MFF CAPITAL INVESTMENTS LIMITED

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MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for January 2021

Please find enclosed MFF's monthly NTA per share for January 2021.

Authorised by
Marcia Venegas | Company Secretary
1 February 2021

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Net Tangible Assets ('NTA') per share for January 2021

MFF advises that its approximate monthly NTA per share as at 29 January 2021 was $2.752 pre-tax (cum 3.0 cent per share fully franked interim dividend) ($2.809 as at 30 June 2020), and $2.446 after providing for tax[1]. Portfolio changes were approximately 2-3% of portfolio value for each of purchases and sales. The full portfolio is shown below.

Approximately half by value of MFF's portfolio companies reported December quarter and calendar 2020 results during the month. Overall, the statements of results, outlooks, other forward guidance and competitive positioning were excellent. Our portfolio companies generate cashflows, are advantaged and extremely profitable, with very solid post pandemic prospects and current resilience. Technology spending remains elevated as they anticipate ongoing return benefits and compete with 'digital native' start-ups. Over the longer term the business performances of MFF's portfolio companies matter most and strengths in balance sheet and portfolio composition continue for MFF.

MFF remains characterised by portfolio and process continuity and we caution against reading much into MFF's portfolio changes. Activity involved reacting to price changes, and some portfolio management and risk adjustments. For example, early in the month investors were very excited about the profitable prospects for 'reopening' and for Democrat stimulus and allowed us to reduce some price and business risks on satisfactory terms. As the month ended some portfolio prices became somewhat more interesting, although our future return expectations and hurdle rates currently remain low, and we retain a primary focus on seeking to avoid major permanent losses of capital. Capricious political and regulatory interventions continue to occur, and overall market price risks remain elevated.

January was another 'unprecedented' month as many investors' focus shifted materially; from the US senate elections, record market levels, Washington, the inauguration and record flurry of Presidential orders, to month end short squeeze popular retail volumes impacting hedge funds and related investors, and causing a moderate month end, price indiscriminate selloff as 'professional investors' reduced their risk measures to raise liquidity and in response to the stock price fluctuations. In the month bubble proponents argued about a 1999 redux, but the [non ironic] efficient market theory reprised a mini LTCM 1998, as formulae and proponents were forced to react to new technologies and players mobilising market prices with the encouragement of central bank and Government 'stimulus'. There was a recent, more significant but temporary, price indiscriminate selloff in the December 2018 quarter. Beneficial 'wisdom of crowds' effects typically involve independent thought where biases and errors are uncorrelated.

The predominantly near-term impacts of second and subsequent waves of lockdowns and associated economic headwinds became more in focus for market participants during the month. More transmissible, and likely more virulent, variations spread, and markets reversed the very strong optimism for 'reopening trades' at end calendar 2020 and into the first weeks of 2021. The US data on daily cases and hospitalisations moved in the reverse direction as the month progressed and vaccinations commenced increasing from the zero base. The likelihood that the US maintains its current vaccination rates above 1m per day, reaches 70m first dose vaccinations by 31 March and accelerates from there, is increased if the single dose, easier to distribute, Johnson& Johnson vaccine satisfies regulatory requirements for emergency use authorisation this month and shortly targets younger 'super spreader' cohorts. Early data from Israel (with the highest per capita vaccination levels) are positive including vaccine impacts upon initial virus variations and in reducing severe and overall incidence, impacts and spread without material apparent adverse health impacts to date.

2020 data indicates that spending was reduced, and savings increased by companies and the wealthy, and this contributed to extreme record flows of deposits and liquidity reported by the largest US financial institutions. Whilst pandemic spending favoured the wealthy less impacted by the financial and health impacts of the pandemic, it also shifted away from services and similar activities towards physical goods and IT. Permanence and pull forward aspects will become more apparent as the pandemic response continues to evolve. The Conference Board Lead Economic Indicators for the US remained strong, but outlooks surely must be vaccines dependant.

Promotional and speculative activity resonated from twitter and Apps during the month as narratives, spivs and SPACs have their day. In recent months, bullish conditions have extended well beyond the extremely profitable technology majors, and record numbers of loss-making concept companies make it to public markets supported by acolytes focussed on rising stock prices and ignoring conventional near-term profitability requirements. Speculative but ephemeral activity in poorer quality companies also continued with profitable momentum, as has historically been the case in sustained strong markets encouraged by low real interest rates. Increased listings increase opportunities in time, as might the eventual unwinding of the speculations, even for prudent investors.

Political and regulatory incompetence and poor incentives are important negatives which are likely to increase over time as Governments expect and will be expected to play increasing roles (as societal pressures increase arising from rising inequality, for example). Obviously, this imposes costs and risks more than opportunities. The European bureaucrats and politicians are structurally disadvantaged, and this contributed to their failure to prepare adequately in time for vaccine rollouts. As European economic distress rises and failed negative rates persist, their sinecures prioritised being able to jet to next year's conferences to warn the world on carbon usage. This year the virtual Davos virtue signalling concentrated on elite issues (global co-operation and rule of law) until their self-interests interrupted to attempt to force the vaccine companies not to meet contractual commitments elsewhere in order to point blame.

Holdings as at 29 January 2021 are shown in the table that follows (shown as a percentage of investment assets and net cash). Excludes one smaller holding.

Holding	**%**	**Holding**	**%**
Visa	16.0	Berkshire Hathaway Class A	1.4
MasterCard	15.6	Mitsui & Co	1.3
Amazon	10.3	Sumitomo Corp	1.3
Home Depot	9.0	Asahi Group	1.3
Facebook	5.0	Lloyds Banking Group	1.1
CVS Health	3.8	US Bancorp	1.1
Bank of America	3.0	Lowe's	0.7
Microsoft	2.9	DBS Group	0.7
Prosus	2.5	Marubeni	0.5
Berkshire Hathaway Class B	2.5	Schroders	0.5
CK Hutchison	2.0	Procter & Gamble	0.5
Intercontinental Exchange	2.0	United Overseas Bank	0.5
Mitsubishi	1.9	Oversea - Chinese Banking	0.4
Itochu	1.9	HCA Healthcare	0.3
L'Oreal	1.9	Ritchie Bros Auctioneers	0.2
Flutter Entertainment	1.7	Magellan High Conviction Trust	0.1
JP Morgan Chase	1.5	Alphabet	0.1
Morgan Stanley	1.5	PM Capital Global Opportunities Fund	0.1

Net cash shown as a percentage of investment assets and net cash, was approximately 3.8% as at 29 January 2021. 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) and USD net debt 0.5%. Yen borrowings/cash and other currency borrowing/cash exposures were below 1% of investment assets and net cash as at 29 January 2021 (all approximate). Key currency rates for AUD as at 29 January 2021 were 0.767 (USD), 0.632 (EUR) and 0.559 (GBP) compared with rates for the previous month which were 0.772 (USD), 0.631 (EUR) and 0.565 (GBP).

Yours faithfully,

Chris Mackay
Portfolio Manager

1 February 2021

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

All figures are unaudited and approximate.

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