MFF
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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 2023.

Authorised by
Marcia Venegas | Company Secretary

1 March 2023

MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for February 2023

MFF advises that its approximate monthly NTA per share as at 28 February 2023 was $2.929 pre-tax (cum 4.5 cent per ordinary share fully franked interim dividend)[1] ($2.744 as at 30 June 2022), and $2.590 after providing for tax[2] ($2.438 as at 30 June 2022). The latest pre-tax figure is after paying $12.4 million tax for the month (which reduced the approximate pre-tax NTA by approximately 2.1 cents per share). Taxes are by far the largest corporate expense and, when paid, reduce pre-tax NTA and add franking credits. Page 8 of MFF's recently released half yearly report noted that in the recent time period specified MFF has paid $222.1 million of cash taxes and declared $291.7 million of dividends. Obviously, the amounts of taxes and dividends for MFF reduce pre-tax measurements and are significant in comparison with the $709.2 million of MFF's aggregated net profit after tax over that period (refer to page 8 of MFF's half yearly report).

Unfortunately, during January MFF was required by the ATO to re-join monthly taxpayers and so tax will remain relentless. MFF will deduct promptly the required tax payments from NTA calculations and indicates that a preliminary estimate of MFF's required tax payment for March is lower than the payment made in February.

In February, MFF commenced the recently announced on-market buyback of 30 million MFF shares (ASX notices are lodged promptly after each day of buyback purchases). Directors also recently increased MFF's fully franked dividend for the latest half year to 4.5 cents per share. Directors also stated their intention to increase the rate per ordinary share of the six monthly fully franked dividend at each of the next 3 results to 5 cents, 5.5 cents and then 6 cents per share respectively subject in each case, to corporate, legal and regulatory considerations, with continued operation of the DRP (at zero discount) (see the MFF Interim Report for details).

For another month MFF's primary activity remained holding shares in companies we regard as excellent on terms we regard as favourable (the full portfolio is shown below). The main portfolio characteristics remain Quality, Value and Continuity, and buying and selling portfolio activities were each below 1% of the portfolio. Probabilities of sustained success amidst prevalent efficient market theories, increase with patience, focus and persistence in assessing actively for sensible prices for purchases and sales. Despite huge amounts of noise, even for the shortened month, there was little of major consequence for the portfolio. Market price gyrations included some induced by noise around myopic surprise when year on year inflation and activity readings anniversaried Omicron and shutdowns, as well as desperate corporate price increases, each with interest rate policy error implications. Obviously, this all will evolve, with rising bankruptcies and reversals of some price increases. This month we will refrain from repeating our recent commentaries as any marginal updates are well within predictable variables and/or risk tolerances.

The US separation of powers continues to save it from some of the worst politician/regulatory induced populist/ideological decimation of business/industrial competitive advantages (which has occurred in recent decades in even the strongest European economies), but with features associated with regular stupid political debt ceiling and fiscal brinksmanship/ill discipline episodes which inflict lesser but cumulative, real magnitudes/durations of damage. If judicial review exceeds judicial activism and/or judicial greenlighting of administration/regime actions, partial mitigants reduce modest amounts of the damage from increasing, ideological, damaging regulatory interventions (EU, US, UK, Australia, Canada, China, India etc) and the perniciousness of the plaintiff bar.

Reality of capital allocation requires dealing objectively with such negatives as well as many positives, and for us has meant persistent favouring, at satisfactory or better market prices, of structurally advantaged adaptive businesses better able to survive and succeed. Early signs are that the reopening of outbound Chinese travel is being accompanied by money entering the travellers' preferred jurisdictions (flows are more obvious in the west away from high tax anti-business, other things being equal). Capital is attracted to jurisdictions which are more favourable than others for capital and this includes the US capital markets which are a wonder of the world, financing enterprises around the world from start ups to the most mature, on terms that reflect massive depth and adaptivity despite regular regulatory nonsense and damage from exuberant cycles.

Arguably the US 10 year bond rate (the benchmark or risk free rate) remains reasonably anchored and it rose month end on month end from approximately 3.51% p.a. to approximately 3.92% p.a. Such moves remain well within margins of safety for value based longer term equity investors (business results including compounding of reinvestment are far more important over time for investors focussed on quality profitable growth) and whether these gyrations mean much more than short term fluctuations in inflationary concerns and enhancements for the profits of trading divisions, will become clearer in the future. Of course, even if the Federal Reserve "overshoots" on quantitative tightening and/or retains interest rates that are too high for too long, and overall monetary conditions that are too tight, the damage caused by a repeat of Lehman type decisions should be avoided. In previous decades, reversals of US central bank interest rate decisions have been customary.

All holdings in the portfolio as at 28 February 2023 are shown in the table that follows (shown as percentages of investment assets).

	%		%
MasterCard	13.0	JP Morgan Chase	2.0
Visa	12.5	Prosus	1.7
Amazon	8.9	Lloyds Banking Group	1.6
Home Depot	7.2	Intercontinental Exchange	1.6
American Express	6.7	United Overseas Bank	1.3
Microsoft	6.1	HCA Healthcare	1.3
Alphabet Class C	5.7	DBS Group	1.3
Alphabet Class A	4.7	Oversea - Chinese Banking	1.1
Bank of America	4.6	Lowe's	0.8
Meta Platforms	4.1	Ritchie Bros Auctioneers	0.6
CVS Health	2.8	US Bancorp	0.4
Flutter Entertainment	2.7	Allianz	0.2
CK Hutchison	2.4	Schroders	0.2
Asahi Group	2.4	United Health Group	0.1
Morgan Stanley	2.1	L'Oreal	0.1

We continued to move some liquidity to AUD. Most MFF expenses and taxes, dividends, and buybacks are paid in AUD, and we regarded this as prudent matching. Last month we mentioned that, notwithstanding these changes, we remain very cautious about all currencies, and retain our strongly negative views on the AUD over extended periods. Australia in January saw disproportionate anti-business, anti-growth, anti-capital populist activity and sentiment from politicians, state governments, regulators and in voter sentiment. These factors accelerated and broadened in February with (ignorant of history and prudence) attacks on private sector savings, along with various of the other dangers noted in MFF's last month's NTA release. Australia's inflationary vulnerability continued to struggle higher than many countries, as extremely positive commodity fluctuations are consumed for rolling short terms, abetted by policies which ultimately induce reduced aggregate domestic savings, business development and investment and entrench stagflation post sugar hits. As usual, the current sustained period of USD strength and US investment opportunity is already becoming. associated with hard currency debt, inflationary and other pressures elsewhere, even prior to customary damage from predictable (but unprepared for) reversals of commodity price and volume strength.

Net debt shown as a percentage of investment assets, was approximately 14.8% as at 28 February 2023. AUD net cash was 4.3% (taxes, other expenses and dividends are paid in AUD), USD debt 8.0% and Euro, GBP, HKD and Yen borrowings total approximately 11.2% of investment assets as at 28 February 2023 (all approximate). Key currency rates for AUD as at 28 February 2023 were 0.674 (USD), 0.636 (EUR) and 0.557 (GBP) compared with rates for the previous month which were 0.705 (USD), 0.649 (EUR) and 0.572 (GBP).

Yours faithfully

Chris Mackay
Portfolio Manager

1 March 2023

[1] Figures are cum interim dividend 4.5 cents per ordinary share fully franked, dividend ex-date 21 April 2023 and payable 12 May 2023.
[2] Net tax liabilities are current tax liabilities and deferred tax liabilities, less tax assets.

All figures are unaudited and approximate.