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MFF Capital Investments Limited ("MFF")
Net Tangible Assets ("NTA") per share

Please find enclosed MFF's monthly NTA per share for February 2022.

Authorised by
Marcia Venegas | Company Secretary

1 March 2022

MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for February2022

MFF advises that its approximate monthly NTA per share as at 28 February 2022 was $3.207 pre-tax ($3.279 as at 30 June 2021), and $2.769 after providing for tax[1] ($2.805 as at 30 June 2021). Figures are cum the 3.5 cents per share fully franked interim dividend (3.0 cents per share fully franked for the comparable period last year). MFF will trade ex-dividend next month. The changes between the January and February figures appear to reflect broader market changes rather than being specific to the portfolio. These market gyrations may present opportunities for the portfolio, as noted below. The month on month currency movement noted below was adverse above 2% as the AUD rose in the month, apparently in response to short duration commodity markets. AUD weakness is more common than strength if broad economic and market risks percolate and persist.

MFF portfolio continuity continued in February. MFF remains concentrated in advantaged businesses with high probabilities for continuing profitable growth well beyond current geopolitical, pandemic, economic and other challenges. All holdings were entirely unchanged in February except for a reduction in a single holding early in the month of almost 1% of aggregate portfolio value (see portfolio below), where market appreciation had increased its weighting above our longer-term targets when compared with possible market alternatives over the medium term. We held off on any purchases in February but note that some market prices are becoming somewhat more attractive, including in areas where MFF is interested. Over decades before and after MFF was established, our best purchase opportunities have been when markets were falling and panic was around, for many reasons which seemed valid at the time, but in market terms often represented material wealth transfers from the pressured and impatient, to others including deeply researched, objective, patient, longer term investors.

The current period is different from the period immediately post the initial stage of COVID as uncertainty and portfolio/investment risks were then different. At that time, we reinvested large cash reserves with a focus on companies where we perceived limited downside risks even if pandemic and economic circumstances had become materially more adverse, combined with reasonable upside prospects, and at least satisfactory purchase prices. As we were conservative in our expectations for equity returns, these investments were more profitable, more quickly than expected. Hence, particularly from H2 2021, we increased the pace of profitably reducing the number of these holdings and our overall percentage invested (see details included in previous monthly NTA releases and in MFF's interim financial statements released in January). The small February sale was also consistent with the objective to prepare for potential better longer-term opportunities, ideally in attractive multi year decade plus business compounders. Given elevated overall markets with stimulus and low interest rates, near term opportunity costs have been lower. The main direct cost was ongoing cash tax payments which, upon payment, reduce reported pre-tax NTA figures as well as being a cash drain.

MFF retains excellent balance sheet strength, and the portfolio is concentrated in very liquid securities (multiples of daily trading compared with our holding sizes), which assists MFF in opportunity cost comparisons with portfolio component after tax market values. MFF has capacity as well as focus to increase our exposure to outstanding investments, ideally on attractive conditions, if recent market volatility continues, to improve potential purchase prices. MFF continues to benefit from considerable net unrealised portfolio gains compared with cost, but any sale proceeds for reinvestment are after tax. Also, in considering MFF's available resources and balance sheet, it appears not unreasonable to expect proceeds from exercise of at least some of the 83.88 million unexercised MFF Options ($2.60 exercise price) prior to expiry at end October 2022, including a smaller amount before the next ex dividend date in April 2022. In addition to other funding options for potential opportunities over time, MFF retains its almost entirely unutilised 20% borrowing capacity, which has been very valuable for purchases in past market downturns. Current and foreseeable interest costs are low by any historical standards, even if interest rate rises proceed in 2022 as markets expect.

Markets have become moderately more interesting for potential purchasers of quality businesses, as January market emotions continued into February, with bubbles and unwinds combined with the Federal Reserve, inflation, fear, forced selling and algorithms, but with the addition of the unfolding Russia/Ukraine tragedy. China's COVID zero policies, ongoing implications of property downturns, failure to increase wages and other benefits to raise consumption as a percentage of GDP are not currently in market focus but are important for realistic assessments of near to medium term business prospects for many multinational businesses.

In recent times MFF has had only modest indirect exposures to Chinese consumption, direct mainland Europe only exposures are zero, indirect Europe exposures are mostly insignificant, and indirect Eastern European exposures are tiny in portfolio terms. We have previously explained our thinking on a range of these issues, with our focus being on sustainably advantaged profitably growing companies at sensible prices. The portfolio positioning is not in response to recent events but reflects portfolio companies chosen for financial and business strength and resilience to deal with adversity, which is inevitable. Also, whilst the portfolio mix includes positions which may benefit from rising interest rates and advantaged pricing power to address inflation risks, this was not done in response to today's issues.

Whilst our current base case outlook is for rising interest rates and for extremely strong consumers in the US/North America, and in a few other places, our focus is company by company seeking excellence and sustainable advantages which are not reflected in market prices when we buy, and more fully reflected if we sell. MFF has benefited for many years from holding businesses with pricing power including the best financial institutions which are leaders in technology, as well as scale, inexpensive client acquisition and retention, across far more of their businesses than has been perceived as advantaged. Our base case market assessment obviously includes elements from the 1960s through 1980s but also includes understanding of the December 2018 quarter which benefited MFF for some years. The current cycle appears to include conventional cyclical elements, as the pace of pandemic reopening accelerates in many parts of the world and the northern hemisphere moves into Spring and Summer.

Short term results and outlook statements continued in February. Our portfolio companies continue to be advantaged, a number announced dividend increases and positive short term outlook statements. In February sentiment moved downwards in markets and the marginal market participants (i.e making the market prices) appear to have shortened time frames for focus, as well as becoming more cautious. This is rationalised given an approaching rate rise environment as well as geopolitical and other risks, particularly after lengthy periods of market strength. MFF continues to attempt to assess market prices, opportunities, and risks objectively with disciplined focus on the medium term and beyond. Market sentiment may change rapidly and unpredictability as it has done in the past, to confuse the maximum number of participants. Price/value is the crucial discipline to augment our quality focus with benefits accruing in the future. We included in the January NTA release some paragraphs on market and economic considerations; they continue to play out and will not be repeated as the details are less important than objective price/value analysis and objective assessment of business risks, case by case and in the context of portfolio mix.

MFF continues to have structural advantages allowing focus upon rolling 3-to-5-year periods without needing to meet popular opinions, as investors panic or otherwise act contrary to their own longer-term interests. If future stages of bubble unwinds eventuate, they may provide some encouragement to search amongst the detritus for quality businesses at reasonable prices. Inevitably such opportunities will include out of favour businesses, and investor unpopularity or short term focus may allow margins of safety in purchase price and in business quality, if analysis is correct and subsequent business management (and luck) are satisfactory or better. For some time in prevailing market and interest rate conditions, we have had a primary focus on seeking to avoid major permanent losses of capital, and this continues. Lower market prices arise from market fears but lower prices increase margins of safety compared with purchase prices, allow for higher future returns off the lower base (crucial if market overall future returns are lower than historic returns) and, along with active deep research, are central to seeking to avoid major permanent losses of capital.

All holdings in the portfolio as at 28 February 2022 are shown in the table that follows (shown as percentages of investment assets).

	%		%
MasterCard	14.9	Intercontinental Exchange	2.0
Visa	15.1	Allianz	1.7
Amazon	10.5	Lloyds Banking Group	1.6
Home Depot	7.6	JP Morgan Chase	1.5
Alphabet Class C	7.9	United Overseas Bank	1.2
Meta Platforms	4.3	DBS Group	1.1
Microsoft	4.3	Oversea - Chinese Banking	0.9
Bank of America	4.0	Lowe's	0.9
CVS Health	4.0	HCA Healthcare	0.6
Alphabet Class A	3.0	Ritchie Bros Auctioneers	0.5
Asahi Group	2.6	US Bancorp	0.5
CK Hutchison	2.5	Schroders	0.4
Prosus	2.2	Sonic Healthcare	0.3
Flutter Entertainment	2.1	United Health Group	0.1
Morgan Stanley	1.8	L'Oreal	0.1

Net debt shown as a percentage of investment assets was approximately 0.9% as at 28 February 2022. AUD net cash was 1.2% (taxes, other expenses and dividends are paid in AUD whilst proceeds of MFF Options (ASX ticker: MFFOA) exercises are received in AUD), USD debt was 1.1% and other currency borrowing/cash/net receivables exposures were below 1% of investment assets as at 28 February 2022 (all approximate). Key currency rates for AUD as at 28 February 2022 were 0.726 (USD), 0.646 (EUR) and 0.541 (GBP) compared with rates for the previous month which were 0.705 (USD), 0.629 (EUR) and 0.525 (GBP).

Yours faithfully

Chris Mackay

Chris Mackay
Portfolio Manager

1 March 2022

[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).