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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 March 2023.

Authorised by
Marcia Venegas | Company Secretary

3 April 2023

MFF CAPITAL INVESTMENTS LIMITED

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

MFF advises that its approximate monthly NTA per share as at 31 March 2023 was $3.065 pre-tax (cum 4.5 cent per ordinary share fully franked interim dividend; ex-dividend date 21 April 2023)[1] ($2.744 as at 30 June 2022), and $2.685 after providing for tax[2] ($2.438 as at 30 June 2022). The significant gap between pre-tax and after tax NTA figures for MFF reflects unrealized gains with overall increases in market value over the years. MFF also pays considerable tax on realized net gains and other net income, and since January, the ATO has again moved MFF to a monthly tax schedule. Last month the cash tax paid figure was below 1 cent per share ($12.4 million or approximately 2.1 cents per share was paid in February). Taxes, when paid, reduce pre-tax NTA and add franking credits. Page 8 of MFF's most recent Interim Report noted that in recent years 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 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 Interim Report). A preliminary estimate of MFF's required tax payment for April is below 1 cent per share.

In March, MFF continued 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 half yearly report for details including franking credit, retained profit and profit reserves).

The MFF portfolio is focused upon Quality with price/value characteristics. We expect that the portfolio companies will benefit from the banking, market, economic and political turmoil which dominated March. Consumers continue to spend via the leading payment networks, online activity continues to favour our industry leaders, volatile markets required market participant hedging via leading exchange products with financially strongest counterparties, and banking's flight to quality benefits our portfolio companies.

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. In most months, our portfolio activity is small in comparison with portfolio value, which is concentrated in advantaged businesses expected to benefit over longer periods. In the month there was some fear and panic, and MFF's focused buying increased to slightly below 2% of portfolio value, and selling was below 1% (mostly at month end). Obviously, prices paid/received impact results. Our structure allows for focus, flexibility, and patience in buying or selling, with quality characteristics, price/value and opportunity costs being most relevant.

In recent years many market participants targeted acronym/factor investing, momentum, ETFs and index investing and similar, and they have become dominated by the usual fear and greed, but without the pretense of being influenced (let alone driven by) individual company valuations/business assessments. Marketing by promoters dominates movements from one ETF category to another, and the marketing in cowboy country (including unlisted investments) is on another level. Periodically such activities remind some that market prices are there to serve rather than to guide, and to allow sensible purchases (or sales) for detached, fundamental investors without adherence to efficient market theories but with access to capital. Whilst we are usually not impacted directly by the riskiest excesses, our portfolio is impacted by the indirect and business/economic effects of the unwinding of the "everything bubble" and the domineering political/regulatory idealogues and/or incompetents. Even with the specific price reductions in March, particularly in and around banking, which followed the major tech selloff in 2022 and early in Q1 2023, MFF's buying activity was limited, as MFF aims to continue to act prudently with sensible risk controls and portfolio construction parameters.

Market participants with very short-term perspectives may be encouraged by the almost complete absence of US market warnings late in this quarter before earnings reports accelerate next week (in Australia bankruptcies have become daily in crucial industries, particularly around construction). Market participants with longer term perspectives may consider a portfolio of quality businesses with sustainable pricing power to be less risky than so-called risk-free bonds, in periods of rapid interest rate rises and/or inflation.

The terrible but predictable reaction of politicians and regulators to the US/CSFB banking failures is to exacerbate damage by continuing rate rises and increasing regulations (ostensibly favouring smaller economically less efficient, and morally hazardous institutions) despite one of the name plates of the previous overreach being embroiled, and encouraging/not addressing the structural problems of thousands of sub scale banks, the trillions of inflationary fiscal spending continuing well post the recovery and the interest rate rises being less impactful/counterproductive this time when excess aggregate demand was not the problem and so many consumers are not particularly impacted until crisis breakages as they have fixed rate loans and variable rate deposits. Perhaps data confirming the fall in inflation will halt the record rapid rate rises after being held at zero with quantitative easing for so long.

Every month there is much noise, and other news. Mostly it does not change consumer and business behaviors built over decades; changes to winning businesses usually occur over time. Recent activity is associated with unsettled populations as costs of living exacerbate other divides, anti-business and anti-growth policies continue, and political/socialist/populist risk/rewards are unfavourable. During the month, Alibaba announced plans to split in to 6 companies, and Chinese authorities appeared to relax some capital markets restrictions to allow this and similar moves (JD.com has followed quickly). As is evident from the full portfolio below, this does not impact MFF beyond possible US/China capital market signaling, except that all major tech companies are likely to reassess priorities, and this may be as significant precedentially as Zuckerberg's pivots.

The US 10 year bond rate (the benchmark or risk free rate) remains reasonably anchored and it fell month end on month end from approximately 3.93% p.a. to approximately 3.5% p.a. Perhaps ironically, the fall in rates may (if sustained) mitigate some of the concerns that underpinned the panic in the month about mark to market for held to maturity bank securities, particularly from earlier experts in virology and eastern Europe. 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. These assumptions were tested in March.

All holdings in the portfolio as at 31 March 2023 are shown in the table that follows (shown as percentages of investment assets).

	%		%
MasterCard	12.7	Prosus	1.8
Visa	12.2	JP Morgan Chase	1.7
Amazon	9.3	Intercontinental Exchange	1.5
Home Depot	6.8	Lloyds Banking Group	1.5
Microsoft	6.7	DBS Group	1.3
Alphabet Class C	6.3	HCA Healthcare	1.3
American Express	6.1	United Overseas Bank	1.3
Alphabet Class A	5.2	Oversea - Chinese Banking	1.1
Meta Platforms	4.7	Lowe's	0.7
Bank of America	4.5	US Bancorp	0.7
Flutter Entertainment	2.7	Ritchie Bros Auctioneers	0.5
CK Hutchison	2.4	Allianz	0.2
CVS Health	2.4	Schroders	0.2
Asahi Group	2.0	United Health Group	0.1
Morgan Stanley	1.9	L'Oreal	0.1

We continued to move some liquidity to AUD. Most MFF expenses, taxes, dividends, and buybacks are paid in AUD, and we regarded this as prudent matching. We remain very cautious about all currencies and retain our strongly negative views on the AUD over extended periods. Australia continues to experience disproportionate anti-business, anti-growth, anti-capital, populist activity and sentiment from politicians, state governments, regulators and in voter sentiment and these factors accelerated and broadened last month. 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, with more centralization of wages and award decisions. The current sustained period of USD strength and US investment opportunity is already becoming associated with banking, 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 15.9% as at 31 March 2023 (not adjusted for receivables of approximately 0.5% from unsettled portfolio sales). AUD net cash was 4.4% (taxes, other expenses and dividends are paid in AUD), USD debt 8.7% and Euro, GBP, HKD and Yen borrowings total approximately 11.6% of investment assets as at 31 March 2023 (all approximate). Key currency rates for AUD as at 31 March 2023 were 0.670 (USD), 0.616 (EUR) and 0.542 (GBP) compared with rates for the previous month which were 0.674 (USD), 0.636 (EUR) and 0.557 (GBP).

Yours faithfully

Chris Mackay
Portfolio Manager

3 April 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.

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