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

Please find enclosed MFF Group's monthly NTA per share for June 2025.

Authorised by
Kathy Molla-Abbasi | Company Secretary

7 July 2025

MFF Capital Investments Limited ("MFF")
Net Tangible Assets (‘NTA’) per share for June 2025

MFF advises that its approximate monthly NTA per share as at 30 June 2025 was $5.015 pre-tax ($4.284 as at 30 June 2024), and $4.149 after providing for tax[1] ($3.574 as at 30 June 2024). The pre-tax NTA figures each month are after deducting taxes paid by MFF (including approximately $80.7m cash taxes paid in the financial 11 months to 31 May 2025 and $11.0m in June 2025). Cash tax payments reduce pre-tax NTA compared with pre-tax figures for indices and trusts (MFF pre-tax NTA per share has been reduced by tax paid in this financial year by approximately 15.7 cents). Shareholders should exercise care in reviewing simplistic point to point comparisons of pre-tax NTAs per share which may not add back cash taxes paid as well as dividends and thus do not reflect any measure of “performance”. MFF’s relative ”performance” may be particularly impacted by the simplistic analysis (for example the significant unrealised gains for the MFF portfolio exceed its cost, and thus tax incurred reflects cash tax paid on accumulated gains rather than only cash tax paid on year to year or other short term price movements).

MFF targets sustained growth in capital and in fully franked dividend payments, over the medium to longer-term (franking credits at 30 June 2025 exceeded the $176.4m level as at 31 December 2024). MFF has successfully continued to aim for “responsible compounding” whilst seeking to protect capital, in very difficult unpredictable periods for businesses and markets such as the latest six months. MFF has continued to maintain a very prudent balance sheet with an estimated $700m of available capacity in cash and prudent borrowing capacity. Of course, for MFF every 10% after tax return requires approximately 14.3% pre-tax when the full 30% Australian corporate tax rate is deducted. MFF shareholders also do not get the benefit of MFF’s compounding on cash taxes paid.

MFF’s yearly and other short-term results for 2024/25 again exceeded reasonable expectations, particularly as the previous two years Net Profits After Tax each exceeded 20% of MFF’s respective starting Net Assets. Each year (including for 2025/26) MFF starts its profit and loss at zero based upon the marks to market as at the previous year end, which also account for the starting Net Assets. Any understanding of markets and maths would insist that near to medium term future returns should be materially lower off the 2024/25 closing Net Assets. Downwards market volatility periodically provides outsize future return opportunities but reduces mark to market figures at that time. Of course, such volatile episodes are unpredictable in terms of key factors such as timing, severity, duration, and breadth of impact, even for reasonably prudent and prepared investors.

In June, MFF had portfolio purchases of about 0.9% of portfolio value and no sales. Very little should be read into the month’s activity. An obvious point is the overwhelming continuity of the portfolio, for very positive reasons. As with every month for many years, we remain price/value sensitive. The portfolio is focused upon businesses we regard as outstanding, with profitable growth characteristics (traditional value investing was more favoured in past decades, and we continue to embrace its possible reprise to excess returns). We continue to look for sensibly priced businesses, particularly where advantages and special talent are present.

In recent decades large companies have benefitted from technology (as suppliers, developers, and users) and other factors benefitting scale. Our searches have always included companies which are smaller than our average sized portfolio holding, and this continues. Earlier stages of internet, mobile communications and other technology evolutions enabled some smaller businesses and broke down some established scale players, for example as costs and other barriers to entry and innovation fell. Generative artificial intelligence is becoming more widespread, and users and some companies may benefit (including some currently smaller companies) as low-cost enhancements are expected to become more ubiquitous. Although scale and advances in technology infrastructure continue to be favoured, there are significant opportunities for winners amongst the layers of applications, interfaces/form factors, business productivity tools and within potentially balkanized cold war type technology zones, and in assessing whether software remains advantaged, and risks and rewards of “narrow verticals” amongst other areas.

Sustainability of competitive advantages of the current scale technology players would be without historical precedent. Separately, many of the “other 493” [the S+P 500 excluding the misnamed magnificent 7] which already have growth, tariff, and margin pressures are vulnerable and, as with past disruptions of incumbents, lack the talent, culture, and incentives (supported by long term focused management and shareholders) to undertake risky transformations which might mitigate the disruptive forces. Rapid removals of layers of past practices and costs in digital first applications (commerce, payments, and advertising for example) are spreading inexorably into design, entertainment, education, and medical testing, for example. Some so-called safe stocks, including (but well beyond) consumer staples, may be structurally challenged, subject to revenue and margin pressures without past advantages in being able to differentiate product offerings.

During the month equity markets were buoyed and indices have recovered the rapid 20% fall after the main Trump tariff announcement. Arguably, equity markets sustained further short term rises via positive “climb the wall of worry” and “buy the dip” impacts encouraging FOMO and MOMO amongst market participants.

More importantly, medium term and longer market participants must consider technology impacts, and whether they buy/sell possible future winners, buy/sell laggards, and/or past winners, and in each case at what prices. Consider the interplay of Price/Value, Growth and Quality.

More broadly in economies, the strong asset price markets are underpinning very material wealth effects ie spending of capital gains and even again borrowing against them [arguably with pre 1929 crash and pre GFC real estate Home Equity loan parallels]. Further they may be positives for some more sustained timing factors. In the last 2 months initial public offering (IPO) and mergers + acquisition markets have loosened up for venture capital (VC), enabling capital to be recycled. Similarly for private equity (PE) funds, but less pronounced so far. Arguably these factors are not themselves at excess, but they reinforce Galbraith's "bezzle". The IPO and on-market purchasers feel good buying hot issues, as do the limited partners receiving liquidity from the otherwise locked up VC/PE funds and the promoters feel great, ready to promote again.

The loosening of bank capital rules and their material increases in lending to the whole alternatives ecosystem and directly and indirectly in various forms of "lending" to consumer credit help consumption and underpin GDP. Of course, this may be a rhyming version of pre 2007 (Bear Sterns) or 2008 (Lehman AIG etc). This also helps underpin liquidity asset prices and equity markets, as does the fiscal imprudence and procyclicality from Governments. Obvious speculative excesses continue to exceed past high water multiple marks. Questions arise regarding the sustainability or otherwise of these practices, following decades of low interest rates with extreme financialisation now continuing in a new era with tariffs, expensive balkanisation of manufacturing, and other concurrent inflationary policies (and interest rates well above zero). Central banks have monetised debt in recent decades but have not reversed this as fully (in relatively benign conditions) as they would prefer. Counterparty risk is not yet considered by this generation; amazing so soon post GFC, perhaps distracted by the Genius Act, crypto and stablecoin etc supported by the geopolitical attractions and risks of people moving meaningful capital away from their domicile politics/countries, and other speculations. Also, Government capital policies target free flows of capital, politicize its allocation and populists/socialist policies target reduction of returns to profitable/efficient companies. All will be factors in inflationary measures, and in whether equities and other asset prices reverse, as will the details of protectionism and other trade/dumping/mercantilist policies in context of the emerging geopolitical battles. The USD continued to be weak in the latest month and six months, with falls against most currencies including the AUD (which itself has challenging fundamentals).

Adaptability is important for companies, countries, and families to deal with economic, employment and market fluctuations and technological changes. Adaptability is a long-term concept, until it is an immediate risk. It is complex and factored into our attempts at understanding outloooks and establishing "central cases" and risk parameters. It usually does not lend itself to simplistic analysis as multiple variables apply. For example, democratic freedoms and market based countries typically encourage more innovation and disruption, and economic growth which can help transitions; however more controlled political economies can direct talent towards major technological projects. Regarding employment, demographics have moved against growth as ageing populations are less able to focus on GDP productive work, most wealthier economies have attracted immigration to increase proportions of working age residents and productivity enhancing technology's immediate impact is to reduce employment, but lower costs per unit kick in to often increase overall access to new technologies. Obviously, timing, scale, range, and dispersion of impacts matter in considering individual cases as do impacts upon impacts and reactions, as well as luck (diverse scale and innovative cultures and incentives play roles in most considerations).

Some questions to ponder. Why are some companies producing extraordinary results despite the day after day drag of so many headwind factors, thereby demonstrating initiative, innovation, entrepreneurship, and creating wealth around the world? Whilst each sustained great company has its own specific culture and characteristics, there are recurrent patterns. For the past decade, the US champions have created and compounded value; combinations of technology, innovation, inspired risk-taking entrepreneurship, technology and traditional competitive US management excellence generally prevailed over Washington and various malign forces. Now that some market values are in the USD trillions, it is sensible to question whether future returns will come from the same sources, what investment style changes will perform and whether a catch up by non-US businesses will reward investors? In each case will this be instead of or alongside the previous decade winners, some of which inevitably atrophy from [smaller, better focused] competition and innovation and scale inertia despite digital network advantages so far proving more sustainable than historical, analog businesses with site by business site advantages with narrower, lower ROICs?

Prosus is an interesting example of successful reinvention, many times, particularly compared to its alternative history if it had stayed with its global peers focused on print media or its African heritage. Currently it is driving to be a technology leader in specific verticals in Brazil, elsewhere in Latin/South America, and in various parts of Asia, including India. Prosus even has some weekly or daily use/tech industry customer businesses in Europe, as well as being the largest shareholder in one of the greatest tech companies over the last two decades (TenCent). Prosus is seeking to combine its excellence in technology, customer service, team excellence and raw capitalist entrepreneurship with billions of capital, intelligently allocated across growing markets/ecosystems which improve customer lives, across access to more than 2 billion repeat customers.

Of course, such innovation and market development have risks, but if they did not make the attempts, they might have remained as a fading regional media company. In aggregate, such capitalist innovation, and understanding of global and regional business tech and customer ecosystems, underpin productivity and improving living standards in so many parts of the world. Obviously, we are not saying that Prosus "must succeed"; a few years ago, before policy reverses, TenCent and its nephews including Meituan were extreme "obvious", likely global winners. Each combined what Prosus now evidences, including entrepreneurship, cutting edge competitive capitalism and high quality energized young teams with customer service, innovation, technology and objective capital and business allocation decisions. Whilst Prosus has been a discounted investment in TenCent with disciplined capital allocations, future results will be fascinating [MFF's value investing focus is attracted to situations with extreme value underpinning on conservative assumptions; only a few cases also have upside potential to truly become great].

More generally, it might be helpful to think and ask and then what? Obviously, the world and the millions of component ecosystems(including asset markets, businesses, macro, and microeconomic systems) are complex adaptive myriads of adjusting inputs and are overwhelmingly "open loop" with changing inputs/variables arriving and departing. Extrapolation of single variables may help headline writers scare and appeal to cognitive short cuts, and simplification, but single variable extrapolations have not been the primary adaptive processes in most cases. Of course, single exceptions matter, whether compounding network effects and other scale benefits or negative tipping points such as diminishing competitive advantages. Adaptability around sound central theses/processes is typically required for sustained equity market compounding and capital protection. Turning to more specifics.. Broad risk factors remain elevated; politics, trade, and supply chains are volatile, as are debt, currency, and other markets, particularly as inflation, Government debt funding and inequality concerns continue. The mix adds complexity to business decisions given the concurrency of ongoing technology advances, requiring major investment commitments, and, together with instant (mis)information, impacts markets sentiments. Market dislocations might appear anywhere and at any time and allow for better purchase terms than otherwise. MFF has maintained cash and capacity of over $700m, after tax payments and accruals, on the significant realised gains. MFF also has significant portfolio liquidity, in the case of better opportunities or changes in risk probabilities/other parameters. In the meantime, our businesses remain extraordinarily profitable and sustainably advantaged.

All listed holdings in the portfolio as at 30 June 2025 (except for one undisclosed holding) are shown in the table that follows (shown as percentages of investment assets, including net cash).

	%		%
MasterCard	9.3	CK Hutchison	1.8
Visa	8.8	United Overseas Bank	1.6
Amazon	8.1	HCA Healthcare	1.6
American Express	8.1	Oversea - Chinese Banking	1.4
Bank of America	8.0	US Bancorp	1.2
Meta Platforms	7.3	CVS Health	0.9
Microsoft	6.7	Lowe's	0.8
Alphabet Class A	6.5	Prosus	0.4
Home Depot	5.7	RB Global	0.3
Alphabet Class C	5.0	L'Oreal	0.2
Flutter Entertainment	2.9	Intercontinental Exchange	0.2
Lloyds Banking Group	2.5	Schroders	0.1
DBS Group	2.1		

Net cash shown as a percentage of investment assets (including net cash) was approximately 6.4% as at 30 June 2025. AUD net cash was 4.3% (taxes, other expenses and dividends are paid in AUD), USD net cash 4.0%, SGD net cash 0.5% and Euro, GBP and HKD borrowings totalled approximately 2.4% of investment assets as at 30 June 2025 (all approximate). Key currency rates for AUD as at 30 June 2025 were 0.655 (USD), 0.558 (EUR) and 0.478 (GBP) compared with rates for the previous month which were 0.644 (USD), 0.567 (EUR) and 0.477 (GBP). The USD/AUD fall (5% or a little more since 31 December 2024) has reduced AUD reported figures in recent months.

Yours faithfully

Chris Mackay
Portfolio Manager

7 July 2025

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

All figures are unaudited and approximate. June 2025 figures include preliminary consolidation adjustments for Montaka Global (100% acquired by MFF in February 2025). These adjustments impact standalone MFF June 2025 NTA figures by less than 1%.