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# MFF Capital Investments Limited ("MFF")
# Net Tangible Assets ("NTA") per share

Please find enclosed MFF's monthly NTA per share for January 2024.

*Authorised by*
***Marcia Venegas | Company Secretary***

1 February 2024

# MFF Capital Investments Limited ('MFF')
# Net Tangible Assets ('NTA') per share for January 2024

MFF advises that its approximate monthly NTA per share as at 31 January 2024 was $3.911 pre-tax ($3.398 as at 30 June 2023), and $3.285 after providing for tax[1] ($2.912 as at 30 June 2023). Whilst much happened in the world in January, MFF continued investing in a portfolio of extraordinary businesses with sustainable competitive advantages and above average sustainable profitable growth rates, acquired on satisfactory terms. These portfolio companies' business successes primarily determine MFF's success. Over time, compound increasing cashflows and strong returns on capital prevail, even against very conservative assumptions on future interest rates. Markets also continue to provide opportunities and risk management benefits for MFF. In January these were modest in the context of MFF, but not negligible.

January equity markets were strong and bond markets stable, until the Federal Reserve's renewed caution on the final day, together with some caution about results and outlooks (the AUD reduced further, after the London 4pm market price month end close). MFF portfolio changes were again modest, with some opportunity cost driven actions (rationale remains as discussed last month), and moderate recycling of investments (mostly related to market prices and risk management and to provide for funding of alternative opportunities), reflected in sales in the month of approximately 3% of portfolio value and purchases of approximately 1%. As discussed repeatedly in recent months, we remain less sanguine than other market participants as the Federal Reserve continues holding its artificial (but hugely influential) interest rates too high for too long. Tax payments will be required from MFF's profitable sales, with approximately another 1.65 cents per share tax expected to be payable in February.

MFF continues to be focused on compounding capital and seeking to avoid permanent capital loss via two related business activities. First, our portfolio of Quality, advantaged businesses, compounds over time. Second, Value, applies patience, focus and process to give us mispriced securities with decent probabilities for profitable gains, as the market has done for decades, albeit irregularly. Rarely but sometimes these Value opportunities are in businesses that we then hold for a decade or more. Mostly they are in very good businesses that are mispriced, but without the extraordinary profit compounding potential for the decade plus extraordinary focus group.

January portfolio company updates for the December 2023 quarter included many that well exceeded sensible expectations from 12 months before, and some were of such extreme quality to raise questions about peaking/overearning. JP Morgan was explicit in seeking to dampen expectations. Microsoft and Alphabet generated and invested cashflow billions at almost unprecedented levels whilst returning about US$1 billion per month of capital and adding balance sheet strength. In January interested MFF shareholders had plenty of uplifting portfolio company source material to access on the internet to ignore the negative Mr Magoo/Forest Gump type socialist/populist political self-interested feeding of entitlements and grievances, as well as the remote elite Davos twaddle. The dots again failed to be connected between ongoing negative, accelerating, deterioration of conditions for European populations (in particular, but not exclusively) from bad policy decisions and the momentary bubble puncturing by Argentina, desperately attempting to reverse outcomes from decades of policy failures. Italy similarly attempts to navigate the roadblocks to move away from misery. Domestic as well as global politics are more unpredictable than for decades as the balances are very difficult for societies juggling to increase opportunities, reduce inequality/lift living standards with small/large businesses and households that have been very unequally impacted by healthcare costs, rent, construction, other capital costs, interest rates, energy, food, and other inflation, whilst also seeking decent per capita growth in globally competitive markets. Multiple bankruptcies in Australia and elsewhere continued, and more are inevitable with the CCP and other authorities struggling to contain the information and ramifications. In contrast, MFF's portfolio companies are well placed to weather inflation and deflation, increasingly adverse rules, regulations, and taxes.

MFF's own results for the 6 months to 31 December 2023 included net profit after income tax of $146.0 million after providing for full (30%) tax on realised and unrealised gains (pre-tax profit $208.5 million) [principally reflecting movements in market prices of the portfolio]. Directors declared an increased fully franked interim dividend of 6.0 cents per ordinary share with continued operation of the Dividend Reinvestment Plan (DRP) and Bonus Share Plan (BSP) (at zero discount). Directors also announced their intention to increase the rate per share of the six monthly dividend to 7.0 cents fully franked for the period ending 30 June 2024, subject to corporate, legal and regulatory considerations, with continued operation of the DRP and BSP (at zero discount). The 31 December 2023 accounts for MFF also indicated pockets of potential value including $127.1 million of franking credits, $1,095.3 million of retained profits and profits reserve and the deferral benefit of $302.4 million net deferred tax liability. Over the seven and a half years to 31 December 2023, MFF declared fully franked dividends of $354.8 million, paid Income Tax of $267.4 million and bought back and cancelled $43.1 million of MFF shares. MFF also managed capital growth over this period, with Net Profits of $1,158.8 million after (30%) Income Tax on unrealised gains as well as realised profits, starting from Net Assets of $786.4 million. The quality portfolio means that MFF is never under pressure to act; patient accumulation and long-term retention of a portfolio of outstanding companies should compound to at least satisfactory after-tax results.

We will not repeat the extensive markets discussions from the December 2023 and other recent NTA releases, and the recent half yearly report. Conditions are broadly unchanged, with the possible exception that the political and regulatory class in January seized every opportunity to increase the size and involvement of Governments in banning products and activities, regulating others, requiring voluminous studies and roadblocks for successful companies and reorienting projects and resources to their favourites. Overall, the anti-business, anti-growth, anti-incentive actions are having a cumulative negative effect as well as conditioning voters (and favoured businesses) to expect Governments to deliver subsidies and other short term "benefits" to be paid from higher borrowings, and to protest grievances with any curtailment. Notwithstanding disinflation and more from the CCP problems, and deflation in manufacturing over capacity, these Government, and regulatory actions likely will cause borrowings and inflation to be more sustained and problematic in various jurisdictions than otherwise. In the west early retirements result in the face of bracket creep, ever rising income taxes and other levies, with lying low defying the CCP/other authorities' low lying. The sugar hit conditions of endless fiscal and monetary stimulus are challenged, and no longer is there a massive China growth story (absent meaningfully changed policies), although markets have been benign in the short term. Smaller countries are more vulnerable to major setbacks than larger more diversified economies, and history indicates that impacts of bad policies may be magnified by natural disasters and market collapses. Widespread entrenchment of bad policies, bad expectations and debt supported current expenditure fits within conditions for the economist Minsky's concerned analyses.

All holdings in the portfolio as at 31 January 2024 are shown in the table that follows (shown as percentages of investment assets).

| | % | | % |
|---|---|---|---|
| Amazon | 11.3 | Prosus | 1.6 |
| MasterCard | 10.5 | Lloyds Banking Group | 1.5 |
| Visa | 10.0 | DBS Group | 1.4 |
| American Express | 7.7 | United Overseas Bank | 1.3 |
| Home Depot | 6.8 | Oversea - Chinese Banking | 1.1 |
| Microsoft | 6.7 | US Bancorp | 1.0 |
| Bank of America | 6.5 | United Health Group | 1.0 |
| Alphabet Class C | 6.4 | CVS Health | 0.8 |
| Meta Platforms | 6.0 | Lowe's | 0.7 |
| Alphabet Class A | 5.9 | JP Morgan Chase | 0.4 |
| Flutter Entertainment | 3.0 | RB Global | 0.4 |
| HCA Healthcare | 2.6 | Allianz | 0.2 |
| Morgan Stanley | 1.9 | Schroders | 0.1 |
| CK Hutchison | 1.8 | L'Oreal | * |
| Intercontinental Exchange | 1.6 | ** less than 0.1%* | |

Although we remain very cautious about all currencies and maintain our negative views on the AUD over extended periods (exacerbated by commodity boom complacency, ongoing disfunction, asymmetry and unaccountability at multiple levels of Federation and numerous recent anti-business actions), we continue to move money into AUD in advance of obligations, including sizeable tax and dividend outgoings in coming months. Net debt shown as a percentage of investment assets was approximately 10.1% as at 31 January 2024. AUD net cash was 6.8% (taxes, other expenses, buybacks and dividends are paid in AUD), USD net debt 4.9% and Euro, GBP, HKD and SGD borrowings totalled approximately 12.0% of investment assets as at 31 January 2024 (all approximate). Key currency rates for AUD as at 31 January 2024 were 0.661 (USD), 0.609 (EUR) and 0.519 (GBP) compared with rates for the previous month which were 0.682 (USD), 0.618 (EUR) and 0.535 (GBP).

Yours faithfully

Chris Mackay
Portfolio Manager

1 February 2024

[1] Net tax liabilities are current tax liabilities and deferred tax liabilities, less tax assets.

All figures are unaudited and approximate.