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MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for July 2020

Please find enclosed MFF's monthly NTA per share for July 2020.

Authorised by
Marcia Venegas | Company Secretary
3 August 2020

MFF CAPITAL INVESTMENTS LIMITED

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Net Tangible Assets ('NTA') per share for July 2020

MFF advises that its approximate monthly NTA per share as at 31 July 2020 was $2.740 pre-tax (cum 3.0 cent per share fully franked final dividend)[2] ($2.809 as at 30 June 2020), and $2.431 after providing for tax[1].

Activity for MFF in July was relatively limited, as measured by portfolio transactions. MFF finished the month with balance sheet cash of about 41.7% of assets (more than double the size of the next largest position). Purchases were approximately 2.2% of assets and there were no sales. Cash tax paid was $0.86m, (this reduces pre-tax NTA) and MFF became entitled to approximately $0.9m of dividends from portfolio companies [all figures approximate and rounded]. Currency has been a significant headwind for NTA since mid March and, despite some USD strength at month end, currency was again a moderate headwind for MFF's monthly NTA.

Q2 economic figures released during the month reflected the pandemic and associated shutdowns. Reopenings have been impacted by ongoing cases, including apparent second waves in many jurisdictions. Positive news on vaccines, therapeutics, hospital and aged care treatments and possible weakening of virus mortality has been overshadowed by fear and negative current headlines. Europe agreed EU wide borrowings to support pressured member states and central banks reaffirmed 'effectively unlimited' monetary stimulus and zero intertest rates for the foreseeable future. The US administration and Congress continue to work towards an extension of emergency fiscal stimulus measures.

Major company Q2 reports reflected write-downs and revenue and profit shortfalls, but also extraordinary resilience and business flexibility in the face of the unprecedented overall economic downturns. Most obviously there were the testimonies to the House Committee and Q2 results of the technology majors at month end. However many companies, particularly major companies, well beyond the technology spaces, have cut discretionary operating expenses, extended and broadened debt and equity financings and most importantly restructured operations to improve safety for employees and customers, and to open up new markets and delivery systems to provide better choices for customers.

US quality business management and innovation have been exported globally in recent decades, and opportunities extend well beyond the USA. Technology is enabling significant changes and providing opportunities for traditional industries, as well as disruptors. The usual cyclicality of technology companies has been dampened by structural changes which have been accelerated and increased from elevated pre pandemic levels, as well as many winners moving to network/platform and subscription based models with multinational or global reach.

Outlook statements included caution from experienced business leaders concerned that the recession/depression might be deeper, with full impacts delayed (but not eliminated) by the early stimulus. Political, social and geopolitical disruptions and issues remain elevated and unpredictable. Aggregate demand remains severely disrupted and dependant upon Government transfer payments with huge service industries and other parts of economies shutdown. Corporate revenue shortfalls are translating into widespread capital expenditure deferral or elimination, with multiplier effects. Elevated returns to capital may be reversed/dampened if returns to labour increase.

Many market participants appear to have accepted that a possible Democratic sweep might be benign, although this may be the contrast effect. History gives examples of indecision and poor economic policies which bedevilled the Ford and Carter administrations, post Nixon, and contributed to economic stagnation, and were exploited externally. Divisive pardons compare with rapid transition from election defeat to convictions and sentences and ongoing corruption trials elsewhere. Industry policy (Kodak announcement this month) and infrastructure could be valuable.

The Pompeo address during the month at the Nixon library marked the clearest break from consensus US and ally policy since 1972 to encourage the reopening of China with wealth, trade and freedoms in the expectation of eventual increases in CCP freedoms and moves towards democratization (for example, Bush 41's 'calibrated and restrained' 1989 reaction and subsequent resumption of full diplomatic relations). Possible separation and redomicile of TikTok under US, Indian and other pressure, or ongoing bans, are to be watched perhaps for precedent value. As well as post-election US administration challenges, the repositioning of the Republican party post Trump is as challenging and important for the US and globally as the Reagan, Bush and Clinton administrations were post Nixon and Carter.

MFF remains engaged, patient and price sensitive, even though interest rates on cash are at zero bounds and our future return expectations for equity markets are modest. We seek margins of safety with profitable resilient businesses to survive the recessions with profitable growth potential, and market prices that appear at least satisfactory. Deep cyclical downturns and uncertainty typically result in some opportunities. Dividends continue to be suspended or reduced (including for some MFF holdings) as the pandemic and lockdowns continue.

Holdings as at 31 July 2020 are shown in the table that follows (shown as a percentage of investment assets and net cash) except for positions totalling about 2% in 2 companies.

Holding	**%**	**Holding**	**%**
Visa	17.9	HCA Healthcare	0.2
MasterCard	16.5	Ritchie Bros Auctioneers	0.2
Home Depot	9.6	Wells Fargo	0.1
CVS Health	2.4	Morgan Stanley	0.1
Berkshire Hathaway Class B	2.4	Magellan High Conviction Trust	0.1
Microsoft	2.1	Alphabet	0.1
Berkshire Hathaway Class A	1.3	Facebook	*
JP Morgan Chase	1.1	PM Capital Global Opportunities Fund	*
Lloyds Banking Group	0.9	Magellan Global Trust	*
US Bancorp	0.7	Bank of America	*
Lowe's	0.7	Platinum Capital	*
Schroders	0.4	* *less than 0.1%*	

Net cash shown as a percentage of investment assets and net cash, was approximately 41.7% as at 31 July 2020. AUD net cash was 4.7% (taxes, other expenses and dividends are paid in AUD), USD net cash 36.7% and other currency borrowing/cash exposures were below 0.1% of investment assets and net cash as at 31 July 2020 (all approximate). Key currency rates for AUD as at 31 July 2020 were 0.717 (USD), 0.606 (EUR) and 0.546 (GBP) compared with rates for the previous month which were 0.689 (USD), 0.613 (EUR) and 0.557 (GBP).

Yours faithfully,

Chris Mackay

Chris Mackay
Portfolio Manager

3 August 2020

[1] Net tax liabilities are current tax liabilities and deferred tax liabilities, less tax assets.
[2] Figures are cum final dividend 3.0 cents per share fully franked, dividend ex date 9 October 2020 and payable 6 November 2020.

All figures are unaudited and approximate.

Important note

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