
AJB Porter	199,775	7,295	207,070

Other Arrangements with Non-Executive Directors

The Chairs of the LICs are provided offices within premises rented by the Group. These offices are provided on an ex-officio basis with no rent being charged to the individual.

D. Potential Clawback of Incentives

The Directors consider that the Incentive Plan allows for sufficient 'clawback' in the case of a material misstatement of the Group's financial statements or in any other case where the Board considers that such remuneration would be an 'inappropriate benefit'.

The Directors, in their absolute discretion, may take such clawback actions as they deem necessary or appropriate to address the events that give rise to an 'inappropriate benefit'. Such actions may include:

1. cancelling or requiring the forfeiture of some or all of the Executive's incentive payments;
2. adjusting the Executive's future performance-based remuneration;
3. dismissing the Executive and/or initiating legal action; and/or
4. any other action the Directors consider appropriate.

The Directors are not required to show loss to the Company in order to determine that an 'inappropriate benefit' should be subject to clawback.

E. Detailed Performance Measures by Investment Company

Table 9 shows the performance of AFIC and the other investment companies over the past five years, including details of investment return and gross return (GR). These measures, which represent growth in shareholder wealth, are used in part to determine the vesting of AFIC's Incentive Plans to executives and the investment team.

For personal use only

Table 9: Detailed Performance Measures for AFIC and the Other Investment Companies

Year Ending 30 June	10-year Return	5-year Return	3-year Return	2025	2024	2023	2022	2021
Comparative Returns								
S&P/ASX 200 Accumulation Return	8.86%	11.85%	13.56%	13.81%	12.10%	14.78%	-6.47%	27.80%
Modified S&P/ASX 200 Accumulation*	8.45%	10.54%	11.74%	11.92%	10.72%	12.59%	-6.47%	21.71%
Gross S&P/ASX 200 Accumulation Return	10.35%	13.29%	15.06%	15.06%	13.52%	16.64%	-5.12%	29.12%
Modified Gross S&P/ASX 200 Accumulation Return*	9.50%	11.55%	12.80%	12.79%	11.71%	13.90%	-5.12%	22.64%
Combined Mid Cap 50 and Small Ordinaries Accumulation Return^	9.70%	10.05%	11.80%	14.35%	7.95%	13.21%	-14.06%	34.42%
Gross Combined Mid Cap 50 and Small Ordinaries Accumulation Return^	10.59%	10.82%	12.65%	15.16%	8.71%	14.19%	-13.52%	35.22%
Yield on S&P/ASX 200 grossed up for franking credits	n/a	n/a	n/a	4.2%	4.7%	5.6%	5.1%	2.9%
Australian Foundation Investment Company Limited								
Mercer risk/reward	n/a	66/96	n/a	n/a	n/a	n/a	n/a	n/a
Growth in earnings per share	-0.7%	2.7%	-0.8%	-4.6%	-5.2%	7.7%	42.9%	-18.0%
Management expense ratio	n/a	n/a	n/a	0.16%	0.15%	0.14%	0.16%	0.14%
Gross return	9.48%	12.29%	13.22%	10.69%	15.12%	13.91%	-6.78%	31.92%
Investment return	8.44%	11.57%	12.61%	10.85%	14.21%	12.81%	-7.08%	30.28%
Djerriwarrh Investments Limited								
Growth in net operating result per share	n/a	n/a	2.7%	1.0%	1.3%	5.8%	30.9%	-4.5%
Management expense ratio	n/a	n/a	n/a	0.47%	0.42%	0.40%	0.45%	0.45%
Gross return	7.74%	11.12%	11.83%	7.80%	13.59%	14.20%	-6.51%	29.58%
Investment return	6.39%	10.05%	11.00%	7.41%	12.08%	13.60%	-6.21%	25.83%
Gross yield on NTA at end of June	n/a	n/a	n/a	6.5%	6.5%	6.8%	6.7%	4.7%
Mirrabooka Investments Limited								
Management expense ratio	n/a	n/a	n/a	0.54%	0.56%	0.59%	0.46%	0.50%
Gross return	12.03%	13.00%	15.54%	11.42%	17.40%	17.91%	-20.87%	50.92%
Investment return	11.80%	13.53%	15.85%	11.95%	17.61%	18.08%	-19.04%	49.80%
AMCIL Limited								
Management expense ratio	n/a	n/a	n/a	0.56%	0.56%	0.66%	0.52%	0.56%
Gross return	9.74%	10.43%	13.30%	6.37%	20.50%	13.46%	-14.31%	31.76%
Investment return	9.92%	11.23%	13.09%	7.31%	19.90%	12.42%	-12.40%	34.36%

* Used for Djerriwarrh Investments Limited.

^ Used for Mirrabooka Investments Limited.

Non-audit Services

Details of non-audit services performed by the auditors may be found in Note F2 of the Financial Report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the *Corporations Act 2001* including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration is set out on page 31.

This report is made in accordance with a resolution of the Directors.

Craig M Drummond
Chairman

28 July 2025

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Australian Foundation Investment Company for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Foundation Investment Company Limited and the entity it controlled during the period.

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
28 July 2025

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FINANCIAL REPORT

Consolidated Income Statement

For the Year Ended 30 June 2025

	Note	2025 $'000	2024 $'000
Dividends and distributions	A3	312,620	321,836
Interest income from deposits	A3	9,195	6,963
Other revenue	A3	6,311	5,555
Total revenue		**328,126**	**334,354**
Net gains on trading portfolio	A3	2,294	4,901
Income from operating activities		**330,420**	**339,255**
Finance costs		(1,208)	(1,405)
Administration expenses	B1	(22,991)	(18,915)
Profit before income tax expense		**306,221**	**318,935**
Income tax expense	B2, E2	(21,250)	(22,522)
Profit for the year		**284,971**	**296,413**
Profit is attributable to:			
Equity holders of Australian Foundation Investment Company Ltd		284,912	296,174
Minority interest		59	239
		284,971	296,413
		Cents	**Cents**
Basic earnings per share	A5	22.71	23.75

This Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2025

	Year to 30 June 2025			Year to 30 June 2024		
	Revenue[1] $'000	Capital[1] $'000	Total $'000	Revenue[1] $'000	Capital[1] $'000	Total $'000
Profit for the year	**284,971**	**–**	**284,971**	**296,413**	**–**	**296,413**
Other comprehensive income						
Items that will not be recycled through the Income Statement						
Gains/(losses) for the period	–	731,229	**731,229**	–	923,692	**923,692**
Tax on above	–	(222,552)	**(222,552)**	–	(279,803)	**(279,803)**
Total other comprehensive income	**–**	**508,677**	**508,677**	**–**	**643,889**	**643,889**
Total comprehensive income	**284,971**	**508,677**	**793,648**	**296,413**	**643,889**	**940,302**

1 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio. Income in the form of distributions and dividends is recorded as 'revenue'. All other items, including expenses, are included in profit for the year, which is categorised under 'revenue'.

Total comprehensive Income is attributable to:

	Year to 30 June 2025			Year to 30 June 2024		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Equity holders of Australian Foundation Investment Company	284,912	508,677	**793,589**	296,174	643,889	**940,063**
Minority interests	59	–	**59**	239	–	**239**
	284,971	**508,677**	**793,648**	**296,413**	**643,889**	**940,302**

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2025

	Note	2025 $'000	2024 $'000
Current assets			
Cash	D1	280,769	166,499
Receivables		39,534	42,425
Trading portfolio		5,773	5,387
Total current assets		**326,076**	**214,311**
Non-current assets			
Investment portfolio	A2	10,254,757	9,703,558
Fixtures and fittings		155	–
Total non-current assets		**10,254,912**	**9,703,558**
Total assets		**10,580,988**	**9,917,869**
Current liabilities			
Payables		1,335	1,256
Borrowings – bank debt		10,000	10,000
Tax payable		113,483	34,105
Provisions		7,084	6,014
Total current liabilities		**131,902**	**51,375**
Non-current liabilities			
Provisions		169	154
Deferred tax liabilities – other		233	1,237
Deferred tax liabilities – investment portfolio	B2	1,707,918	1,603,716
Total non-current liabilities		**1,708,320**	**1,605,107**
Total liabilities		**1,840,222**	**1,656,482**
Net assets		**8,740,766**	**8,261,387**
Shareholders' equity			
Share capital	A1, D6	3,210,196	3,204,950
Revaluation reserve	A1, D3	3,651,333	3,449,280
Realised capital gains reserve	A1, D4	799,329	546,953
General reserve	A1	23,637	23,637
Retained profits	A1, D5	1,054,439	1,034,794
Parent entity interest		**8,738,934**	**8,259,614**
Minority interest		1,832	1,773
Total equity		**8,740,766**	**8,261,387**

This Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2025

Year Ended 30 June 2025	Note	Share Capital $'000	Revaluation Reserve $'000
Total equity at the beginning of the year		**3,204,950**	**3,449,280**
Dividends paid to shareholders	A4	–	–
– Dividend Reinvestment Plan	D6	71,842	–
Share buy-backs	D6	(66,274)	–
Other share capital adjustments		(322)	–
Total transactions with shareholders		**5,246**	**–**
Profit for the year		–	–
Other comprehensive income (net of tax)			
Net gains for the period		–	508,677
Other comprehensive income for the year		–	508,677
Transfer to realised capital gains of cumulative gains on investments sold		–	(306,624)
Total equity at the end of the year		**3,210,196**	**3,651,333**

Year Ended 30 June 2024	Note	Share Capital $'000	Revaluation Reserve $'000
Total equity at the beginning of the year		**3,136,282**	**2,926,191**
Dividends paid to shareholders	A4	–	–
– Dividend Reinvestment Plan	D6	68,840	–
Other share capital adjustments		(172)	–
Total transactions with shareholders		**68,668**	**–**
Profit for the year		–	–
Other comprehensive income (net of tax)			
Net gains for the period		–	643,889
Other comprehensive income for the year		–	643,889
Transfer to realised capital gains of cumulative gains on investments sold		–	(120,800)
Total equity at the end of the year		**3,204,950**	**3,449,280**

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

	Realised Capital Gains $'000	General Reserve $'000	Retained Profits $'000	Total Parent Entity $'000	Minority Interest $'000	Total $'000
	546,953	23,637	1,034,794	8,259,614	1,773	8,261,387
	(54,248)	–	(265,267)	(319,515)	–	(319,515)
	–	–	–	71,842	–	71,842
	–	–	–	(66,274)		(66,274)
	–	–	–	(322)	–	(322)
	(54,248)	–	(265,267)	(314,269)	–	(314,269)
	–	–	284,912	284,912	59	284,971
	–	–	–	508,677	–	508,677
	–	–	–	508,677	–	508,677
	306,624	–	–	–	–	–
	799,329	23,637	1,054,439	8,738,934	1,832	8,740,766

	Realised Capital Gains $'000	General Reserve $'000	Retained Profits $'000	Total Parent Entity $'000	Minority Interest $'000	Total $'000
	509,741	23,637	960,171	7,556,022	1,534	7,557,556
	(83,588)	–	(221,551)	(305,139)	–	(305,139)
	–	–	–	68,840	–	68,840
	–	–	–	(172)	–	(172)
	(83,588)	–	(221,551)	(236,471)	–	(236,471)
	–	–	296,174	296,174	239	296,413
	–	–	–	643,889	–	643,889
	–	–	–	643,889	–	643,889
	120,800	–	–	–	–	–
	546,953	23,637	1,034,794	8,259,614	1,773	8,261,387

Consolidated Cash Flow Statement

For the Year Ended 30 June 2025

	Note	2025 $'000 Inflows/ (Outflows)	2024 $'000 Inflows/ (Outflow)
Cash flows from operating activities			
Sales from trading portfolio		20,481	13,346
Purchases for trading portfolio		(18,573)	(9,995)
Interest received		9,370	6,963
Dividends and distributions received		312,779	319,169
		324,057	329,483
Other revenue		6,583	5,758
Administration expenses		(21,921)	(19,316)
Finance costs paid		(1,208)	(1,405)
Taxes paid		(28,255)	(25,172)
Net cash inflow/(outflow) from operating activities	E1	**279,256**	**289,348**
Cash flows from investing activities			
Sales from investment portfolio		791,260	489,873
Purchases for investment portfolio		(609,806)	(517,291)
Taxes paid on sales from investment portfolio		(31,287)	(24,571)
Payment for fixed assets		(179)	–
Net cash inflow/(outflow) from investing activities		**149,988**	**(51,989)**
Cash flows from financing activities			
Share issue transaction costs		(322)	(172)
Share buy-backs		(66,274)	–
Dividends paid		(248,378)	(236,073)
Net cash inflow/(outflow) from financing activities		**(314,974)**	**(236,245)**
Net increase/(decrease) in cash held		114,270	1,114
Cash at the beginning of the year		166,499	165,385
Cash at the end of the year	D1	**280,769**	**166,499**

For the purpose of the Cash Flow Statement, 'cash' includes cash and deposits held at call.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

A. Understanding AFIC's Financial Performance

A1. How AFIC Manages its Capital

AFIC's objective is to provide shareholders with stable to growing dividends over time and attractive total returns over the medium to long term.

AFIC recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or sell assets.

AFIC's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity is provided below:

	2025 $'000	2024 $'000
Share capital	3,210,196	3,204,950
Revaluation reserve	3,651,333	3,449,280
Realised capital gains reserve	799,329	546,953
General reserve	23,637	23,637
Retained profits	1,054,439	1,034,794
	8,738,934	**8,259,614**

Refer to Notes D3–D6 for a reconciliation of movement from period to period for each equity account (except the general reserve, which is historical, relates to past profits which can be distributed and has had no movement).

A2. Investments Held and How They are Measured

AFIC has two portfolios of securities: the investment portfolio and the trading portfolio.

The investment portfolio holds securities which the Company intends to retain on a long term basis, and includes a small sub-component over which options may be written and an additional small sub-component of international (i.e. non-Australian/New Zealand listed stocks). The trading portfolio consists of securities that are held for short term trading only, including call option contracts written over securities that are held in the specific sub-component of the investment portfolio and on occasion put options and is relatively small in size. The Board has therefore focused the information in this section on the investment portfolio. Details of all holdings (except for the specific option holdings) as at the end of the reporting period can be found at the end of the Annual Report.

The balance and composition of the investment portfolio (all at market value) was:

	2025 $'000	2024 $'000
Equity instruments (excluding below)	8,889,034	8,539,661
Equity instruments (over which options may be written)	1,201,664	1,019,386
Equity instruments (listed on non-Australian/New Zealand Exchanges)	164,059	144,511
	10,254,757	**9,703,558**

How Investments are Shown in the Financial Statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liabilities that are not based on observable market data.

All financial instruments held by AFIC are classified as Level 1 (other than the options sold by the Company which are Level 2). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period.

Notes to the Consolidated Financial Statements continued

Net Tangible Asset Backing Per Share

The Board regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains in AFIC's long term investment portfolio. Deferred tax is calculated as set out in Note B2. The relevant amounts as at 30 June 2025 and 30 June 2024 were as follows:

	30 June 2025 $	30 June 2024 $
Net tangible asset backing per share		
Before tax	8.33	7.88
After tax	6.97	6.60

Equity Investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' (OCI), because they are equity instruments held for long term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the Consolidated Statement of Comprehensive Income. The cumulative change in value of the shares over time is then recorded in the revaluation reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Securities Sold and How They are Measured

Where securities are sold from the investment portfolio, any difference between the sale price and the cost is transferred from the revaluation reserve to the realisation reserve and the amounts noted in the Consolidated Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a 'Listed Investment Company' (LIC) gain as part of the dividend, which conveys certain taxation benefits to many of AFIC's shareholders.

During the period $791.7 million (2024: $486.6 million) of equity securities were sold. The cumulative gain on the sale of securities was $306.6 million for the period after tax (2024: $120.8 million). This has been transferred from the revaluation reserve to the realisation reserve (see Consolidated Statement of Changes in Equity). These sales were accounted for at the date of trade.

A3. Operating Income

The total income received from AFIC's investments is set out below.

Dividends and Distributions	2025 $'000	2024 $'000
Income from securities held in investment portfolio at 30 June	302,257	316,100
Income from investment securities sold during the year	10,188	5,736
Income from securities held in trading portfolio at 30 June	175	–
Income from trading securities sold during the year	–	–
	312,620	**321,836**
Interest income		
Revenue from deposits and cash management trusts	9,195	6,963
Other revenue		
Administration fees	6,274	5,525
Other income	37	30
	6,311	**5,555**

Dividend Income

Distributions from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading Income

Net gains on the trading portfolio are set out below.

Net Gains		2025 $'000	2024 $'000
Net realised gains/(losses) from trading portfolio	– shares/securities	14	(77)
	– options	3,179	4,119
Unrealised gains/(losses) from trading portfolio	– shares/securities	(729)	937
	– options	(170)	(78)
		2,294	**4,901**

If all call options were exercised, this would lead to the sale of $42.9 million worth of securities at an agreed price – the 'exposure' (2024: $34.5 million).

A4. Dividends Paid

The dividends paid and payable for the year ended 30 June 2025 are shown below:

	2025 $'000	2024 $'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2024 of 14.5 cents fully franked at 30 per cent paid 30 August 2024 (2024: 14 cents fully franked at 30 per cent paid on 1 September 2023)	174,798	167,176
Interim dividend for the year ended 30 June 2025 of 12.0 cents per share fully franked at 30 per cent paid 25 February 2025 (2024: 11.5 cents fully franked at 30 per cent paid 26 February 2024)	144,717	137,963
	319,515	**305,139**
Dividends paid or payable in cash	247,673	236,299
Dividends reinvested in shares	71,842	68,840
	319,515	**305,139**
Dividends forgone via DSSP	12,331	11,856
(b) Franking Credits		
Opening balance of franking account at 1 July	263,771	248,712
Franking credits on dividends received	97,068	101,489
Tax paid during the year	59,026	49,428
Franking credits paid on ordinary dividends paid	(136,935)	(130,774)
Franking credits deducted on DSSP shares issued	(5,287)	(5,084)
Closing balance of franking account	**277,643**	**263,771**
Adjustments for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	121,079	42,488
Adjusted closing balance	**398,722**	**306,259**
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(104,803)	(77,776)
Net available	**293,919**	**228,483**
These franking account balances would allow AFIC to frank additional dividend payments up to an amount of:	685,811	533,127

AFIC's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on AFIC paying tax.

Notes to the Consolidated Financial Statements continued

	2025 $'000	2024 $'000
(c) New Zealand Imputation Account		
(Figures in A$ at year-end exchange rate: 2025: NZ1.08: $A1; 2024: $NZ1.097: $A1)		
Opening balance	19,243	10,325
Imputation credits on dividends received	9,737	8,619
Imputation credits on dividends paid	(18,027)	–
Closing balance	**10,953**	**18,944**

A NZ imputation credit on NZ 4.0 cents of the dividend was attached to the final dividend to be paid on 30 August 2024. There is no NZ imputation credit attached to the proposed final dividend for the year ended 30 June 2025.

(d) Dividends Declared After Balance Date

	2025 $'000	2024 $'000
Since the end of the year Directors have declared a final dividend of 14.5 cents per share plus a special dividend of 5.0 cents per share, both fully franked at 30 per cent. The aggregate amount of the final and special dividends for the year to 30 June 2025 to be paid on 28 August 2025, but not recognised as a liability at the end of the financial year is	244,541	

(e) Listed Investment Company Capital Gain Account

	2025 $'000	2024 $'000
Balance of the Listed Investment Company (LIC) capital gain account at 1 July:	64,650	92,813
Capital gains (including LIC gains received from dividends)	272,172	55,425
LIC gains paid as part of dividend	(54,248)	(83,588)
Balance at 30 June	282,574	64,650
This equates to an attributable gain of:	403,677	92,357

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains, or the receipt of LIC distributions from LIC securities held in the portfolios. $349.3 million attributable gain is attached to the final and special dividends to be paid on 28 August 2025.

A5. Earnings Per Share

The table below shows the earnings per share based on the profit for the year:

Basic Earnings Per Share	2025 Number	2024 Number
Weighted average number of ordinary shares used as the denominator	1,254,334,970	1,247,196,831
	$'000	**$'000**
Profit for the year	284,912	296,174
	Cents	**Cents**
Basic earnings per share	22.71	23.75

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B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2025 $'000	2024 $'000
Rental expense relating to non-cancellable leases	(736)	(702)
Employee benefit expenses	(15,076)	(12,390)
Depreciation charge	(24)	–
Other administration expenses	(7,155)	(5,823)
	(22,991)	**(18,915)**

Employee Benefit Expenses

A major component of employee benefit expenses is Directors' and Executives' remuneration. This has been summarised below:

	Short Term Benefits $	Post-employment Benefits $	Total $
2025			
Non-Executive Directors	803,699	73,501	877,200
Executives	3,488,812	120,000	3,608,812
Total	**4,292,511**	**193,501**	**4,486,012**
2024			
Non-Executive Directors	724,321	70,890	795,211
Executives	4,028,579	110,000	4,138,579
Total	**4,752,900**	**180,890**	**4,933,790**

Detailed remuneration disclosures are provided in the Remuneration Report.

The Group (i.e. AFIC and its subsidiary, Australian Investment Company Services Ltd (AICS) – see Note F8) does not make loans to Directors or Executives.

B2. Tax

AFIC's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in Note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments and convertible notes that are classified as debt.

A provision also has to be made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where AFIC disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

Notes to the Consolidated Financial Statements continued

Tax Expense

The income tax expense for the period is shown below:

(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	2025 $'000	2024 $'000
Profit before income tax expense	**306,221**	**318,935**
Tax at the Australian tax rate of 30 per cent (2024: 30 per cent)	91,866	95,681
Tax offset for franked dividends received	(67,947)	(71,058)
Sundry items whose tax treatment differs from accounting treatment	514	619
	24,433	**25,242**
Over provision in prior years	(3,183)	(2,720)
Total tax expense	**21,250**	**22,522**

Deferred Tax Liabilities – Investment Portfolio

The accounting standards require us to recognise a deferred tax liability for the potential capital gains tax on the unrealised gain in the investment portfolio. This amount is shown in the Balance Sheet. However, the Board does not intend to sell the investment portfolio, so this tax liability is unlikely to arise at this amount. Any sale of securities would also be affected by any changes in capital gains tax legislation or tax rate applicable to such gains when they are sold.

	2025 $'000	2024 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	**1,707,918**	**1,603,716**
Opening balance at 1 July	1,603,716	1,355,200
Tax on realised gains	(118,350)	(31,287)
Charged to OCI for ordinary securities on gains or losses for the period	222,552	279,803
	1,707,918	**1,603,716**

B3. Risk

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a Listed Investment Company that invests in tradeable securities, AFIC can never be free of market risk as it invests its capital in securities which are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment portfolio, would have led to a reduction in AFIC's comprehensive income of $358.9 million and $717.8 million respectively, at a tax rate of 30 per cent (2024: $339.6 million and $679.2 million).

AFIC seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee and risk can be managed by reducing exposure where necessary. AFIC does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

AFIC's total investment exposure by sector is as below:

	2025 %	2024 %
Energy	3.33	3.77
Materials	12.81	14.28
Industrials	11.51	10.75
Consumer Discretionary	7.41	7.95
Consumer Staples	3.85	4.08
Banks	20.17	20.81
Other Financials	9.90	9.23
Real Estate	5.09	5.01
Telecommunications	7.37	6.51
Healthcare	12.31	13.17
Information Technology	3.55	2.72
Utilities	0.03	0.03
Cash	2.67	1.69
Securities representing over 5 per cent of the investment portfolio at 30 June were		
Commonwealth Bank of Australia	9.4	10.1
BHP	7.4	8.1
CSL	6.2	7.8

AFIC is also not directly exposed to material currency risk as most of its investments are quoted in Australian dollars. The international portfolio is a minor (1.6 per cent) part of the total portfolio (2024: 1.5 per cent).

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or the specific sub-section of the investment portfolio.

Interest Rate Risk

The Group is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. AFIC is exposed to credit risk from cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account (including with a custodian) are invested in short term deposits with Australia's major commercial banks. In the unlikely event of a bank default, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale. Receivables also include dividends from securities that have passed the record date for the distribution but have not paid as at balance date.

Trading and Investment Portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk will be realised in the event of a shortfall on winding-up of the issuing companies. As at 30 June 2025, no such investments are held (2024: nil). AFIC engages a custodian, Northern Trust, to hold the shares that are in the sub-component of the investment portfolio that contains international shares. AFIC receives a GS007 report on Internal Controls for Custody, Investment Administration, Registry Monitoring and Related Information Technology Services from Northern Trust every six months.

Notes to the Consolidated Financial Statements continued

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

AFIC monitors its cash flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require AFIC to purchase securities, and facilities that need to be repaid. AFIC ensures that it has either cash or access to short term borrowing facilities sufficient to meet these contingent payments.

AFIC's inward cash flows depend upon the dividends received. Should these drop by a material amount, AFIC would amend its outward cash flows accordingly. AFIC's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of AFIC are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses AFIC's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

30 June 2025	Less Than 6 Months $'000	6–12 Months $'000	Greater Than 1 Year $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Non-derivatives					
Payables	1,335	–	–	1,335	1,335
Borrowings	10,000	–	–	10,000	10,000
	11,335	**–**	**–**	**11,335**	**11,335**
Derivatives					
Options in trading portfolio*	–	–	–	–	–
	–	–	–	–	–

30 June 2024	Less Than 6 Months $'000	6–12 Months $'000	Greater Than 1 Year $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Non-derivatives					
Payables	1,256	–	–	1,256	1,256
Borrowings	10,000	–	–	10,000	10,000
	11,256	**–**	**–**	**11,256**	**11,256**
Derivatives					
Options in trading portfolio*	–	–	–	–	–
	–	–	–	–	–

* In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for the purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow). There were no put options outstanding at 30th June 2025 or 30th June 2024.

C. Unrecognised Items

C1. Contingencies

Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the Financial Report.

Further information that shareholders may find useful is included here. It is grouped into three sections:

D. Balance Sheet Reconciliations
E. Income Statement Reconciliations
F. Further Information

D. Balance Sheet Reconciliations

These notes provide further information about the basis of calculation of line items in the financial statements.

D1. Current Assets – Cash

	2025 $'000	2024 $'000
Cash at bank	280,181	166,262
Cash with custodian	588	237
	280,769	**166,499**

Cash holdings yielded an average floating interest rate of 4.08 per cent (2024: 4.30 per cent). All cash investments are held in a transactional account, with a custodian or in an 'at call' deposit account with the Commonwealth Bank of Australia and Macquarie Bank.

D2. Credit Facilities

	2025 $'000	2024 $'000
Commonwealth Bank of Australia – cash advance facility	80,000	110,000
Amount drawn down at 30 June	0	0
Undrawn facilities at 30 June	80,000	110,000
National Australia Bank – cash advance facility	20,000	20,000
Amount drawn down at 30 June	10,000	10,000
Undrawn facilities at 30 June	10,000	10,000
Total short term loan facilities	100,000	130,000
Total drawn down at 30 June	10,000	10,000
Total undrawn facilities at 30 June	**90,000**	**120,000**

The above borrowings, with the exception of the National Australia Bank facility, are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are usually drawn down for no more than three months and hence are classified as current liabilities when drawn. The Board decided to reduce the total amount of facilities during the year.

The debt facility with National Australia Bank is structured in the form of a securities lending arrangement. The terms of the agreement require that securities be pledged as collateral for the drawn secured borrowings under that facility and that such securities currently satisfy a minimum value of $11 million (110 per cent of the total drawn facility). These securities are held by the National Australia Bank but included as part of the Company's investment portfolio. As at 30 June 2025, the market value of the securities pledged as collateral was $17.1 million (2024: $15.1 million).

D3. Revaluation Reserve

	2025 $'000	2024 $'000
Opening balance at 1 July	3,449,280	2,926,191
Gains/(losses) on investment portfolio		
– Equity instruments	731,229	923,692
Provision for tax on above	(222,552)	(279,803)
Cumulative taxable realised (gains)/losses (net of tax)	(306,624)	(120,800)
	3,651,333	**3,449,280**

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note A2.

Notes to the Consolidated Financial Statements continued

D4. Realised Capital Gains Reserve

	2025 $'000	2024 $'000
Opening balance at 1 July	546,953	509,741
Dividends paid	(54,248)	(83,588)
Cumulative taxable realised gains/(losses) (net of tax)	306,624	120,800
	799,329	**546,953**

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in Note A2.

D5. Retained Profits

	2025 $'000	2024 $'000
Opening balance at 1 July	1,034,794	960,171
Dividends paid	(265,267)	(221,551)
Profit for the year	284,912	296,174
	1,054,439	**1,034,794**

This reserve relates to past profits.

D6. Share Capital

Movements in Share Capital

Date	Details	Notes	Number of Shares '000	Issue Price $	Paid-up Capital $'000
1/07/2023	Balance		1,240,349		3,136,282
1/09/2023	Dividend Reinvestment Plan	i	5,280	7.03	37,121
1/09/2023	Dividend Substitution Share Plan	ii	920	7.03	n/a
26/02/2024	Dividend Reinvestment Plan	i	4,292	7.39	31,719
26/02/2024	Dividend Substitution Share Plan	ii	729	7.39	n/a
Various	Costs of issue		–	–	(172)
30/06/2024	Balance		1,251,570		3,204,950
30/08/2024	Dividend Reinvestment Plan	i	5,461	7.26	39,650
30/08/2024	Dividend Substitution Share Plan	ii	920	7.26	n/a
25/02/2025	Dividend Reinvestment Plan	i	4,350	7.40	32,192
25/02/2025	Dividend Substitution Share Plan	ii	764	7.40	n/a
Various	Share buy-backs	iii	(9,006)	–	(66,274)
Various	Costs of issue		–	–	(322)
30/06/2025	Balance		**1,254,059**		**3,210,196**

i. Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange and Cboe in the five days after the shares begin trading on an ex-dividend basis.

ii. The Group has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.

iii. The Group has an on-market share buy-back program. During the financial year, 9.0 million shares were bought back at an average price of $7.36 (2024: nil).

All shares have been fully paid, rank pari passu and have no par value.

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E. Income Statement Reconciliations

E1. Reconciliation of Net Cash Flows From Operating Activities to Profit

	2025 $'000	2024 $'000
Profit for the year	**284,971**	**296,413**
Net decrease/(increase) in trading portfolio	(386)	(1,550)
Dividends received as securities under DRP investments	(1,420)	–
Decrease/(increase) in current receivables	2,891	2,284
– Less increase/(decrease) in receivables for investment portfolio	504	(3,223)
Increase/(decrease) in deferred tax liabilities	103,198	248,923
– Less (increase)/decrease in deferred tax liability on investment portfolio	(104,202)	(248,516)
Increase/(decrease) in current payables	79	(12)
– Less (increase)/decrease in dividends payable	714	(226)
– Less (increase)/decrease in payables for investment portfolio	(509)	–
Increase/(decrease) in provision for tax payable	79,378	1,949
Capital gains tax charge taken through equity	(118,350)	(31,287)
Prior year taxes paid relating to capital gains	31,287	24,571
Depreciation	24	–
Increase/(decrease) in other provisions/non-cash items	1,077	22
Net cash flows from operating activities	**279,256**	**289,348**

E2. Tax Reconciliations

Tax Expense Composition

	2025 $'000	2024 $'000
Charge for tax payable relating to the current year	25,437	24,835
Over provision in prior years	(3,183)	(2,720)
Increase/(decrease) in deferred tax liabilities	(1,004)	407
	21,250	**22,522**

Amounts Recognised Directly Through Other Comprehensive Income

	2025 $'000	2024 $'000
Net movement in deferred tax liabilities relating to capital gains tax on the movement in gains/losses in the investment portfolio	222,552	279,803
	222,552	**279,803**

Deferred Tax Assets and Liabilities

The deferred tax balances are attributable to:

	2025 $'000	2024 $'000
(a) Tax on unrealised gains or losses in the trading portfolio	(127)	(362)
(b) Provisions and expenses charged to the accounting profit which are not yet tax deductible	2,393	1,856
(c) Interest and dividend income receivable which is not assessable for tax until receipt	(2,499)	(2,731)
	(233)	**(1,237)**
Movements:		
Opening balance at 1 July	(1,237)	(830)
Credited/(charged) to Income Statement	1,004	(407)
	(233)	**(1,237)**

Deferred tax assets and liabilities arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect AFIC's ability to claim the deduction.

Notes to the Consolidated Financial Statements continued

F. Further Information

This section covers information that is not directly related to specific line items in the financial statements, including information about related party transactions, share-based payments, assets pledged as security and other statutory information.

F1. Related Parties

All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

(a) AICS Transactions With Minority Interests

The below transactions were with Djerriwarrh Investments Ltd as a minority interest holder in the Company's subsidiary:

	2025 $'000	2024 $'000
Administration expenses charged for the year	2,738	2,566

At the end of June, the Company's investment in Djerriwarrh Investments Limited, which is measured at fair value through OCI as part of the investment portfolio, was valued at $22.7 million (2024: $22.1 million) and it received dividend income during the year of $1.1 million (2024: $1.1 million).

(b) AICS Transactions With Other Listed Investment Companies

AICS had the following transactions with other Listed Investment Companies to which it provides services:

	2025 $'000	2024 $'000
Administration expenses charged for the year to Mirrabooka Investments Ltd	2,448	2,139
Administration expenses charged for the year to AMCIL Ltd	1,343	1,011

At the end of June, the Company's investment in Mirrabooka Investments Limited, which is measured at fair value through OCI as part of the investment portfolio, was valued at $49.9 million (2024: $27.7 million), which included participation in Mirrabooka's 1-for-7 rights issue and capital raising and it received dividend income during the year of $1.2 million (2024: $1.3 million). The Company did not have an investment in AMCIL Ltd during the year.

F2. Remuneration of Auditors

For the year the auditor earned or will earn the following remuneration including GST:

	2025 $	2024 $
PricewaterhouseCoopers		
Audit services		
Audit or review of financial reports	184,884	178,115
Audit related services		
AFSL compliance audit and review	9,868	9,507
Permitted non-audit services		
Review of realised CGT balances	67,760	67,760
Preparation and lodgement of tax returns	40,623	37,479
Total remuneration	**303,135**	**292,861**

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F3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its Committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of Segments

The Board makes the strategic resource allocations for AFIC. AFIC has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for AFIC's entire portfolio of investments and considers the business to have a single operating segment (noting that the investment portfolio contains sub-components for ease of administration). The Board's asset allocation decisions are based on a single, integrated investment strategy, and AFIC's performance is evaluated on an overall basis.

Segment Information Provided to the Board

The internal reporting provided to the Board for AFIC's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax on investments (as reported in AFIC's Net Tangible Asset announcements to the ASX).

Other Segment Information

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio and realised income from the options portfolio.

AFIC is domiciled in Australia and most of AFIC's income is derived from Australian entities or entities that maintain a listing in Australia. AFIC has a diversified portfolio of investments, with only one investment comprising more than 10 per cent of AFIC's income – BHP 12.0 per cent (2024: two investments: BHP (12.4 per cent) and Commonwealth Bank of Australia (10.6 per cent)).

F4. Summary of Other Accounting Policies

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. This Financial Report has been authorised for issue on 28 July 2025 in accordance with a resolution of the Board and is presented in the Australian currency. The Directors of the Company have the power to amend and reissue the Financial Report.

AFIC has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Market value	Fair value for actively traded securities
Cash	Cash and cash equivalents
Share capital	Contributed equity
Options	Derivatives written over equity instruments that are valued at fair value through profit or loss
Hybrids	Equity instruments that have some of the characteristics of debt

AFIC complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). AFIC is a 'for profit' entity.

AFIC has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2025 ('the inoperative standards'). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. AFIC only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of Accounting

The financial statements are prepared using the valuation methods described in Note A2. All other items have been treated in accordance with the historical cost convention.

Fair Value of Financial Assets and Liabilities

The fair value of cash and non-interest bearing monetary financial assets and liabilities of AFIC approximates their carrying value.

Notes to the Consolidated Financial Statements continued

Convertible Notes

On the issue of convertible notes, the Group estimates the fair value of the liability component of the convertible notes, being the obligation to make future payments of principal and interest to holders, using a market interest rate for a non-convertible note of similar terms and conditions. The residual amount is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability component is then included in borrowings. Expenses incurred in connection with the issue of the notes are deducted from the total face value and the expense is then incurred over the life of the notes.

The total liability is subsequently carried on an amortised cost basis with interest on the notes recognised as finance costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes. The Group had no convertible notes on issue for the years ended 30 June 2025 or 30 June 2024.

Employee benefits

(i) Wages, Salaries and Annual Leave

Liabilities for wages and salaries, including annual leave, expected to be settled within 12 months of balance date are recognised as current provisions in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

In calculating the value of long service leave, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rate information provided by Milliman via the G100.

(iii) Cash Incentives

Cash incentives are provided under the Incentive Plan and are dependent upon the performance of the Group. A provision is made for the cost of unsettled cash incentives at balance date.

(iv) Share Incentives

Share incentives are provided under the Incentive Plan and the Employee Share Acquisition Scheme.

For the Employee Share Acquisition Scheme and the Incentive Plan, the incentives are based on the performance of the individual, the Group and investment companies to which the Group provides administration services, for the financial year and, in the case of performance of the Group and other investment companies, longer term performance of up to 10 years. For the Employee Share Acquisition Scheme and a portion of the Executive Incentive Plan, the recipient agrees to purchase (or have purchased for them) shares on-market, but receives a cash amount. A provision for the amount payable the Incentive Plan is recognised on the Balance Sheet.

Administration Fees

The Group currently provides administrative services to other Listed Investment Companies. The associated fees are recognised on an accruals basis as income throughout the year. Any amounts outstanding at balance date are recognised as receivable, subject to the assessment of recoverability by the Directors.

Operating Leases

The Group currently has an operating lease in respect of its premises. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Rounding of Amounts

AFIC is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

F5. Performance Bond

The Group's subsidiary, AICS, has under the terms of its Australian Financial Services Licence in place a performance bond to the sum of $20,000 underwritten by the Commonwealth Bank of Australia in favour of the Australian Securities and Investments Commission (ASIC), payable on demand to ASIC.

F6. Share Incentive Arrangements

Share Incentive Arrangements

The Group has a number of share incentive arrangements. These are accounted for in accordance with Note F4. Where shares are issued to employees of AICS, AICS compensates AFIC for the fair value of the shares.

(a) Incentive Plan

The executives' remuneration arrangements incorporate an 'at risk' component as set out in the Remuneration Report. Part of this 'at risk' component is paid in shares in the Group.

Each financial year, the Remuneration Committee sets the target (cash) amount of remuneration that could be paid should all performance targets and measures be achieved. If all are achieved, 100 per cent of the remuneration will be awarded. If stretch levels of performance are achieved above target, then higher amounts may be paid. On the other hand, there is no set minimum that will be paid regardless of performance.

The performance measures are a combination of the performance of the Group, the investment companies to which the Group provides administration services, and personal objectives.

All of the incentive remuneration awarded is paid in cash, with 25 per cent of the pre-tax amount being used by the executive to purchase shares in AFIC and/or the other LICs. All remuneration under the plan is paid in the financial year following the year of assessment.

The executive agrees to the shares being subject to being held for four years (holding term), during which they cannot be sold. Dividends are paid to executives on these shares prior to the expiry of the holding term. Should an executive leave the Group before the holding term expires, the restriction will be lifted.

20,309 AFIC shares for the Incentive Plan (2024: 10,291 shares) were purchased by executives in the year (in relation to the prior year) with a fair value (being the acquisition price) of $148,606 (2024: $72,717). Executives are allowed to buy shares in any of the LICs that AICS administers in order to meet this requirement.

(b) Employee Share Acquisition Scheme (ESAS)

Under the current Employee Share Acquisition Scheme, each employee who is not a participant in the executive or investment team Incentive Plans is awarded $6,000 per annum. After PAYG is deducted, $3,000 is used to buy shares in the Company, which needs to be held for three years. After three years, or the departure of the employee from employment with the Group, the shares come out of the holding lock.

In addition, each employee is eligible for an additional award of up to $6,000. 50 per cent of the amount awarded is used to buy shares in one of the other LICs that AICS provides services to. The amount that is awarded is dependent on the metrics used for the vesting of the Investment Team's Short Term Incentive (excluding personal measures). During the year, 79 per cent of the possible maximum was awarded, and 50 per cent of this was used to buy shares in Djerriwarrh Investments Limited, as part of the Group's policy of rotating these purchases amongst the LICs other than AFIC to which AICS provides services.

(c) Expenses Arising From Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of the employee benefit expense were as follows (ESAS only):

	2025 $'000	2024 $'000
Share-based payment expense	64	47

(d) Liability

The total liability arising from share-based payment transactions is included in the current liabilities for 'provisions'.

Notes to the Consolidated Financial Statements continued

F7. Principles of Consolidation

AFIC's consolidated financial statements consist of the financial statements of AFIC the parent, and its subsidiary, Australian Investment Company Services Ltd (AICS). 25 per cent of AICS is owned by Djerriwarrh Investments Ltd, another investment company for which AICS performs operational and investment administration services, and for which it is paid monthly.

No subsidiaries were acquired or disposed of during the year. Intercompany transactions and balances between AFIC and AICS are eliminated on consolidation.

The financial information for the parent entity, disclosed in Note F10 below, has been prepared on the same basis as the consolidated financial statements. All notes are for the consolidated group unless specifically noted otherwise.

F8. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

			Equity Holding	
Name of Entity	**Country of Incorporation**	**Class of Shares**	**2025**	**2024**
Australian Investment Company Services Ltd	Australia	Ordinary	75%	75%

The investment in AICS is accounted for at cost in the individual financial statements of AFIC.

F9. Lease Commitments

The Group has entered into a non-cancellable operating lease for the use of its premises for six years with effect from 1 July 2022. Current commitments relating to leases at balance date, for the current lease (including GST), is:

	2025 $'000	2024 $'000
Due within one year	589	561
Later than one year but less than five	1,266	1,855
Greater than five years	–	–
	1,855	**2,416**

F10. Parent Entity Financial Information

Summary Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

	2025 $'000	2024 $'000
Balance Sheet		
Current assets	313,566	202,583
Total assets	**10,568,324**	**9,906,291**
Current liabilities	124,232	46,579
Total liabilities	**1,834,736**	**1,651,840**
Shareholders' equity		
Issued capital	3,210,346	3,205,100
Reserves		
Revaluation reserve	3,651,333	3,449,280
Realised capital gains reserve	799,329	546,953
General reserve	23,637	23,637
Retained earnings	1,048,943	1,029,481
	5,523,242	**5,049,351**
Total shareholders' equity	**8,733,588**	**8,254,451**
Profit or loss for the year	**284,735**	**295,457**
Total comprehensive income	**793,412**	**939,346**

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As disclosed in Note F8 to the Financial Statements, the Company has one subsidiary, Australian Investment Company Services Limited (AICS).

The Company owns 75 per cent of AICS (the other 25 per cent being owned by Djerriwarrh Investments Limited). AICS is a body corporate, incorporated and tax resident in Australia.

DIRECTORS' DECLARATION

In the Directors' opinion:

(1) the financial statements and notes set out on pages 33 to 54 are in accordance with the *Corporations Act 2001* including:

   (a) complying with the accounting standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;

(2) the Consolidated Entity Disclosure Statement is true and correct; and

(3) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note F4 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2025. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.

Craig M Drummond
Chairman

Melbourne
28 July 2025

INDEPENDENT AUDIT REPORT

Independent auditor's report

To the members of Australian Foundation Investment Company Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Australian Foundation Investment Company Limited (the Company) and its controlled entity (together the Group) is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2025
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2025
- the directors' declaration.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006,
GPO Box 1331, MELBOURNE VIC 3001
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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on assessing the financial report for risks of material misstatement in account balances, classes of transactions or disclosures, and designing and performing audit procedures to obtain reasonable assurance that the financial statements as a whole were free of material misstatement due to fraud or error. This included identifying areas of higher risk, based on quantitative and qualitative assessments of the Group's operations and activities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	***How our audit addressed the key audit matter***
Investment Portfolio Refer to note A2 ($10,254.8 million) The lnvestment Portfolio held by the Group of $10,254.8 million as at 30 June 2025 predominantly consists of listed Australian equities, as well as a smaller portfolio of listed international equities. Whilst there is no significant judgement in determining the existence or valuation of the Group's investments, investments represent a key measure of the Group's performance and comprise a significant proportion of total assets in the consolidated balance sheet. The fluctuations in investments will also impact the realised and unrealised gains/(losses) recognised in the consolidated statement of comprehensive income. Given the pervasive nature investments have on the Group's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.	Our procedures included the following: 1) Agreed the investment quantity holdings at 30 June 2025 to third party confirmations or registry sources. 2) Obtained the purchases and sales listing for the year ended 30 June 2025 and agreed a sample of purchases and sales transactions to contracts. 3) Performed a reconciliation of the opening investment portfolio balances (quantity of holdings and value), purchases, sales and other relevant transactions, and agreed this back to the 30 June 2025 closing investment portfolio. 4) Agreed quoted market prices used to fair value listed equity investments at 30 June 2025 to third party market pricing sources.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2025.

In our opinion, the remuneration report of Australian Foundation Investment Company Limited for the year ended 30 June 2025 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
28 July 2025

Information About Shareholders

At 17 July 2025 there were 152,156 holdings of ordinary shares. These holdings were distributed in the following categories:

Size of Holding	Number of Shareholdings	% of Share Capital
1 to 1,000	57,696	1.77
1,001 to 5,000	49,171	9.90
5,001 to 10,000	19,477	11.23
10,001 to 100,000	24,796	49.11
100,000 and over	1,016	27.99
Total	**152,156**	**100.00**

Percentage held by the 20 largest holders	12.3%
Average shareholding	8,241

There were 4,493 shareholdings of less than a marketable parcel of $500 (67 shares).

Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

(i) on a show of hands, one vote for each shareholder; and

(ii) on a poll, one vote for each fully paid ordinary share.

Major Shareholders

The 20 largest registered holdings of ordinary shares as at 17 July 2025 are listed below:

Ordinary Shares

Rank	Name	Shares	% of Share Capital
1	HSBC Custody Nominees (Australia) Limited	41,528,405	3.31
2	Evanson Pty Ltd	19,006,651	1.52
3	Citicorp Nominees Pty Limited	15,256,828	1.22
4	Netwealth Investments Limited <Wrap Services A/C>	12,847,480	1.02
5	BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	8,907,909	0.71
6	IOOF Investment Services Limited <IPS Superfund A/C>	7,169,427	0.57
7	IOOF Investment Services Limited <IOOF idps A/C>	5,799,529	0.46
8	HMS Nominees Ltd	4,772,871	0.38
9	Netwealth Investments Limited <Super Services A/C>	4,526,623	0.36
10	Custodial Services Limited <Beneficiaries Holding A/C>	3,429,614	0.27
11	Bougainville Copper Limited	3,349,586	0.27
12	Redemptorists	2,872,211	0.23
13	Bushways Pty Ltd	2,570,592	0.20
14	Mutual Trust Pty Ltd	2,386,490	0.19
15	Jamama Nominees Pty Limited	2,369,858	0.19
16	J P Morgan Nominees Australia Pty Limited	2,118,232	0.17
17	Investment Custodial Services Limited <C A/C>	2,086,737	0.17
18	HSBC Custody Nominees (Australia) Limited – A/C 2	1,745,161	0.14
19	Mr Malcolm Cavill	1,660,000	0.13
20	BNP Paribas Noms (NZ) Ltd	1,636,559	0.13

Sub-underwriting

During the year the Company did not participate as a sub-underwriter in any issues of securities.

Substantial Shareholders

The Company has not been notified of any substantial shareholders.

Transactions in Securities

During the year ended 30 June 2025, the Company recorded 844 transactions in securities (including options). $3,802,786 in brokerage (including GST) was paid or accrued for the year.

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
BHP	95.4
Worley	55.2
Goodman Group	41.3
ResMed	38.6
NEXTDC	35.6

Disposals	Proceeds ($m)
Commonwealth Bank of Australia	375.4
Wesfarmers	90.7
Ramsay Health Care*	51.0
Mineral Resources*	35.3
Westpac Banking Corporation	35.1

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Worley

BlueScope Steel

Telix Pharmaceuticals

Sigma Healthcare

Holdings of Securities

At 30 June 2025

Individual investments for the combined Investment and trading portfolios as at 30 June 2025 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.

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.

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024 '000	Number Held 2025 '000	Market Value 2025 $'000
AIA	Auckland International Airport	10,300	11,501	81,659
ALD	Ampol	1,105	1,855	47,748
ALQ	ALS	7,622	7,622	130,339
AMC	Amcor	9,617	9,617	136,556
ANZ	ANZ Group Holdings	8,098	7,415	216,221
ARB	ARB Corporation	3,640	4,226	138,190
ASX	ASX	1,757	1,757	122,568
AUB	AUB Group	1,432	1,432	50,814
BHP	BHP	18,451	20,753	762,679
BRG	Breville Group	702	702	20,717
BSL	BlueScope Steel	0	1,431	33,074
BXB	Brambles	5,840	5,840	136,773
CAR	CAR Group	5,690	5,690	212,932
CBA	Commonwealth Bank of Australia	7,698	5,242	968,460
COH	Cochlear	334	443	133,138
COL*	Coles Group	9,722	9,232	192,369
CPU	Computershare	3,630	3,630	144,801
CSL	CSL	2,564	2,643	632,946
CWY	Cleanaway Waste Management	18,185	18,185	49,463
DJW	Djerriwarrh Investments	7,505	7,505	22,741
DUI	Diversified United Investment	12,030	12,030	64,482
EQT	EQT Holdings	1,647	1,647	56,013
FPH	Fisher & Paykel Healthcare Corporation	3,600	3,600	121,068
GMG	Goodman Group	10,155	11,525	394,616
IAG	Insurance Australia Group	6,280	4,740	42,799
IEL	IDP Education	3,800	6,688	24,544

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Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024 '000	Number Held 2025 '000	Market Value 2025 $'000
JBH	JB Hi-Fi	1,131	915	100,970
JHX*	James Hardie Industries	4,577	5,092	211,362
MAQ	Macquarie Technology Group	272	501	33,332
MFT	Mainfreight (NZX listed)	2,406	2,406	149,645
MGR	Mirvac Group	29,350	29,350	64,570
MIR	Mirrabooka Investments	8,728	15,264	49,913
MQG	Macquarie Group	2,240	2,148	491,206
NAB	National Australia Bank	12,335	12,335	485,506
NAN	Nanosonics	5,716	5,716	23,148
NWL	Netwealth Group	3,489	3,608	121,194
NXT	NEXTDC	2,034	4,600	66,700
PXA	PEXA Group	3,750	3,102	42,191
REA	REA Group	577	577	138,763
REH	Reece Limited	5,940	5,628	80,762
RGN	Region Group	16,000	16,000	35,200
RIO	Rio Tinto	1,862	1,862	199,478
RMD	ResMed	5,327	6,427	252,902
SEK	Seek	3,795	3,795	91,266
SHL	Sonic Healthcare	3,320	3,320	88,934
SIG	Sigma Healthcare	0	2,713	8,112
STO	Santos	13,921	13,921	106,632
TCL	Transurban Group	27,233	26,394	368,983
TLS	Telstra Group	62,805	63,155	305,671
TLX	Telix Pharmaceuticals	0	1,025	25,025
WBC	Westpac Banking Corporation	14,540	13,283	449,745
WDS	Woodside Energy Group	8,165	8,165	192,939
WES	Wesfarmers	6,783	5,590	473,753
WOR	Worley	0	3,903	51,049
WOW	Woolworths Group	6,667	6,667	207,410
WTC	WiseTech Global	623	810	88,314
XRO	Xero	835	835	150,133
Total				**10,092,518**

* Part of the security was subject to call options written by the Company.

Holdings of International Securities

At 30 June 2025

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024	Number Held 2025	Market Value 2025 A$
AAPL-US	Apple	20,058	18,322	5,736,069
ACN-US	Accenture	5,506	5,504	2,510,264
AENA-ES	Aena	8,638	96,180	3,903,946
AMZN-US	Amazon	23,915	25,550	8,553,374
BLDR-US	Builders Firstsource	0	11,340	2,019,200
CMG-US	Chipotle Mexican	55,750	54,090	4,634,431
COST-US	Costco	2,976	1,661	2,509,024
CP-US	Canadian Pacific	17,432	26,317	3,183,304
CRH-US	CRH	0	18,030	2,525,642
EXE-US	Expand Energy	0	19,744	3,523,119
FCX-US	Freeport	40,571	56,621	3,745,479
FERG-GB	Ferguson Enterprises	9,321	10,411	3,465,718
FTNT-US	Fortinet	27,780	29,125	4,698,445
GOOGL-US	Alphabet	31,314	28,754	7,732,238
HCA-US	HCA Healthcare	9,164	6,974	4,076,791
HD-US	Home Depot	6,034	6,564	3,672,295
HEI-DE	Heidelberg Materials	0	1,500	535,875
HLMA-GB	Halma	13,780	33,600	2,248,176
HLN-GB	Haleon	0	307,175	2,405,180
ICE-US	Intercontinental	16,678	17,348	4,856,746
JPM-US	JP Morgan	14,176	14,736	6,518,764
LLY-US	Eli Lilly	0	3,083	3,667,198
MA-US	Mastercard	2,876	3,251	2,787,635

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024	Number Held 2025	Market Value 2025 A$
MAR-US	Marriott	8,715	5,820	2,426,300
MCD-US	McDonalds	7,156	8,066	3,595,984
META-US	Meta Platforms	7,983	6,648	7,487,310
MSFT-US	Microsoft	16,463	15,503	11,766,777
NEE-US	Nextera	25,729	30,909	3,274,190
NESN-CH	Nestlé	20,806	18,476	2,791,908
NFLX-US	Netflix	3,982	3,722	7,605,460
NOVOB-DK	Novo Nordisk	23,536	1,316	138,891
NVDA-US	NVIDIA	44,440	46,760	11,272,901
PEP-US	PepsiCo	8,800	4,240	854,275
RHM-DE	Rheinmetall	0	100	321,875
SBUX-US	Starbucks	6,085	3,195	446,725
SCHW-US	Charles Schwab	32,976	31,676	4,409,933
SPGI-US	S&P Global	3,927	4,342	3,493,530
SPOT-US	Spotify	0	2,059	2,410,863
SU-FR	Schneider	10,851	10,851	4,388,687
TFLO-US	iShares Treasury	34,648	51,152	3,953,538
TMO-US	Thermo Fisher	2,943	2,243	1,387,722
UMG-NL	Universal Music	50,498	63,928	3,146,536
V-US	Visa	4,332	4,332	2,346,948
ZTS-US	Zoetis	0	4,130	982,775
Total				**168,012,041**

Issues of Securities

Date of Issue	Type	Price	Remarks
25 February 2025	DRP/DSSP	$7.40	
30 August 2024	DRP/DSSP	$7.26	
26 February 2024	DRP/DSSP	$7.39	
1 September 2023	DRP/DSSP	$7.03	
24 February 2023	DRP/DSSP	$7.29	2.5 per cent discount
30 August 2022	DRP/DSSP	$7.56	5 per cent discount
25 February 2022	DRP/DSSP	$7.86	5 per cent discount
31 August 2021	DRP/DSSP	$8.10	3.5 per cent discount
23 February 2021	DRP/DSSP	$7.10	5 per cent discount
1 September 2020	DRP/DSSP	$6.30	
24 February 2020	DRP/DSSP	$6.93	2.5 per cent discount
29 August 2019	DRP/DSSP	$6.21	
25 February 2019	DRP/DSSP	$5.93	2.5 per cent discount
31 August 2018	DRP/DSSP	$6.18	
23 February 2018	DRP/DSSP	$6.11	
30 August 2017	DRP/DSSP*	$5.92	
24 February 2017	DRP/DSSP*	$5.84	
30 August 2016	DRP/DSSP*	$5.58	2.5 per cent discount
19 February 2016	DRP/DSSP*	$5.43	2.5 per cent discount
25 November 2015	SPP	$5.51	5.0 per cent discount
28 August 2015	DRP/DSSP*	$6.03	2.5 per cent discount
20 February 2015	DRP/DSSP*	$5.97	2.5 per cent discount
6 October 2014	SPP	$5.88	2.5 per cent discount
29 August 2014	DRP/DSSP*	$5.93	2.5 per cent discount
21 February 2014	DRP/DSSP*	$5.86	2.5 per cent discount
30 August 2013	DRP/DSSP*	$5.64	2.5 per cent discount DSSP = Dividend Substitution Share Plan
22 February 2013	DRP	$5.37	
31 August 2012	DRP	$4.36	
24 February 2012	DRP	$4.26	
19 December 2011	Convertible Notes	$100 Face Value	Mature 28 February 2017. Interest rate 6.25 per cent per annum. Conversion price: $5.0864
31 August 2011	DRP	$4.18	
25 February 2011	DRP	$4.72	2.5 per cent Discount
1 September 2010	DRP	$4.65	2.5 per cent Discount
2 June 2010	SPP	$4.62	2.5 per cent Discount SPP=Share Purchase Plan

Date of Issue	Type	Price	Remarks
26 February 2010	DRP	$4.82	5 per cent discount
1 September 2009	DRP	$4.69	5 per cent discount
2 March 2009	DRP	$3.72	5 per cent discount
25 August 2008	DRP	$4.98	
11 April 2008	SAP	$5.26	
27 February 2008	DRP	$5.26	5 per cent discount
22 August 2007	DRP	$5.78	
8 March 2007	DRP	$5.60	
22 December 2006	SAP	$4.90	
23 August 2006	DRP	$4.70	
7 March 2006	DRP	$4.55	
4 November 2005	SAP	$3.96	
23 August 2005	DRP	$3.90	
18 March 2005	DRP	$3.68	
19 August 2004	DRP	$3.29	
12 March 2004	DRP	$3.29	
22 October 2003	1 for 8 rights issue	$3.00	
15 August 2003	DRP	$3.47	
16 April 2003	SAP	$3.04	
7 March 2003	DRP	$3.11	
14 August 2002	DRP	$3.11	
5 April 2002	SAP	$3.16	
7 March 2002	DRP	$3.24	
15 August 2001	DRP	$3.08	
29 June 2001	DRP	$2.87	
7 March 2001	DRP	$2.56	
16 August 2000	DRP	$2.47	
7 March 2000	DRP	$2.64	
11 August 1999	DRP	$2.95	
12 April 1999	SAP	$2.54	SAP = Share Acquisition Plan
15 March 1998	DRP	$2.79	
4 September 1998	DRP	$2.43	DRP = Dividend Reinvestment Plan

Note for issues of securities in earlier years please consult the Company's website, afi.com.au or via telephone (03) 9650 9911.

* Note that for the shares issued under the DSSP, the price shown is the indicative price used to determine the number of shares issued to participants. Shares issued under the DSSP are issued at nil cost. Shareholders who sell shares issued under the DSSP should consult their tax adviser as to the correct treatment of such sales for taxation purposes.

Company Particulars

Australian Foundation Investment Company Limited (AFIC)

ABN 56 004 147 120

Directors

Craig M Drummond, Chairman
Robert M Freeman, Managing Director
Rebecca P Dee-Bradbury
Julie A Fahey
Katie M Hudson
Graeme R Liebelt
Richard Murray
David A Peever

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
Website 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

MUFG Corporate Markets (AU) Limited
Liberty Place
Level 41, 161 Castlereagh Street
Sydney, New South Wales, 2000

New Zealand Address
MUFG Corporate Markets
Level 30, PwC Tower
15 Customs Street West
Auckland, New Zealand

AFI Shareholders (ASX)

Enquiry Line	1300 857 449
Facsimile	(02) 9287 0309
Email	afi@cm.mpms.mufg.com
Website	au.investorcentre.mpms.mufg.com

AFI Shareholders (NZX)

Enquiry Line	09 375 5998
Email	enquiries.nz@cm.mpms.mufg.com
Website	nz.investorcentre.mpms.mufg.com

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	10am
Date	Tuesday 30 September 2025
Venue	RACV
Location	Level 2, Club Pavilion 501 Bourke Street Melbourne, 3000

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

MDM Design
Printed on environmentally friendly paper

ANNUAL REVIEW

2025

Income, Capital Growth, Low Cost

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

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

Contents

Year in Summary

2025

Profit for the Year

$285.0m

$296.4m in 2024

Fully Franked Dividend Per Share

14.5¢ Final

5.0¢ Special

31.5¢ Total#

26 cents total in 2024

Total Portfolio Return

10.7% Including franking*

S&P/ASX 200 Accumulation Index including franking* 15.1%

Total Shareholder Return

8.2%

Share price plus dividend, including franking*

Management Expense Ratio

0.16%

0.15% in 2024

Total Portfolio

$10.5b

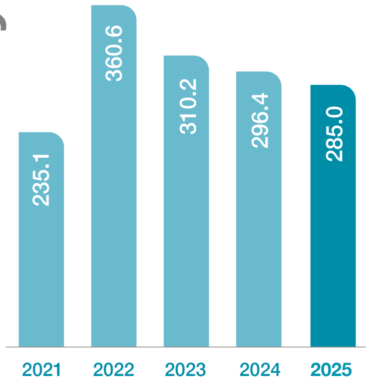
Including cash at 30 June. $9.9 billion in 2024

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

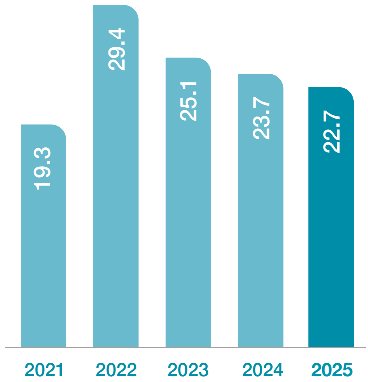
Includes 12.0 cent interim dividend.

5 Year Summary

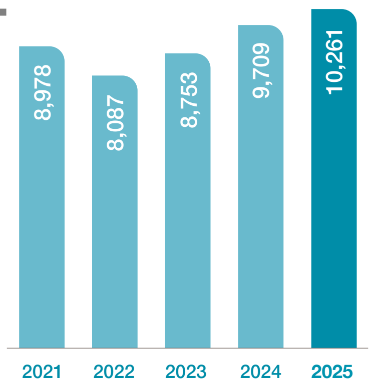
Net Profit After Tax ($ Million)



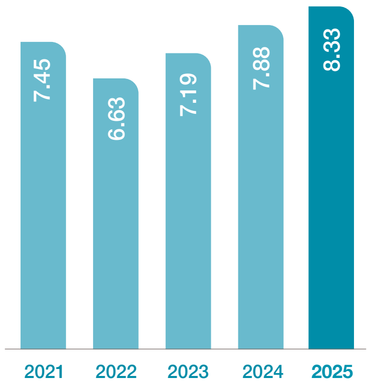
Net Profit Per Share (Cents)



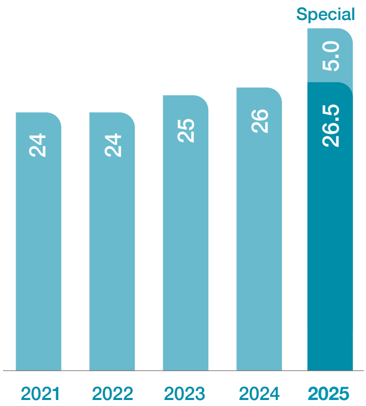
Investments at Market Value ($ Million)[b]



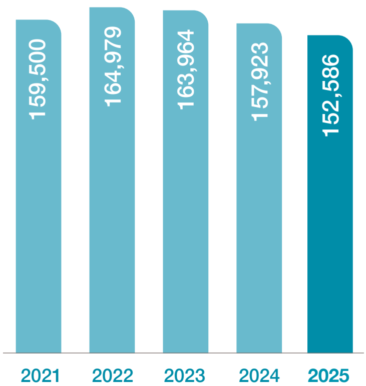
Net Asset Backing Per Share ($)[c]



Dividends Per Share (Cents)[(a)]



Number of Shareholders (30 June)



Notes:

(a) All dividends were fully franked. The LIC attributable gain per share attached to the dividend (including the special dividend) was 2025: 27.86 cents; 2024: 6.43 cents; 2023: 10.0 cents; 2022: 14.29 cents; 2021: 4.29 cents.

(b) Excludes cash.

(c) 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

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

Investment Objectives

The Company's primary investment goals are:

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

How AFIC Invests – What We Look For in Companies

Quality First → **Growth** (Including dividends) → **Value** → **A portfolio that is managed to achieve long term capital and dividend growth**

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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.

About the Company continued

5. We prefer companies with more stable income flows. We are wary of companies that have large, inconsistent profit streams.
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 is being influenced by the development of climate related disclosures as required by Australian Corporate Legislation. Their 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 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 2025 this was 0.16 per cent, or 16 cents for each $100 invested.

* Data provided by ISS ESG. Portfolio at 30 June 2025.

Review of Operations and Activities

Profit and Dividend

The full year profit was $285.0 million, down from $296.4 million in the previous corresponding period. The decrease in the profit from last year was primarily due to lower dividends as bank holdings were trimmed. The management expense ratio remains low at 0.16 per cent with no additional fees. This is up marginally from 0.15 per cent last financial year.

Earnings per share for the financial year were 22.71 cents per share. The final dividend was maintained at 14.5 cents per share fully franked. A special dividend of 5.0 cents per share has also been declared. This reflects the significant amount of realised capital gains and franking credits generated from trimming our shareholding in Commonwealth Bank of Australia during the financial year.

Total fully franked dividends applicable for the year including the special dividend are 31.5 cents per share, an increase of 21.2 per cent from the previous financial year's total fully franked dividend of 26.0 cents per share.

The Board has elected to pay the entire final and special dividends from capital gains, on which the Group has paid or will pay tax. The amount of this pre-tax attributable gain, known as an 'LIC capital gain', equals 27.86 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details are on the dividend statements.

Figure 1: Key Sector Performance for the 12 Months to 30 June 2025

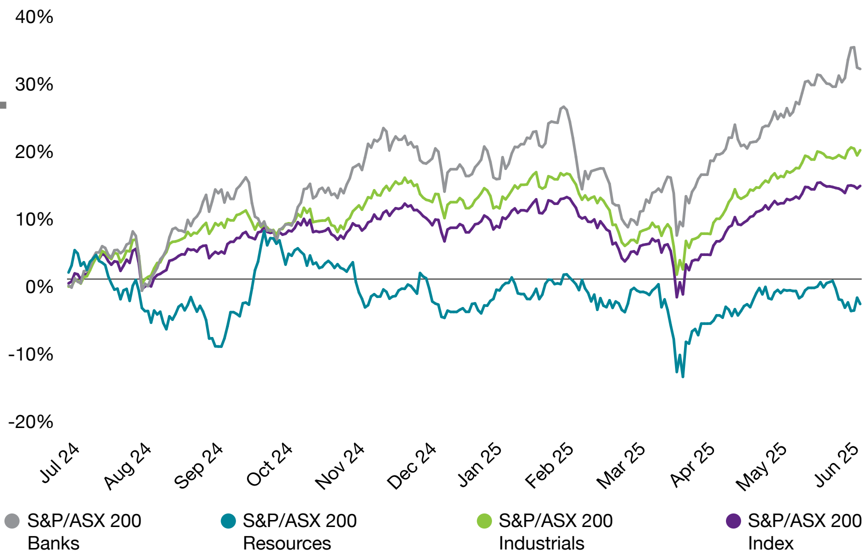

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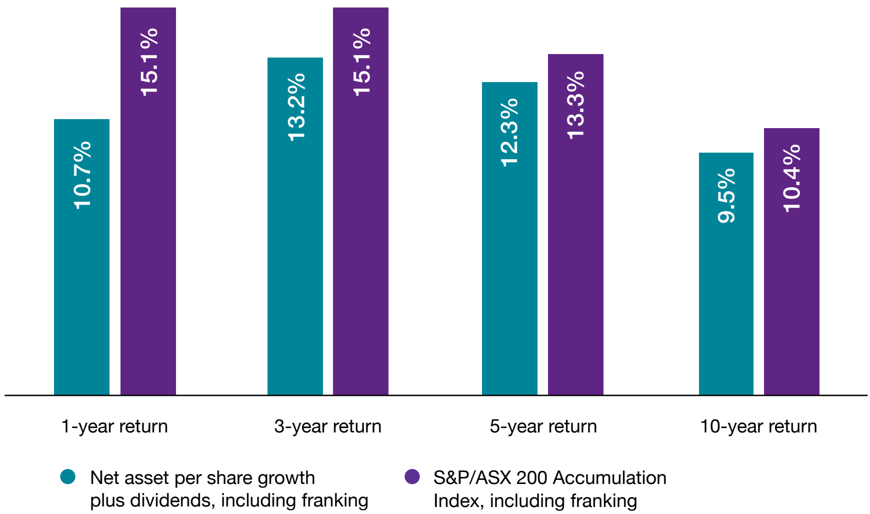
Figure 2: Portfolio Performance – Per Annum Returns to 30 June 2025



Includes the full benefit of franking credits.

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 immediately as dividends and is therefore not included in these performance figures. Past performance may not be indicative of future performance.

The amount of dividends in the future, including any special dividends, remains at the discretion of the Board and depends on the level of earnings, the amount of realised capital gains generated and the reserve of franking credits.

Market and Portfolio Performance

The S&P/ASX 200 Accumulation Index (not including the benefit of franking) rose 13.8 per cent in the financial year with sector returns widely dispersed.

The best performing sectors were Banks, up 31.1 per cent, Communication Services, up 27.8 per cent, and Information Technology, up 24.2 per cent. Industrials, up 19.1 per cent, outperformed the broader Index and was significantly ahead of the Resources sector, which was down 3.7 per cent. Domestic economic conditions proved more resilient than originally expected, providing a supportive backdrop for Australian banks. A significant portion of the Bank sector's performance has come from a re-rating higher of valuation multiples and less from earnings growth.

Review of Operations and Activities continued

In the case of Commonwealth Bank of Australia, we now view the current valuation as extreme (Figure 3) and accordingly have been reducing our holding in recent months. Slowing growth of fixed asset investment in China weighed on the performance of the Resources sector. In addition to the Resources sector, other sectors to underperform the broader market return of 13.8 per cent included Energy (down 8.1 per cent) and Healthcare (down 4.6 per cent).

The portfolio, including the benefit of franking, returned 10.7 per cent, underperforming the S&P/ASX 200 Accumulation Index return of 15.1 per cent when franking is included. Strong returns came from our holdings in JB Hi-Fi, Wesfarmers, Coles Group, Computershare and Netwealth Group, which all materially outperformed the market. A drag on performance came from several quality companies that underperformed the market during the year. These included ARB Corporation, James Hardie Industries, CSL and Reece Limited. We still consider the long term prospects for these companies to remain strong. IDP Education, which has been a disappointing investment for us, also had a material negative impact on performance. Additionally, having no exposure to gold producers dragged on performance. The All-Ordinaries Gold Index was up 59.6 per cent during the year. Widespread uncertainty regarding the direction of global economic growth resulted in the perceived safe haven asset of gold performing well. Gold producers have historically shown a variable track record in maintaining production and increasing profitability over the medium to long term. On this basis, AFIC has not traditionally invested in this sector.

Positioning the Portfolio

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. Portfolio adjustments through the year are consistent with our focus of buying quality companies during times of bad news and trimming holdings when valuations reach extreme levels.

While we endeavour to hold companies for the long term, selling companies when we identify a significant deterioration in future growth prospects remains fundamental to meeting our long term investment objectives. We exited Mineral Resources, Ramsay Health Care and Domino's Pizza Enterprises. We are observing structural industry challenges for Domino's Pizza Enterprises and Ramsay Health Care, which are likely to weigh on the rate of earnings growth for both these companies in the foreseeable future. Competitive intensity has materially increased for both Mineral Resources and Domino's Pizza Enterprises, with the balance sheet for both companies fully geared in a tougher operating environment.

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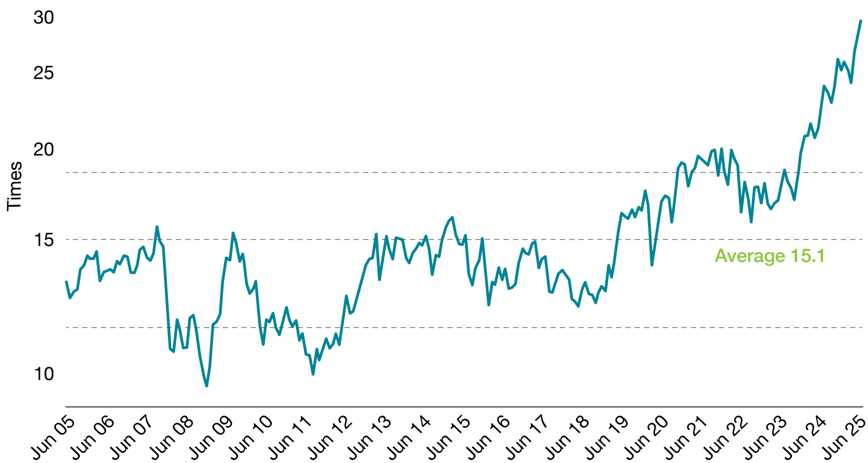
Figure 3: Commonwealth Bank of Australia Valuation – Price to Earnings Ratio



Source: FactSet

While the trimming of our shareholding in the Commonwealth Bank of Australia has weighed on returns given its ongoing strength in the market, we still consider our average sale price reflects a position where the shares were sold at a time when they were trading at extreme valuations (Figure 3).

The majority of purchases during the year were undertaken to increase weightings in existing holdings BHP, Goodman Group, ResMed, NEXTDC, WiseTech Global and Cochlear.

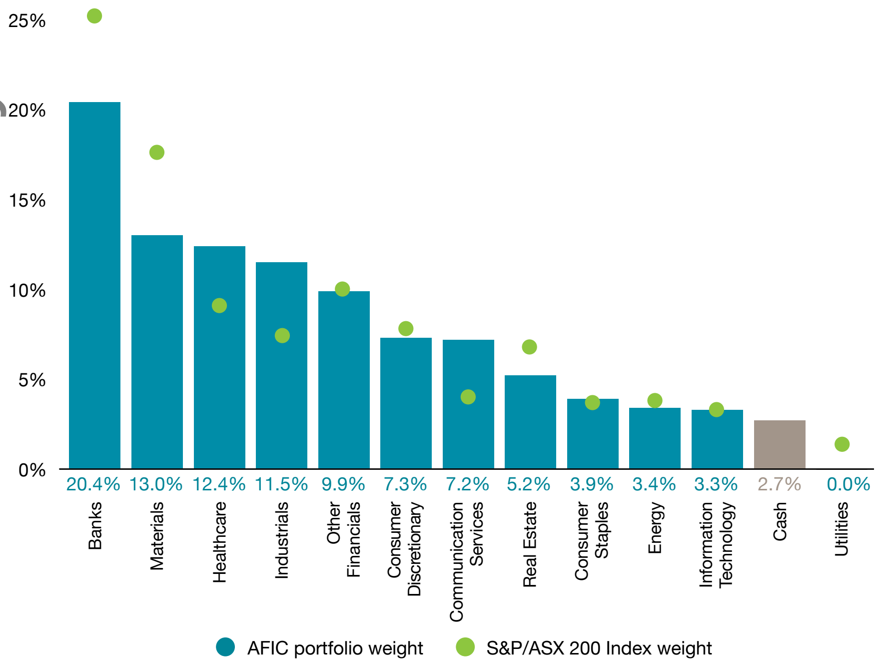
We initiated positions in BlueScope Steel, Sigma Healthcare, Telix Pharmaceuticals and Worley. BlueScope Steel is a cyclical company with operations predominantly in Australia and the United States.

The company has a number of 'self-help' drivers beyond the cycle likely to deliver significant earnings growth over the medium term. These predominantly relate to capital investment into growth projects. Sigma Healthcare merged with Chemist Warehouse during the year. We took a small position pre-ACCC approval of the merger. We are wishing to make our holding significantly larger over time (at an appropriate valuation) given the strong market position and large market opportunity for Chemist Warehouse.

Telix Pharmaceuticals is predominantly focused on the diagnosis and treatment of prostate cancer. Telix Pharmaceuticals uses a targeting agent with a radioactive isotype concentrating radiation at the tumour site for either imaging or therapy.

Review of Operations and Activities continued

Figure 4: AFIC Investment by Sector Versus the S&P/ASX 200 Index as at 30 June 2025 – Excludes International Holdings



The technology is being widely adopted by industry practitioners resulting in strong earnings growth. The range of potential outcomes is widely dispersed; accordingly we elected to establish a small holding looking to increase our weighting should our conviction grow.

Worley is an engineering and professional services company operating in the energy, chemicals and resources end markets. Historically, Worley contracted on a fixed price lump sum basis, meaning earnings were highly cyclical dependent on the successful delivery of projects within budget. Demand for engineering services, particularly in the energy market, is growing strongly at a time when professional service firms have substantially consolidated. The result is more favourable contracting terms on a cost plus model materially reducing earnings risk.

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International Portfolio

We have continued to manage the global portfolio (within the AFIC portfolio) over the period. This portfolio was first initiated in May 2021. Whilst significant preparatory work has been done for establishing a separate low-cost global investment company in the future, we are still considering the most appropriate next steps for this initiative. AFIC has invested a total of $103.5 million of shareholder capital in the global portfolio, which is valued at $168.1 million as at 30 June 2025. At current value, the global portfolio represents about 1.6 per cent of the overall AFIC portfolio.

AFIC's global portfolio returned 14.0 per cent for the financial year, an attractive return for shareholders although below our benchmark.

Gross returns in Australian dollars to 30 June 2025

	1 Year % pa	3 Year % pa	Since Inception % pa
AFIC global portfolio	14.0	21.0	14.0
Benchmark	18.5	20.3	14.0
Differential	(4.5)	0.7	0.0

Source: Northern Trust.

Volatility stemming in part from changes to United States domestic and foreign policy resulted in a negative shift in sentiment towards a number of our holdings, although we continue to believe their characteristics and prospects will produce attractive risk adjusted returns for our shareholders over the long term.

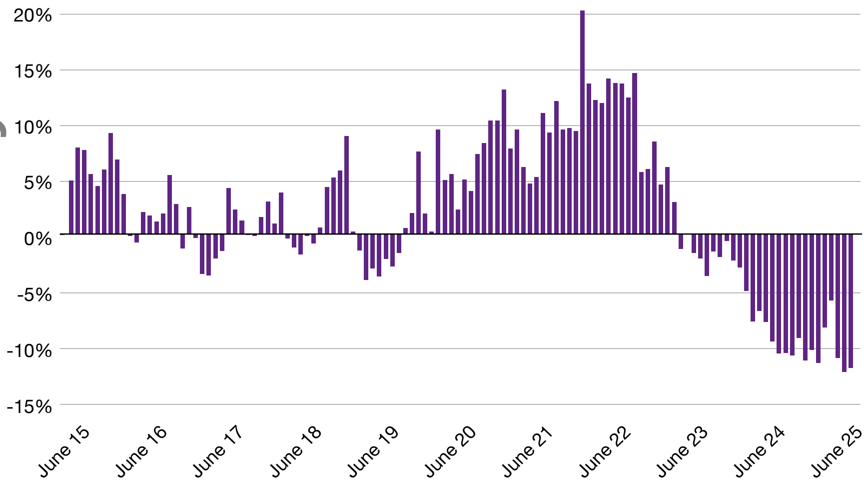
During the year we established new positions in Expand Energy, Spotify, Haleon, Builders FirstSource and Zoetis. These investments were funded via trimming our Costco position and the complete exits of Cintas, UnitedHealth Group, Louis Vuitton, Estée Lauder and Nike. In addition, we switched our GLP1 exposure from Novo Nordisk into Eli Lilly. During the tariff induced sell-off in April, we added to existing holdings at attractive prices including Nvidia, Freeport McMoran, Halma and Marriott.

Share Price Return

Over the 12-month period the share price has moved from a discount of 9.3 per cent to the net asset backing of $7.88 per share at 30 June 2024 to a discount of 11.8 per cent to net asset backing of $8.33 per share at 30 June 2025 (Figure 5). Total share price return including franking was 8.2 per cent over the 12-month period.

As illustrated in Figure 5, the extent of this discount is unusual in the context of the historical trend. There appears to have been less demand for Listed Investment Companies across the industry as interest rate products have become more attractive. In an environment where the Index increases strongly, the share price of listed investment companies can also sometimes lag the market performance, with AFIC not immune from this trend.

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



The discount is not something that we can control in the short term, but we are very conscious of this issue. As a result, we have lifted our communication with brokers and financial planners, moved to weekly disclosure of the portfolio NTA and begun to buy back shares in an orderly fashion as and when opportunities arise. In total, approximately 9.0 million shares were bought back at a cost of approximately $66.3 million.

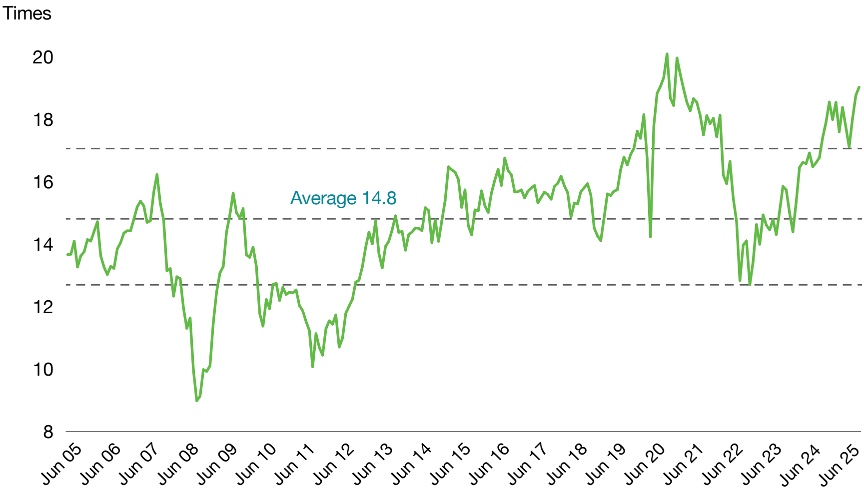
The way that AFIC shares are priced relative to the NTA will likely move from modest premiums to discounts over time, which is impacted by a range of factors such as the level of interest rates and the broader stock market, but we remain very focused on investing in quality companies that outperform the market over an extended period. This will ultimately drive our share price more than the shorter term vagaries of the market.

Outlook

Market conditions remain unpredictable with the outlook for economic growth uncertain, consumer confidence softening and the prospect for the employment market remaining highly uncertain.

In this environment corporate earnings appear set to slow as revenue growth appears harder to achieve with many corporates now talking about cost out initiatives.

Figure 6: Valuation of the Market – Price to Earnings Ratio of the S&P/ASX 200 Index



Source: FactSet

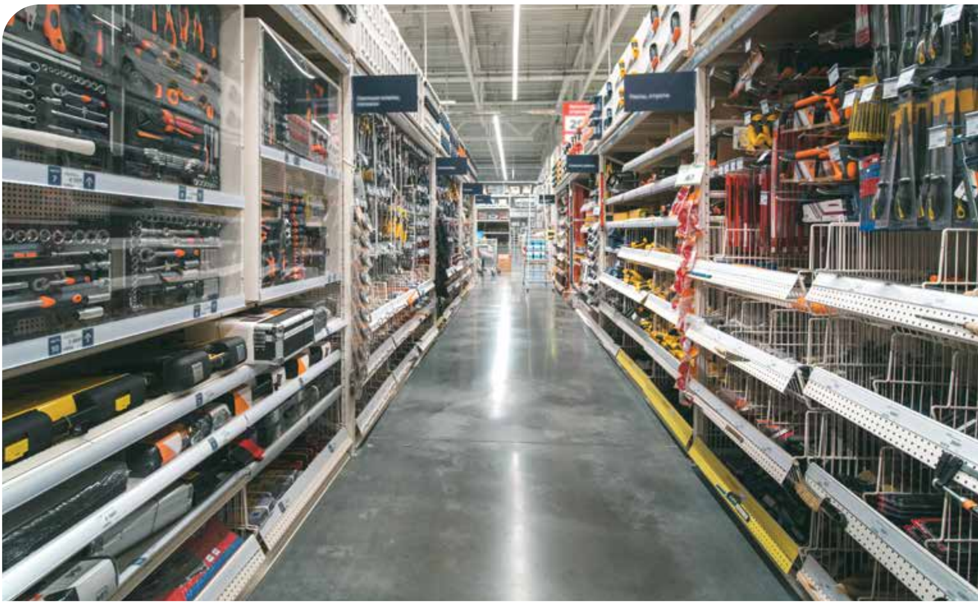
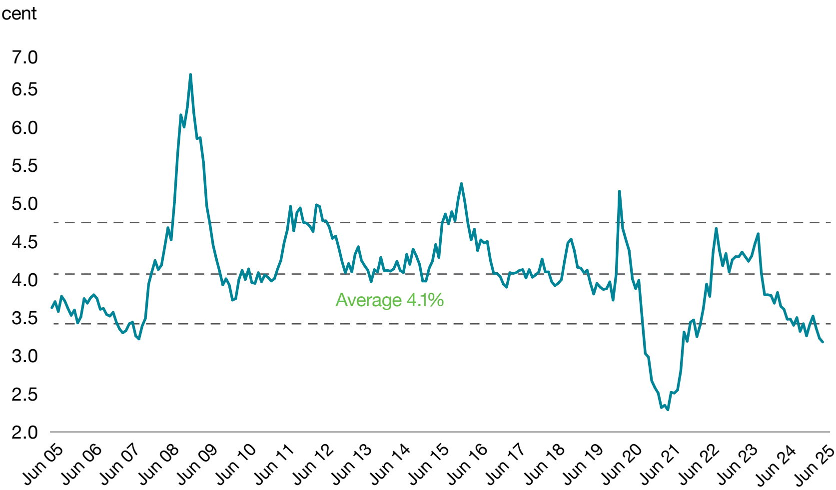


Figure 7: Valuation of the Market – Dividend Yield of the S&P ASX 200 Index



Source: FactSet

Valuations are trading above long term averages and at extreme levels for a number of companies (Figure 6). In this context the dividend yield for the market is also trading below the long term average as share prices have run strongly across the market (Figure 7).

The dispersion in market valuations between the winners and losers is also extremely wide and is likely to exacerbate volatility as we anticipate that the market's tolerance for earnings disappointment won't be high. Patient deployment of capital is required in times like these.

Finally, geopolitical factors remain highly relevant with the occurrence of ongoing conflicts and with politics, particularly out of the United States, driving sharp changes in market sentiment.

While we are aware of the volatile geopolitical environment, our focus continues to remain on the fundamentals of the companies we seek to invest in. 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.

Top 25 Investments

As at 30 June 2025

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2025

		Total Value $ Million	% of the Portfolio
1	Commonwealth Bank of Australia	968.5	9.4
2	BHP	762.7	7.4
3	CSL	632.9	6.2
4	Macquarie Group	491.2	4.8
5	National Australia Bank	485.5	4.7
6	Wesfarmers	473.8	4.6
7	Westpac Banking Corporation	449.7	4.4
8	Goodman Group	394.6	3.8
9	Transurban Group	369.0	3.6
10	Telstra Group	305.7	3.0
11	ResMed	252.9	2.5
12	ANZ Group Holdings	216.2	2.1
13	CAR Group	212.9	2.1
14	James Hardie Industries*	211.4	2.1
15	Woolworths Group	207.4	2.0
16	Rio Tinto	199.5	1.9
17	Woodside Energy Group	192.9	1.9
18	Coles Group*	192.4	1.9
19	Xero	150.1	1.5
20	Mainfreight	149.6	1.5
21	Computershare	144.8	1.4
22	REA Group	138.8	1.4
23	ARB Corporation	138.2	1.3
24	Brambles	136.8	1.3
25	Amcor	136.6	1.3
Total		**8,014.0**	

As percentage of total portfolio value (excludes cash)	**78.1%**

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

Income Statement

For the Year Ended 30 June 2025

	2025 $'000	2024 $'000
Dividends and distributions	312,620	321,836
Revenue from deposits and bank bills	9,195	6,963
Net gains on trading portfolio (including unrealised gains or losses)	2,294	4,901
Total income	**324,109**	**333,700**
Finance costs	(1,208)	(1,405)
Administration expenses (net of recoveries)	(16,680)	(13,360)
Profit before income tax	**306,221**	**318,935**
Income tax	(21,250)	(22,522)
Net profit	**284,971**	**296,413**

	Cents	Cents
Net profit per share	22.71	23.75

Balance Sheet

As at 30 June 2025

	2025 $'000	2024 $'000
Current assets		
Cash	280,769	166,499
Receivables	39,534	42,425
Trading portfolio	5,773	5,387
Total current assets	**326,076**	**214,311**
Non-current assets		
Investment portfolio	10,254,757	9,703,558
Fixtures and fittings	155	–
Total non-current assets	**10,254,912**	**9,703,558**
Total assets	**10,580,988**	**9,917,869**
Current liabilities		
Payables	1,335	1,256
Borrowings – bank debt	10,000	10,000
Tax payable	113,483	34,105
Provisions	7,084	6,014
Total current liabilities	**131,902**	**51,375**
Non-current liabilities		
Provisions	169	154
Deferred tax liabilities – other	233	1,237
Deferred tax liabilities – investment portfolio	1,707,918	1,603,716
Total non-current liabilities	**1,708,320**	**1,605,107**
Total liabilities	**1,840,222**	**1,656,482**
Net assets	**8,740,766**	**8,261,387**
Shareholders' equity		
Share capital	3,210,246	3,205,000
Revaluation reserve	3,651,333	3,449,280
Realised capital gains reserve	799,329	546,953
General reserve	23,637	23,637
Retained profits	1,056,221	1,036,517
Total shareholders' equity (including minority interests)	**8,740,766**	**8,261,387**

Summarised Statement of Changes in Equity and Comprehensive Income Statement

For the Year Ended 30 June 2025

	2025 $'000	2024 $'000
Total equity at the beginning of the year	**8,261,387**	**7,557,556**
Dividends paid	(319,515)	(305,139)
Shares issued – Dividend Reinvestment Plan	71,842	68,840
Share buy-backs	(66,274)	–
Other share capital adjustments	(322)	(172)
Total transactions with shareholders	**(314,269)**	**(236,471)**
Profit for the year	284,971	296,413
Revaluation of investment portfolio	731,229	923,692
Provision for tax on revaluation	(222,552)	(279,803)
Revaluation of investment portfolio (after tax)	508,677	643,889
Total comprehensive income for the year	**793,648**	**940,302**
Realised gains on securities sold	424,974	152,087
Tax expense on realised gains on securities sold	(118,350)	(31,287)
Net realised gains on securities sold	306,624	120,800
Transfer from revaluation reserve to realised gains reserve	(306,624)	(120,800)
Total equity at the end of the year	**8,740,766**	**8,261,387**

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

Holdings of Securities

At 30 June 2025

Individual investments for the combined Investment and trading portfolios as at 30 June 2025 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.

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.

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024 '000	Number Held 2025 '000	Market Value 2025 $'000
AIA	Auckland International Airport	10,300	11,501	81,659
ALD	Ampol	1,105	1,855	47,748
ALQ	ALS	7,622	7,622	130,339
AMC	Amcor	9,617	9,617	136,556
ANZ	ANZ Group Holdings	8,098	7,415	216,221
ARB	ARB Corporation	3,640	4,226	138,190
ASX	ASX	1,757	1,757	122,568
AUB	AUB Group	1,432	1,432	50,814
BHP	BHP	18,451	20,753	762,679
BRG	Breville Group	702	702	20,717
BSL	BlueScope Steel	0	1,431	33,074
BXB	Brambles	5,840	5,840	136,773
CAR	CAR Group	5,690	5,690	212,932
CBA	Commonwealth Bank of Australia	7,698	5,242	968,460
COH	Cochlear	334	443	133,138
COL*	Coles Group	9,722	9,232	192,369
CPU	Computershare	3,630	3,630	144,801
CSL	CSL	2,564	2,643	632,946
CWY	Cleanaway Waste Management	18,185	18,185	49,463

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024 ’000	Number Held 2025 ’000	Market Value 2025 $’000
DJW	Djerriwarrh Investments	7,505	7,505	22,741
DUI	Diversified United Investment	12,030	12,030	64,482
EQT	EQT Holdings	1,647	1,647	56,013
FPH	Fisher & Paykel Healthcare Corporation	3,600	3,600	121,068
GMG	Goodman Group	10,155	11,525	394,616
IAG	Insurance Australia Group	6,280	4,740	42,799
IEL	IDP Education	3,800	6,688	24,544
JBH	JB Hi-Fi	1,131	915	100,970
JHX*	James Hardie Industries	4,577	5,092	211,362
MAQ	Macquarie Technology Group	272	501	33,332
MFT	Mainfreight (NZX listed)	2,406	2,406	149,645
MGR	Mirvac Group	29,350	29,350	64,570
MIR	Mirrabooka Investments	8,728	15,264	49,913
MQG	Macquarie Group	2,240	2,148	491,206
NAB	National Australia Bank	12,335	12,335	485,506
NAN	Nanosonics	5,716	5,716	23,148
NWL	Netwealth Group	3,489	3,608	121,194
NXT	NEXTDC	2,034	4,600	66,700
PXA	PEXA Group	3,750	3,102	42,191
REA	REA Group	577	577	138,763
REH	Reece Limited	5,940	5,628	80,762
RGN	Region Group	16,000	16,000	35,200
RIO	Rio Tinto	1,862	1,862	199,478
RMD	ResMed	5,327	6,427	252,902
SEK	Seek	3,795	3,795	91,266
SHL	Sonic Healthcare	3,320	3,320	88,934
SIG	Sigma Healthcare	0	2,713	8,112

Holdings of Securities

At 30 June 2025 continued

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024 '000	Number Held 2025 '000	Market Value 2025 $'000
STO	Santos	13,921	13,921	106,632
TCL	Transurban Group	27,233	26,394	368,983
TLS	Telstra Group	62,805	63,155	305,671
TLX	Telix Pharmaceuticals	0	1,025	25,025
WBC	Westpac Banking Corporation	14,540	13,283	449,745
WDS	Woodside Energy Group	8,165	8,165	192,939
WES	Wesfarmers	6,783	5,590	473,753
WOR	Worley	0	3,903	51,049
WOW	Woolworths Group	6,667	6,667	207,410
WTC	WiseTech Global	623	810	88,314
XRO	Xero	835	835	150,133
Total				**10,092,518**

* Part of the security was subject to call options written by the Company.

Holdings of International Securities

At 30 June 2025

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024	Number Held 2025	Market Value 2025 A$
AAPL-US	Apple	20,058	18,322	5,736,069
ACN-US	Accenture	5,506	5,504	2,510,264
AENA-ES	Aena	8,638	96,180	3,903,946
AMZN-US	Amazon	23,915	25,550	8,553,374
BLDR-US	Builders Firstsource	0	11,340	2,019,200
CMG-US	Chipotle Mexican	55,750	54,090	4,634,431
COST-US	Costco	2,976	1,661	2,509,024
CP-US	Canadian Pacific	17,432	26,317	3,183,304
CRH-US	CRH	0	18,030	2,525,642
EXE-US	Expand Energy	0	19,744	3,523,119
FCX-US	Freeport	40,571	56,621	3,745,479
FERG-GB	Ferguson Enterprises	9,321	10,411	3,465,718
FTNT-US	Fortinet	27,780	29,125	4,698,445
GOOGL-US	Alphabet	31,314	28,754	7,732,238
HCA-US	HCA Healthcare	9,164	6,974	4,076,791
HD-US	Home Depot	6,034	6,564	3,672,295
HEI-DE	Heidelberg Materials	0	1,500	535,875
HLMA-GB	Halma	13,780	33,600	2,248,176
HLN-GB	Haleon	0	307,175	2,405,180
ICE-US	Intercontinental	16,678	17,348	4,856,746
JPM-US	JP Morgan	14,176	14,736	6,518,764
LLY-US	Eli Lilly	0	3,083	3,667,198
MA-US	Mastercard	2,876	3,251	2,787,635
MAR-US	Marriott	8,715	5,820	2,426,300
MCD-US	McDonalds	7,156	8,066	3,595,984
META-US	Meta Platforms	7,983	6,648	7,487,310
MSFT-US	Microsoft	16,463	15,503	11,766,777

Holdings of International Securities

At 30 June 2025 continued

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2024	Number Held 2025	Market Value 2025 A$
NEE-US	Nextera	25,729	30,909	3,274,190
NESN-CH	Nestlé	20,806	18,476	2,791,908
NFLX-US	Netflix	3,982	3,722	7,605,460
NOVOB-DK	Novo Nordisk	23,536	1,316	138,891
NVDA-US	NVIDIA	44,440	46,760	11,272,901
PEP-US	PepsiCo	8,800	4,240	854,275
RHM-DE	Rheinmetall	0	100	321,875
SBUX-US	Starbucks	6,085	3,195	446,725
SCHW-US	Charles Schwab	32,976	31,676	4,409,933
SPGI-US	S&P Global	3,927	4,342	3,493,530
SPOT-US	Spotify	0	2,059	2,410,863
SU-FR	Schneider	10,851	10,851	4,388,687
TFLO-US	iShares Treasury	34,648	51,152	3,953,538
TMO-US	Thermo Fisher	2,943	2,243	1,387,722
UMG-NL	Universal Music	50,498	63,928	3,146,536
V-US	Visa	4,332	4,332	2,346,948
ZTS-US	Zoetis	0	4,130	982,775
Total				**168,012,041**

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
BHP	95.4
Worley	55.2
Goodman Group	41.3
ResMed	38.6
NEXTDC	35.6

Disposals	Proceeds ($m)
Commonwealth Bank of Australia	375.4
Wesfarmers	90.7
Ramsay Health Care*	51.0
Mineral Resources*	35.3
Westpac Banking Corporation	35.1

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Worley

BlueScope Steel

Telix Pharmaceuticals

Sigma Healthcare

Company Particulars

Australian Foundation Investment Company Limited (AFIC)

ABN 56 004 147 120

Directors

Craig M Drummond, Chairman
Robert M Freeman, Managing Director
Rebecca P Dee-Bradbury
Julie A Fahey
Katie M Hudson
Graeme R Liebelt
Richard Murray
David A Peever

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
Website	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

MUFG Corporate Markets (AU) Limited
Liberty Place
Level 41, 161 Castlereagh Street
Sydney, New South Wales, 2000

New Zealand Address
MUFG Corporate Markets
Level 30, PwC Tower
15 Customs Street West
Auckland, New Zealand

AFI Shareholders (ASX)

Enquiry Line	1300 857 449
Facsimile	(02) 9287 0309
Email	afi@cm.mpms.mufg.com
Website	au.investorcentre.mpms.mufg.com

AFI Shareholders (NZX)

Enquiry Line	09 375 5998
Email	enquiries.nz@cm.mpms.mufg.com
Website	nz.investorcentre.mpms.mufg.com

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	10am
Date	Tuesday 30 September 2025
Venue	RACV
Location	Level 2, Club Pavilion 501 Bourke Street Melbourne, 3000

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

MDM Design
Printed on environmentally friendly paper

28 August 2025

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

Australian Foundation
Investment Company Limited
ABN 56 004 147 120
Level 21, 101 Collins St
Melbourne VIC 3000
T 03 9650 9911
F 03 9650 9100
invest@afi.com.au
afi.com.au

Dear Shareholder,

I am pleased to invite you to the 2025 Annual General Meeting (AGM) of Australian Foundation Investment Company Limited (AFIC or the Company) which has been scheduled as follows:

Date: Tuesday 30 September 2025
Time: 10.00am Australian Eastern Standard Time (AEST)
Venue: RACV Club, Level 2, Club Pavilion, 501 Bourke Street, Melbourne, Victoria, Australia.

The AGM will be held as a hybrid meeting providing shareholders with an opportunity to either attend in person and engage with the Directors of the company or to participate online.

Online participation will be through the share registry – MUFG Corporate Markets' virtual meeting platform at https://meetings.openbriefing.com/AFI2025.

Shareholders who participate in the AGM online can ask questions and vote in real time via this platform. We recommend that shareholders log in to the meeting on the share registry's virtual meeting platform at least 15 minutes prior to the scheduled start time for the meeting.

Full details on how to lodge a proxy, attend and participate in the AGM are set out in our Notice of Meeting and the Virtual Meeting Online Guide.

Notice of Meeting

In accordance with the Corporations Act 2001 (Cth), we will not be posting to you a hard copy of the Notice of Meeting ahead of our AGM unless you have specifically requested one. Please visit https://www.afi.com.au/annual-general-meeting to view and download our Notice of Meeting, Annual Report and other meeting documents.

Proxy Form

If you are unable to join us for the AGM, we encourage you to lodge a vote prior to the meeting or, alternatively, to appoint a proxy to attend either in person or virtually, and vote on your behalf. Enclosed with this letter is a hard copy of your Proxy Form which is personalised to you. Please complete the Proxy Form if you would like to appoint a proxy to attend the meeting and vote on your behalf. The Notice of Meeting sets out the various ways in which you can submit the Proxy Form. Please note that for a proxy appointment to be effective, it must be received by 10.00am (AEST) on Sunday 28 September 2025.

Questions from shareholders

Shareholders will have a reasonable opportunity to ask questions at the AGM (including an opportunity to ask questions of the Auditor) in writing or verbally via the virtual meeting platform.

As was the case last year, we also welcome shareholder questions in advance of the meeting. These can be submitted using the hard copy form provided with your Proxy Form or via the share registry's website at https://vote.cm.mpms.mufg.com/afi.

On behalf of the Board, I thank you for your continuing support as a shareholder. We look forward to welcoming you to our hybrid AGM either virtually or in person on Tuesday 30 September 2025.

Yours sincerely

Craig Drummond
Chairman

NOTICE OF ANNUAL GENERAL MEETING

2025

Income, Capital Growth, Low Cost

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

BUSINESS OF THE MEETING

The Annual General Meeting of **Australian Foundation Investment Company Limited** (ABN: 56 004 147 120, 'Company') will be held at **10.00am (AEST)** on **Tuesday 30 September 2025** as a hybrid meeting at the **RACV Club, Level 2, Club Pavilion, 501 Bourke Street, Melbourne, Victoria, Australia** and via the share registry – MUFG Corporate Markets' virtual meeting platform at **meetings.openbriefing.com/AFI2025**.

Shareholders are encouraged to participate in the AGM in person, via the virtual meeting platform or via the appointment of a proxy. Further information on how to participate virtually is set out in this Notice and the Virtual Meeting Online Guide.

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **10.00am (AEST)** on **Sunday 28 September 2025**.

Item 1. Financial Statements and Reports

To consider the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2025.

(Please note that no resolution will be required to be passed on this matter).

Item 2. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

'That the Remuneration Report for the financial year ended 30 June 2025 be adopted.'

(Please note that the vote on this item is advisory only)

Item 3. Re-election of Director

To consider and, if thought fit, to pass the following resolution (as ordinary resolution):

That Rebecca Dee-Bradbury, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company.'

By Order of the Board

Matthew Rowe
Company Secretary

28 August 2025

EXPLANATORY NOTES

The Explanatory Notes below provide additional information regarding the items of business proposed for the Annual General Meeting.

IMPORTANT: Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.

Please ensure that your properly completed proxy form reaches the share registry by the deadline of 10.00am (AEST) on Sunday 28 September 2025.

Where permitted, the Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

Item 1. Financial Statements and Reports

During this item there will be a reasonable opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2025. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2025 Annual Report can view or download it from the Company's website at: **afi.com.au/company-reports**

Item 2. Adoption of Remuneration Report

During this item there will be a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which can be found in the Company's 2025 Annual Report.

As prescribed by the *Corporations Act 2001*, the vote on the proposed resolution is an advisory one.

Voting Exclusions on Item 2

Pursuant to Sections 250BD and 250R of the *Corporations Act 2001* (Cth), votes may not be cast, and the Company will disregard any votes cast, on the resolution proposed in Item 2 ('Resolution 2'):

- by or on behalf of any member of the key management personnel of the Company's consolidated group (a 'KMP member') whose remuneration details are included in the Remuneration Report or any of their closely related parties; or
- as a proxy by a person who is a KMP member at the date of the meeting or any of their closely related parties,

unless the votes are cast:

- as a proxy for a person who is entitled to vote on Resolution 2 in accordance with a direction in the proxy appointment; or
- by the Chairman of the Annual General Meeting as a proxy for a person who is entitled to vote on Resolution 2 in accordance with an express authorisation in the proxy appointment to cast the votes even though Resolution 2 is connected directly or indirectly with the remuneration of a KMP member.

If the Chairman of the Annual General Meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman to vote for or against, or to abstain from voting on, Resolution 2 by marking the appropriate box opposite Item 2 on the proxy form.

For the purposes of these voting exclusions, a 'closely related party' of a KMP member means (1) a spouse or child of the KMP member, (2) a child of the KMP member's spouse, (3) a dependant of the KMP member or of the KMP member's spouse, (4) anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealings with the Company, or (5) a company the KMP member controls.

The Company will also apply these voting exclusions to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney, as if they were appointed as a proxy.

Pursuant to Sections 250BD(2) and 250R(5) of the *Corporations Act 2001*, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite Item 2, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to Item 2.

Board recommendation: Noting that each director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that shareholders vote IN FAVOUR of this resolution.

Item 3. Re-election of Director

Ms Rebecca Dee-Bradbury was re-elected as a Director at the 2022 AGM, as such she is required to seek re-election at this AGM. Her biographical details are set below:

Rebecca Dee-Bradbury
Independent Non-Executive Director
BBus, GAICD

Member of the Investment, Remuneration and Nomination Committees.

Ms Dee-Bradbury was appointed to the Board in May 2019. Ms Dee-Bradbury is a Non-Executive Director at BlueScope Steel Limited (appointed April 2014), a Director of Energy Australia Holdings following her appointment in April 2017 and a member of Chief Executive Women.

Ms Dee-Bradbury was previously Non-Executive Director of Bapcor Limited, Chief Executive Officer/President of Developed Markets (Asia Pacific and ANZ) for Mondelez from 2010 to 2014. Before joining Mondelez Ms Dee-Bradbury was Group CEO of the global Barbeques Galore group and has held other senior executive roles in organisations including Maxxium, Burger King Corporation and Lion Nathan/Pepsi Cola Bottlers.

Board recommendation and undirected proxies: The Board recommends (with the exception of Ms Dee-Bradbury in relation to her own re-election) that shareholders vote in FAVOUR of Item 3. The Chairman of the meeting intends to vote undirected proxies in FAVOUR of Item 3.

Further information regarding the Company's Corporate Governance arrangements and the Board's role can be found on the Company's website at: **afi.com.au/corporate-governance**

SHAREHOLDER INFORMATION

Shareholders and Proxyholders have two options for participating at the AGM:
In person
Online via the share registry's Virtual Meeting Platform (access via **meetings.openbriefing.com/AFI2025**)

In Person

The AGM will be held at the RACV Club, Level 2, Club Pavillion, 501 Bourke Street, Melbourne, Victoria, 3000, Australia

Via the Online Platform

Online participation will be through the share registry – MUFG Corporate Markets' virtual meeting platform at **meetings.openbriefing.com/AFI2025**.

Online registration will open 30 minutes before the meeting. We recommend that shareholders log in to the meeting on the share registry's virtual meeting platform at least 15 minutes prior to the scheduled start time for the meeting.

To make the registration process quicker, please have your Holder number (SRN/HIN/CSN) and registered postcode or country code ready. Proxyholders will be sent their proxy number approximately 24 hours prior to the meeting where a proxyholder's email address is provided. Alternatively, the appointing shareholder may contact the share registry, MUFG Corporate Markets, prior to the meeting to obtain their appointed proxy holder's login details.

A detailed guide on how to participate virtually is set out in the Virtual Meeting Online Guide on our website at **afi.com.au/annual-general-meeting**. This Guide recommends suitable browsers and provides a step-by-step guide to successfully log in and navigate the site.

Voting Options For the AGM

- Voting in person at the meeting
- Voting online through the virtual meeting platform during the AGM
- Appointing a proxy

All Resolutions Will Be By Poll

As some shareholders may participate virtually in the Meeting each resolution considered at the Meeting will be conducted by a poll. The Board considers voting by poll to be in the interests of the shareholders as a whole and ensures the views of as many shareholders as possible are represented at the Meeting.

Voting Online Through the Virtual Meeting Platform – During the AGM

In accordance the Company's Constitution ('Constitution'), the Directors have determined that at the AGM, a shareholder who is entitled to vote on a resolution at the AGM is entitled to a direct vote in respect of that resolution and have approved the use the virtual meeting platform as the means by which shareholders can deliver their direct vote in real time during the AGM.

Shareholders can participate in the AGM via the share registry's virtual meeting platform and will be able to vote directly through the online platform in real time. Shareholders and proxyholders can vote directly online at any time between the start of the AGM at 10.00am (AEST) and five minutes after the closure of voting as announced by the Chairman during the Meeting.

More information regarding direct voting during the AGM is detailed in the Online Meeting Guide available on our website **afi.com.au/annual-general-meeting**.

Proxies

If you cannot attend the meeting in person or online at the scheduled time, you can participate in the AGM by appointing a proxy to attend and vote at the AGM. Shareholders can appoint a proxy on the enclosed Proxy Form.

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.
2. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).
3. **Proxy instructions may be lodged online by visiting au.investorcentre.mpms.mufg.com or by scanning the QR Code on the proxy form with a mobile device.**
4. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be also delivered, by mail or by fax to the Company's Share Registry (see details on page 6) no later than 48 hours before the meeting, being **10.00am (AEST) on Sunday 28 September 2025**. Further details are on the proxy form.
5. A proxy need not vote in that capacity on a poll (unless the proxy is the Chairman of the meeting). However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).
6. In certain circumstances the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution even if the shareholder has not expressly appointed the Chairman of the meeting as their proxy.
   This will occur where:
   - an appointment of a proxy specifies the way the proxy is to vote on a particular resolution; and
   - the appointed proxy is not the Chairman of the meeting; and
   - at the meeting, a poll is called on the resolution; and
   - either of the following apply:
     - if a record of attendance is made for the AGM and the proxy is not recorded as attending
     - the proxy does not vote on the resolution.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Evidence of the appointment of a corporate representative must comply with Section 250D of the *Corporations Act 2001* and be lodged with the Company before the AGM.

Attorneys

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the meeting.

SHAREHOLDER INFORMATION continued

Questions from Shareholders

We welcome shareholders' questions at the meeting. However, in the interests of all attending the meeting, we request that shareholders confine their questions to matters before the meeting that are relevant to shareholders as a whole.

For shareholders present at the meeting, you will have the opportunity to ask questions from the floor.

For shareholders attending online through **meetings.openbriefing.com/AFI2025**, click on 'Ask a Question' button and follow the prompts.

Shareholders who are unable to attend the meeting or who prefer to register questions in advance are invited to use the question form included with their proxy form or lodge your questions online through the share registry's Investor Centre at **au.investorcentre.mpms.mufg.com**. The deadline for receipt of questions to be considered at the AGM is Tuesday 23 September 2025.

During the course of the meeting, the Chairman will endeavour to address the themes most frequently raised in the submitted question forms. Please note that individual responses will not be sent to shareholders.

Share Registry

The Company's Share Registry details are as follows:

MUFG Corporate Markets

Australian Shareholders

Street Address
Liberty Place
Level 41, 161 Castlereagh Street
Sydney NSW 2000

Postal Address
Locked Bag A14, NSW 1235

Telephone
1300 857 499 (within Australia)

Facsimile
+61 2 9287 0309 (within Australia)

Email
afi@cm.mpms.mufg.com

Website
au.investorcentre.mpms.mufg.com

New Zealand Shareholders

Street Address
Level 30, PwC Tower,15 Customs Street
West Auckland, New Zealand

Postal Address
PO Box 91976, Auckland 1142
New Zealand

Telephone
09 375 5998 (within New Zealand)

Email
enquiries.nz@cm.mpms.mufg.com

Website
nz.investorcentre.mpms.mufg.com

AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

ABN 56 004 147 120

LODGE YOUR VOTE

ONLINE
https://vote.cm.mpms.mufg.com/afi

BY MAIL
C/- MUFG Corporate Markets
Locked Bag A14
Sydney South NSW 1235
Australia

OR C/- MUFG Corporate Markets
PO Box 91976
Auckland 1142
New Zealand

BY FAX
+61 2 9287 0309

BY HAND
MUFG Corporate Markets
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150
Australia

OR MUFG Corporate Markets
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
New Zealand

ALL ENQUIRIES TO
Telephone: +61 1300 857 499 (Australia)
Other: +64 9 375 5998 (New Zealand)

X99999999999

For personal use only

PROXY FORM

I/We being a shareholder(s) of Australian Foundation Investment Company Limited (the "**Company**") and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting,

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEST) on Tuesday, 30 September 2025** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a hybrid event. You can participate by attending in person at the **RACV Club, Level 2, Club Pavilion, 501 Bourke Street, Melbourne, Victoria, Australia** or logging in online at **https://meetings.openbriefing.com/AFI2025** (refer to details in the Virtual Annual General Meeting Online Guide).

Important for Item of Business 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Item of Business 2, even though the Item of Business is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**), which includes the Chairman of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Items of Business	For	Against	Abstain*
2 Adoption of Remuneration Report			
3 Re-election of Director – Ms Rebecca Dee-Bradbury			

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, both shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

AFI PRX2501N

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Item of Business is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, both joint shareholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at support@cm.mpms.mufg.com prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.mpms.mufg.com/en/mufg-corporate-markets.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Sunday, 28 September 2025,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

https://vote.cm.mpms.mufg.com/afi

Login to the Investor Centre using the holding details as shown on the Voting/Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your vote by scanning the QR code adjacent or enter the voting link **https://vote.cm.mpms.mufg.com/afi** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

C/- MUFG Corporate Markets

Locked Bag A14	**OR**	PO Box 91976
Sydney South NSW 1235		Auckland 1142
Australia		New Zealand

BY FAX

+61 2 9287 0309

BY HAND

delivering it to either

MUFG Corporate Markets*

Parramatta Square	**OR**	Level 30
Level 22		PwC Tower
Tower 6		15 Customs Street West
10 Darcy Street		Auckland 1010
Parramatta NSW 2150		New Zealand
Australia		

* in business hours (Monday to Friday, 9:00am–5:00pm)