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MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for January 2018

Please find enclosed MFF's monthly NTA per share for January 2018.

Geoffrey Stirton
Company Secretary

1 February 2018

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MFF advises that its approximate monthly NTA per share as at 31 January 2018 was $2.591 pre-tax, ($2.324 pre-tax as at 30 June 2017) and $2.180 after providing for tax[1] (mostly deferred). MFF continues to have long term holdings in outstanding businesses with aggregate market prices considerably above our cost prices. Tax and dividend payments mentioned below reduce pre-tax NTA figures for MFF, which is a company subject to tax at the corporate level.

MFF's 31 December 2017 accounts released on 31 January 2018 disclosed that $8.3m of tax (cash) was paid in the first half of 2017/18, franking credits at period end were $7.4m and that, based upon the realised profits and other items in the half, the current tax liability provided at period end was $19.7m (approximate per share figures 1.5c, 1.4c and 3.6c respectively). The financial statements also included details of the increased 1.5c per share fully franked dividend for the half and the Directors' goal to increase regular six-monthly dividends to 2.5c per share. Full franking is expected in 2018/19 subject, inter alia, to details of the Federal Government's budget and any changes to tax treatment of companies, and MFF's tax liability in respect of the 2017/18 year which will not be known until after the 30 June 2018 year end. The dividend policy is consistent with feedback MFF received that full franking of an increased, sustainable, regular dividend is favored by most shareholders.

Overall equity markets were extremely strong in January, as were business performances for almost all of MFF's portfolio companies that reported in the month. Leading economic indicators and current activity levels are high, and steady or rising. With one or two exceptions where competition is increasing, our companies remain extremely well placed to continue to increase profits well in excess of broader economic growth. We regard the portfolio changes in the month as modest. In some cases the changes reflected reductions of specific correlated positions that had become large. A few changes related to evolving business competition. Inevitably, at least some of MFF's actions in recent months (either to sell, buy or hold equities, and our currency positions) will subtract from future returns. Change, unexpected events and volatility are also inevitable and may provide opportunities as well as challenges.

During the month yields increased on many interest bearing securities (the benchmark US ten year bond yield increased from about 2.4% to about 2.7% p.a.). A consequence of higher yields is that some holders of the bonds have mark to market losses (current holders who purchased since 2013 have mark to market losses as yields on the ten year are the highest since then). Interest rates have direct bearing on what investors are willing to pay for assets (higher interest rates mean lower asset prices) often via the discount rate in formulae professional investors use to calculate their assessments of alternatives. Interest rates also impact investor sentiment, and investor weightings of investment alternatives. At the end of January, market commentators and investors had become more concerned about higher interest rates, and this may continue to combine with fear of losses as investors are reluctant to lose their equity market gains (and thus sell to lock in gains) and/or want to avoid bond market losses, particularly if combined with 'what if' extrapolation. Rebalancing away from equity gains by major pension/institutional investors is also common.

Interest rates at current levels remain very positive for economic activity. Interest rate increases over the last year or so have negligible impacts upon return analyses for greenfield and brownfield projects (US current and projected capital expenditure and its growth rates have accelerated). Interest rate levels, rates of change and reactions to them continue to warrant attention and for MFF will likely impact whether and where we redeploy cash resources. At the end of the month we were moderately encouraged by individual and sector selloffs and reaction, even though overall indices were very strong. Our expectations for sensible opportunities are moderate in current conditions. Even with structural impediments there is reasonable likelihood of major multi-year stimulative infrastructure initiatives which will complement the tax cuts and equity investor optimism.

Leaked details of the US administration's ambitious multi-year infrastructure plan were confirmed in outline comments from officials at the end of the month. The extent of increased US infrastructure spending is significant for the duration and size of the current economic expansion. If approval and jurisdictional roadblocks are reduced, and Federal, State and local funding procured, there is likely to be trillions of dollars of private sector capital available to purchase stable infrastructure assets and to participate in the earlier phases. Crowding out of alternative private sector projects is far less than in previous decades (for example, brick and mortar retailers are significant net store closers rather than expanding locations). Broad employment and skill benefits in infrastructure projects contribute to wide multiplier benefits, including amongst millennials.

On the negative side, trade issues are becoming more significant potential problems, and not just from US actions (some major countries talk about opening up but continue to apply protectionist pro domestic roadblocks to global entry in important areas year after year whilst local competitors strengthen).

MFF is substantially invested with a positive view about the portfolio's prospects in comparison with holding more cash (but with far lower expectations than the portfolio gains over the latest 5 years or so). We remain invested in economic growth (for example, financials and technology have continued to be strong market performers and are cyclical). The annual 'expert' forecasts again provide input as to whether views are consensus, and this year reflect reactions to the market gains of recent years.

The USD continued to weaken in the month. We have continued to hold cash balances almost exclusively in USD, and not to apply currency hedges to the portfolio holdings. This continues to impact our monthly NTA figures. Refer to previous discussions for our rationale which remains broadly unchanged.

Holdings as at 31 January 2018 with market values of 0.5% or more of the portfolio are shown in the table below (shown as percentages of investment assets including net cash).

Holding	%
Visa	12.9
MasterCard	11.0
Home Depot	10.7
Lowe's	8.9
Bank of America	8.9
Wells Fargo	4.8
JP Morgan Chase	4.8
HCA Healthcare	4.3
US Bancorp	3.8
Lloyds Banking Group	3.1

Holding	%
Alphabet	2.9
CVS Health	2.9
Facebook	2.1
DBS Group	1.3
United Overseas Bank	1.3
S&P Global	1.2
Oversea - Chinese Banking	1.2
Capitaland	0.9
Schroders	0.5

Net cash as a percentage of investment assets including net cash was approximately 11.5% as at 31 January 2018. AUD net cash was 0.1%, GBP net debt 2.3%, USD net cash 13.7% and other currency borrowing/cash exposures were below 1% of investment assets as at 31 January 2018 (all approximate). Key currency rates for AUD as at 31 January 2018 were 0.8098 (USD), 0.6500 (EUR) and 0.5694 (GBP), compared with rates for the previous month which were 0.7822 (USD), 0.6514 (EUR) and 0.5782 (GBP).

Yours faithfully,

Chris Mackay

Chris Mackay
Portfolio Manager

1 February 2018

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

All figures are unaudited and approximate.