Chairman's Address
MFF Capital Investments Limited 2021 Annual General Meeting
Friday, 1 October 2021

Ladies and Gentlemen

I welcome everyone to the 2021 Annual General Meeting of MFF Capital Investments Limited. Although we are not meeting in person we are coming together virtually to update you on MFF, to conduct our AGM and to hear your comments and answer your questions. Given the format today, our prepared remarks respond to some of the questions received in advance, rather than waiting for the Q+A section.

The Covid-19 pandemic continues to have a profound impact on markets and communities around the world. The resilience of MFF, our portfolio and the businesses in which we are invested were tested again in 2020/21. Notwithstanding uncertainty and turbulence, MFF completed the year in an excellent financial position, after successfully reinvesting the significant temporary cash holdings built up in the early stages of the pandemic and paying increased interim and final ordinary dividends. MFF achieved a net profit after tax of over $200 million, principally reflecting 'mark to market' unrealised portfolio gains during the year, as you will hear in the financial results which we will detail later.

I would like to start with a few words on board composition and our Board renewal process. Two years ago, our inaugural Chairman, Dick Warburton retired and last year Andy Hogendijk retired as non-Executive Director and Chairman of MFF's Audit and Risk Committee, each after many years of valuable stewardship.

Today John Ballard retires from the Board after well over ten years of invaluable service which has been crucial in enabling MFF to develop the strengths it does today. As well as his significant contributions to MFF, John has been one of Australia's outstanding businessmen, enjoying an extensive and successful career as a senior executive and CEO, and as a leading Company Director. John leaves MFF with an excellent portfolio and great financial strength. We wish him a long, happy and healthy retirement.

Robert, Peter and I have joined the Board more recently and continue to exercise strong governance and oversee disciplined decision-making by the Portfolio Manager which underpins the resilience of the portfolio and the excellent financial results for the shareholders over many years. This consistency of approach has been effective particularly during this COVID-19 pandemic and associated lockdowns.

Portfolio and Risks

I will now return to the Portfolio and associated risks. MFF's portfolio appreciated materially during 2020/21 buoyed by the benefit of strong markets. Central Banks maintained record low interest rates and injected trillions of dollars of liquidity into economies. Despite considerable pain for families and businesses from the transmissible virus variants and associated restrictions and lockdowns, our portfolio businesses adapted and almost all recorded strong financial results.

The portfolio is focused on companies assessed to have sustainable medium to longer term competitive advantages and above average return potential over those periods. Year to year results are short term results. Although reported results are again positive, high and rising asset prices increase risks. We again take the opportunity today to caution against heightened investor expectations.

Your board and management seek to balance potential returns with our focus on risk controls. The Board is positive about the overall composition of the portfolio including the cash reinvestment into the portfolio during the year. MFF's risk standards and investment processes continue to be well maintained. MFF's Portfolio Manager Chris Mackay will shortly provide details on the financial results, the portfolio, market opportunities and risks and other risks.

ESG

Each year MFF and our shareholders discuss environmental, social and governance matters (ESG), as your Board firmly believes these are important issues. In recent years our discussions highlighted climate, the importance of which was again demonstrated around the world this year. Climate change and associated issues remain prominent when we consider our portfolio companies. Decarbonization has been accelerated during the year by major companies and some companies are making huge financial commitments to meet ambitious emissions-lowering targets. Understanding the ESG policies and practices of companies and the level of risk attached to particular companies' activities is increasingly part of investment decision-making processes rather than an add on or an overlay. As we look at companies around the world, one of the changes we see accelerating is that major companies, including MFF portfolio companies, are not only demonstrating their strong commitments to understanding their environmental footprints but also increasingly using their considerable resources to implement bespoke climate risk mitigation strategies.

Dividends

The Directors have declared a fully franked dividend of 3.5 cents per share, to be paid in November 2021. The Board also reaffirmed its intention to increase the rate of the six monthly dividend, within the next 2 year period, to 5 cents per share, subject to corporate, legal and regulatory considerations, with continued operation of the Dividend Reinvestment Plan (at zero discount).

During the year MFF paid two fully franked dividends each of 3 cents per share.

The Board continues to consider a range of matters in setting dividend policy. These include MFF's continuing strong investment returns on our retained capital and recent increases in taxes we have paid (which increase franking credits). We continue to welcome shareholder feedback, including from shareholders who prefer us not to raise the dividend and for us to retain capital given the strong investment returns over time.

Capital Structure

MFF continues to have a very strong balance sheet, with liquid investments, and ready access to debt and equity markets (both of which remain favourable). Our processes involve patience. We expect to see attractive investment opportunities over time, although, I note as always, circumstances this time may be different.

In September 2020 MFF issued to MFF shareholders, at no cost, Options on a 1:5 basis to acquire additional MFF ordinary shares at an exercise price of $2.60 each, up until their expiry date of 31 October 2022. The Options are transferable and trade on the ASX with code MFFOA. The Options have increased capital flexibility for MFF as well as providing additional choices for our shareholders, with the issue being pro rata. While some shareholders have already exercised their allotted options, there is plenty of time for the remaining shareholders with those options to decide what to do as appropriate for their circumstances.

Expenses

Over the years MFF's main expense has been corporate tax and this fluctuates year to year, principally based on profitable sales from the portfolio. Overall, our other expenses were somewhat below the previous year. As mentioned at recent AGMs, in 2020 MFF paid its final fee for our performance to Magellan Asset Management, our key service provider, and we have reverted to a quarterly fixed price.

Information

As highlighted in previous years, MFF provides regular, very high levels of transparency about MFF, its portfolio, decisions made, prospects and risks, in addition to detailed statutory information so that investors can make informed decisions about their investments. We release detailed figures each week including pre and post-tax figures, updates in relation to the portfolio holdings, as well as extensive monthly commentaries.

We welcome the questions we have received during the year and those specifically for the meeting. We have sought to address many in the formal comments and will address follow up questions in Q+A.

General

I remain very positive regarding the operations of the MFF board and management. As shared with our shareholders in prior years, the Magellan teams that support MFF are very professional. The MFF Board is extremely experienced and is very engaged. We all have clear access to the auditors, the Magellan support teams and to its management. The alignment of MFF with the Directors is very strong, and the Company does not incur any outlay on Board or Executive bonuses or share or option plans as we do not have any of them.

I now invite Chris Mackay to make some remarks and we look forward to your questions.

Annabelle Chaplain
Chairman
MFF Capital Investments Limited

Comments from Chris Mackay
Managing Director and Portfolio Manager
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Thank you Annabelle.

By way of introduction: MFF is in a stronger financial position than a year ago bolstered by stronger than anticipated short term financial results. Our portfolio quality is better, and ongoing operating performances from portfolio companies have been exceptional. Focus and flexibility add value and remain core to our portfolio management processes. Our available financial capacity is considerable. Looking forward, unpredictable risks and opportunities will test reactions as well as our preparation.

Strong, rising markets in many asset classes, and increasingly bubbles, have been driven beyond all previous records in the pandemic by acceleration of powerful multi decade forces; increasing billions of networked, digitalized, internet and mobile consumers, businesses and Governments benefit a billion global entrepreneurs, suppliers of goods and services, whilst financialization has multiplied trillions of benefits to asset owners and intermediaries.

In reaction, every day, almost everywhere, increasingly urgent Government and other official anti-business anti-growth interventions, controls and taxation are being justified in the context of the pandemic to reshape societies in ways that were unthinkable in past decades. Also, as we all are only too aware, the pandemic and associated lockdowns and restrictions are not over.

Whilst our results benefited from the high and rising markets, they focus us upon asset price risks. Individual company assessments remain key for MFF, but systemic risks are broadening and deepening as populations lose free market inspired US led post war decades of widely spread prosperity and growth and attempt to address crucial global challenges. Market context includes widespread business, economic [inflation/stagflation], political, geo-political, regulatory, judicial activist, climate change/decarbonization, supply chain and technological disruption, as well as ongoing health risks, to mention a few. History forecasts market volatility to increase from recent artificial lows.

I endorse Annabelle's comments regarding John Ballard. John's contributions to MFF and our shareholders cannot be overstated. Anyone who knows John is aware that he holds intelligent views very strongly and is a man of utmost integrity, courage and resolve. He asks WHY? He understands much from decades of experience yet has an agile mind, eager to learn, to question and to challenge himself and all of us. We all wish John the best of health and a long and happy retirement.

Our Board has been very effective. It respects and encourages different viewpoints and sensible debate. Getting to right answers is far more important than who is right. John and the other Directors have been independent AND collaborative, and thereby dealt very well with some important issues and decisions over the years for the benefit of shareholders.

Financial Results

MFF recorded a net profit of $217.5 million for the year ended 30 June 2021 after allowing for full tax on realized and unrealized gains. The pre-tax figure was $310.7 million. We remain cautious about emphasizing pre-tax figures as prudent holders allow for tax when they assess successful investment businesses. Non-tax operating expenses were $7.2 million including financing costs.

The Company's profit or loss starts each new financial year at zero, using "mark to market" accounting for both investments and foreign exchange from the market values at the end of the previous financial year. Year to year and other short-term results are not a target, and significant fluctuations in reported year to year results are inevitable. The 2021 profit principally reflects the positive movements in market value of the portfolio, particularly in the second half of the financial year, partly offset by negative currency movements, mainly in the first half.

Obviously, market prices are not in our control, but price movements periodically provide opportunities, and this is core to our processes comparing business values with prices.

MFF has maintained its excellent financial position and has also maintained its high quality, highly liquid portfolio, which will be shown in detail shortly. At 30 June 2021 the $1,593.6 million of Total Equity reflected Contributed Equity of $679.7 million and $913.9 million in Retained Profits and Profits Reserve. These accounting reserves have built up after allowing for hundreds of millions of dollars of tax (incurred and accrued) and dividends we have paid over time.

Investments at market value were $1,994.7 million, borrowings net of cash of $131 million and the deferred tax liability (reflecting unrealized gains) was $269.2 million. Even after our special dividend last year and increasing ordinary dividends, MFF's imputation credits were approximately $107 million as we have paid a lot of tax. Dividends should remain fully franked, even when markets turn.

Portfolio Activity

The major activity in the financial year was the successful redeployment of the significant temporary cash balances built up during the initial stages of the pandemic. Last year we acted to protect capital given the pandemic and associated economic risks. Most importantly, we felt prospects were reasonable for significant bargain purchases. However, factors including optimism, rapid rollouts of vaccines and unprecedented fiscal and monetary stimulus, contributed to limit bargain opportunities. We were forced to adjust to conditions and purchase holdings in new and existing portfolio companies on terms that we regarded as favourable in the prevailing circumstances but far less attractive than the extreme bargains which were available in past crises.

Obviously, the subsequent positive price movements should not be extrapolated. More importantly, the quality of the year-end portfolio was materially higher than a year before. 1) the competitive positions of portfolio companies have improved during the ongoing pandemic period; 2) the weighted average portfolio quality improved; and 3) cash is a wasting asset. We are not fans of cash other than for the opportunities it brings. Cash and bonds are far inferior to wonderful businesses, even before increasing risks of stagflation are considered.

Over the years MFF has invested most of its assets in very high-quality companies with prospects for sustained profitable cash flow generation and competitively advantaged growth. We added materially to these holdings in the latest year. Our loose target for these investments remains 85% of the portfolio, depending upon markets and other factors. The business performances of these core investments, and our retention of these holdings over years, have underpinned MFF's financial results.

In addition to this core, we also buy quality companies which may be more cyclical or may not have the same excellent probabilities for profitable growth, where we perceive their market prices and other risk factors to be favourable, for example as contrarian investments where markets may be overweighting short term adverse sentiment or other headwinds. MFF benefitted again from this group during the year. Turnover in this category should be higher and this was again the case.

Given the opportunities available in these two categories during and after the Financial Crisis, we have had very few holdings in our third category, where we seek very low price to value ratios even though medium to longer term business prospects appear more challenged. This category is where price appreciation has become more detached from business prospects, as has occurred for many outright speculations.

Current Portfolio

This brings us to the current portfolio. On the screen we are showing the 30 largest holdings in the portfolio as at 24 September 2021 (shown at market values percentages of investment assets).

Holding	%	Holding	%
Visa	15.4	CK Hutchison	1.6
MasterCard	14.1	Lloyds Banking Group	1.4
Amazon	10.2	US Bancorp	1.3
Home Depot	9.5	Asahi Group	1.3
Facebook	7.5	Allianz	1.2
Alphabet Class C	6.7	Procter & Gamble	1.0
Microsoft	4.1	DBS Group	0.8
CVS Health	3.8	Lowe's	0.8
Bank of America	3.7	Oversea - Chinese Banking	0.7
Flutter Entertainment	2.5	United Overseas Bank	0.7
Prosus	2.3	L'Oreal	0.5
Morgan Stanley	1.9	Ritchie Bros Auctioneers	0.5
Alphabet Class A	1.8	Schroders	0.5
Intercontinental Exchange	1.8	Sonic Healthcare	0.4
JP Morgan Chase	1.6	HCA Healthcare	0.4

We remain positive about the ongoing strong prospects and strategies for both Visa and MasterCard. First a short simple digression into the importance of accounting and perception versus reality: of course, if we showed the figures in the table after allowing for tax on sale, their percentages would drop as full sale of both would eliminate over 25% of proceeds as tax. If we showed the above table with values at cost, Visa and MasterCard would be in the 8th to 10th largest holdings range.

Irrespective of accounting, the positions are large relative to our tolerance for single stock exposures and for related company exposures.

The 'problem' is that the market prices of Visa and MasterCard have each multiplied since purchase. MFF is a public company with a range of shareholders and other constituents and not simply an anonymous family owner of an incredibly valuable series of businesses that grow over decades, albeit unevenly. MFF is not looking to increase their weightings and, even as we have remained very positive about their businesses, we have cut modestly as we raised cash for dividends, tax and other payments. We also receive their dividends in cash and reinvest elsewhere in the portfolio. MFF's dividend and tax payments have also increased their weightings but exercise of the MFF Options will offset some of that.

MFF's focus is upon companies we perceive as having sustainable competitive advantages and prospects for sustainable profitable growth. We have continued holding Visa and MasterCard as we believe they both continue to meet these criteria. At their core they are extremely innovative and secure, but low-cost mechanisms for vital services increasingly used by billions of people, businesses, non-profits and Governments globally. They have also continued to meet our price/value assessments and we continue to regard them favourably in comparison with alternatives. In the short run of the next few years, both Visa and MasterCard expect increased spending on their networks when reopening and cross border travel return, some favourable pandemic trends in contactless, online and digital may be sustained, and their expansions into ancillary services are succeeding.

MFF shareholders and financial advisers often ask about Visa and MasterCard and risks of credit cards and of FinTechs. Their businesses are far broader than credit cards. They do not provide credit to consumers; they are networks or rails upon which the tap and go and other payments operate online and offline. They now run payment networks in many countries around the globe and get paid for business transfers as well as for consumer to business and government payments. They also offer additional, extensive services for financial industry participants; well beyond fraud prevention/payment approvals, and rewards management programmes.

Their volumes have risen materially from Square, PayPal and the proliferation of payment acceptance mechanisms, some of which accelerated their growth after they allowed interoperability with the networks. They have also benefited from Buy Now Pay Later (BNPL), with some running on Visa/MasterCard rails and most repayments for BNPL eventually coming from debit cards or another non-cash mechanism. Part of the small total fee that they receive is higher when there are four payments rather than one only.

They continue to benefit from the current adoption of contactless payments, for example in transit systems, and as cash payments become a smaller percentage of consumer and business spending. They each argue that they foresee plenty of future growth and argue that cash in circulation globally is greater than it was a decade ago, despite massive digitisation to date.

Of course, we worry about and are focused upon regulation and competition, including new payment networks and countries requiring data processing onshore and/or local partners. Despite payments spaces being extremely innovative and valuable for consumers around the world, regulators regularly impose price caps and restrictions. China for example has prevented Visa/MasterCard domestic entrance despite committing to do so well over a decade ago as part of the WTO process. In the meantime China adopted home grown QR codes but to date their versions have not gained much traction elsewhere. Innovations such as Smartphone Pay systems mostly have utilised the networks for their principal payment systems, as part of the increased digitisation of payments, and in some Emerging Markets QR codes have been adopted by the card networks as alternatives/supplements to traditional cards.

Amazon was added as a large position in the last year. It continues to invest for decades of possible growth in many core and ancillary services across multiple countries. Our other large, longer term holding, Home Depot, again materially exceeded our expectations, including extraordinary sales and business resilience (as did Lowes, another long time holding).

A list of all holdings we have held during the year is contained in the notes to the Accounts. Although very strong markets made it hard to be behind in the short term on purchases this year, the transparent portfolio principle encourages clarity of thought before purchase.

During the last 18 months we increased our number of holdings, and the breadth of activities and domicile geographies. Over the latest 6 months we have commenced some sales and these holdings have met or exceeded objectives at the time of purchase. As mentioned last year, holdings have included some positions in world leading conglomerates, including Berkshire Hathaway, CK Hutchison. and the 5 leading Japanese conglomerate trading houses.

In recent years many investors have focused on potential opportunities in technology platforms, and trends accelerated this year. In addition to global winners from the US we own Prosus which is a European conglomerate with huge interests in technology platforms in China and India, elsewhere in Asia and Europe and together with its parent Naspers, is the most valuable group ever to come from South Africa.

We also consider traditional companies that use technology smarter than competitors; improving customer service and customer satisfaction at the same time as cutting costs. Our major bank holdings adopted technology and captured significant market shares in recent years, and this accelerated in 2021. Companies such as Procter&Gamble, Flutter, L'Oreal and Ritchie Brothers, have gained significant market share (and share of customer minds) as leading global digital companies in their industries.

Shareholders may have noted the absence of Chinese companies in the holdings and transactions for MFF. Obviously, China is a crucial, complex and changing topic for investors and for the world more generally. MFF has some indirect interests, through multinationals and holding companies, with their own direct and indirect involvements with China and its markets, but for MFF these interests have aggregated to a modest percentage of the portfolio and were reduced with various portfolio sales in calendar 2021.

A Few Portfolio Management Principles

MFF seeks to maintain its discipline in holding excellent businesses with continuing profitable growth prospects and sensible risk/reward tradeoffs. We want future winners, and this likely includes current winners with ongoing opportunities for profitable growth. However, projected growth inevitably meets new adaptations, competition and entropy. Regulatory risks including price controls are countervailing factors that must be assessed objectively. We must also assess and accept cyclicality where market prices and probabilities are appropriate. In all cases prices matter.

MFF must protect itself and seek returns through process, adaptation and risk controls. Price fluctuations are inevitable, and markets as a whole and for individual securities fluctuate well beyond what might objectively be rational economically. Longer term shareholders are well aware of the extraordinary opportunities that came during and after the financial crisis. We have no idea when or whether comparable opportunities will repeat.

As value investors we have a duration advantage, for example we can look to the next decade. If our processes are sensible, MFF is able to acquire interests in high quality businesses at prices well below their underlying values, particularly during downward moves. Periodic 'mark to market' losses are a [hopefully temporary] cost for out of favour opportunities for investors unconstrained by time. We seek to combine objective analysis with patience and action where appropriate.

Short term market movements of a year or so do not predict the future, and successful long term business investment is not a series of short-term periods. Investment risks increase as other investors become more confident, buoyed by their recent successes, chase short term results and forget Quality and

Value. We must detach and wait for opportunities combining focus and patience with occasional action.

Some Current Considerations

The portfolio is very well positioned for the longer term and MFF has resources with which to address opportunities. Recently, our portfolio businesses have been performing superbly, with extraordinarily profitable revenue and margin growth and future opportunities. Management actions, capital allocations, competitive positioning and rollouts of technology have exceeded expectations at many MFF portfolio companies.

However, worries include markets, excess returns to business, Governments and cycles. Upgrades in optimism and profit expectations are widespread and have multiplier effects on real businesses as well as markets. As always, we are wary, as momentum, speculation and low market volatility do not replace margins of safety over longer periods. Increasingly positive sentiment has been rewarded by momentum, and this continues, until it is not rewarded. Valuations are not a timing indicator as broad strength in markets, in economies and for leading economic indicator measures are typically followed first by momentum to increase participation and ongoing positives rather than sustained market and economic downturns.

The combinations underpinning the current strong asset prices include: sustained low interest rates underpinned by monetary policy interventions; extreme liquidity; strong and growing near term profitability; trillions of dollars of stimulus including direct payments; inflation expectations; and rising markets encouraging momentum and institutional, retiree and speculative money to move into riskier assets away from very low yielding core bond assets where nominal principal risk is low. The yield on the benchmark US Government 10-year bond has remained within low boundaries, and this has been positive for sentiment, market prices and near term earnings outlooks. However, differences in absolute interest rates/discount rates at these levels should not be impactful to prudent business/equity valuations, and near-term earnings factors are far less important for business/equity valuations than sustained year on year outcomes. Overconfidence increases as potential triggers are passed; for example, the rise in the US 10-year bond rates from 30 June 2020 levels of approximately 0.6% p.a. did not dislocate markets.

Higher market prices require appropriate valuation assessments. Nothing exceeds like success, and the crowd is arguing that great companies should be held forever without price constraints. Obvious anecdotes include that Microsoft continues to grow and to raise prices, and the next generation of platform winners should follow. Key tasks include assessing 'margins of safety' in buying, holding and possibly selling the best, most successful companies, and the possible specific relevance of factors such as increased competitive pressures, technological changes, regulatory and political actions and geo-political concerns.

Lower return expectations for the medium to longer term are more logical but less common after periods of outsized market appreciation, as positive sentiment becomes more pervasive. We had previously noted that 6% p.a. pre-tax might be a reasonable market benchmark in prevailing conditions; hence our return expectations have been far exceeded so far in calendar 2021.

As sentiment predominates, it may reverse without requiring triggers from material changes in long-term economics. Experts continue to guess on triggers for change and 'forecasts of the moment' (whether inflation is transitory, for example) continue multiplying. Appropriately, most are being treated with caution. Issues surrounding China are numerous including the CCP's interaction with the West and with its own companies, ranging from restrictions on successful technology companies and the CCP's constant assessment of policy support around excessively borrowed and/or insolvent SOEs, property developers and other debtors. Higher market prices reduce margins of safety and obvious direct risks continue to increase and broaden, along with our central case expectations for indirect impacts of inevitable corrections. Sustained higher market prices also encourage their own reversals; obviously buoyant markets increase funding, talent and resources for innovative effective competitors which impact revenues and margins.

Reversals of political, community and geo-political positives are also becoming more probable, as conditions have been very favourable for capital in recent decades, and increased economic inequality encourages legislators, regulators, and judges to act. Budget deficits with central bank funding have reached levels that were previously unthinkable, and impacts have not been stressed tested.

The current positive equity market cycle might be more concertinaed and quicker than usual and reprise Benjamin Graham's multi decade warnings about addictive characteristics of peer activity and paper profits from low quality companies during the later stages of bull markets.

On the other hand, longer term risks and opportunities, including from digitisation and globalisation, arguably remain more important than cyclical considerations, even in current market conditions. Even in current markets we are conscious of maintaining sensible levels of risk, whilst recognizing that equities rank at the bottom of the risk pyramid, rather than at the top of returns as they might in bull markets. Our approach increases the probabilities of us maintaining sensible levels of risk with appropriate reward potential.

Other

Over the years we have searched for businesses, or large shareholdings which might produce strong future growing cash flows for us. Currently we have no active prospects in these categories. Difficult and high prices became worse in the past year. There are huge amounts of capital and optimism paying higher prices but chasing quick returns from smaller companies and we have been cautious but inquisitive. We prefer the risk reward tradeoffs of investing in our quality alternatives via market prices. We have also preferred the significant profits from, and liquidity benefits of, moving the components of our portfolios as needed in response to market prices, and technological and other changes.

We are unconstrained by size and have no desire for any particular size. Of course, we also prefer simplicity to greater complexity.

Currencies

In recent years we have made detailed comments regarding our approach to currencies, and these comments remain applicable. Our regular monthly releases also periodically mention currency analysis, process and patience.

To date, our assets have almost entirely comprised international equities. Although in most circumstances we seek to hold AUD to pay taxes, other expenses and dividends, we have not hedged the overall currency exposures, as longer term shareholders are aware. We believe that this profile continues to offer some possible risk mitigation benefits, as currency movements are a primary transmission mechanism for risk adjustments in the world economy. However, currency movements will be painful from time to time, particularly when 'risk on' sentiment boosts the AUD and weakens the USD. Our multinational high return on capital global holdings benefit from cumulative returns, whereas fluctuations amongst major currencies have usually not been cumulative in recent decades.

The negative currency figures for MFF in the year in part reflected our decision to hold the significant but temporary cash balances (mostly in USD), and the appreciation of the AUD against the USD before redeployment. The cash balances were redeployed into equities, mostly in USD. MFF decided not to speculate on short term currency movements, as would have been the case if we had moved the cash balances into AUD temporarily, before redeployment in USD and other currencies. Importantly, MFF's overall profit for the year was after all currency movements on market prices, cash and other balances.

Longer term concerns have again increased in the last year for the currencies of most countries, with few possible exceptions. We are not predicting repeats of the Asian currency and broader emerging markets crises, but they are becoming more likely as more countries face more pressures and China acts unilaterally. The medium-term position for Australia has also weakened in relative and absolute terms despite valuable iron ore price and volume strength until recently. Headwinds include: 1) automatic inflationary increases in charges and payments entrenching non transitory, dollar depreciating, characteristics; 2) cost burdens of global and corporate acceleration of decarbonization; and 3) challenges to Australia's federated structure as moderate multi decade disciplines of central taxation (with reforms required for payments) are replaced by unconstrained no fault populism and Government ubiquity.

If we make material changes to the foreign exchange positions, we will include details in the subsequent ASX announcements to inform shareholders.

Closing

We are all grateful for the Board's leadership given the challenges ahead. We thank the teams at Magellan who continue to look after us with their professional skills, positive attitudes and much needed patience.

I will hand back to Annabelle and we would be happy to address questions.

Chris Mackay
Managing Director and Portfolio Manager