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28 August 2026

The Manager
ASX Market Announcements
ASX Limited
Level 27,
39 Martin Place,
Sydney NSW 2000

Electronic Lodgement

Australian Foundation Investment Company Limited
Statutory Annual Report and Annual Shareholder Review

Dear Sir / Madam

Please find attached the 2026 Statutory Annual Report and Annual Shareholder Review being sent to shareholders.

Yours faithfully

Matthew Rowe
Company Secretary

Authorised by the Company Secretary

Annual Report
2026

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

2026

Profit for the Year

$293.5m

$285.0m in 2025

Fully Franked Dividend Per Share

14.5¢ Final

2.5¢ Special

31.5¢ Total#

31.5 cents total in 2025

Total Portfolio Return

0.9% Including franking*

S&P/ASX 200 Accumulation Index including franking* 7.2%

Total Shareholder Return

2.5%

Share price plus dividend, including franking*

Management Expense Ratio

0.14%

0.16% in 2025

Total Portfolio

$9.8b

Including cash at 30 June. $10.5 billion in 2025

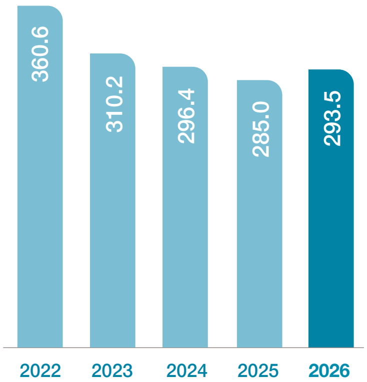
* Assumes a shareholder can take full advantage of the franking credits.

\# Includes 12.0 cent interim dividend and 2.5 cent special interim dividend.

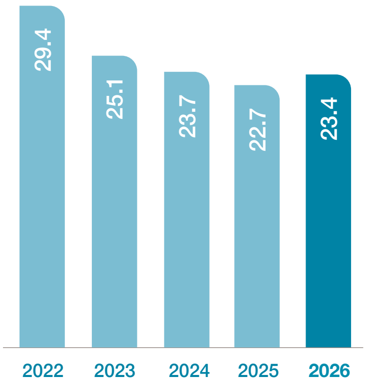
DIRECTORS’ REPORT

5 Year Summary

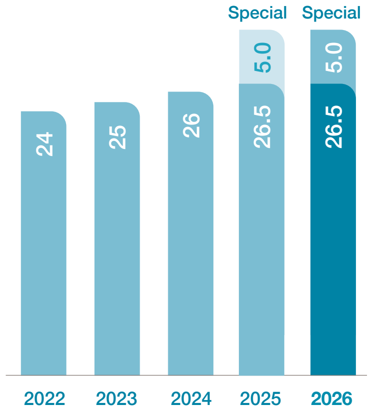
Net Profit After Tax ($ Million)



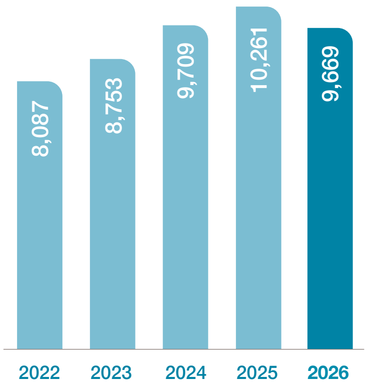
Net Profit Per Share (Cents)



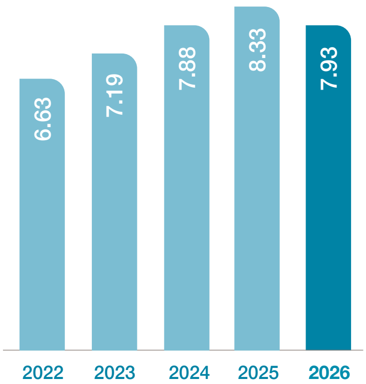
Dividends Per Share (Cents)[a]



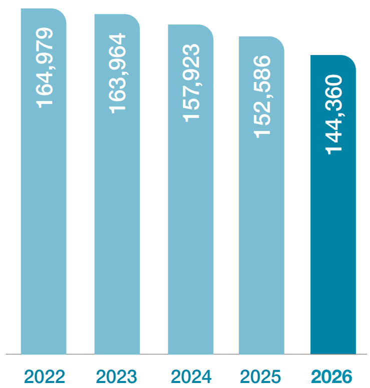
Investments at Market Value ($ Million)[b]



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 14.29 cents for 2026; 2025: 27.86 cents; 2024: 6.43 cents; 2023: 10.0 cents; 2022: 14.29 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 ordinary 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

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 June 2026 this was 0.14, or 14 cents for each $100 invested.

* Data provided by ISS ESG. Portfolio at 30 June 2026.

Review of Operations and Activities

Profit and Dividend

The full year profit was $293.5 million, up from $285.0 million in the previous corresponding period. The uplift in the profit from last year was due to an increase in dividends and distributions received from the portfolio and an increase in gains from the trading portfolio.

The management expense ratio remains low at 0.14 per cent with no additional fees. This is down from 0.16 per cent last financial year.

Earnings per share for the financial year were 23.42 cents per share.

The final dividend was maintained at 14.5 cents per share fully franked. A fully franked special dividend of 2.5 cents per share has also been declared. Total fully franked dividends for the year, including special dividends, is 31.5 cents per share, in line with the previous financial year's total dividend including special dividends.

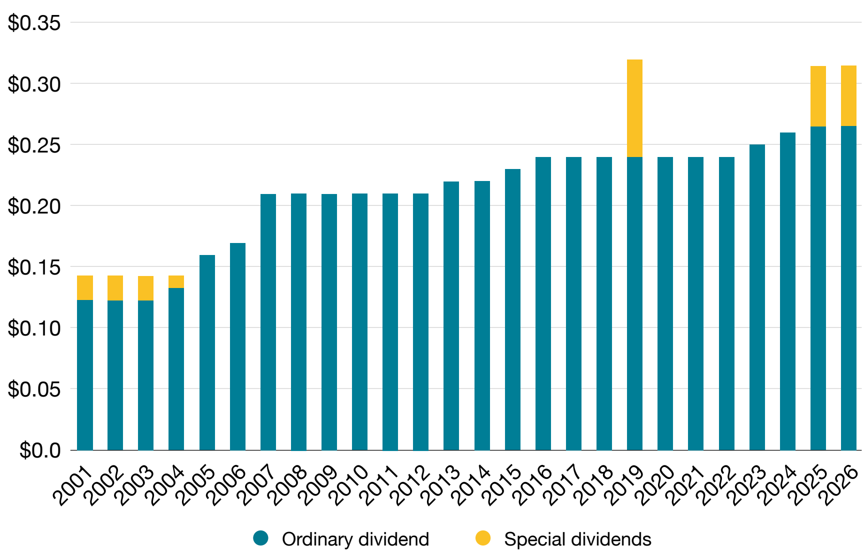
The Board has elected to pay 10 cents of the final and special dividends from capital gains, on which the Group has paid or will pay tax. The amount of this pre-tax attributable gain, known as an 'LIC capital gain, equals 14.29 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details are on the dividend statements.

A key objective of AFIC is to provide stable to growing ordinary dividends over time. The amount of any ordinary dividend remains at the discretion of the Board and depends on the level of earnings and the amount of realised capital gains generated for the year, as well as the balance of franking credits.

The Board considers special dividends to be the most appropriate way to distribute the franking credit balance reserve that has built up in recent years. Despite the recent payment of these special dividends, further generation of realised capital gains during the year means the franking credit balance remains strong. Directors will continue to consider further capital management initiatives for future financial years taking into consideration the balance of franking credits and the generation of realised capital gains. We anticipate providing an update regarding any special dividends for financial year 2027 at the AGM in October 2026.

Outlined in Figure 1 is the long term history of the dividends paid to shareholders. Over the long term, the Company has delivered on its objective of paying stable to growing ordinary dividends over time irrespective of any special dividends that have been paid.

Figure 1: Long Term History of Dividends Including Special Dividends



Net Asset Backing Per Share

Figure 2 highlights the change in the net asset backing per share (NTA) over the financial year. Dividends paid, including special dividends, and the fall in the value of the portfolio were the major contributors to the decline, although income received from the portfolio offset most of the decline in the portfolio value. Over the year approximately 35.4 million shares were bought back at a cost of approximately $242.8 million. The share buy-backs were accretive to the value of the NTA over the year.

Market and Portfolio Performance

The S&P/ASX 200 Accumulation Index (not including the benefit of franking) rose 6.1 per cent in the calendar year with a large part of this return coming from the Materials sector, up 52.1 per cent. Within the Materials sector BHP and Rio Tinto had very strong performances, with each returning approximately 68 per cent. This sector was also buoyed by positive rises in gold, copper, rare earths and lithium commodity prices. In this context, mid-cap resources were up 68.5 per cent for the period, with small-cap resources up 30.7 per cent.

Energy was the second-best performing sector, returning 14.5 per cent during the period as energy stocks such as Woodside and Santos benefited from higher oil prices from the conflict in the Middle East.

Sectors that underperformed were Healthcare, down 36.2 per cent, driven largely by CSL, Cochlear and ResMed, and Information Technology, down 37.0 per cent as the fear of disruption on the business models of software stocks from artificial intelligence hit the share prices of many companies in this sector.

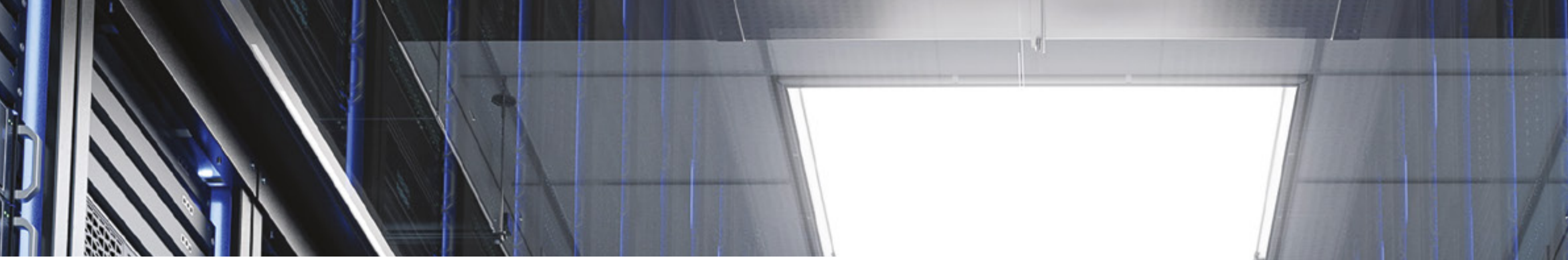


Figure 2: Movement in Net Asset Backing Per Share to 30 June 2026

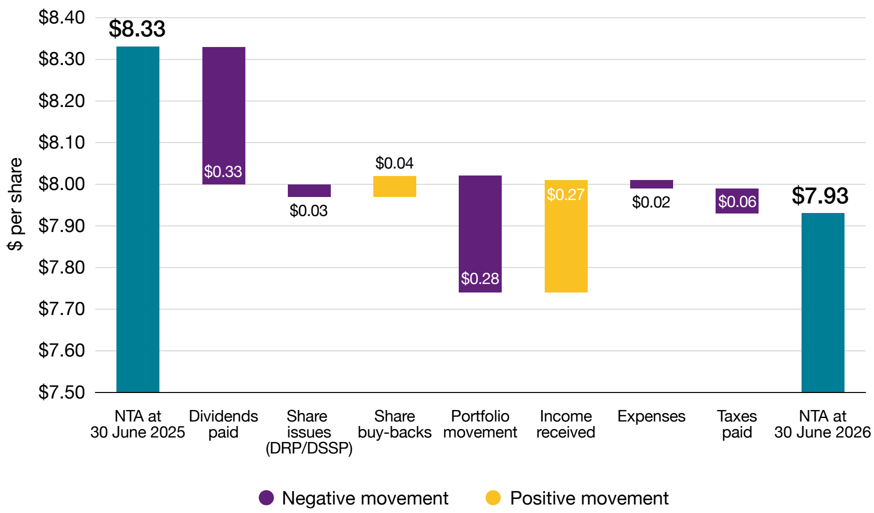
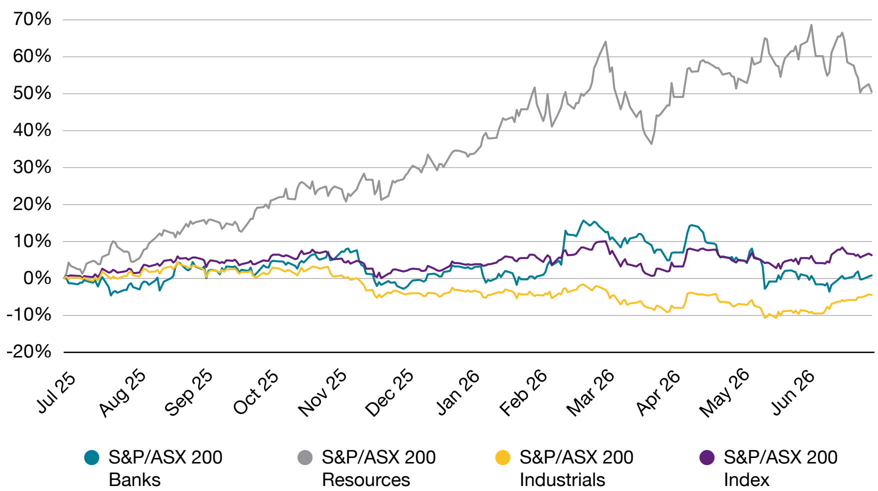


Figure 3: Key Sector Performance for the 12 Months to 30 June 2026



Review of Operations and Activities continued

This proved to be a challenging environment, with the AFIC portfolio including the benefit of franking returning 0.9 per cent over the 12 months, compared to the S&P/ASX 200 Accumulation Index return of 7.2 per cent including franking, with most of the underperformance occurring in the first half of the financial year (Figure 4).

Over the financial year the portfolio benefited from solid returns from our holdings in Woolworths Group, Rio Tinto, ALS, Macquarie Group and Coles Group. We also benefited from our underweight position in Commonwealth Bank of Australia, which returned negative 8 per cent for the period.

The main contributors to the portfolio's underperformance relative to the benchmark were our positions in CSL, ARB Corporation, ResMed, CAR Group, REA Group and Cochlear. Each of these companies has been retained in the portfolio as we consider their long term prospects to be sound, noting that in some cases the turnarounds required to improve returns are likely to take some time.

While near term conditions have been challenging, we continue to believe the investment approach of focusing on high-quality companies can deliver attractive long term returns, including income for shareholders.

Figure 5 highlights the long term performance of the portfolio relative to the S&P/ASX 200 Index. Both include the benefits of franking.

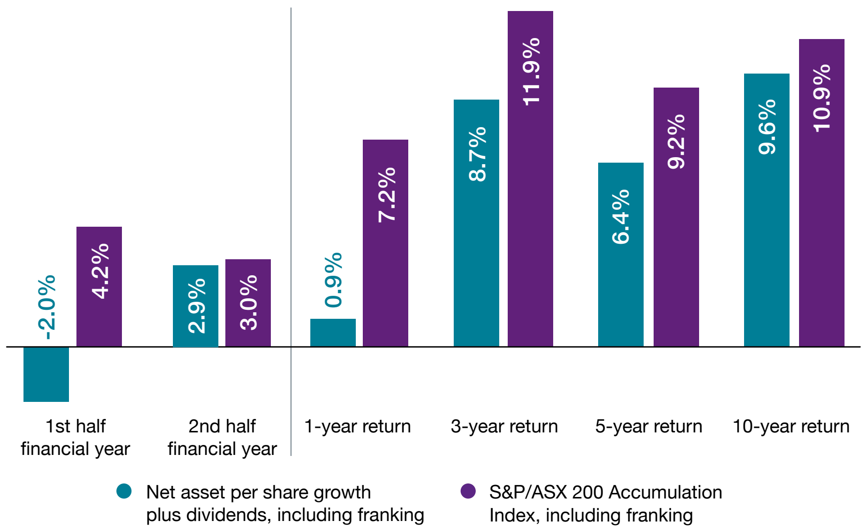
Positioning Adjustments

AFIC seeks to own a diversified portfolio of quality companies with an appropriate mix of income and growth attributes to achieve our long term investment objectives.

The portfolio is actively managed but with a long term investment approach, meaning that our annual portfolio turnover will typically be low to moderate.

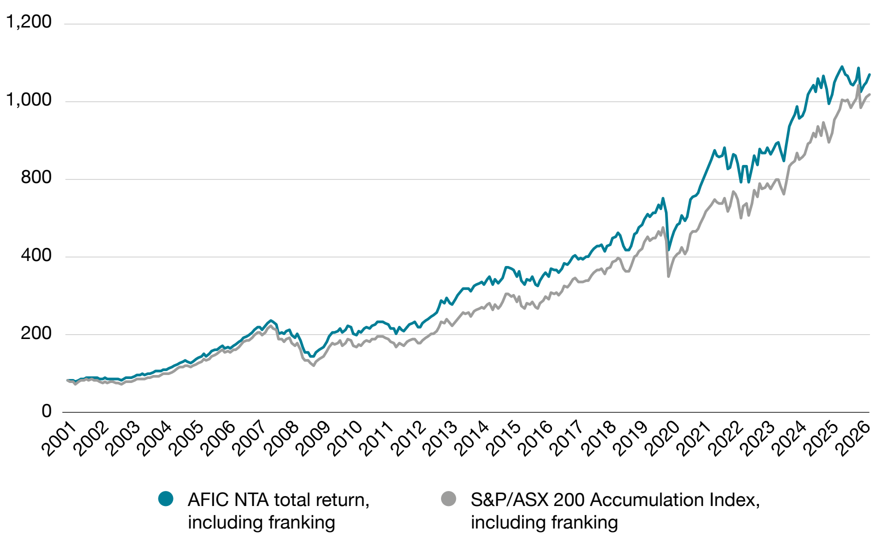
The majority of our buying activity for the year involved adding to positions in mid and large-cap companies that we consider to be high quality and that provide the portfolio with a good mix of income and growth.

Figure 4: Portfolio Performance – Per Annum Returns to 30 June 2026



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.

Figure 5: Long Term Portfolio Performance Relative to the S&P/ASX 200 Index



Sigma Healthcare was our largest purchase for the year. Following the merger with Chemist Warehouse, Sigma Healthcare is now Australia's leading retail pharmacy franchisor, distributor and wholesaler. The company has a strong track record of execution with double-digit revenue growth over the past two decades. The company continues to have a long growth runway, as it operates in an attractive, strongly growing healthcare and beauty retail category in which it is winning market share. Sigma Healthcare offers our portfolio an attractive level of capital growth alongside modest, albeit strongly growing, dividends.

During the period we also increased our holdings in JB Hi-Fi, Woolworths Group, Telstra Group, CAR Group and REA Group.

We also added a number of new positions to the portfolio during the year.

Pro Medicus and TechnologyOne were bought after their share prices fell sharply in February 2026. Pro Medicus is the market leader in medical software imaging, operating in North America, Australia and Europe. TechnologyOne is a dominant software business that is used by governments and universities in Australia, New Zealand and the United Kingdom. Both Pro Medicus and TechnologyOne have delivered very strong returns over the long term and have high-quality management teams. We were able to purchase both of these companies at what we considered to be attractive valuations given their quality and long term growth potential.

In addition, we were able to take advantage of a sell-off in several quality small-cap growth companies during the financial year as part of our goal of building a more diversified portfolio of small-cap investments. This saw us add Life360, Temple & Webster, HUB24, Objective Corporation and Pinnacle Investment Management to the portfolio.

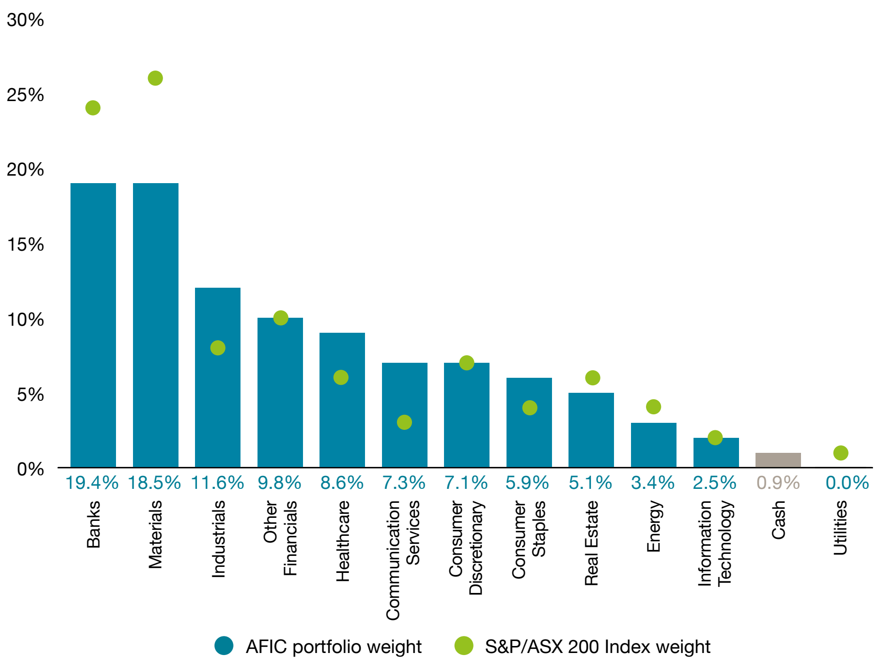
While we endeavour to hold companies for the long term, selling companies when we identify a significant deterioration in future growth prospects remains fundamental to meeting our long term investment objectives. On this basis we exited Sonic Healthcare, WiseTech Global, Worley, IDP Education and Telix Pharmaceuticals.

We continued to trim our positions in Commonwealth Bank of Australia and Wesfarmers. We consider both companies to be high quality; however, we saw their valuations as extreme, especially when factored against our large position sizes. For similar reasons we trimmed our holdings in National Australia Bank, Westpac Banking Corporation and ALS. As a result of call option exercises some of our holding in BHP was sold.

Overall, the value of stock sales outweighed stock purchases. This was primarily due to the attractive relative value we saw in buying back AFIC shares during the period given the material discount in the share price compared to the net tangible asset backing through the year.

Figure 6 outlines the positioning of the AFIC portfolio relative to the market as represented by the S&P/ASX 200 Index.

Figure 6: AFIC Investment by Sector Versus the S&P/ASX 200 Index as at 30 June 2026 – Excludes International Holdings



Review of Operations and Activities continued

International Portfolio

During the year the decision was made not to pursue the listing of a separate international LIC at this stage. In this context we have adjusted our portfolio approach to focus on a smaller number of holdings most aligned with AFIC's quality-focused investment philosophy with attractive medium to long term prospects. Over the course of the financial year the number of holdings has gone from 44 companies to 19 companies as at 30 June 2026.

The international portfolio continues to provide AFIC with offshore research insights to assist domestic investment decisions and exposure to what AFIC views as the most attractive international companies. Most of our international holdings have leadership positions in growing industries not typically available to investors on the ASX.

The international portfolio has continued to generate value for shareholders, with the portfolio standing at $148.7 million on 30 June 2026 following the initial investment of $103.5 million in May 2021. At current value, the global portfolio represents about 1.5 per cent of the overall AFIC portfolio.

At 30 June 2026 our largest holdings were Schneider Electric, Amazon, Visa, Eli Lilly, Ferguson Enterprises, Waters and Netflix.

Share Price Return

Over the 12-month period the share price has moved from a discount of 11.8 per cent to the net asset backing of $8.33 per share at 30 June 2025, to a slightly smaller discount of 11.1 per cent to net asset backing of $7.93 per share at 30 June 2026. Total share price return including franking was 2.5 per cent over the 12-month period.

As illustrated in Figure 7 the extent of this discount is unusual in the context of the historical trend. Factors such as the level of interest rates, momentum in the market and level of market dividends can have a large impact on sentiment towards AFIC shares. When interest rates are low and market dividends are down AFIC can trade at a premium, as was the case during COVID-19. As these factors reverse, what we have seen is the share price move to a large discount.

Figure 7: Long Term History of the Share Price Premium/Discount to Net Asset Backing

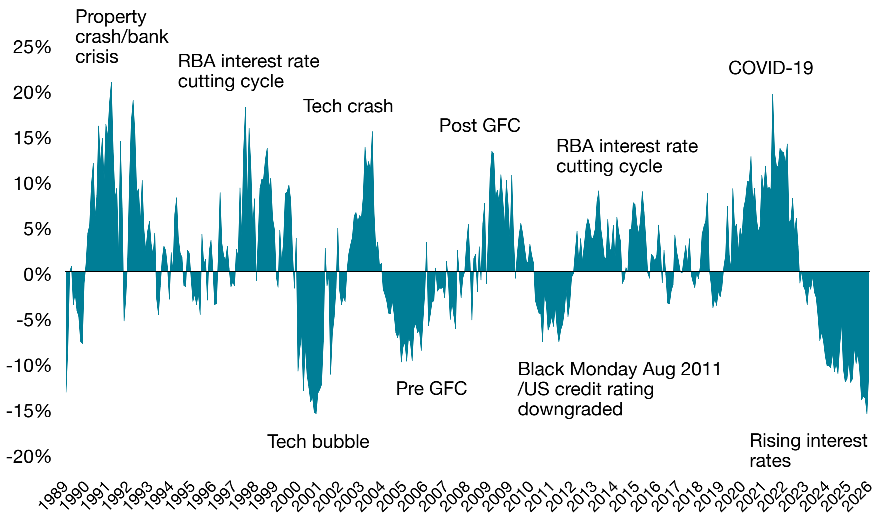
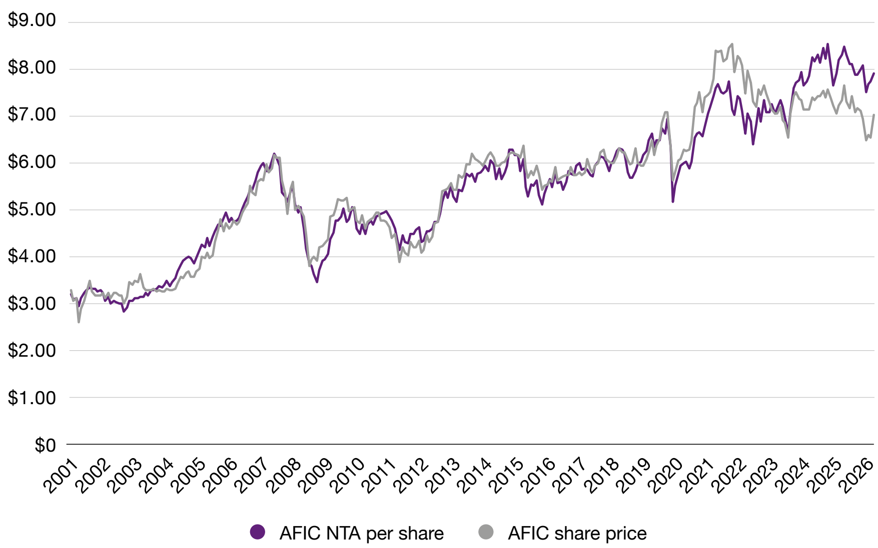


Figure 8: Long Term History of the Share Price and Net Asset Backing Per Share



The discount is not something that we can control in the short term, but we are very conscious of this issue. As a result, the Group has uplifted its communication with brokers and financial planners, provides weekly disclosure of the net asset backing per share and has begun to buy back shares in an orderly fashion as and when opportunities arise.

Figure 8 illustrates the long term performance of the share price relative to the net asset backing per share. Over the long term the difference between the share price return and the return of net asset backing per share is not large despite the history of the share price trading at a premium or discount through various market cycles. Ultimately over the long term the share price has been driven by the net asset backing per share.

Outlook

Another positive year of returns from domestic and global share markets was noteworthy given the shock to economies caused by geopolitical events such as the conflict in the Middle East and the general upward pressure on interest rates from heightened inflation.

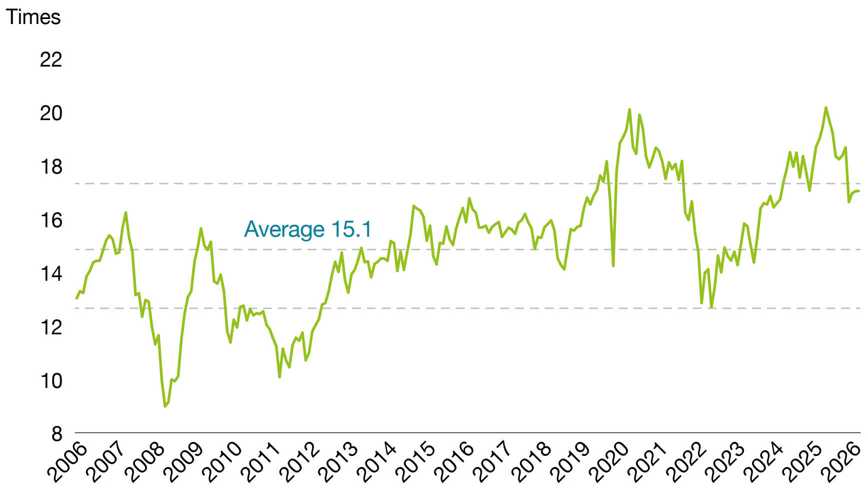
In this context, the Australian economy has proved resilient. However, the Australian share market continues to look moderately expensive, especially against long term averages for the market's price to earnings ratio and dividend yield.

The broader share market is currently forecast to deliver a dividend yield of just 3.7 per cent (not including franking credits), below the average dividend yield of the last 10 years.

In terms of AFIC's dividend income, we believe that the portfolio has a good balance across the key sectors such as Resources, Banks and Consumer Staples, which should generate a solid level of fully franked dividend income. We are confident that the transactions made in the last 12 months have enhanced the portfolio's long term income and growth prospects.

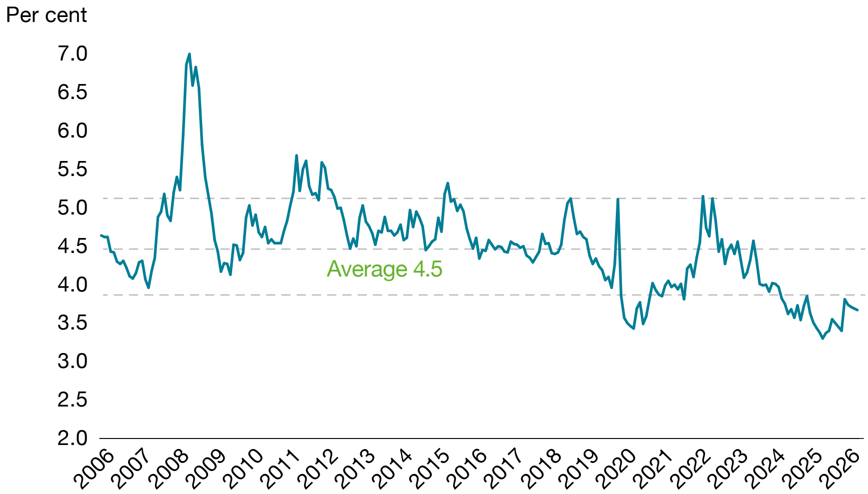
Despite the uncertainties about the direction of economies and financial markets, we continue to believe that AFIC, with its diversified portfolio of high-quality companies, is well positioned to meet its investment objectives over the long term.

Figure 9: Valuation of the Market – Price to Earnings of the S&P/ASX 200 Index



Source: FactSet

Figure 10: Valuation of the Market – Forward Looking Dividend Yield of the S&P/ASX 200 Index



Source: FactSet

Review of Operations and Activities continued

Board Changes

Mark, the Chief Executive Officer and Managing Director, retired at the end of the 2026 financial year.

Mr Freeman was involved in the management of AFIC for over 31 years. For the past eight years Mark has been the Chief Executive Officer and Managing Director, and previously he spent 10 years as the Chief Investment Officer. Mark has had a long and distinguished career in the industry. The Board would like to acknowledge Mark for his leadership and passion for our shareholders and thank him for successfully navigating the LICs through a period of significant change.

Listed Investment Companies offer a unique structure for investors. Mark has understood this and has been a very strong advocate for AFIC and its investment approach, which has delivered long term benefits to shareholders at a low cost. AFIC as a long term investor often provides a different perspective to many others in the industry, and Mark has been central to conveying these views.

We wish Mark all the best for his future and his retirement.

Alison Gibson has been appointed as Mark's successor, effective 13 July 2026. Alison was previously a Portfolio Manager at HESTA. Alison is well known to AFIC shareholders having been a Portfolio Manager with the Company from 2011 to 2021 when she left to join HESTA. Alison is an experienced investment professional with over 25 years' experience across portfolio management, equity research and investment strategy within institutional and funds management organisations. Alison has a strong background in leading investment teams, setting clear investment frameworks and delivering long term outcomes for stakeholders.

Top 25 Investments

At 30 June 2026

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2026

		Total Value $ Million	% of the Portfolio
1	BHP*	1,132.0	11.7
2	Commonwealth Bank of Australia	807.3	8.3
3	Macquarie Group*	528.2	5.5
4	Wesfarmers	436.1	4.5
5	Westpac Banking Corporation	407.4	4.2
6	National Australia Bank*	390.1	4.0
7	Transurban Group	379.5	3.9
8	Goodman Group*	358.8	3.7
9	Telstra Group*	357.8	3.7
10	Woolworths Group*	327.8	3.4
11	Rio Tinto	321.2	3.3
12	CSL	311.9	3.2
13	ANZ Group Holdings	262.1	2.7
14	Coles Group*	240.3	2.5
15	Woodside Energy Group*	232.8	2.4
16	ResMed	193.2	2.0
17	CAR Group	175.7	1.8
18	Computershare*	162.8	1.7
19	James Hardie Industries	160.5	1.7
20	JB Hi-Fi	126.6	1.3
21	ALS	126.5	1.3
22	Mainfreight	122.6	1.3
23	Amcor	120.3	1.2
24	Fisher & Paykel Healthcare Corporation	115.4	1.2
25	Brambles	113.8	1.2
Total		**7,910.8**	
As percentage of total portfolio value (excludes cash)			**81.8%**

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

Company Position

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

- Under the Company's Dividend Substitution Share Plan, 1,218,577 new shares were issued at nil cost in August 2025, and 1,033,773 new shares were issued at nil cost in February 2026.
- Under the Company's Dividend Reinvestment Plan, 6,929,932 new shares were issued at a price of $7.35 in August 2025, and 5,400,941 new shares were issued at a price of $6.90 in February 2026.

During the year the Company bought back shares through its on-market buy-back facility. A total of 35,435,326 shares for a total consideration of $242.8 million were bought back and cancelled.

The Company's contributed equity, net of share issue costs, fell $155.4 million to $3.1 billion. At the close of the year the Company had 1,233 million shares on issue.

Dividends

Directors have declared a fully franked final dividend of 14.5 cents per share and a special dividend of 2.5 cents per share (14.5 cents ordinary and 5.0 cents special last year, both fully franked).

The dividends paid during the year ended 30 June 2026 were as follows:

	$'000
Final dividend for the year ended 30 June 2025 of 14.5 cents per share and a special dividend for the year ended 30 June 2025 of 5.0 cents per share, both fully franked at 30 per cent, paid 28 August 2025	235,582
Interim dividend for the year ended 30 June 2026 of 12 cents per share and a special dividend for the year ended 30 June 2026 of 2.5 cents per share, both fully franked at 30 per cent, paid 26 February 2026	174,549
	410,131

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 Westpac Banking Corporation for loan facilities totalling $150 million (see Note D2). As at 30 June 2026, the facilities were not drawn down. 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 17 cents per share for the year ended 30 June 2026, it carries with it a 14.3 cents per share LIC capital gain attributable part (2025: 27.9 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 includes 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.

However, as a Listed Company over a certain size, the Company is required to produce an audited Sustainability Report, which can be found on pages 63 to 77.

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 2025 to 30 June 2026. The effect of relying on the exemption is that for the accounting period ended 30 June 2026 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*.

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.

The Company's Sustainability Report for the financial year ended 30 June 2026 will be found in the Annual Report on the Company's website at: afi.com.au/company-reports

Rounding of Amounts

The Company is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183, 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 2026 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), FCA, FAICD

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

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 was elected Chair of the AFL Commission in 2026.

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.

Alison Gibson

–

Managing Director

CFA, B Bus (BusAdmin), Grad Dip App Fin (FINSIA), GAICD

Member of the Investment and Nomination Committees. Managing Director of AICS.

Ms Gibson became Chief Executive Officer and Managing Director in July 2026. Ms Gibson was previously a Portfolio Manager for Internal Australian Equities at HESTA. Before joining HESTA, she spent a decade at Australian Foundation Investment Company and the other three LICs (Djerriwarrh, AMCIL and Mirrabooka) as a Portfolio Manager. Prior to this she was an Executive Director at Goldman Sachs JBWere.

Ms Gibson is an experienced investment professional with over 25 years' experience across portfolio management, equity research and investment strategy within institutional and funds management organisations. She has a strong background in leading investment teams, setting clear investment frameworks and delivering long term outcomes for stakeholders.

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), and a member of Chief Executive Women.

Ms Dee-Bradbury was previously a Director of Energy Australia Holdings, a Non-Executive Director of Bapcor Limited and 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

Chair 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. Ms Fahey was also a member of the KPMG National Executive Committee.

Ms Fahey is a Non-Executive Director of Datacom. She was formerly a Non-Executive Director of IRESS Limited, SEEK Limited, Vocus, Partnerslife and Cenitex and formerly a member of the Australian Red Cross LifeBlood board and 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), FTSE FAICD*Life*

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. He is currently CFO of Sigma Healthcare Limited and his past executive experience includes CEO of Total Tools Holdings, CEO of 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

Mark Freeman

–

Managing Director (Retired)

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

Mr Freeman became Chief Executive Officer and Managing Director in January 2018 having been Chief Investment Officer since joining the Company in February 2007. Mr Freeman retired on the 30 June 2026.

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 was also Managing Director of Djerriwarrh Investments Limited, Mirrabooka Investments Limited and AMCIL Limited until 30 June 2026.

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 2026 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	7	7	12	12	4	4	2	2	2	2
RM Freeman	7	7	12	12	–	4#	–	2#	2	1
RP Dee-Bradbury	7	7	12	12	–	4#	2	2	2	2
JA Fahey	7	7	12	12	4	4	–	2#	2	1
KM Hudson	7	7	–	12#	4	4	–	–	2	2
GR Liebelt	7	7	12	12	–	4#	2	2	2	2
RL Murray	7	7	–	11#	–	–	–	–	2	2
DA Peever	7	7	12	11	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 OAM

–

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

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 2026 Remuneration Report, which outlines key aspects of our remuneration policy and remuneration awarded this year.

Leadership Changes

AFIC announced in February 2026 that Mark Freeman, the Managing Director and Chief Executive Officer (CEO), would retire at the end of June 2026. Table 3 shows the amounts that were paid to him (or are due to be paid to him) for the year ended 30 June 2026, including annual incentive for that year.

Alison Gibson was announced as the new Managing Director and CEO with effect from 13 July 2026. A transitional Incentive Plan will be in place for her for the year ended 30 June 2027, details of which will be in the 2027 Annual Report.

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 ten 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 $3.5 million.

Of this, 41 per cent (or $1.4 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, 59 per cent, or $2.1 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 ordinary 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.

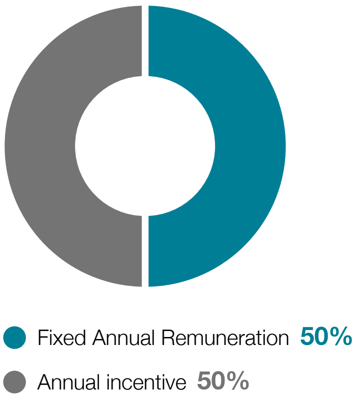
Through performance-related pay, the remuneration is adjusted to reflect the risks that the Company and its shareholders face and how the Company has responded to those risks. In particular:

- 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.

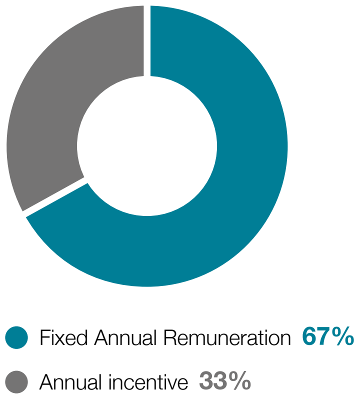
1.2 What is Our Target Remuneration Mix?

The target remuneration mix for Executives is as follows:

Managing Director's Target Remuneration Mix



Other Executives' Target Remuneration Mix



1.3 How is the Remuneration Paid in 2026 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.

Remuneration Report continued

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 short term investment performance for AFIC across the period continues to be disappointing. The extent of the underperformance has impacted on the medium and longer term figures as well. This underperformance, which was reflected across the other LICs (with the exception of Djerriwarrh, which continues to outperform its yield targets) was reflected in the proportion of incentive that failed to vest.

60 per cent of the incentive payable is borne by AFIC, and this includes personal metrics, profit and dividend growth and the MER, as well as investment performance. Therefore, only part of the incentive shown as vested is borne by AFIC, with the remainder being recharged to the other LICs.

The extreme disparity between the Resources Index (where AFIC is historically underweight, up 50 per cent) and the Industrials Index (where AFIC is historically overweight, down 4.5 per cent) was an important part of this underperformance.

AMCIL also underperformed on its performance measures. Being a smaller conviction fund, the investment performance can be volatile in the short term, and the current period has been very disappointing. Mirrabooka, for the first time in many years, also suffered significant short term underperformance, as the disparity between Resources in the small-cap sectors and the industrials was even more pronounced than in the large-cap sector.

AMCIL's MER increased slightly from 0.56 per cent to 0.57 per cent, whilst Mirrabooka's MER fell from 0.54 per cent to 0.52 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 annual dividend each year since 2021. Djerriwarrh's MER decreased during the year, primarily due to the profit it received from its associated entity AICS, as a result of personnel changes. This is unlikely to be repeated in the upcoming year.

The MER for AFIC has decreased from 0.16 per cent to 0.14 per cent, primarily as a result of the personnel changes noted above and the non-vesting of incentives – AFIC consolidates the results of its subsidiary AICS, which contains the costs of the staff employed to manage the day-to-day affairs of AFIC and the other LICs.

Earnings growth remains subdued for AFIC, although the current year did see growth despite lower dividends from companies such as Woodside, no repetition of last year's special dividend from Woolworths, and the reduction in AFIC's CBA holding. The full year dividend and special dividend were maintained at last year's rate, which was a significant increase on the year before.

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 profit	Est. CPI over 5 years: 4.4%	7.5%	Favourable ●
Management expense ratio (MER)	n/a*	0.14%	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	6.1%	0.2%	Unfavourable ●
Investment return – 3 years	10.6%	8.2%	Unfavourable ●
Investment return – 5 years	7.8%	5.9%	Unfavourable ●
Investment return – 10 years	9.5%	8.6%	Unfavourable ●
Grossed-up return – 1 year	7.2%	0.9%	Unfavourable ●
Grossed-up return – 3 years	11.9%	8.7%	Unfavourable ●
Grossed-up return – 5 years	9.2%	6.4%	Unfavourable ●
Grossed-up return – 10 years	10.9%	9.6%	Unfavourable ●
Risk/Reward – 5 years	0.70	0.40	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.

1.3.3 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 (Retired 30 June 2026)*									
2026	943,900	30,000	973,900	359,661	1,333,561	73%/27%	781,750	551,811	(614,239)
2025	943,900	30,000	973,900	439,716	1,413,616	69%/31%	753,214	660,402	(534,184)
Andrew Porter – Chief Financial Officer									
2026	758,000	30,000	788,000	145,504	933,504	84%/16%	560,544	372,960	(248,496)
2025	758,000	30,000	788,000	177,891	965,891	82%/18%	549,000	416,891	(216,109)
Geoff Driver – General Manager – Business Development and Investor Relations									
2026	608,800	30,000	638,800	116,357	755,157	85%/15%	453,420	301,737	(203,043)
2025	608,800	30,000	638,800	144,209	783,009	82%/18%	445,052	337,957	(175,191)
Matthew Rowe – Company Secretary									
2026	346,800	30,000	376,800	69,576	446,376	84%/16%	268,037	178,339	(118,824)
2025	334,100	30,000	364,100	82,196	446,296	82%/18%	253,668	192,628	(99,854)

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.

* As part of the arrangements for his retirement, Mark Freeman will be paid his Fixed Annual Remuneration until the end of August 2026. Following that date he will be paid his employment entitlements (unused annual leave and long service leave) as of that date and two months' worth of his maximum annual incentive (equivalent to $162,316).

Remuneration Report continued

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

	Managing Director	Other Executives
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 2026	See Table 1 and Table 2 for AFIC. Djerriwarrh outperformed on yield and MER. Mirrabooka outperformed on MER. AMCIL underperformed.	
Outcomes for 2026 (see Table 6 for details)	37 per cent	Average 37 per cent

The structure of the Incentive Plan and the performance conditions and weightings used are subject to regular review by the Remuneration Committee.

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 2026 please refer to Appendix B Annual Incentives: Details of Outcomes and Conditions.

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 except for the Managing Director, who has a six-month notice period. Either the Company or the Executive can give notice in accordance with these requirements. There are no other 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 held 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			
2026	**213,134**	**5,866**	**219,000**
2025	196,413	22,587	219,000
RP Dee-Bradbury – Non-Executive Director			
2026	**100,885**	**8,815**	**109,700**
2025	98,386	11,314	109,700
JA Fahey – Non-Executive Director			
2026	**97,946**	**11,754**	**109,700**
2025	98,386	11,314	109,700
KM Hudson – Non-Executive Director			
2026	**106,762**	**2,938**	**109,700**
2025	106,871	2,829	109,700
GR Liebelt – Non-Executive Director			
2026	**109,700**	**–**	**109,700**
2025	106,871	2,829	109,700
RL Murray – Non-Executive Director			
2026	**97,946**	**11,754**	**109,700**
2025	98,386	11,314	109,700
DA Peever – Non-Executive Director			
2026	**97,946**	**11,754**	**109,700**
2025	98,386	11,314	109,700
Total remuneration of Non-Executive Directors			
2026	**824,319**	**52,881**	**877,200**
2025	**803,699**	**73,501**	**877,200**

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	36.9%	$359,661	63.1%	$614,239
Andrew Porter	36.9%	$145,504	63.1%	$248,496
Geoff Driver	36.4%	$116,357	63.6%	$203,043
Matthew Rowe	36.9%	$69,576	63.1%	$118,824

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; • shareholder stewardship; and • promotion of corporate culture. 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 their 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	68,411	148,291	216,702
RM Freeman	199,889	9,616	209,505
RP Dee-Bradbury	15,770	6,207	21,977
JA Fahey	5,622	271	5,893
KM Hudson	8,000	384	8,384
GR Liebelt	663,629	–	663,629
RL Murray	8,315	20,928	29,243
DA Peever	37,269	9,792	47,061
GN Driver	168,224	8,092	176,316
MJ Rowe	17,023	2,593	19,616
AJB Porter	207,070	1,938	209,008

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.

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	2026	2025	2024	2023	2022
Comparative returns								
S&P/ASX 200 Accumulation Return	9.45%	7.76%	10.62%	6.11%	13.81%	12.10%	14.78%	-6.47%
Modified S&P/ASX 200 Accumulation*	8.86%	7.68%	9.69%	6.11%	11.92%	10.72%	12.59%	-6.47%
Gross S&P/ASX 200 Accumulation Return	10.88%	9.16%	11.88%	7.21%	15.06%	13.52%	16.64%	-5.12%
Modified Gross S&P/ASX 200 Accumulation Return*	9.87%	8.66%	10.56%	7.21%	12.79%	11.71%	13.90%	-5.12%
Combined Mid Cap 50 and Small Ordinaries Accumulation Return^	8.82%	5.16%	9.75%	7.08%	14.35%	7.95%	13.21%	-14.06%
Gross Combined Mid Cap 50 and Small Ordinaries Accumulation Return^	9.67%	5.91%	10.50%	7.79%	15.16%	8.71%	14.19%	-13.52%
Yield on ASX 200 grossed up for franking credits	n/a	n/a	n/a	4.1%	4.2%	4.7%	5.6%	5.1%
Australian Foundation Investment Company Limited								
Mercer risk/reward	n/a	77/96	n/a	n/a	n/a	n/a	n/a	n/a
Growth in earnings per share	-0.2%	7.5%	-2.3%	3.2%	-4.6%	-5.2%	7.7%	42.9%
Management expense ratio	n/a	n/a	n/a	0.14%	0.16%	0.15%	0.14%	0.16%
Gross return	9.55%	6.43%	8.74%	0.90%	10.69%	15.12%	13.91%	-6.78%
Investment return	8.57%	5.85%	8.23%	0.15%	10.85%	14.21%	12.81%	-7.08%
Djerriwarrh Investments Limited								
Growth in net operating result per share	n/a	n/a	1.3%	1.5%	1.0%	1.3%	5.8%	30.9%
Management expense ratio	n/a	n/a	n/a	0.41%	0.47%	0.42%	0.40%	0.45%
Gross return	8.16%	6.10%	7.99%	2.83%	7.80%	13.59%	14.20%	-6.51%
Investment return	6.89%	5.52%	7.08%	1.99%	7.41%	12.08%	13.60%	-6.21%
Gross yield on NTA at end of June	n/a	n/a	n/a	7.0%	6.5%	6.5%	6.8%	6.7%
Mirrabooka Investments Limited								
Management expense ratio	n/a	n/a	n/a	0.52%	0.54%	0.56%	0.59%	0.46%
Gross return	9.19%	1.72%	5.29%	-10.76%	11.42%	17.40%	17.91%	-20.87%
Investment return	9.02%	2.36%	5.54%	-10.71%	11.95%	17.61%	18.08%	-19.04%
AMCIL Limited								
Management expense ratio	n/a	n/a	n/a	0.57%	0.56%	0.56%	0.66%	0.52%
Gross return	7.59%	2.33%	4.89%	-9.97%	6.37%	20.50%	13.46%	-14.31%
Investment return	7.76%	2.56%	4.83%	-10.45%	7.31%	19.90%	12.42%	-12.40%

* 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

27 July 2026

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor of Australian Foundation Investment Company Limited's financial report and review of specified sustainability disclosures within the sustainability report for the year ended 30 June 2026, 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 of the financial report or the review of the review of specified sustainability disclosures; and

b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report or the review of the review of specified sustainability disclosures.

Kate L Logan

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
27 July 2026

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FINANCIAL REPORT

Consolidated Income Statement

For the Year Ended 30 June 2026

	Note	2026 $'000	2025 $'000
Dividends and distributions	A3	319,326	312,620
Interest income from deposits	A3	6,123	9,195
Other revenue	A3	6,496	6,311
Total revenue		**331,945**	**328,126**
Net gains on trading portfolio	A3	8,530	2,294
Income from operating activities		**340,475**	**330,420**
Finance costs		(2,155)	(1,208)
Administration expenses	B1	(20,138)	(22,991)
Profit before income tax expense		**318,182**	**306,221**
Income tax expense	B2, E2	(24,685)	(21,250)
Profit for the year		**293,497**	**284,971**
Profit is attributable to:			
Equity holders of Australian Foundation Investment Company Ltd		293,105	284,912
Minority interest		392	59
		293,497	284,971

		Cents	Cents
Basic earnings per share	A5	23.42	22.71

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2026

	Year to 30 June 2026			Year to 30 June 2025		
	Revenue[1] $'000	Capital[1] $'000	Total $'000	Revenue[1] $'000	Capital[1] $'000	Total $'000
Profit for the year	293,497	–	293,497	284,971	–	284,971
Other comprehensive Income						
Items that will not be recycled through the Income Statement						
Gains/(losses) for the period	–	(347,784)	**(347,784)**	–	731,229	**731,229**
Tax on above	–	101,031	**101,031**	–	(222,552)	**(222,552)**
Total other comprehensive income	–	(246,753)	(246,753)	–	508,677	508,677
Total comprehensive income	293,497	(246,753)	46,744	284,971	508,677	793,648

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 2026			Year to 30 June 2025		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Equity holders of Australian Foundation Investment Company	293,105	(246,753)	**46,352**	284,912	508,677	**793,589**
Minority Interests	392	–	**392**	59	–	**59**
	293,497	**(246,753)**	**46,744**	**284,971**	**508,677**	**793,648**

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

Consolidated Balance Sheet

As at 30 June 2026

	Note	2026 $'000	2025 $'000
Current assets			
Cash	D1	89,538	280,769
Receivables		56,816	39,534
Trading portfolio		546	5,773
Total current assets		**146,900**	**326,076**
Non-current assets			
Investment portfolio	A2	9,668,570	10,254,757
Fixtures and fittings		224	155
Total non-current assets		**9,668,794**	**10,254,912**
Total assets		**9,815,694**	**10,580,988**
Current liabilities			
Payables		3,507	1,335
Borrowings – bank debt		–	10,000
Tax payable		22,399	113,483
Provisions		6,650	7,084
Total current liabilities		**32,556**	**131,902**
Non-current liabilities			
Provisions		38	169
Deferred tax liabilities – other		967	233
Deferred tax liabilities – investment portfolio	B2	1,560,195	1,707,918
Total non-current liabilities		**1,561,200**	**1,708,320**
Total liabilities		**1,593,756**	**1,840,222**
Net assets		**8,221,938**	**8,740,766**
Shareholders' equity			
Share capital	A1, D6	3,054,755	3,210,196
Revaluation reserve	A1, D3	3,241,335	3,651,333
Realised capital gains reserve	A1, D4	726,992	799,329
General reserve	A1	23,637	23,637
Retained profits	A1, D5	1,172,995	1,054,439
Parent entity interest		**8,219,714**	**8,738,934**
Minority interest		2,224	1,832
Total equity		**8,221,938**	**8,740,766**

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2026

Year Ended 30 June 2026	Note	Share Capital $'000	Revaluation Reserve $'000
Total equity at the beginning of the year		**3,210,196**	**3,651,333**
Dividends paid to shareholders	A4	–	–
– Dividend Reinvestment Plan	D6	88,202	–
Share buy-backs	D6	(242,780)	–
Other share capital adjustments		(863)	–
Total transactions with shareholders		**(155,441)**	**–**
Profit for the year		–	–
Other comprehensive income (net of tax)			
Net losses for the period		–	(246,753)
Other comprehensive income for the year		–	(246,753)
Transfer to realised capital gains of cumulative gains on investments sold		–	(163,245)
Total equity at the end of the year		**3,054,755**	**3,241,335**

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**

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
799,329	23,637	1,054,439	8,738,934	1,832	8,740,766
(235,582)	–	(174,549)	(410,131)	–	(410,131)
–	–	–	88,202	–	88,202
–	–	–	(242,780)	–	(242,780)
–	–	–	(863)	–	(863)
(235,582)	–	(174,549)	(565,572)	–	(565,572)
–	–	293,105	293,105	392	293,497
–	–	–	(246,753)	–	(246,753)
–	–	–	(246,753)	–	(246,753)
163,245	–	–	–	–	–
726,992	23,637	1,172,995	8,219,714	2,224	8,221,938

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

Consolidated Cash Flow Statement

For the Year Ended 30 June 2026

	Note	2026 $'000 Inflows/ (Outflows)	2025 $'000 Inflows/ (Outflow)
Cash flows from operating activities			
Sales from trading portfolio		23,695	20,481
Purchases for trading portfolio		(9,938)	(18,573)
Interest received		6,123	9,370
Dividends and distributions received		315,850	312,779
		335,730	324,057
Other revenue		6,492	6,583
Administration expenses		(17,939)	(21,921)
Finance costs paid		(2,155)	(1,208)
Taxes paid		(41,586)	(28,255)
Net cash inflow/(outflow) from operating activities	E1	**280,542**	**279,256**
Cash flows from investing activities			
Sales from investment portfolio		988,759	791,260
Purchases for investment portfolio		(766,487)	(609,806)
Taxes paid on sales from investment portfolio		(118,351)	(31,287)
Payment for fixed assets		(113)	(179)
Net cash inflow/(outflow) from investing activities		**103,808**	**149,988**
Cash flows from financing activities			
Draw-down on liquidity facilities		199,500	–
Repayment of liquidity facilities		(209,500)	–
Share issue transaction costs		(863)	(322)
Share buy-backs		(242,780)	(66,274)
Dividends paid		(321,938)	(248,378)
Net cash inflow/(outflow) from financing activities		**(575,581)**	**(314,974)**
Net increase/(decrease) in cash held		(191,231)	114,270
Cash at the beginning of the year		280,769	166,499
Cash at the end of the year	D1	**89,538**	**280,769**

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:

	2026 $'000	2025 $'000
Share capital	3,054,755	3,210,196
Revaluation reserve	3,241,335	3,651,333
Realised capital gains reserve	726,992	799,329
General reserve	23,637	23,637
Retained profits	1,172,995	1,054,439
	8,219,714	**8,738,934**

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:

	2026 $'000	2025 $'000
Equity instruments (excluding below)	8,428,800	8,889,034
Equity instruments (over which options may be written)	1,091,116	1,201,664
Equity instruments (listed on non-Australian/New Zealand Exchanges)	148,654	164,059
	9,668,570	**10,254,757**

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 2026 and 30 June 2025 were as follows:

	30 June 2026 $	30 June 2025 $
Net tangible asset backing per share		
Before tax	**7.93**	**8.33**
After tax	6.67	6.97

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 $999.1 million (2025: $791.7 million) of equity securities were sold. The cumulative gain on the sale of securities was $163.2 million for the period after tax (2025: $306.6 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	2026 $'000	2025 $'000
Income from securities held in investment portfolio at 30 June	298,760	302,257
Income from investment securities sold during the year	20,566	10,188
Income from securities held in trading portfolio at 30 June	–	175
Income from trading securities sold during the year	–	–
	319,326	**312,620**
Interest income		
Revenue from deposits and cash management trusts	6,123	9,195
Other revenue		
Administration fees	6,493	6,274
Other income	3	37
	6,496	**6,311**

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		2026 $'000	2025 $'000
Net realised gains/(losses) from trading portfolio	– shares/securities	(158)	14
	– options	8,345	3,179
Unrealised gains/(losses) from trading portfolio	– shares/securities	15	(729)
	– options	328	(170)
		8,530	**2,294**

If all call options were exercised, this would lead to the sale of $167.5 million worth of securities at an agreed price – the 'exposure' (2025: $42.9 million).

A4. Dividends Paid

The dividends paid and payable for the year ended 30 June 2026 are shown below:

	2026 $'000	2025 $'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2025 of 14.5 cents plus a special dividend of 5.0 cents both fully franked at 30 per cent paid, 28 August 2025 (2025: 14.5 cents fully franked at 30 per cent, paid on 30 August 2024)	235,582	174,798
Interim dividend for the year ended 30 June 2026 of 12.0 cents per share plus a special dividend of 2.5 cents both fully franked at 30 per cent, paid 26 February 2026 (2025: 12.0 cents fully franked at 30 per cent, paid 25 February 2025)	174,549	144,717
	410,131	**319,515**
Dividends paid or payable in cash	321,929	247,673
Dividends reinvested in shares	88,202	71,842
	410,131	**319,515**
Dividends forgone via DSSP	16,090	12,331
(b) Franking Credits		
Opening balance of franking account at 1 July	277,643	263,771
Franking credits on dividends received	95,911	97,068
Tax paid during the year	159,557	59,026
Franking credits paid on ordinary dividends paid	(175,771)	(136,935)
Franking credits deducted on DSSP shares issued	(6,897)	(5,287)
Closing balance of franking account	**350,443**	**277,643**
Adjustments for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	29,479	121,079
Adjusted closing balance	**379,922**	**398,722**
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(89,848)	(104,803)
Net available	**290,074**	**293,919**
These franking account balances would allow AFIC to frank additional dividend payments up to an amount of:	676,839	685,811

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

	2026 $'000	2025 $'000
(c) New Zealand Imputation Account		
(Figures in A$ at year-end exchange rate: 2026: NZ1.22:$A1; 2025: $NZ1.08:$A1)		
Opening balance	9,695	19,243
Imputation credits on dividends received	8,796	9,737
Imputation credits on dividends paid	–	(18,027)
Closing balance	**18,491**	**10,953**

A New Zealand imputation credit on New Zealand 4.0 cents of the dividend will be attached to the final dividend to be paid on 28 August 2026. There was no New Zealand imputation credit attached to the final dividend for the year ended 30 June 2025.

	2026 $'000	2025 $'000
(d) Dividends Declared After Balance Date		
Since the end of the year Directors have declared a final dividend of 14.5 cents per share plus a special dividend of 2.5 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 2026 to be paid on 28 August 2026, but not recognised as a liability at the end of the financial year is	209,645	
(e) Listed Investment Company Capital Gain Account		
Balance of the Listed Investment Company (LIC) capital gain account at 1 July:	282,574	64,650
Capital gains (including LIC gains received from dividends)	87,506	272,172
LIC gains paid as part of dividend	(235,582)	(54,248)
Balance at 30 June	134,498	282,574
This equates to an attributable gain of:	192,141	403,677

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. $176 million attributable gain is attached to the final and special dividends to be paid on 28 August 2026.

A5. Earnings Per Share

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

Basic Earnings Per Share	2026 Number	2025 Number
Weighted average number of ordinary shares used as the denominator	1,251,556,398	1,254,334,970
	$'000	**$'000**
Profit for the year	293,105	284,912
	Cents	**Cents**
Basic earnings per share	23.42	22.71

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2026 $'000	2025 $'000
Rental expense relating to non-cancellable leases	(773)	(736)
Employee benefit expenses	(12,734)	(15,076)
Depreciation charge	(44)	(24)
Other administration expenses	(6,587)	(7,155)
	(20,138)	**(22,991)**

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 $
2026			
Non-Executive Directors	824,319	52,881	877,200
Executives	3,348,598	120,000	3,468,598
Total	**4,172,917**	**172,881**	**4,345,798**
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**

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

	2026 $'000	2025 $'000
Profit before income tax expense	**318,182**	**306,221**
Tax at the Australian tax rate of 30 per cent (2025: 30 per cent)	95,455	91,866
Tax offset for franked dividends received	(67,135)	(67,947)
Sundry items whose tax treatment differs from accounting treatment	197	514
	28,517	**24,433**
Over provision in prior years	(3,832)	(3,183)
Total tax expense	**24,685**	**21,250**

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.

	2026 $'000	2025 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	**1,560,195**	**1,707,918**
Opening balance at 1 July	1,707,918	1,603,716
Tax on realised gains	(46,692)	(118,350)
(Credited)/charged to OCI for ordinary securities on gains or losses for the period	(101,031)	222,552
	1,560,195	**1,707,918**

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 $338.4 million and $676.8 million respectively, at a tax rate of 30 per cent (2025: $358.9 million and $717.8 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:

	2026 %	2025 %
Energy	3.33	3.33
Materials	18.29	12.81
Industrials	11.64	11.51
Consumer Discretionary	7.14	7.41
Consumer Staples	5.82	3.85
Banks	19.14	20.17
Other Financials	9.89	9.90
Real Estate	4.98	5.09
Telecommunications	7.45	7.37
Healthcare	8.72	12.31
Information Technology	2.68	3.55
Utilities	0.00	0.03
Cash	0.92	2.67
Securities representing over 5 per cent of the investment portfolio at 30 June were		
BHP	11.7	7.4
Commonwealth Bank of Australia	8.3	9.4
Macquarie Group	5.5	4.8

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 (1.5 per cent) part of the total portfolio (2025: 1.6 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 2026, no such investments are held (2025: 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 2026	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	3,507	–	–	3,507	3,507
Borrowings	–	–	–	–	–
	3,507	**–**	**–**	**3,507**	**3,507**
Derivatives					
Options in trading portfolio*	–	–	–	–	–
	–	–	–	–	–

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*	–	–	–	–	–
	–	–	–	–	–

* 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 30 June 2026 or 30 June 2025.

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

	2026 $'000	2025 $'000
Cash at bank	79,796	280,181
Cash with custodian	9,742	588
	89,538	**280,769**

Cash holdings yielded an average floating interest rate of 3.82 per cent (2025: 4.08 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

	2026 $'000	2025 $'000
Commonwealth Bank of Australia – cash advance facility	130,000	80,000
Amount drawn down at 30 June	–	–
Undrawn facilities at 30 June	130,000	80,000
Westpac Bank – cash advance facility	20,000	–
Amount drawn down at 30 June	–	–
Undrawn facilities at 30 June	20,000	–
National Australia Bank – cash advance facility	–	20,000
Amount drawn down at 30 June	–	10,000
Undrawn facilities at 30 June	–	10,000
Total short term loan facilities	150,000	100,000
Total drawn down at 30 June	–	10,000
Total undrawn facilities at 30 June	**150,000**	**90,000**

The above borrowings, with the exception of the previous NAB 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 increase the total amount of facilities during the year.

D3. Revaluation Reserve

	2026 $'000	2025 $'000
Opening balance at 1 July	3,651,333	3,449,280
Gains/(losses) on investment portfolio		
Equity instruments	(347,784)	731,229
Provision for tax on above	101,031	(222,552)
Cumulative taxable realised (gains)/losses (net of tax)	(163,245)	(306,624)
	3,241,335	**3,651,333**

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

	2026 $'000	2025 $'000
Opening balance at 1 July	799,329	546,953
Dividends paid	(235,582)	(54,248)
Cumulative taxable realised gains/(losses) (net of tax)	163,245	306,624
	726,992	**799,329**

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

	2026 $'000	2025 $'000
Opening balance at 1 July	1,054,439	1,034,794
Dividends paid	(174,549)	(265,267)
Profit for the year	293,105	284,912
	1,172,995	**1,054,439**

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
1/07/2024	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
28/08/2025	Dividend Reinvestment Plan	i	6,930	7.35	50,935
28/08/2025	Dividend Substitution Share Plan	ii	1,218	7.35	n/a
26/02/2026	Dividend Reinvestment Plan	i	5,401	6.90	37,267
26/02/2026	Dividend Substitution Share Plan	ii	1,033	6.90	n/a
Various	Share buy-backs	iii	(35,435)	–	(242,780)
Various	Costs of issue		–	–	(863)
30/06/2026	Balance		**1,233,206**		**3,054,755**

1. 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.
2. 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.
3. The Group has an on-market share buy-back program. During the financial year, 35.4 million shares were bought back at an average price of $6.85 (2025: 9.0 million shares at an average price of $7.36).

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

E. Income Statement Reconciliations

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

	2026 $'000	2025 $'000
Profit for the year	**293,497**	**284,971**
Net decrease/(increase) in trading portfolio	5,227	(386)
Dividends received as securities under DRP investments	–	(1,420)
Decrease/(increase) in current receivables	(17,282)	2,891
– Less increase/(decrease) in receivables for investment portfolio	15,619	504
Increase/(decrease) in deferred tax liabilities	(146,989)	103,198
– Less (increase)/decrease in deferred tax liability on investment portfolio	147,723	(104,202)
Increase/(decrease) in current payables	2,172	79
– Less (increase)/decrease in dividends payable	8	714
– Less (increase)/decrease in payables for investment portfolio	509	(509)
Increase/(decrease) in provision for tax payable	(91,084)	79,378
Capital gains tax charge taken through equity	(46,692)	(118,350)
Prior year taxes paid relating to capital gains	118,351	31,287
Depreciation	44	24
Increase/(decrease) in other provisions/non-cash items	(561)	1,077
Net cash flows from operating activities	**280,542**	**279,256**

E2. Tax Reconciliations

Tax Expense Composition

	2026 $'000	2025 $'000
Charge for tax payable relating to the current year	27,783	25,437
Over provision in prior years	(3,832)	(3,183)
Increase/(decrease) in deferred tax liabilities	734	(1,004)
	24,685	**21,250**
Amounts Recognised Directly Through Other Comprehensive Income		
Net movement in deferred tax liabilities relating to capital gains tax on the movement in gains/losses in the investment portfolio	(101,031)	222,552
	(101,031)	**222,552**

Deferred Tax Assets and Liabilities

The deferred tax balances are attributable to:

	2026 $'000	2025 $'000
(a) Tax on unrealised gains or losses in the trading portfolio	(318)	(127)
(b) Provisions and expenses charged to the accounting profit which are not yet tax deductible	2,195	2,393
(c) Interest and dividend income receivable which is not assessable for tax until receipt	(2,844)	(2,499)
	(967)	**(233)**
Movements:		
Opening balance at 1 July	(233)	(1,237)
Credited/(charged) to Income Statement	(734)	1,004
	(967)	**(233)**

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.

	2026 $'000	2025 $'000
Administration expenses charged for the year	2,770	2,738

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 $21.2 million (2025: $22.7 million) and it received dividend income during the year of $1.5 million (2025: $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:

	2026 $'000	2025 $'000
Administration expenses charged for the year to Mirrabooka Investments Ltd	2,619	2,448
Administration expenses charged for the year to AMCIL Ltd	1,181	1,343

At the end of June, the Company's investment in Mirrabooka Investments Ltd, which is measured at fair value through OCI as part of the investment portfolio, was valued at $37.7 million (2025: $49.9 million) and it received dividend income during the year of $1.7 million (2025: $1.2 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:

	2026 $	2025 $
PricewaterhouseCoopers		
Audit services		
Audit or review of financial reports	190,799	184,884
Audit-related services		
Limited assurance engagement over specific sustainability disclosures	54,450	–
AFSL compliance audit and review	10,184	9,868
Permitted non-audit services		
Review of realised CGT balances	70,950	67,760
Preparation and lodgement of tax returns	41,921	40,623
Total remuneration	**368,304**	**303,135**

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 12.5 per cent (2025: one investment: BHP (12.0 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 27 July 2026 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 2026 ('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

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 for 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 2026/183, 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.

5,381 AFIC shares for the Incentive Plan (2025: 20,309 shares) were purchased by Executives in the year (in relation to the prior year) with a fair value (being the acquisition price) of $38,845 (2025: $148,606). 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, 33 per cent of the possible maximum was awarded, and 50 per cent of this was used to buy shares in Mirrabooka 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):

	2026 $'000	2025 $'000
Share-based payment expense	58	64

(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:

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2026	Equity Holding 2025
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:

	2026 $'000	2025 $'000
Due within one year	618	589
Later than one year but less than five	648	1,266
Greater than five years	–	–
	1,266	**1,855**

F10. Parent Entity Financial Information

Summary Financial Information

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

	2026 $'000	2025 $'000
Balance sheet		
Current assets	133,188	313,566
Total assets	**9,801,757**	**10,568,324**
Current liabilities	25,355	124,232
Total liabilities	**1,588,565**	**1,834,736**
Shareholders' equity		
Issued capital	3,054,905	3,210,346
Reserves		
Revaluation reserve	3,241,335	3,651,333
Realised capital gains reserve	726,992	799,329
General reserve	23,637	23,637
Retained earnings	1,166,323	1,048,943
	5,158,287	**5,523,242**
Total shareholders' equity	**8,213,192**	**8,733,588**
Profit or loss for the year	**291,929**	**284,735**
Total comprehensive income	**45,176**	**793,412**

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 55 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 2026 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 2026. 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
27 July 2026

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 2026 and of its financial performance for the year then ended; and

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 2026;
- the consolidated income statement for the year then ended;
- 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 notes to the consolidated financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 30 June 2026; and
- the directors' declaration.

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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 audits of the financial report of public interest entities 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 where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

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.

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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 matter to the Audit Committee.

Key audit matter	*How our audit addressed the key audit matter*
Investment Portfolio Refer to note A2 ($9,668.6 million) The Investment Portfolio held by the Group of $9,668.6 million as at 30 June 2026 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 2026 to third party confirmations or registry sources. 2) Obtained the purchases and sales listing for the year ended 30 June 2026 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 2026 closing investment portfolio. 4) Agreed quoted market prices used to fair value listed equity investments at 30 June 2026 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 2026, 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 and a separate limited assurance conclusion on selected sustainability information within the sustainability report section of the annual report.

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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 2026.

In our opinion, the remuneration report of Australian Foundation Investment Company Limited for the year ended 30 June 2026 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
27 July 2026

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SUSTAINABILITY REPORT

About This Report

This report sets out AFIC's climate-related financial disclosures for the year ended 30 June 2026. Disclosures have been prepared in accordance with AASB S2 *Climate-related Disclosures*, issued by the Australian Accounting Standards Board (AASB), and for the same consolidated reporting entity as AFIC's consolidated financial statements (refer to Note F8 in AFIC's Annual Report).

The scope of this report is limited to AFIC's own operations and assets. It does not extend to any related investment entities or external managers with which AFIC may have commercial or governance relationships.

In line with AASB S2 transitional relief, AFIC has not included a Scope 3 emission inventory in this reporting year.

Directors' Declaration

In accordance with a resolution of the Directors of AFIC, I declare that in the opinion of the Directors:

1. The Company has taken all reasonable steps to ensure that this climate-related disclosure is in accordance with the *Corporations Act 2001*, including:
   a. Presenting a true and fair view of AFIC's climate-related financial positions as of 30 June 2026, and of its performance for the year ended on that date.
   b. Complying with Australian Accounting Standard AASB S2 *Climate-related Disclosures*.

Craig M Drummond
Chairman

27 July 2026

Sustainability Report continued

1. Introduction

AFIC is a Listed Investment Company (LIC) focused on paying a stable to growing dividend over time and providing attractive total returns over the medium to long term through a diversified portfolio of primarily Australian listed equities. The Company is governed by a Board committed to maintaining high standards of ethical conduct and corporate governance, appropriate to AFIC's scale and investment mandate.

AFIC's investment model operates through a defined value chain that spans capital allocation, portfolio construction, monitoring and downstream shareholder outcomes. While AFIC does not maintain a traditional supply chain or operate physical assets, climate-related risks and opportunities can influence decision-making across each stage of this investment process.

Climate-related risks and opportunities are considered as part of AFIC's broader approach to portfolio risk oversight. This includes identifying material financial exposures arising from market, policy or physical climate changes that may impact the performance or valuation of AFIC's holdings.

2. Governance

This section covers the governance processes, controls and procedures AFIC uses to monitor and manage climate-related risks and opportunities.

2.1 Board Structure, Roles and Governance Responsibilities

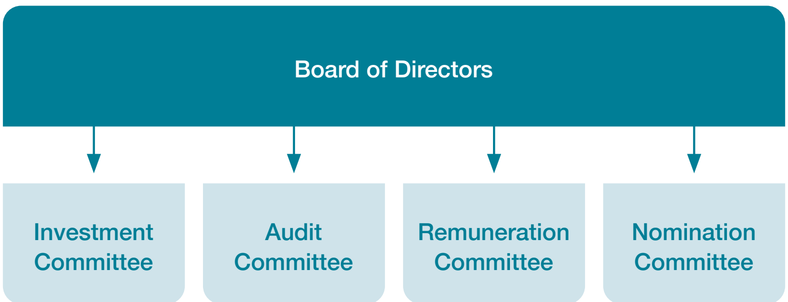
The AFIC Board is responsible for overseeing the Company's long term strategy, risk management and performance, including the management of climate-related risks and opportunities where material to investment outcomes. The responsibilities of the Board and Committees for climate-related matters are formally documented in relevant Committee Charters and Terms of Reference, which outline oversight roles, reporting responsibilities, and the frequency of climate-related reviews.

Climate-related matters are formally considered by the Board at least annually, with additional updates provided when significant developments or emerging risks arise. In FY26, the Board considered climate-related risks and opportunities at two meetings, covering AFIC's AASB S2 disclosure obligations, and portfolio exposures. The Board also reviews the Company's approach to scenario analysis at least annually, or when significant changes occur and considers how climate-related risks and opportunities may affect long term strategic decisions.

Board responsibilities are supported by the Investment, Audit, Nomination and Remuneration Committees. These Committees meet regularly and report into the Board on matters including:

- Investment Committee: climate risks and opportunities affecting portfolio performance and valuation (biannual agenda item);
- Audit Committee: adequacy of climate-related financial risk controls, including annual CFO-led review of processes;
- Nomination Committee: annual review of Board and management skills matrix and climate-related capability development; and
- Remuneration Committee: advises the Board on Executive and Director remuneration, including performance assessment and remuneration policy.

Figure 1: AFIC's Governance Structure for Oversight of Climate-related Risks and Opportunities



2.1.1 Committees Supporting Board Oversight

The Board's oversight of climate-related risks and opportunities is supported by four standing Committees: the Investment Committee, Audit Committee, Nomination Committee, and Remuneration Committee. Each plays a defined role as outlined in the relevant Committee Charters in ensuring climate-related matters are integrated into AFIC's governance, risk management and decision-making frameworks.

- **Investment Committee**
  The Investment Committee oversees the Company's investment portfolio, including performance review, approval of transactions and capital allocation decisions. It considers climate-related risks and opportunities, such as carbon exposure, transition risk and regulatory changes, as part of its assessment of asset value, return potential and long term portfolio resilience. Climate is a standing agenda item at least biannually. The Committee reports (usually) monthly to the Board, including updates on financial results, performance, capital structure and risk appetite, and incorporates relevant climate-related factors where applicable.
- **Audit Committee**
  The Audit Committee oversees AFIC's financial reporting, internal controls and risk management systems. It evaluates whether climate-related risks are appropriately identified, assessed and managed under AFIC's Risk Management Framework. This includes an annual review of the climate risk control environment led by the CFO. The Committee also advises the Board on climate-related disclosure and regulatory developments as part of its ongoing oversight responsibilities.
- **Nomination Committee**
  The Nomination Committee ensures the Board has the skills and capabilities to govern effectively, including in relation to climate-related issues. It reviews the Board Skills Matrix annually to confirm climate governance capabilities are present or being developed, and considers these criteria in Director appointment processes. The Committee also oversees regular climate-related training for Board members, with additional uplift where specific competency gaps are identified.
- **Remuneration Committee**
  The Remuneration Committee advises the Board on Director and Executive remuneration, including the evaluation of the Managing Director's performance, and the development of remuneration policies. It reviews outcomes against performance measures and ensures alignment with AFIC's corporate governance framework and strategy. AFIC does not currently set climate-related targets, and climate-related performance metrics are not included in Executive remuneration.

AFIC does not have set climate-related targets. This position is reviewed periodically through the Board and its Committees, particularly the Investment and Audit Committees, which oversee evolving regulatory expectations and stakeholder sentiment. Any decision to introduce portfolio-wide climate targets would be subject to structured review and Board approval.

Through this Committee structure, climate-related information is regularly escalated to the Board where appropriate. This enables the Board to evaluate trade-offs between potential climate-related risks and opportunities, and to integrate those insights into decisions relating to strategy, risk appetite, capital allocation and long term value creation.

2.1.2 Management Responsibilities and Controls

Day-to-day responsibility for climate-related disclosure and risk oversight is managed by senior members of AFIC's Finance, Investment and Risk functions. This includes monitoring material climate-related risks, supporting compliance with AASB S2 disclosure requirements, and coordinating internal processes to assess and manage relevant exposures.

The Executive Management Team (EMT), including the Portfolio Manager and senior Finance personnel, contributes to the identification and analysis of climate-related risks and opportunities that may affect AFIC's investment portfolio or financial reporting. Climate-related matters are escalated to the Board through the Audit and Investment Committees, as outlined in Section 2.1.1.

Climate-related risks are integrated into AFIC's broader risk and compliance framework. This includes internal reporting, Company due diligence and periodic reviews of climate-related exposures. These processes are supported by existing governance structures and reviewed regularly by the Audit Committee.

2.2 Skills, Competencies and Training

The Nomination Committee is responsible for ensuring the Board has the capabilities needed to oversee AFIC's long term strategy, including climate-related risks and opportunities. AFIC's annual Board skills assessment incorporates climate-related competencies as part of its broader evaluation of the capabilities required to govern effectively given the Company's risk profile, regulatory obligations and investment focus. The results inform succession planning and targeted development.

In order to support climate literacy, during the previous financial year a climate risk workshop was held for senior management representatives and a subsequent meeting was held with the Board in October 2025. The session covered physical and transition risks, scenario analysis and emerging regulatory requirements relevant to AFIC's business model. These insights continue to inform the Nomination Committee's view of capability gaps and priorities.

Ongoing training and climate-related updates will be provided as expectations evolve, ensuring the Board remains equipped to oversee strategies that respond to material climate risks and opportunities.

3. Risk Management and Strategy

This section covers how AFIC identifies, assesses, prioritises and monitors climate-related risks and opportunities, as well as how these processes are integrated into and inform the overall risk management process.

3.1 Integration Into Risk Framework

AFIC's climate-related risks and opportunities are managed through its Risk Management Framework (RMF), aligned to ISO 31000:2018. The RMF provides a consistent process for identifying, analysing, evaluating and treating risks and opportunities across the organisation. Climate-related risks are assessed using the same methodology and criteria as other risk types and are embedded in governance processes overseen by the Board and relevant Committees (see Section 2).

AFIC's climate risk assessment was developed as a structured extension of the RMF, incorporating climate-specific elements, such as value chain mapping, scenario analysis and sector-level portfolio reviews, within the standard enterprise risk cycle. This allowed climate risks to be assessed proportionately, drawing on tailored data and longer time horizons while maintaining alignment with existing governance, approval and oversight processes.

The Board retains overall oversight of risk governance, supported by the Audit and Investment Committees and executive management, who review climate-related issues as part of broader risk reviews, internal audit findings and investment decisions.

Climate-related risks are documented in the corporate risk register and prioritised based on their overall risk rating. These risks are monitored through periodic reporting to the Audit Committee and reviewed in line with AFIC's broader enterprise risk processes. This integration ensures climate-related risks are considered and addressed consistently as part of AFIC's risk management approach.

This approach also supports the monitoring of low-likelihood, high-impact and emerging climate-related risks, recognising that climate risks may evolve over longer time horizons or under less probable but plausible scenarios.

3.2 Risk and Opportunity Identification and Assessment

AFIC's climate risk assessment was developed as an extension of the existing RMF, structured to integrate climate-specific considerations. These include inputs such as scenario analysis, value chain exposure and sectoral portfolio reviews into standard risk processes. This enabled climate-related risks and opportunities to be assessed proportionately, using tailored inputs and longer time horizons, while maintaining consistency with existing governance and oversight practices.

Risks and opportunities were identified through a structured process that included value chain mapping, internal and external document review, and targeted analysis of sectors most exposed to physical and transition risks. Risks were refined, validated and prioritised with the EMT and Portfolio Managers.

While climate-related opportunities were identified, none were assessed as material to AFIC's prospects for the purposes of this reporting period. Accordingly, this assessment focused primarily on the downside risks.

Scenario analysis was completed over the key risks identified. To guide this process, AFIC adopted defined scenario analysis parameters across four areas:

3.2.1 Time Horizons

AFIC's scenario timeframes align with its strategic planning and investment horizons, supporting insight relevant to long term portfolio performance and governance. These horizons reflect a forward-looking approach, while remaining within the span of practical investment timelines. Longer-dated periods beyond 2050 were excluded, as they extend beyond the scope of current portfolio strategy.

- Short term: 5 years (2030)
- Medium term: 15 years (2040)
- Long term: 25 years (2050)

3.2.2 Scenarios

AFIC's climate scenarios were selected to reflect a credible range of plausible futures and align with the latest internationally recognised modelling frameworks. Each scenario is designed to test portfolio resilience across varying climate policy and physical risk pathways, informed by scenarios developed by the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC), using Shared Socioeconomic Pathway (SSP) data.

To provide a clear view of downside exposure, the assessment includes a very low emissions transition scenario (Net-Zero 2050) and a high physical risk scenario (SSP5-8.5), both representing ambitious or extreme trajectories. These were selected to capture the potential financial impacts under more disruptive climate conditions. Complementary moderate scenarios (NGFS NDCs and SSP2-4.5) provide a reference point grounded in current policy ambition and physical trends.

Scenarios used in the climate risk assessment:

- **Physical:** SSP2-4.5 (moderate), SSP5-8.5 (high)
- **Transition:** NGFS NDCs (moderate), NGFS Net-Zero 2050* (very low)

* The Net-Zero 2050 scenario reflects a 1.5°C pathway aligned with the latest international climate agreement.

3.2.3 Physical Hazards and Transition Drivers

- Transition drivers: Policy shifts, technology changes, market adaptation, reputational exposure
- Physical hazards: Bushfire, flood

3.2.4 Scope of Assessment

- AFIC's offices and operations
- Investment portfolio

Each risk and the physical hazard or transition driver was analysed under up to three time horizons, and two different scenarios (four in total) and was completed over the course of FY25 and FY26. Risks were evaluated for likelihood and consequence in line with AFIC's enterprise risk framework, under worst-case scenarios, and the structural and active controls considered in its management of each risk. Residual risk ratings were then assigned using AFIC's risk matrix and prioritised based on their rating. A dedicated climate risk was then integrated into the corporate risk register.

3.3 Assumptions Used in Scenario Analysis

AFIC's climate risk assessment used scenario data from NGFS and the IPCC's SSP framework. Each scenario includes a broad set of embedded assumptions related to policy, macroeconomic conditions, technology, energy mix, and physical hazards. These are summarised below at a high level. For detailed modelling inputs and parameters, users should refer directly to the NGFS and IPCC source documents.

3.3.1 Net-Zero 2050 (Very Low Emissions)

Represents a coordinated global effort to limit warming to 1.5°C, with strong international alignment on climate policy. Assumes widespread implementation of carbon pricing, stringent emissions standards, and accelerated investment in low-emissions technologies. Demand for fossil fuels declines rapidly, while renewables and electrification expand significantly.

3.3.2 NDC Scenario (Moderate Emissions)

Assumes countries meet their current national commitments (Nationally Determined Contributions) under the Paris Agreement, without additional ambition. Climate policies evolve incrementally, resulting in a gradual shift in energy mix and moderate support for low-emissions technologies. Carbon pricing and emissions standards are introduced at a slower pace and with more regional variation.

3.3.3 SSP2-4.5 (Moderate Physical Risk)

Assumes moderate global mitigation and adaptation efforts, with economic and demographic trends continuing along historical lines. Warming reaches approximately 2.7°C by 2100, leading to noticeable but regionally variable changes in physical climate hazards.

3.3.4 SSP5-8.5 (High Physical Risk)

Reflects a fossil fuel-intensive growth pathway with limited policy intervention and minimal progress on global emissions reductions. Warming exceeds 4°C by 2100, resulting in severe and widespread physical climate impacts, including heatwaves, flooding and extreme weather events.

3.4 Risk and Opportunity Assessment

The climate risk assessment considered both transition and physical risks across AFIC's operations, workforce and investment portfolio. Over 130 climate-related risks were identified and assessed, with 17 shortlisted for further review. From this, eight were prioritised for risk evaluation with a final four identified as having potentially material climate-related risks based on financial exposure and relevance to AFIC's holdings.

The risks assessed, based in the impact on portfolio valuations and dividend income, were:

- Materials sector: Stricter emissions standards may increase operational costs and complexity. Compliance with these regulations can strain resources and affect operational efficiency (Transition risk).
- Energy sector: Carbon pricing leads to energy companies facing direct costs for their CO_2 emissions, increasing operating expenses and impacting margins (Transition risk).
- Materials sector: Increased frequency and severity of flooding and bushfires cause physical damage and operational disruption to assets, leading to reduced revenues and a decline in share valuations (Physical risk).
- Industrials sector: Emission regulations require companies to integrate renewable energy sources to reduce emissions, requiring significant investment and potentially resulting in significant asset write-downs (Transition risk).

The first of these, Materials: Emissions Standards, was subjected to additional financial analysis to comprehensively test its potential impact on investment returns. Even under severe scenario assumptions, this risk remained within AFIC's risk appetite. None of the risks were assessed as being reasonably likely to materially affect AFIC's financial position, performance or cash flows over the short, medium or long term.

This assessment was informed by AFIC's structural and operational resilience, including its flexible investment mandate, highly liquid portfolio, and established risk oversight processes. These controls are outlined further in Section 3.5.

3.5 Risk and Opportunity Adaptation and Mitigation

AFIC's mitigation and adaptation approach reflects its investment structure and operational oversight, supporting effective management of climate-related risks over time.

3.5.1 Direct Mitigation and Adaptation Efforts

AFIC's core investment structural and operational mechanisms support active climate risk mitigation and adaptation:

- **Structural:** Closed-end structure allows long term positioning without redemption pressures, enabling conviction through transition volatility and sustained return on capital focus in a changing climate.
- **Structural:** Flexible, liquid equity portfolio provides agility to rebalance or divest where climate risks are not appropriately priced, avoiding exposure to stranded or misaligned assets.
- **Operational:** Investment Committee oversight occurs fortnightly, enabling timely responses to regulatory shifts, market signals or Company-specific risks.

3.5.2 Indirect Mitigation and Adaptation Efforts

AFIC also supports broader climate resilience through its stewardship practices and relationships:

- **Operational:** Company engagement and proxy voting are used to influence climate risk management and disclosures among investee companies.
- **Structural and operational:** Reputational capital and institutional presence enable AFIC to engage constructively on climate-related issues across its portfolio and with external stakeholders.

3.6 Ongoing Monitoring and Climate Resilience

3.6.1 Monitoring of Risks and Opportunities

As climate-related risks and opportunities are integrated into AFIC's RMF, the process for monitoring and review aligns with all other risk categories. This process is consistent and has not changed from prior reporting periods.

AFIC monitors climate-related risks and opportunities through its Risk Management Framework, using the same structured processes that apply to all other risk categories. This includes regular review of the corporate risk register, assessment of control effectiveness, and monitoring of key risk indicators (KRIs) that may warrant changes to risk ratings or treatment plans. Oversight of this monitoring is led by the Chief Financial Officer, who ensures the risk profile remains current and aligned with AFIC's strategy, operations and the external environment. The Audit Committee reviews the framework and risk profile annually, with further updates provided as required. The climate-related risk monitoring approach remains consistent with prior reporting periods.

The process supports continuous learning, trend analysis and the identification of emerging risks. It also ensures that existing controls remain fit-for-purpose and that risk treatments are progressing as intended.

The CFO and/or Risk Officer is responsible for operating a year-round risk monitoring program. This includes periodic review of risk registers, assessment of control effectiveness, and monitoring of key risk indicators (KRIs) that may trigger revisions to risk ratings or treatments. KRIs are reviewed on a regular basis (quarterly or more frequently), helping ensure the risk profile remains current in the face of evolving internal and external drivers.

The Audit Committee reviews the RMF annually and considers updates where material changes in operations, legislation or business risk are identified. No changes were made to AFIC's monitoring approach in the current reporting period compared with prior years.

3.6.2 Capital Allocation and Strategy

AFIC's approach to climate mitigation and adaptation does not require material changes to its business model or capital allocation. Most climate-related controls are either embedded in AFIC's investment approach or managed through existing operational practices. No directly owned assets or business activities are currently assessed to be vulnerable to transition risk.

A small number of holdings linked to watchlisted risks will continue to be monitored through AFIC's established investment processes. While no immediate action is warranted, these exposures may be subject to additional scrutiny as market, policy or issuer-level developments evolve. This approach ensures ongoing alignment between risk oversight and AFIC's investment mandate without requiring direct intervention or material resource shifts.

AFIC's portfolio is primarily invested in high-quality companies with strong governance and credible long term strategies. These characteristics support the management of climate-related risks by enabling resilience at the investee-company level and positioning the portfolio to capture climate-aligned opportunities where they are appropriately priced and consistent with AFIC's investment strategy.

3.6.3 Climate Resilience

AFIC's resilience to climate-related risks is shaped by its business model and investment-led approach. With a single office location and no operational sites, AFIC has no material exposures to physical climate hazards. Similarly, as AFIC does not operate carbon-intensive activities, physical and transition risks affecting the portfolio are managed through investment decision-making rather than operational change. This enables AFIC to respond to changing risk profiles through portfolio rebalancing, without requiring large-scale business transformation.

Resilience, in this context, is underpinned by flexibility. AFIC's portfolio is liquid, regularly reviewed and oriented towards long term value creation. This allows the Company to adjust exposures or exit positions as climate-related risks emerge or evolve, while maintaining alignment with its investment mandate.

Ongoing oversight by the Investment Committee, combined with regular monitoring of flagged risks, supports AFIC's ability to adapt to a range of potential climate scenarios without disruption to its broader strategy.

3.6.4 Current and Anticipated Financial Effects

AFIC has undertaken a structured assessment of potential financial implications associated with climate-related risks and opportunities across its operations and investment portfolio. This included scenario-informed analysis of potential impacts on key financial drivers such as dividend income, asset valuation, capital access, and exposure to sector reweighting over the short, medium, and long term.

Based on this assessment, no material climate-related risks, nor their associated financial effects, are reasonably expected to affect AFIC's financial position, financial performance or cash flows over the short, medium or long term. Accordingly, no quantitative financial impacts have been disclosed in this report.

AFIC will continue to monitor emerging developments and review its exposure as part of its regular investment oversight and risk management processes. Disclosure will be updated if financial effects are reasonably expected to arise in future periods.

4. Metrics and Targets

This section outlines AFIC's climate-related metrics, including reported greenhouse gas emissions and a high-level summary of the calculation methodology. AFIC has not set emissions reduction targets and, as such, no information on target performance or progress is disclosed. AFIC also does not currently apply an internal carbon price (see Section 4.3), and this is reflected in the disclosures provided.

4.1 Climate-related Metrics

Unless otherwise indicated, the table below refers to the absolute gross greenhouse gas emissions generated during the reporting period relating to AFIC for Scope 1 and 2 emissions. No climate-related targets have been set by AFIC, though in the case of targets being set either voluntarily or due to regulatory requirements, they will be disclosed in future reporting periods.

Emissions Type	FY26 tCO_2-e	FY25 (Base Year) tCO_2-e
Scope 1	0.03	0.03
Scope 2		
Market-based method	4.12	26.09
Total Scope 1 and 2	**4.15**	**26.12**

AFIC's Scope 1 and 2 greenhouse gas emissions are limited due to the nature of its operations and are not assessed to be material to AFIC's financial position, financial performance or cash flows.

Utilising a location-based methodology, which takes no account of the fact that AFIC purchased zero-emissions electricity during the year ended 30 June 2026, the Scope 2 figures were 31.57 tCO_2e for the current year and 30.22 tCO_2e for the prior year.

4.2 Methodology for the Calculation of GHG Emissions

For the calculation of Scope 1 and Scope 2 GHG emissions, AFIC follows the guidelines and methodologies contained in the *Greenhouse Gas (GHG) Protocol: Corporate Accounting Reporting Standard (2004)*.

AFIC has measured emissions and defined the organisational boundary via the operational control approach, which assumes accountability for emissions produced directly or indirectly through its activities. This approach has been selected because it best reflects AFIC's ability to manage and exercise authority over its operations, including its capacity to introduce and implement operating, health and safety, and environmental policies.

According to the operational control approach, emissions from business activities are allocated in full to the entity with the greatest authority to introduce and implement operating, health and safety, and environmental policies at relevant facilities. Under this approach, AFIC accounts for 100 per cent of direct emissions from operations over which it (or one of its subsidiaries) has operational control.

AFIC follows the directives of the GHG Protocol in its selection of the emissions factors adopted in the calculation of the inventory, and Global Warming Potential (GWP) values were sourced from the Sixth Assessment Report (AR6) published by the IPCC.

Scope 1 and 2 emissions, disclosed above, are measured by either internal or external data sources and incorporate data quality and uncertainty considerations.

Scope	Emission Category	Description	Inputs	Methodology	Emissions Factors	Assumptions
Scope 1	Fugitive emissions (i.e. refrigerants)	These emissions are from refrigerants that have been directly released during operation of equipment. AFIC has HVAC equipment fitted to its office space and discloses associated refrigerant emissions. Electricity consumption is included as below.	Refrigerant listing (invoice data) provided by 101 Collins St (building) for AFIC's office space.	Methodology aligned to GHG Protocol, i.e. Scope 1 and 2 GHG Inventory Guidance, pg. 18-20.	GWP values used in accordance with Australian National Greenhouse Accounts Factors 2025, Table 11, pg. 31.	Refrigerant leakage rates are per Australian National Greenhouse Accounts Factors 2025, Table 10, pg. 31.
Scope 2	Electricity consumption	These emissions are from the purchase of electricity (AFIC purchases electricity and discloses associated emissions. Reported Scope 2 (market-based) emissions have been measured after accounting for electricity consumed under Green Electricity Contracts.	Invoices recording quantity of kWh consumed and estimations.	Methodology aligned to GHG Protocol, i.e. Scope 1 and 2 GHG Inventory Guidance, pg. 24-25.	Location-based factors used in accordance with Australian National Greenhouse Accounts Factors 2025, Table 1, pg.8-9. Market-based factors used in accordance with Australian National Greenhouse Accounts Factors 2025, Table 2, pg.9.	Electricity consumption for the months where data has not been provided can be extrapolated based on the average daily usage for the months of the year whereby data has been provided in the form of invoices.

4.3 Internal Carbon Price

AFIC does not currently apply an internal carbon price in its investment decision-making processes. Instead, climate-related risks and opportunities are assessed through qualitative analysis and integration into broader investment considerations. That said, how carbon prices might be applied to AFIC's holdings in the future is an integrated part of our climate scenario analysis and acts to inform our identification of risks and opportunities. AFIC continues to monitor developments in carbon pricing and regulatory frameworks and may consider the use of an internal carbon price in the future as part of its investment strategy.

Independent Auditor's Review Report on Specified Sustainability Disclosures

Independent Auditor's Review Report on specified Sustainability Disclosures

To the Members of Australian Foundation Investment Company Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Australian Foundation Investment Company Limited (the Company) and its controlled entity (together, the Group) for the year ended 30 June 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Specified Sustainability Disclosures	**Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2) (including related general disclosures required by Appendix D)**	**Location in Sustainability Report**
Governance	Paragraph 6	Paragraphs 2.1 to 2.2
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Paragraph 3.4
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Paragraphs 4.1 to 4.2

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

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Independent Auditor's Review Report on Specified Sustainability Disclosures continued

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Sustainability Report for the year ended 30 June 2026, but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations in preparing the specified Sustainability Disclosures

Sustainability information may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating, and estimating such information. Different acceptable methods have varying precision and can affect the comparability of sustainability information across entities and over time.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases

The specified Sustainability Disclosures in relation to Strategy (risks and opportunities) have been prepared using assumptions about future events, and management's actions, that may not occur.

Independent Auditor's Review Report on Specified Sustainability Disclosures continued

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;
- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;
- Inspected and assessed, on a sample basis, charters, policies, minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;

- Performed enquiries of management regarding the approach taken by Group to:
    - Identify climate-related risks and opportunities;
    - Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures;
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures.
- Performed enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions, and;
- Performed testing over the calculations of the Scope 1 and 2 emissions, including testing the activity data utilised within the calculations to third-party records and other relevant underlying information, on a sample basis.

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
27 July 2026

Information About Shareholders

At 20 July 2026 there were 143,706 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	54,050	1.67
1,001 to 5,000	46,373	9.52
5,001 to 10,000	18,376	10.83
10,001 to 100,000	23,874	48.76
100,000 and over	1,033	29.23
Total	**143,706**	**100.00**

Percentage held by the 20 largest holders	12.3%
Average shareholding	8,557

There were 5,805 shareholdings of less than a marketable parcel of $500 (73 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 20 July 2026 are listed below:

Ordinary Shares

Rank	Name	Shares	% of Share Capital
1	HSBC Custody Nominees (Australia) Limited	40,369,382	3.28
2	Mr Malcolm Cavill	21,517,555	1.75
3	Citicorp Nominees Pty Limited	18,448,216	1.50
4	Netwealth Investments Limited <Wrap Services A/C>	12,054,887	0.98
5	BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	10,018,726	0.81
6	HMS Nominees Ltd	7,336,475	0.60
7	IOOF Investment Services Limited <IPS Superfund A/C>	6,159,592	0.50
8	IOOF Investment Services Limited <IOOF Idps A/C>	5,387,221	0.44
9	HSBC Custody Nominees (Australia) Limited – A/C 2	3,972,959	0.32
10	Netwealth Investments Limited <Super Services A/C>	3,570,883	0.29
11	Citicorp Nominees Pty Limited <Betashares Cap Ltd Account>	3,080,836	0.25
12	BNP Paribas Noms (New Zealand) Ltd	2,740,021	0.22
13	Bougainville Copper Limited	2,678,414	0.22
14	Bushways Pty Ltd	2,570,592	0.21
15	Jamama Nominees Pty Limited	2,144,858	0.17
16	Mutual Trust Pty Ltd	2,130,908	0.17
17	Moorgate Investments Pty Ltd	2,098,158	0.17
18	Investment Custodial Services Limited <C A/C>	2,062,690	0.17
19	J P Morgan Nominees Australia Pty Limited	1,890,276	0.15
20	Fostoria – Fannon (Aust) Pty Ltd	1,480,000	0.12

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 2026, the Company recorded 983 transactions in securities (including options). $4,221,316 in brokerage (including GST) was paid or accrued for the year.

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
Sigma Healthcare	73.2
Australian United Investment Company (merger with Diversified United Investment Limited)	61.8
JB Hi-Fi	53.8
Woolworths Group	45.2
Telstra Group	40.2

Disposals	Proceeds ($m)
National Australia Bank	94.1
BHP	83.0
Sonic Healthcare*	70.7
Wesfarmers	70.4
Westpac Banking Corporation	70.1

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Australian United Investment Company (merger with DUI)

Pro Medicus

Life360

Temple & Webster

TechnologyOne

HUB24

Objective Corporation

Pinnacle Investment Management

Holdings of Securities

At 30 June 2026

Individual investments for the combined investment and trading portfolios as at 30 June 2026 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 2025 '000	Number Held 2026 '000	Market Value 2026 $'000
360	Life360	0	889	23,744
AIA	Auckland International Airport	11,501	11,501	80,164
ALD	Ampol	1,855	505	16,615
ALQ	ALS	7,622	5,540	126,534
AMC	Amcor	9,617	1,923	120,324
ANZ	ANZ Group Holdings	7,415	7,415	262,120
ARB	ARB Corporation	4,226	4,226	79,956
ASX*	ASX	1,757	1,757	93,522
AUB	AUB Group	1,432	1,505	43,112
AUI	Australian United Investment	0	5,683	63,765
BHP*	BHP	20,753	19,064	1,131,968
BRG	Breville Group	702	702	22,662
BSL*	BlueScope Steel	1,431	1,431	45,423
BXB	Brambles	5,840	5,840	113,763
CAR	CAR Group	5,690	6,821	175,717
CBA	Commonwealth Bank of Australia	5,242	4,904	807,296
COH	Cochlear	443	481	58,583
COL*	Coles Group	9,232	9,871	240,350
CPU*	Computershare	3,630	4,255	162,801
CSL	CSL	2,643	2,718	311,863
CWY	Cleanaway Waste Management	18,185	18,185	42,735
DJW	Djerriwarrh Investments	7,505	7,505	21,165
EQT	EQT Holdings	1,647	1,491	24,296
FPH	Fisher & Paykel Healthcare Corporation	3,600	3,600	115,380
GMG*	Goodman Group	11,525	11,525	358,751
HUB	HUB24	0	194	14,108
IAG	Insurance Australia Group	4,740	4,740	38,344

Holdings of Securities continued

At 30 June 2026

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2025 '000	Number Held 2026 '000	Market Value 2026 $'000
JBH	JB Hi-Fi	915	1,573	126,622
JHX	James Hardie Industries	5,092	4,203	160,494
MAQ	Macquarie Technology Group	501	685	48,036
MFT	Mainfreight (NZX listed)	2,406	2,406	122,579
MGR	Mirvac Group	29,350	29,350	50,482
MIR	Mirrabooka Investments	15,264	15,264	37,702
MQG*	Macquarie Group	2,148	2,112	528,167
NAB*	National Australia Bank	12,335	10,306	390,082
NAN	Nanosonics	5,716	5,716	19,033
NWL	Netwealth Group	3,608	3,457	71,073
NXT	NEXTDC	4,600	4,859	70,847
OCL	Objective Corporation	0	934	9,619
PME	Pro Medicus	0	233	47,399
PNI	Pinnacle Investment Management Group	0	371	6,339
PXA	PEXA Group	3,102	2,817	29,018
REA	REA Group	577	734	102,145
REH	Reece	5,628	4,700	80,981
RGN	Region Group	16,000	20,600	47,998
RIO	Rio Tinto	1,862	1,862	321,216
RMD	ResMed	6,427	6,689	193,164
SEK	SEEK	3,795	4,910	66,040
SIG	Sigma Healthcare	2,713	28,530	78,458
STO	Santos	13,921	10,485	75,595
TCL	Transurban Group	26,394	26,394	379,541
TLS*	Telstra Group	63,155	70,472	357,832
TNE	Technology One	0	876	25,816
TPW	Temple & Webster	0	2,359	14,625
WBC	Westpac Banking Corporation	13,283	11,571	407,415
WDS*	Woodside Energy Group	8,165	8,255	232,845
WES	Wesfarmers	5,590	4,824	436,090
WOW*	Woolworths Group	6,667	8,205	327,844
XRO	Xero	835	835	60,304
Total				**9,520,462**

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

Holdings of International Securities

At 30 June 2026

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2025	Number Held 2026	Market Value 2026 A$
AENA-ES	Aena	96,180	83,805	3,687,420
AMZN-US	Amazon	25,550	33,173	11,412,175
AVGO-US	Broadcom	0	9,342	5,093,726
CMG-US	Chipotle Mexican	54,090	54,270	2,663,572
FERG-GB	Ferguson Enterprises	10,411	29,815	10,247,117
GOOGL-US	Alphabet	28,754	14,150	7,298,995
HCA-US	HCA Healthcare	6,974	13,373	7,525,923
HEI-DE	Heidelberg Materials	1,500	19,955	5,496,206
ICE-US	Intercontinental	17,348	41,472	7,369,574
LLY-US	Eli Lilly	3,083	6,061	10,493,288
MAR-US	Marriott	5,820	5,820	3,113,234
MSFT-US	Microsoft	15,503	16,803	9,047,071
NFLX-US	Netflix	3,722	90,094	9,285,088
NVDA-US	NVIDIA	46,760	30,290	8,748,055
SPGI-US	S&P Global	4,342	8,662	5,091,957
SPOT-US	Spotify	2,059	13,475	8,930,152
SU-FR	Schneider	10,851	26,908	12,673,130
V-US	Visa	4,332	22,182	10,984,970
WAT-US	Waters Corporation	0	17,534	9,491,856
Total				**148,653,508**

Issues of Securities

Date of Issue	Type	Price	Remarks
26 February 2026	DRP/DSSP	$6.90	
28 August 2025	DRP/DSSP	$7.35	
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

Date of Issue	Type	Price	Remarks
2 June 2010	SPP	$4.62	2.5 per cent discount SPP = Share Purchase Plan
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: 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
Alison Gibson, 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 OAM

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 1010, New Zealand

Shareholder (Australia)

Enquiry line	1300 857 499
Facsimile	(02) 9287 0303
Email	afi@cm.mpms.mufg.com
Website	au.investorcentre.mpms.mufg.com

Shareholder (New Zealand)

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	9.30am
Date	Thursday 1 October 2026
Venue	Zinc at Federation Square
Location	Corner of Flinders Street and Swanston Street, Melbourne, Victoria, 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

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Annual Review 2026

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

2026

Profit for the Year

$293.5m

$285.0m in 2025

Fully Franked Dividend Per Share

14.5¢ Final

2.5¢ Special

31.5¢ Total#

31.5 cents total in 2025

Total Portfolio Return

0.9% Including franking*

S&P/ASX 200 Accumulation Index including franking* 7.2%

Total Shareholder Return

2.5%

Share price plus dividend, including franking*

Management Expense Ratio

0.14%

0.16% in 2025

Total Portfolio

$9.8b

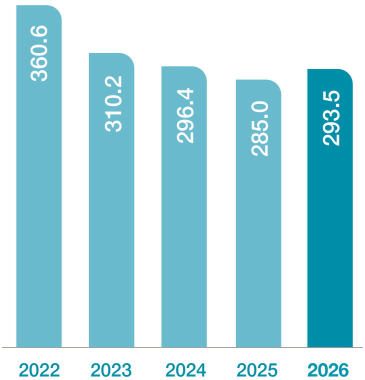
Including cash at 30 June. $10.5 billion in 2025

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

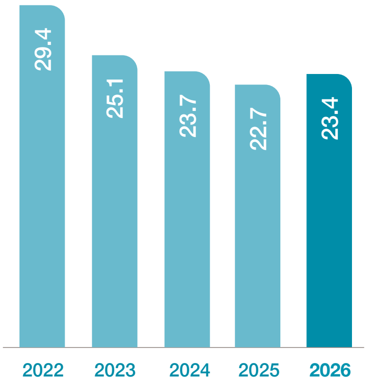
\# Includes 12.0 cent interim dividend and 2.5 cent special interim dividend.

5 Year Summary

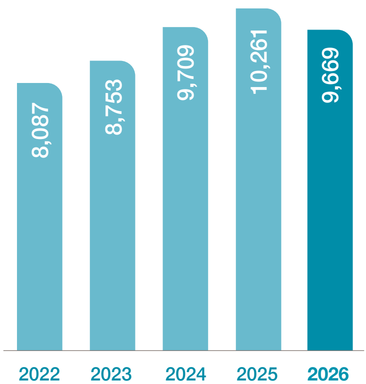
Net Profit After Tax ($ Million)



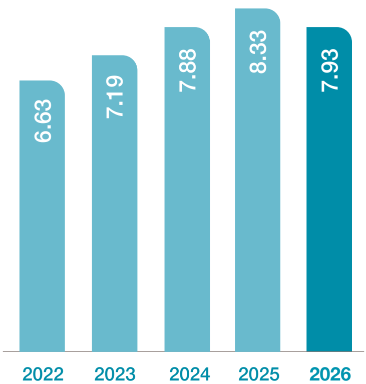
Net Profit Per Share (Cents)



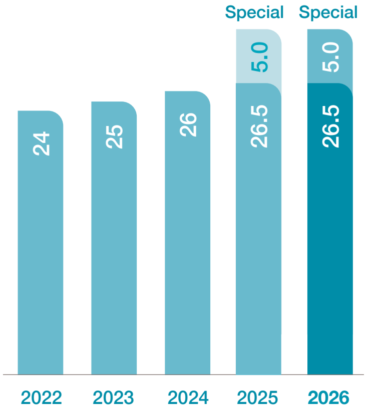
Investments at Market Value ($ Million)[b]



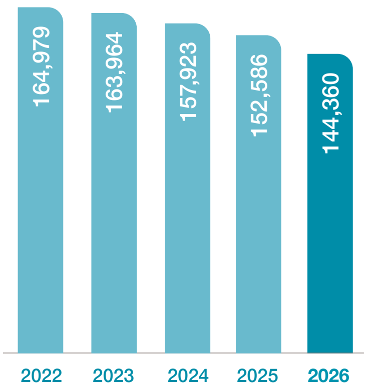
Net Asset Backing Per Share ($)[c]



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 14.29 cents for 2026; 2025: 27.86 cents; 2024: 6.43 cents; 2023: 10.0 cents; 2022: 14.29 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
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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 ordinary 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

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 June 2026 this was 0.14, or 14 cents for each $100 invested.

* Data provided by ISS ESG. Portfolio at 30 June 2026.

Review of Operations and Activities

Profit and Dividend

The full year profit was $293.5 million, up from $285.0 million in the previous corresponding period. The uplift in the profit from last year was due to an increase in dividends and distributions received from the portfolio and an increase in gains from the trading portfolio.

The management expense ratio remains low at 0.14 per cent with no additional fees. This is down from 0.16 per cent last financial year.

Earnings per share for the financial year were 23.42 cents per share.

The final dividend was maintained at 14.5 cents per share fully franked. A fully franked special dividend of 2.5 cents per share has also been declared. Total fully franked dividends for the year, including special dividends, is 31.5 cents per share, in line with the previous financial year's total dividend including special dividends.

The Board has elected to pay 10 cents of the 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 14.29 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details are on the dividend statements.

A key objective of AFIC is to provide stable to growing ordinary dividends over time. The amount of any ordinary dividend

Figure 1: Long Term History of Dividends Including Special Dividends

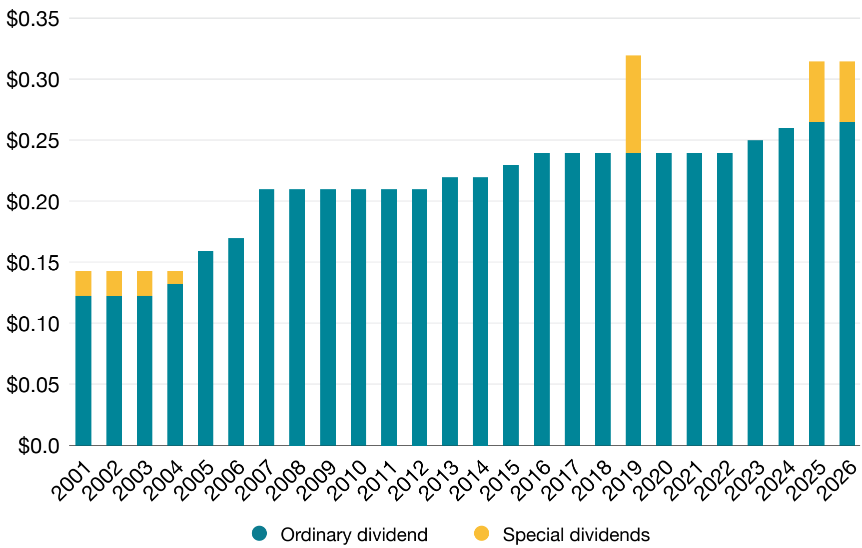
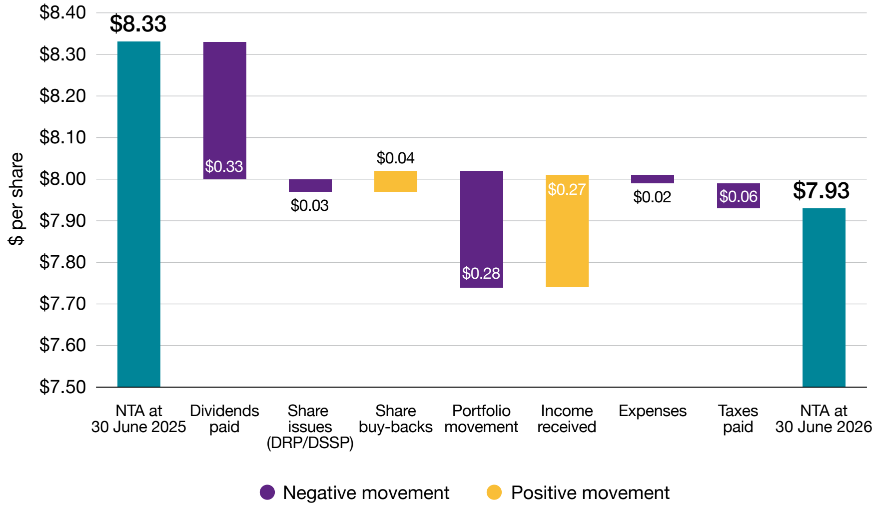


Figure 2: Movement in Net Asset Backing Per Share to 30 June 2026



remains at the discretion of the Board and depends on the level of earnings and the amount of realised capital gains generated for the year, as well as the balance of franking credits.

The Board considers special dividends to be the most appropriate way to distribute the franking credit balance reserve that has built up in recent years. Despite the recent payment of these special dividends, further generation of realised capital gains during the year means the franking credit balance remains strong. Directors will continue to consider further capital management initiatives for future financial years taking into consideration the balance of franking credits and the generation of realised capital gains. We anticipate providing an update regarding any special dividends for financial year 2027 at the AGM in October 2026.

Outlined in Figure 1 is the long term history of the dividends paid to shareholders. Over the long term, the Company has delivered on its objective of paying stable to growing ordinary dividends over time irrespective of any special dividends that have been paid.

Net Asset Backing Per Share

Figure 2 above highlights the change in the net asset backing per share (NTA) over the financial year. Dividends paid, including special dividends, and the fall in the value of the portfolio were the major contributors to the decline, although income received from the portfolio offset most of the decline in the portfolio value.

Over the year approximately 35.4 million shares were bought back at a cost of approximately $242.8 million. The share buy-backs were accretive to the value of the NTA over the year.

Market and Portfolio Performance

The S&P/ASX 200 Accumulation Index (not including the benefit of franking) rose 6.1 per cent in the calendar year, with a large part of this return coming from the Materials sector, up 52.1 per cent. Within the Materials sector BHP and Rio Tinto had very strong performances, with each returning approximately 68 per cent. This sector was also buoyed by positive rises in gold, copper, rare earths and lithium commodity prices. In this context, mid-cap resources were up 68.5 per cent for the period, with small-cap resources up 30.7 per cent.

Energy was the second-best performing sector, returning 14.5 per cent during the period as energy stocks such as Woodside and Santos benefited from higher oil prices from the conflict in the Middle East.

Sectors that underperformed were Healthcare, down 36.2 per cent, driven largely by CSL, Cochlear and ResMed, and Information Technology, down 37.0 per cent as the fear of disruption on the business models of software stocks from artificial intelligence hit the share prices of many companies in this sector.

Figure 3: Key Sector Performance for the 12 Months to 30 June 2026

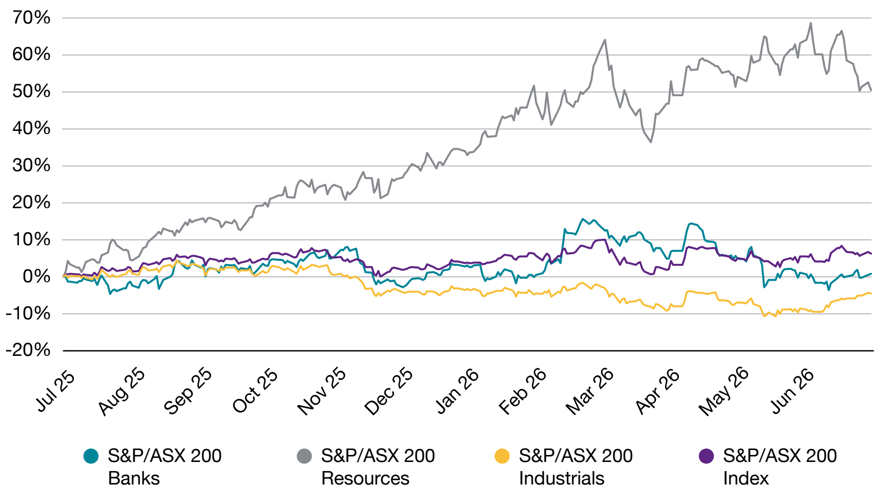
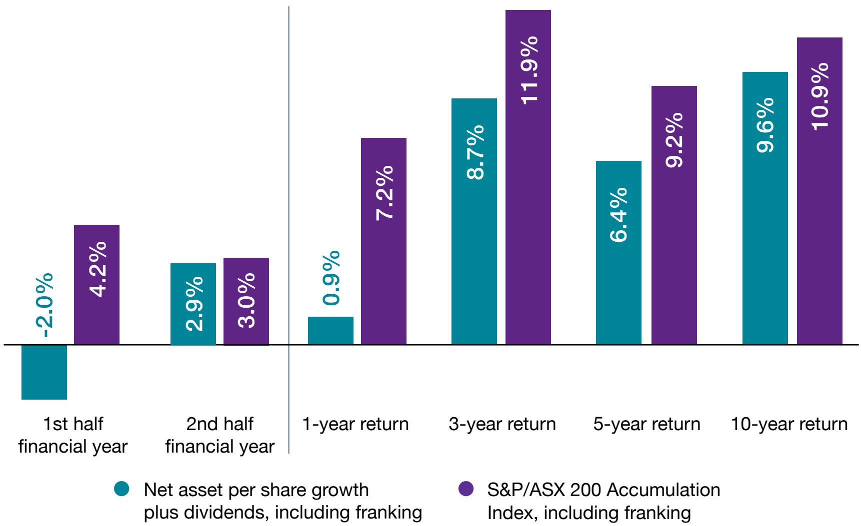


Figure 4: Portfolio Performance – Per Annum Returns to 30 June 2026



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.

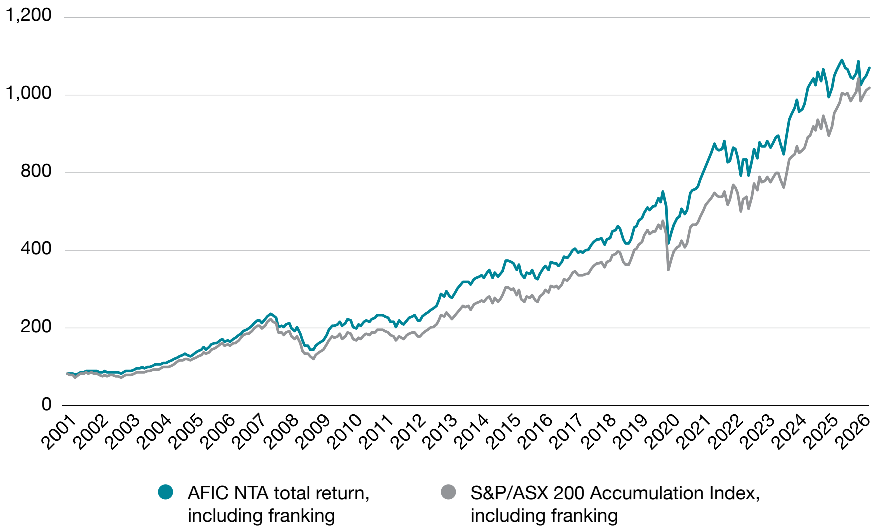
This proved to be a challenging environment, with the AFIC portfolio including the benefit of franking returning 0.9 per cent over the 12 months, compared to the S&P/ASX 200 Accumulation Index return of 7.2 per cent including franking, with most of the underperformance occurring in the first half of the financial year (Figure 4).

Over the financial year the portfolio benefited from solid returns from our holdings in Woolworths Group, Rio Tinto, ALS, Macquarie Group and Coles Group. We also benefited from our underweight position in Commonwealth Bank of Australia, which returned negative 8 per cent for the period.

The main contributors to the portfolio's underperformance relative to the benchmark were our positions in CSL, ARB Corporation, ResMed, CAR Group, REA Group and Cochlear. Each of these companies has been retained in the portfolio as we consider their long term prospects to be sound, noting that in some cases the turnarounds required to improve returns are likely to take some time.

Review of Operations and Activities continued

Figure 5: Long Term Portfolio Performance Relative to the S&P/ASX 200 Index



While near term conditions have been challenging, we continue to believe the investment approach of focusing on high-quality companies can deliver attractive long term returns, including income for shareholders.

Figure 5 highlights the long term performance of the portfolio relative to the S&P/ASX 200 Index. Both include the benefits of franking.

Positioning Adjustments

AFIC seeks to own a diversified portfolio of quality companies with an appropriate mix of income and growth attributes to achieve our long term investment objectives.

The portfolio is actively managed but with a long term investment approach, meaning that our annual portfolio turnover will typically be low to moderate.

The majority of our buying activity for the year involved adding to positions in mid and large-cap companies that we consider to be high quality and that provide the portfolio with a good mix of income and growth.

Sigma Healthcare was our largest purchase for the year. Following the merger with Chemist Warehouse, Sigma Healthcare is now Australia's leading retail pharmacy franchisor, distributor and wholesaler. The company has a strong track record of execution with double-digit revenue growth over the past two decades. The company continues to have a long growth runway, as it operates in an attractive, strongly growing healthcare and beauty retail category in which it is winning market share. Sigma Healthcare offers our portfolio an attractive level of capital growth alongside modest, albeit strongly growing, dividends.

During the period we also increased our holdings in JB Hi-Fi, Woolworths Group, Telstra Group, CAR Group and REA Group.

We also added a number of new positions to the portfolio during the year.

Pro Medicus and TechnologyOne were bought after their share prices fell sharply in February 2026. Pro Medicus is the market leader in medical software imaging, operating in North America, Australia and Europe. TechnologyOne is a dominant software business that is used by governments and universities in Australia, New Zealand and the United Kingdom. Both Pro Medicus and TechnologyOne have delivered very strong returns over the long term and have high-quality management teams. We were able to purchase both of these companies at what we considered to be attractive valuations given their quality and long term growth potential.

In addition, we were able to take advantage of a sell-off in several quality small-cap growth companies during the financial year as part of our goal of building a more diversified portfolio of small-cap investments. This saw us add Life360, Temple & Webster, HUB24, Objective Corporation and Pinnacle Investment Management to the portfolio.

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. On this basis we exited Sonic Healthcare, WiseTech Global, Worley, IDP Education and Telix Pharmaceuticals.

We continued to trim our positions in Commonwealth Bank of Australia and Wesfarmers. We consider both companies to be high quality; however, we saw their valuations as extreme, especially when factored against our large position sizes. For similar reasons we trimmed our holdings in National Australia Bank, Westpac Banking Corporation and ALS. As a result of call option exercises some of our holding in BHP was sold.

Overall, the value of stock sales outweighed stock purchases. This was primarily due to the attractive relative value we saw in buying back AFIC shares during the period given the material discount in the share price compared to the net tangible asset backing through the year.

Review of Operations and Activities continued

Figure 6: AFIC Investment by Sector Versus the S&P/ASX 200 Index as at 30 June 2026 – Excludes International Holdings

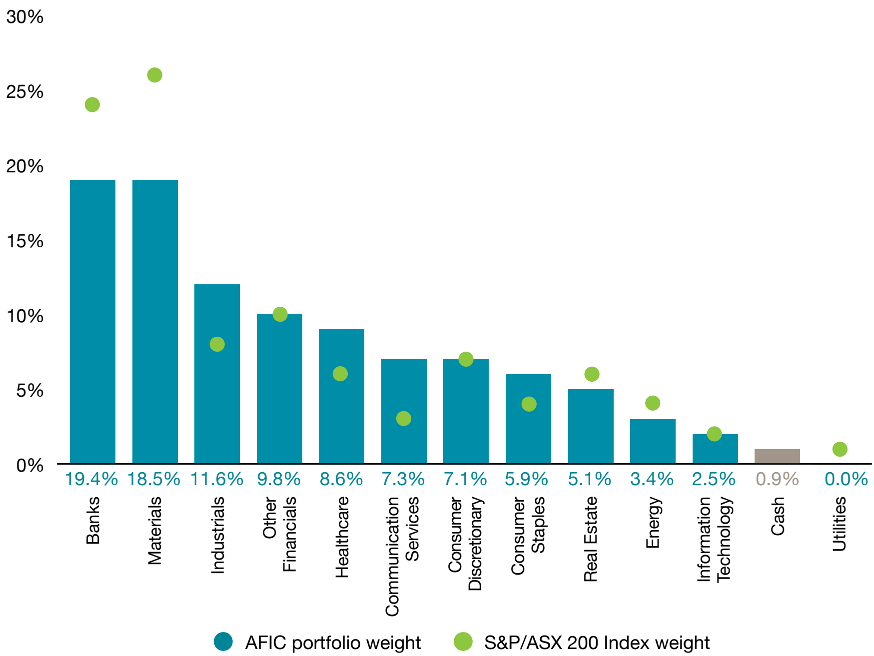


Figure 6 outlines the positioning of the AFIC portfolio relative to the market as represented by the S&P/ASX 200 Index.

International Portfolio

During the year the decision was made not to pursue the listing of a separate international LIC at this stage. In this context we have adjusted our portfolio approach to focus on a smaller number of holdings most aligned with AFIC's quality-focused investment philosophy with attractive medium to long term prospects. Over the course of the financial year the number of holdings has gone from 44 companies to 19 companies as at 30 June 2026.

The international portfolio continues to provide AFIC with offshore research insights to assist domestic investment decisions and exposure to what AFIC views as the most attractive international companies. Most of our international holdings have leadership positions in growing industries not typically available to investors on the ASX.

The international portfolio has continued to generate value for shareholders, with the portfolio standing at $148.7 million on 30 June 2026 following the initial investment of $103.5 million in May 2021. At current value, the global portfolio represents about 1.5 per cent of the overall AFIC portfolio.

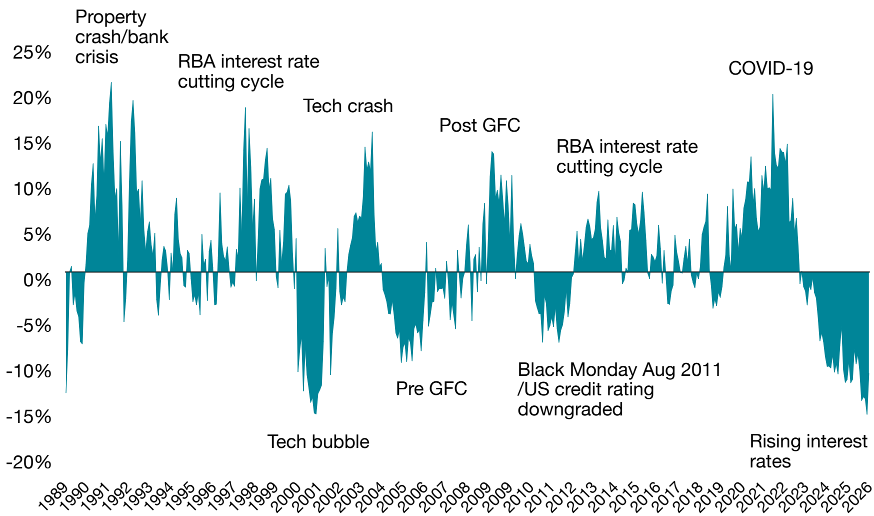
At 30 June 2026 our largest holdings were Schneider Electric, Amazon, Visa, Eli Lilly, Ferguson Enterprises, Waters and Netflix.

Share Price Return

Over the 12-month period the share price has moved from a discount of 11.8 per cent to the net asset backing of $8.33 per share at 30 June 2025, to a slightly smaller discount of 11.1 per cent to net asset backing of $7.93 per share at 30 June 2026. Total share price return including franking was 2.5 per cent over the 12-month period.

As illustrated in Figure 7 the extent of this discount is unusual in the context of the historical trend. Factors such as the level of interest rates, momentum in the market and level of market dividends can have a large impact on sentiment towards AFIC shares. When interest rates are low and market dividends are down AFIC can trade at a premium, as was the case during COVID-19. As these factors reverse, what we have seen is the share price move to a large discount.

Figure 7: Long Term History of the 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, the Group has uplifted its communication with brokers and financial planners, provides weekly disclosure of the net asset backing per share and has begun to buy back shares in an orderly fashion as and when opportunities arise.

Figure 8 illustrates the long term performance of the share price relative to the net asset backing per share. Over the long term the difference between the share price return and the return of net asset backing per share is not large despite the history of the share price trading at a premium or discount through various market cycles. Ultimately over the long term the share price has been driven by the net asset backing per share.

Outlook

Another positive year of returns from domestic and global share markets was noteworthy given the shock to economies caused by geopolitical events such as the conflict in the Middle East and the general upward pressure on interest rates from heightened inflation.

In this context, the Australian economy has proved resilient. However, the Australian share market continues to look moderately expensive, especially against long term averages for the market's price to earnings ratio (Figure 9) and dividend yield.

Figure 8: Long Term History of the Share Price and Net Asset Backing Per Share

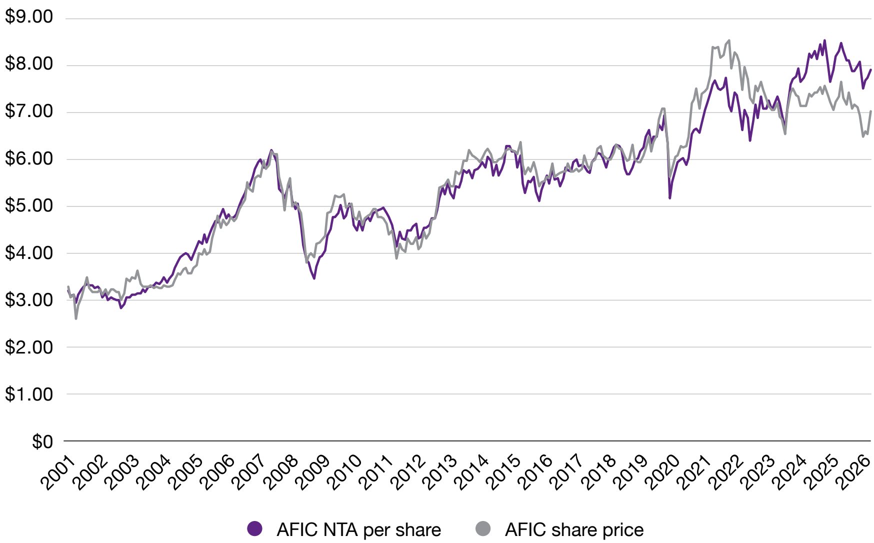
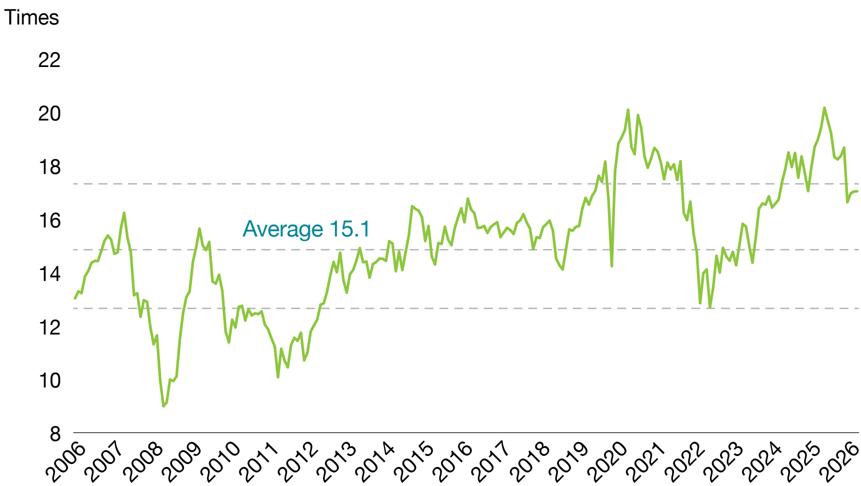
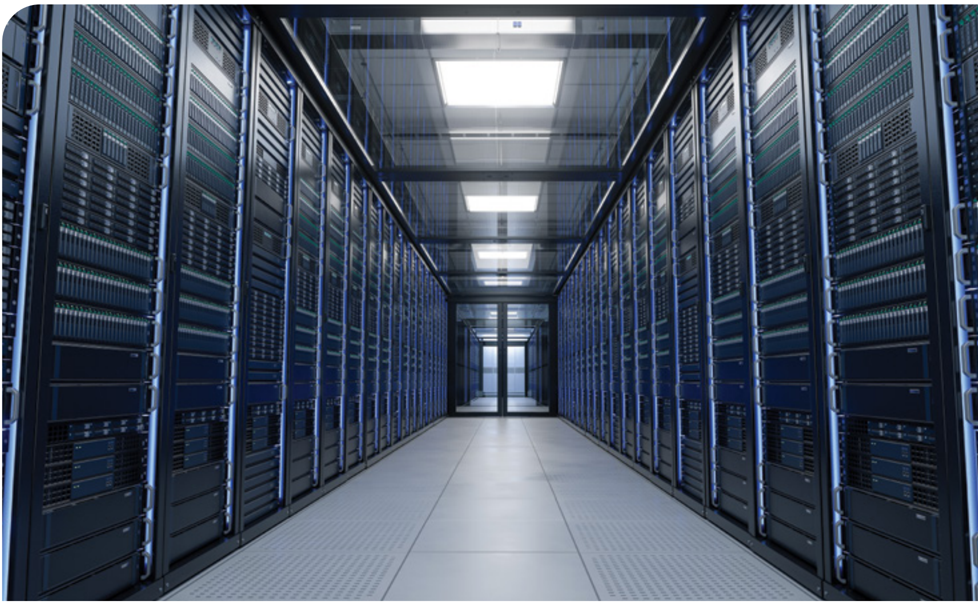


Figure 9: Valuation of the Market – Price to Earnings of the S&P/ASX 200 Index



Source: FactSet



Review of Operations and Activities continued

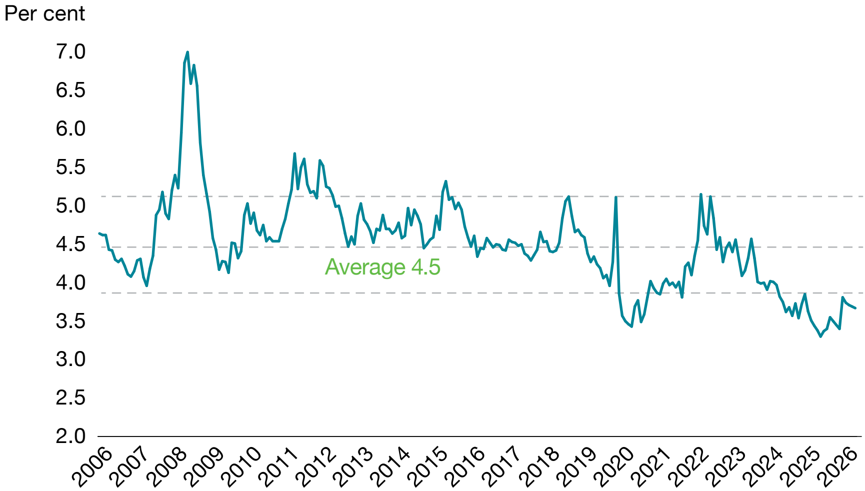
The broader share market is currently forecast to deliver a dividend yield of just 3.7 per cent (not including franking credits), below the average dividend yield of the last 10 years (Figure 10).

In terms of AFIC's dividend income, we believe that the portfolio has a good balance across the key sectors such as Resources, Banks and Consumer Staples, which should generate a solid level of fully franked dividend income.

We are confident that the transactions made in the last 12 months have enhanced the portfolio's long term income and growth prospects.

Despite the uncertainties about the direction of economies and financial markets, we continue to believe that AFIC, with its diversified portfolio of high-quality companies, is well positioned to meet its investment objectives over the long term.

Figure 10: Valuation of the Market – Forward Looking Dividend Yield of the S&P/ASX 200 Index



Source: FactSet

Review of Operations and Activities continued

Board Changes

Mark, the Chief Executive Officer and Managing Director, retired at the end of the 2026 financial year.

Mr Freeman was involved in the management of AFIC for over 31 years. For the past eight years Mark has been the Chief Executive Officer and Managing Director, and previously he spent 10 years as the Chief Investment Officer. Mark has had a long and distinguished career in the industry. The Board would like to acknowledge Mark for his leadership and passion for our shareholders and thank him for successfully navigating the LICs through a period of significant change.

Listed Investment Companies offer a unique structure for investors. Mark has understood this and has been a very strong advocate for AFIC and its investment approach, which has delivered long term benefits to shareholders at a low cost. AFIC as a long term investor often provides a different perspective to many others in the industry, and Mark has been central to conveying these views.

We wish Mark all the best for his future and his retirement.

Alison Gibson has been appointed as Mark's successor, effective 13 July 2026. Alison was previously a Portfolio Manager at HESTA. Alison is well known to AFIC shareholders having been a Portfolio Manager with the Company from 2011 to 2021 when she left to join HESTA. Alison is an experienced investment professional with over 25 years' experience across portfolio management, equity research and investment strategy within institutional and funds management organisations. Alison has a strong background in leading investment teams, setting clear investment frameworks and delivering long term outcomes for stakeholders.

Top 25 Investments

As at 30 June 2026

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2026

		Total Value $ Million	% of the Portfolio
1	BHP*	1,132.0	11.7
2	Commonwealth Bank of Australia	807.3	8.3
3	Macquarie Group*	528.2	5.5
4	Wesfarmers	436.1	4.5
5	Westpac Banking Corporation	407.4	4.2
6	National Australia Bank*	390.1	4.0
7	Transurban Group	379.5	3.9
8	Goodman Group*	358.8	3.7
9	Telstra Group*	357.8	3.7
10	Woolworths Group*	327.8	3.4
11	Rio Tinto	321.2	3.3
12	CSL	311.9	3.2
13	ANZ Group Holdings	262.1	2.7
14	Coles Group*	240.3	2.5
15	Woodside Energy Group*	232.8	2.4
16	ResMed	193.2	2.0
17	CAR Group	175.7	1.8
18	Computershare*	162.8	1.7
19	James Hardie Industries	160.5	1.7
20	JB Hi-Fi	126.6	1.3
21	ALS	126.5	1.3
22	Mainfreight	122.6	1.3
23	Amcor	120.3	1.2
24	Fisher & Paykel Healthcare Corporation	115.4	1.2
25	Brambles	113.8	1.2
Total		**7,910.8**	
As percentage of total portfolio value (excludes cash)			**81.8%**

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

Income Statement

For the Year Ended 30 June 2026

	2026 $'000	2025 $'000
Dividends and distributions	319,326	312,620
Revenue from deposits and bank bills	6,123	9,195
Net gains on trading portfolio (including unrealised gains or losses)	8,530	2,294
Total income	**333,979**	**324,109**
Finance costs	(2,155)	(1,208)
Administration expenses (net of recoveries)	(13,642)	(16,680)
Profit before income tax	**318,182**	**306,221**
Income tax	(24,685)	(21,250)
Net profit	**293,497**	**284,971**

	Cents	Cents
Net profit per share	23.42	22.71

Balance Sheet

As at 30 June 2026

	2026 $'000	2025 $'000
Current assets		
Cash	89,538	280,769
Receivables	56,816	39,534
Trading portfolio	546	5,773
Total current assets	**146,900**	**326,076**
Non-current assets		
Investment portfolio	9,668,570	10,254,757
Fixtures and fittings	224	155
Total non-current assets	**9,668,794**	**10,254,912**
Total assets	**9,815,694**	**10,580,988**
Current liabilities		
Payables	3,507	1,335
Borrowings – bank debt	–	10,000
Tax payable	22,399	113,483
Provisions	6,650	7,084
Total current liabilities	**32,556**	**131,902**
Non-current liabilities		
Provisions	38	169
Deferred tax liabilities – other	967	233
Deferred tax liabilities – investment portfolio	1,560,195	1,707,918
Total non-current liabilities	**1,561,200**	**1,708,320**
Total liabilities	**1,593,756**	**1,840,222**
Net assets	**8,221,938**	**8,740,766**
Shareholders' equity		
Share capital	3,054,805	3,210,246
Revaluation reserve	3,241,335	3,651,333
Realised capital gains reserve	726,992	799,329
General reserve	23,637	23,637
Retained profits	1,175,169	1,056,221
Total shareholders' equity (including minority interests)	**8,221,938**	**8,740,766**

Summarised Statement of Changes in Equity and Comprehensive Income Statement

For the Year Ended 30 June 2026

	2026 $'000	2025 $'000
Total equity at the beginning of the year	**8,740,766**	**8,261,387**
Dividends paid	(410,131)	(319,515)
Shares issued – Dividend Reinvestment Plan	88,202	71,842
Share buy-backs	(242,780)	(66,274)
Other share capital adjustments	(863)	(322)
Total transactions with shareholders	**(565,572)**	**(314,269)**
Profit for the year	293,497	284,971
Revaluation of investment portfolio	(347,784)	731,229
Provision for tax on revaluation	101,031	(222,552)
Revaluation of investment portfolio (after tax)	(246,753)	508,677
Total comprehensive income for the year	**46,744**	**793,648**
Realised gains on securities sold	209,937	424,974
Tax expense on realised gains on securities sold	(46,692)	(118,350)
Net realised gains on securities sold	163,245	306,624
Transfer from revaluation reserve to realised gains reserve	(163,245)	(306,624)
Total equity at the end of the year	**8,221,938**	**8,740,766**

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

Holdings of Securities
At 30 June 2026

Individual investments for the combined investment and trading portfolios as at 30 June 2026 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 2025 '000	Number Held 2026 '000	Market Value 2026 $'000
360	Life360	0	889	23,744
AIA	Auckland International Airport	11,501	11,501	80,164
ALD	Ampol	1,855	505	16,615
ALQ	ALS	7,622	5,540	126,534
AMC	Amcor	9,617	1,923	120,324
ANZ	ANZ Group Holdings	7,415	7,415	262,120
ARB	ARB Corporation	4,226	4,226	79,956
ASX*	ASX	1,757	1,757	93,522
AUB	AUB Group	1,432	1,505	43,112
AUI	Australian United Investment	0	5,683	63,765
BHP*	BHP	20,753	19,064	1,131,968
BRG	Breville Group	702	702	22,662
BSL*	BlueScope Steel	1,431	1,431	45,423
BXB	Brambles	5,840	5,840	113,763
CAR	CAR Group	5,690	6,821	175,717
CBA	Commonwealth Bank of Australia	5,242	4,904	807,296
COH	Cochlear	443	481	58,583
COL*	Coles Group	9,232	9,871	240,350

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2025 '000	Number Held 2026 '000	Market Value 2026 $'000
CPU*	Computershare	3,630	4,255	162,801
CSL	CSL	2,643	2,718	311,863
CWY	Cleanaway Waste Management	18,185	18,185	42,735
DJW	Djerriwarrh Investments	7,505	7,505	21,165
EQT	EQT Holdings	1,647	1,491	24,296
FPH	Fisher & Paykel Healthcare Corporation	3,600	3,600	115,380
GMG*	Goodman Group	11,525	11,525	358,751
HUB	HUB24	0	194	14,108
IAG	Insurance Australia Group	4,740	4,740	38,344
JBH	JB Hi-Fi	915	1,573	126,622
JHX	James Hardie Industries	5,092	4,203	160,494
MAQ	Macquarie Technology Group	501	685	48,036
MFT	Mainfreight (NZX listed)	2,406	2,406	122,579
MGR	Mirvac Group	29,350	29,350	50,482
MIR	Mirrabooka Investments	15,264	15,264	37,702
MQG*	Macquarie Group	2,148	2,112	528,167
NAB*	National Australia Bank	12,335	10,306	390,082
NAN	Nanosonics	5,716	5,716	19,033
NWL	Netwealth Group	3,608	3,457	71,073
NXT	NEXTDC	4,600	4,859	70,847
OCL	Objective Corporation	0	934	9,619
PME	Pro Medicus	0	233	47,399
PNI	Pinnacle Investment Management Group	0	371	6,339
PXA	PEXA Group	3,102	2,817	29,018
REA	REA Group	577	734	102,145
REH	Reece	5,628	4,700	80,981
RGN	Region Group	16,000	20,600	47,998
RIO	Rio Tinto	1,862	1,862	321,216

Holdings of Securities

At 30 June 2026 continued

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2025 ’000	Number Held 2026 ’000	Market Value 2026 $’000
RMD	ResMed	6,427	6,689	193,164
SEK	SEEK	3,795	4,910	66,040
SIG	Sigma Healthcare	2,713	28,530	78,458
STO	Santos	13,921	10,485	75,595
TCL	Transurban Group	26,394	26,394	379,541
TLS*	Telstra Group	63,155	70,472	357,832
TNE	Technology One	0	876	25,816
TPW	Temple & Webster	0	2,359	14,625
WBC	Westpac Banking Corporation	13,283	11,571	407,415
WDS*	Woodside Energy Group	8,165	8,255	232,845
WES	Wesfarmers	5,590	4,824	436,090
WOW*	Woolworths Group	6,667	8,205	327,844
XRO	Xero	835	835	60,304
Total				**9,520,462**

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

Holdings of International Securities

At 30 June 2026

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2025	Number Held 2026	Market Value 2026 A$
AENA-ES	Aena	96,180	83,805	3,687,420
AMZN-US	Amazon	25,550	33,173	11,412,175
AVGO-US	Broadcom	0	9,342	5,093,726
CMG-US	Chipotle Mexican	54,090	54,270	2,663,572
FERG-GB	Ferguson Enterprises	10,411	29,815	10,247,117
GOOGL-US	Alphabet	28,754	14,150	7,298,995
HCA-US	HCA Healthcare	6,974	13,373	7,525,923
HEI-DE	Heidelberg Materials	1,500	19,955	5,496,206
ICE-US	Intercontinental	17,348	41,472	7,369,574
LLY-US	Eli Lilly	3,083	6,061	10,493,288
MAR-US	Marriott	5,820	5,820	3,113,234
MSFT-US	Microsoft	15,503	16,803	9,047,071
NFLX-US	Netflix	3,722	90,094	9,285,088

Holdings of International Securities

At 30 June 2026 continued

Ordinary Shares, Trust Units or Stapled Securities		Number Held 2025	Number Held 2026	Market Value 2026 A$
NVDA-US	NVIDIA	46,760	30,290	8,748,055
SPGI-US	S&P Global	4,342	8,662	5,091,957
SPOT-US	Spotify	2,059	13,475	8,930,152
SU-FR	Schneider	10,851	26,908	12,673,130
V-US	Visa	4,332	22,182	10,984,970
WAT-US	Waters Corporation	0	17,534	9,491,856
Total				**148,653,508**

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
Sigma Healthcare	73.2
Australian United Investment Company (merger with Diversified United Investment Limited)	61.8
JB Hi-Fi	53.8
Woolworths Group	45.2
Telstra Group	40.2

Disposals	Proceeds ($m)
National Australia Bank	94.1
BHP	83.0
Sonic Healthcare*	70.7
Wesfarmers	70.4
Westpac Banking Corporation	70.1

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Australian United Investment Company (merger with DUI)

Pro Medicus

Life360

Temple & Webster

TechnologyOne

HUB24

Objective Corporation

Pinnacle Investment Management

Company Particulars

Australian Foundation Investment Company Limited (AFIC)

ABN 56 004 147 120

Directors

Craig M Drummond, Chairman
Alison Gibson, 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 OAM

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 1010, New Zealand

Shareholder (Australia)

Enquiry line	1300 857 499
Facsimile	(02) 9287 0303
Email	afi@cm.mpms.mufg.com
Website	au.investorcentre.mpms.mufg.com

Shareholder (New Zealand)

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	9.30am
Date	Thursday 1 October 2026
Venue	Zinc at Federation Square
Location	Corner of Flinders Street and Swanston Street, Melbourne, Victoria, 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.

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