



MFF

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***MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for September 2017***

Please find enclosed MFF's monthly NTA per share for September 2017.

***Geoffrey Stirton
Company Secretary***

3 October 2017

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Net Tangible Assets ('NTA') per share for September 2017

MFF advises that its approximate monthly NTA per share as at 29 September 2017 was \$2.375 pre-tax, (\$2.324 pre-tax as at 30 June 2017) and \$1.999 after providing for tax¹ (mostly deferred). If all of the remaining MFF 2017 options had been exercised by 29 September 2017, the pre-tax NTA would have been reduced by approximately 11.1 cents per share (and the approximate post tax figure by approximately 8.1 cents per share). The September 2017 figures are cum dividend (1c per share fully franked payable November 2017).

Overall conditions remain very favourable for asset owners. Overall economic data and corporate results continue to be very positive. Forward looking economic indicators remain strong, and evidence in favour of acceleration may have strengthened in the month. Investors are reversing previous caution and allocating to funds in VC, PE, most geographies and ETFs, notwithstanding higher prevailing prices (amidst new predictions from respected commentators that bull market(s) 'have years to run'). Corporate results are in focus and consensus is optimistic, with few negative revisions outside of disrupted and natural disaster impacted businesses, with strength expected in most geographies. Market strength over the last 12-18 months continues to reflect, and be supported by, earnings and growth, as well as continuing low interest rates.

During the month the US Federal Reserve announced initial steps for at least partially reversing the quantitative easing and other rescue condition monetary stimulus. The weaker US dollar, sanguine bond and equity markets and strengthening economies provide central bankers with extremely favourable conditions for the very difficult tasks of reversal and official interest rate rises. The US administration also announced proposals for looser fiscal policies and increased borrowings. Whilst interest rates are low and world trade and economic growth strong, the incentives against fiscal discipline are very strong, but the probabilities of deep future cycles are rising.

China continues to earn more regional advocates for its One Belt One Road, trade and market actions with important announcements and actions during the month. Gasoline(oil) and other energy demand has continued to rise. The geopolitical transformation from the post WW2 world order is becoming irreversible. The Chinese markets and economy have been very strong this year, and the disruption is accelerating well beyond manufacturing to include technology, platforms and services, with emerging investment implications. Domestic Chinese consumer markets, beyond raw materials, are being won by domestic players, outside of the highest end luxury products (at this stage).

Market confidence is up in many areas, and the extremely low volatility markets survived traditional seasonal weakness in September. As well as the economic and business cycles, distinct investment market cycles are developing, abetting Galbraith's concept of the bezzle (or more broadly, the functional equivalent of the bezzle, which is accelerating widely e.g. rising cryptocurrencies, real estate, collectibles and official trickle-down tax policies). Investors continue to reduce weightings to cash (and increase borrowings) and further increase risk asset exposures, but 'dry powder' in cash and (increasingly) facilities remains prevalent. Investor participation broadened further again into heavily subscribed speculative IPOs, high yield, covenant light, and secondaries, as well as venture capital, alternative assets, guru funds, technology and emerging markets to 'capture performance'. Investor (and Board) confidence is rising with profits from rising prices, positive M+A reactions and capital raisings.

MFF's activity in the month (reflected in the table and other details below) remained modest. The ongoing strong data continue to favour patience in portfolio movements, with our significant exposures to market leaders, economic growth and markets. We remain cautious about buying out of favour companies, or 'relative value'. MFF's per share figures continue to have headwinds from dilution, until the expiry of the exercise period for the MFF Options at the end of October, as well as the USD weakness and AUD strength during the quarter, and taxes, "user pays" and similar charges which reduce pre-tax NTA.

Holdings as at 29 September 2017 with market values of 0.9% or more of the portfolio are shown in the table below (shown as percentages of investment assets).

Holding	%
Visa	12.9
MasterCard	11.0
Home Depot	10.4
Bank of America	9.9
Lowe's	9.1
Wells Fargo	7.0
JP Morgan Chase	4.6
US Bancorp	4.6
HCA Healthcare	4.4
Alphabet	4.0

Holding	%
CVS Health	3.9
Lloyds Banking Group	3.3
Facebook	2.6
Microsoft	2.3
S&P Global	2.2
United Overseas Bank	1.2
DBS Group	1.2
Oversea - Chinese Banking	1.1
BlackRock	1.0
CapitaLand	0.9

Net debt as a percentage of investment assets was approximately 4.2% as at 29 September 2017. AUD net debt was 4.3%, GBP net debt 2.5%, USD net cash 2.7% and other currency borrowing/cash exposures were below 1% of investment assets as at 29 September 2017 (all approximate). Key currency rates for AUD as at 29 September 2017 were 0.7847 (USD), 0.6637 (EUR) and 0.5848 (GBP), compared with rates for the previous month which were 0.7932 (USD), 0.6671 (EUR) and 0.6155 (GBP).

Yours faithfully,



Chris Mackay
Portfolio Manager

3 October 2017

¹ Net tax liabilities are tax liabilities less tax assets, and are partially in respect of realised gains.

All figures are unaudited and approximate.