

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

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

Authorised by
Marcia Venegas / Company Secretary

2 December 2024

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MFF advises that its approximate monthly NTA per share as at 29 November 2024 was \$4.854 pre-tax (\$4.284 as at 30 June 2024), and \$4.003 after providing for tax¹ (\$3.574 as at 30 June 2024). The pre-tax NTA figures each month are after deducting taxes paid by MFF (including \$1.5 m for November and \$18.8m payable 2 December 2024 for the fiscal 2024 top up). The difference between pre-tax and post-tax NTA figures for MFF reflect substantial unrealised gains built up over years, with deferred taxes being balance sheet non-current liabilities at the full 30% tax rate [note that market prices do not guide fair value assessments, except for accounting purposes, and approximately \$142.857 of net profits taxed at 30% rates are required to match \$100 of gains recorded by indices and trusts without direct tax impacts].

For MFF, November was another month of very little direct portfolio activity with sales of about 1.2% of portfolio value, and no purchases. MFF continues moderate sales in preparation for future opportunities. We are cautious buyers and reluctant sellers as our holdings are overwhelmingly in outstanding businesses which increase in value over time (with profitable growth characteristics that meaningfully outperform average businesses). We have over \$500m of capacity and significant portfolio liquidity, in the case of better opportunities, for which patience usually helps. MFF's figures are after the increased fully franked final dividend of 7 cents per share paid in November. As at 30 June 2024 MFF's franking credits were \$148.8m (25.34 cents per share).

Elsewhere, November punctuated many months of uncertainty with sizable economic, political, and international changes, and activity on most continents. Comments from major companies importantly indicate what has occurred recently, cyclical impacts and their near-term plans and expectations whereas "macro" forecasts are mostly wrong. In November, numerous major global businesses called out refocuses/pivots towards the US, sentiment measures rose for entrepreneurs in the US, and near-term risk-taking by institutions and other portfolio investors were reinforced. This positivity was reflected in broadening equity price rises, on top of the sustained price rises for leading equities over the latest 2 years (which have benefited MFF's figures). Momentum (MOMO) and fear of missing out (FOMO) risk seeking catch cries may have been augmented by younger traders' you only live once (YOLO). Positive movements in indicators commonly used to measure risk, such as the 10-year US Government bond yield (which fell month over month to close below 4.2% p.a.), indices, the USD, and other currencies, reflect the positive near-term sentiment. Market prices are obvious sentiment indicators, and hence fluctuate far more than underlying business values. Of course, downturns in market prices yield more bargains than when sentiment is elevated.

MFF's long-standing investment objectives are to maximise compound, risk-adjusted after-tax returns for its shareholders and to minimise the risk of permanent capital loss. The investment process requires sensible allocation of capital and patience from the portfolio manager and shareholders, to seek to achieve consistent processes leading to outcomes which reflect the benefits of compounding. The core investment philosophy underpinning these objectives is built on taking a medium to long term view focusing on outstanding companies trading below their intrinsic values. Whilst some benefits usually accrue during strongly rising markets, full market and economic cycles require process and prior preparation. MFF needs to be able to weather dramatic changes in markets which may be more possible if not inevitable given severe budget stresses, policy capriciousness, geopolitical events, and inevitable future challenges.

We are focussed on margins of safety in our portfolio businesses, and this includes targeting businesses with sustainable competitive advantages, well above average prospects for future profitable growth, sensible opportunities for profitable adjacencies and diversification against capricious regulators and political processes, and competitive intensity. Our portfolio is concentrated in businesses with services, networks and products that meet high levels of deliverables for millions of customers and look after employees. We have been cautious about business risks and do not believe that (possibly temporary) lowered equity market volatilities, higher indices or other extraneous matters not pertaining to sustainable business quality, should distract from rising not falling risks. We also require margins of safety in market prices to assist in risk management as well as subsequent upside. Margins of safety become smaller as equity prices rise, except in unusual cases where more than offset by greater improvements in underlying business advantages. These objectives, investment philosophy and processes guide portfolio construction, with some adjustments for changing prices and other circumstances.

We will not reiterate what was said last month about businesses and markets; it continues to apply in considering the portfolio and other opportunities. Business challenges and ramping up pressure on consumers belie equity market overconfidence. Some concepts gained wider credence in the month including regulator and bureaucrat elation at publicity as they challenge major productive companies, French and UK constraints from budgetary issues, the “end of the German miracle”, and ongoing collapses in productivity reflecting socially indulgent non-economic Canadian, Australian and UK politicians by way of examples. The US announcement of a Department of Government Efficiency was welcomed by taxpayers but politicians, regulators, other bureaucrats, activist judiciaries fought to enact ideological but anti-business anti-growth priorities (as share of Government spending rises and per capita GDP and other economic measures fall). Sticky inflation continued, including from major ideologically driven Government spending on election targeted handouts and “future” projects [many off balance sheet] and interventionist actions to curb independent expert agencies. The massive overcapacity export drive from the CCP has finally awoken European manufacturers, likely with slow moving but significant implications.

During the month, a retiring financial services CEO talked about UK/Europe implementing MIFID in financial services to charge for stockbroking type opinions, rather than by way of bundling. MIFID extended into a thousand pages of regulations interpreted differently by bureaucrats in 20+ countries. He was too polite to say that the legislative premise was obviously misguided, but did note the decade plus stagnation in European capital availability/markets and London falling well behind the New York as a financial centre (as the US has such scale it eventually deals with misguided regulatory imposts in Sarbanes Oxley and the rest). His fundamental point resonated as finance moved to strict legal liability predicated “no harm no loss” rather than sensible innovation and business risk taking. This has consequences in lower growth, lower productivity, more bureaucrats, and lawyers, as well as productive younger citizens leaving states and countries. Politicians may not waste a word to bemoan previous interventionist failures, thousands of small businesses collapsing under the weight of regulations and labor laws, repressed consumers stressed by direct and indirect [indexed] taxes, energy and other elevated costs of living, uncompetitive corporate tax rates and bracket creep smashing incentives to work [other than needing to meet untethered inflation]. Instead, fully entitled leaders gloat at the political expediency of passing bills, reversing past sensible reforms they opposed, and add thousands of hours and more of multicoloured tape and complexity.

Market pressures may manifest in varied ways, including in currency markets after reactions to policy decisions or implications about how to pay or borrow for promises. Overall, competent central Government administrations are unlikely to become easier or more prevalent, despite Government spending on technology and other advances. CCP issues accelerated in November given US events. Major exceptionally led advanced companies gradually move human and capital assets risking severe backlashes. Additional margins of safety are necessary for sensible investors and businesses.

We continue to fear that momentum will test us all, as bullish conditions continued. Widespread, apparently easy, gains resumed in November, and later in bull markets are as likely as not to accelerate. More mature bull markets separate people from valuable assets. Of course, downturns [cycles] are to be expected.

All holdings in the portfolio as at 29 November 2024 are shown in the table that follows (shown as percentages of investment assets).

	%		%
Amazon	12.5	United Overseas Bank	1.5
MasterCard	10.6	HCA Healthcare	1.4
Visa	9.7	US Bancorp	1.4
Bank of America	8.3	Oversea - Chinese Banking	1.2
American Express	8.2	United Health Group	1.1
Meta Platforms	7.6	CVS Health	0.8
Home Depot	6.9	Lowe's	0.7
Alphabet Class A	6.4	Intercontinental Exchange	0.5
Microsoft	6.4	Prosus	0.4
Alphabet Class C	6.0	RB Global	0.3
Flutter Entertainment	2.9	Allianz	0.1
DBS Group	1.9	Schroders	0.1
Lloyds Banking Group	1.7	L'Oreal	*
CK Hutchison	1.6	* less than 0.1%	

Net cash (post allowance for the 2 December tax payment) shown as a percentage of investment assets was 0.3% as at 29 November 2024. AUD net cash was 5.4% (taxes, other expenses, buybacks and dividends are paid in AUD), USD net debt 1.4% and Euro, GBP, HKD and SGD borrowings totalled approximately 3.7% of investment assets as at 29 November 2024 (all approximate). Key currency rates for AUD as at 29 November 2024 were 0.651 (USD), 0.617 (EUR) and 0.513 (GBP) compared with rates for the previous month which were 0.655 (USD), 0.603 (EUR) and 0.509 (GBP).

Yours faithfully



Chris Mackay
Portfolio Manager

2 December 2024

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

All figures are unaudited and approximate.

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