



CAPITAL INVESTMENTS LIMITED

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

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

Authorised by

Marcia Venegas | Company Secretary

1 October 2020

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

MFF advises that its approximate monthly NTA per share as at 30 September 2020 was \$2.822 pre-tax (cum 3.0 cent per share fully franked final dividend)² (\$2.809 as at 30 June 2020), and \$2.483 after providing for tax¹.

MFF maintained its advantages in capital structure and portfolio during September. The portfolio comprises advantaged companies, and many have high probabilities for sustained profitable growth. MFF portfolio purchase prices typically are at material discounts to what the entire businesses would auction for if sold. Balance sheet strength remained at month end, including over \$400m of short-term US Treasury Bills and cash. Unrelenting central bank and political actions, including the first US Presidential 'debate', reinforce our very negative views on holding cash in comparison with investing over time in high quality businesses at sensible prices.

During the month MFF became entitled to dividends from portfolio companies of approximately \$2.3m, with the increased amount compared to previous months mostly reflecting the scheduling of dividends for 5 of the Japanese holdings and CK Hutchison.

The full portfolio is shown below. We continue to prefer potential long term holdings rather than possible short term buys/sells as businesses, Governments and communities deal with the ongoing pandemic, recessions and accelerated technology responses. We caution against reading too much into the portfolio changes, which include an increase in the number of holdings and geographic dispersion. Neither are medium or longer term objectives, and simply reflect recent reviews of alternatives.

Negative sentiment, and some modestly negative share price movements, assisted in our comparisons between prices and assessed underlying values. Each month is another month of dealing with the pandemic and considerable progress is being made, despite second and subsequent 'waves'. Global fiscal and monetary stimulus may well collide with vaccines, therapeutics and unleashing of deferred expenditure to create a 2021 economic boom.

Corporate updates during September were notable for extreme excellence in adaptation, and the quality of management and responsiveness in many cases despite the severity of recessions and demand destruction. Such quality is expected of the large US companies we are interested in, but it extended well beyond the US. Global supply chains reacted well to 10%+ sudden increases in retail demand for products for housing and elsewhere. Many large companies continue to use their scale, combined with flexibility and technologies, to invest for the present, and for post pandemic opportunities. Large private companies in China appear to be working pragmatically within CCP rules and objectives, including investing heavily for opportunities in the huge domestic markets and international opportunities reflecting geopolitical and technological developments.

On the other hand, fears have not abated that the next US administration might be even worse than the Ford/Carter debacles post Nixon. Possible positives of improved fairness, redistribution and taxation increases/unfair loophole closing might be overwhelmed by capricious, vindictive antibusiness hearings, regulations, taxes and inefficiencies, copying previous and current counterproductive incompetent ideological squandering of even extraordinary advantages. Referenda on unpopular incumbents, unconstrained by thorough reviews of alternative effectiveness or policies, increase risks of extreme buyers' remorse when the incumbent is no longer a daily comparison for new policy agendas.

Holdings as at 30 September 2020 are shown in the table that follows (shown as a percentage of investment assets and net cash).

Holding	%	Holding	%
Visa	18.1	Intercontinental Exchange	0.8
MasterCard	17.3	Lloyds Banking Group	0.8
Home Depot	9.6	Lowe's	0.8
CVS Health	3.2	US Bancorp	0.7
Facebook	2.6	Mitsui & Co	0.6
Berkshire Hathaway Class B	2.5	Sumitomo Corp	0.5
Microsoft	2.1	Schroders	0.4
CK Hutchison	1.6	HCA Healthcare	0.2
Flutter Entertainment	1.5	Ritchie Bros Auctioneers	0.2
Berkshire Hathaway Class A	1.4	Marubeni	0.1
L'Oreal	1.2	Wells Fargo	0.1
JP Morgan Chase	1.1	Morgan Stanley	0.1
Prosus	0.9	Magellan High Conviction Trust	0.1
Itochu	0.9	Alphabet	0.1
Mitsubishi	0.8	PM Capital Global Opportunities Fund	*
Asahi Group	0.8	Bank of America	*
		<i>* less than 0.1%</i>	

Net cash (including short term US Treasury bills) shown as a percentage of investment assets and net cash, was approximately 28.9% as at 30 September 2020. AUD net cash was 4.3% (taxes, other expenses and dividends are paid in AUD whilst proceeds of MFFOA Option exercises are received in AUD). USD net cash was 27.6%, Yen debt was 3.2% and other currency borrowing/cash exposures were below 0.1% of investment assets and net cash as at 30 September 2020 (all approximate). Key currency rates for AUD as at 30 September 2020 were 0.717 (USD), 0.611 (EUR) and 0.554 (GBP) compared with rates for the previous month which were 0.740 (USD), 0.618 (EUR) and 0.552 (GBP).

Yours faithfully,



Chris Mackay
Portfolio Manager

1 October 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.

Figures are not adjusted for unexercised MFF Options (MFFOA).

Important note

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