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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 October 2021.

Authorised by
Marcia Venegas | Company Secretary

1 November 2021

MFF Capital Investments Limited ('MFF') Net Tangible Assets ('NTA') per share for October 2021

MFF advises that its approximate monthly NTA per share as at 29 October 2021 was \$3.300 (ex 3.5 cent per share fully franked final dividend)¹ pre-tax (\$3.279 as at 30 June 2021), and \$2.818 after providing for tax² (\$2.805 as at 30 June 2021). Currency moves of about 4% in the USD/AUD reduced figures at month end. Tax of \$5.9 million was paid in October and reduced pre-tax NTA. The dividend is payable this week.

October was another month of modest portfolio changes, particularly in MFF's primary focus areas. MFF's major holdings remain extremely profitable and extremely advantaged as high expectations were exceeded for scaled profitable growth rates and for business initiatives included in September quarter updates. For some major companies scale is not yet the damaging impediment it was for business leaders of previous eras, [and continues impacting Government effectiveness], as management improvements leverage technology and talent with creative operational focus and sensible capital allocations. Portfolio management scepticism of success leading to excess continues to be suppressed, as previous assessments of what might be sensible sale prices continue to be exceeded with ongoing business gains chasing valuation gains from suppressed interest rates. US\$20 billion of after-tax quarterly profits has become repeatable for some companies winning in huge addressable markets with adjacencies and ancillary opportunities across multiple geographies, usually amplified by scalable adaptive technologies skilfully employed. A range of such companies are also well advanced in, and have committed considerable investments and other resources to, addressing decarbonisation issues well ahead of multinational Government action.

Noise was elevated in markets in October with Global changes (COVID variants and reopenings, decarbonisation momentum, China, rampant speculation/leveraged risk taking and inflation for example) and investors concerned about losing gains, amplifying concerns about Government redistributions, bureaucracy and administrative actions, and Central bank and interest rate market movements impacting market tailwinds of abundant liquidity and low interest rates. Markets are also reacting to 1 input price rises including for commodities, energy greening supply disruptions, Government charges and for wages, 2 to yield increases particularly for intermediate term bonds flattening yield curves and 3 to Covid and non-Covid inventory and demand distortions and supply chain disruptions impacting B2B businesses (for example, slashing advertising for unavailable products) on top of more obvious consumer business impacts. Such noise and uncertainty are constants in markets, as they are in other complex ecosystems. Uncertainty and noise in markets are associated with fear, combining human nature and possibilities/probabilities, and may convert into damage for market prices, even for the strongest businesses. Provided that portfolio margins of safety are sufficient, and assumptions are conservative (for example about interest rates, liquidity events, cycles and growth rates) active portfolio risk management may focus upon sustained damage to business rather than temporary market price movements, which, even if non temporary, have provided opportunities in the past for better purchase prices of high-quality businesses.

Temporary market price movements mostly reflect noise even for long term advantaged portfolio companies grinding out billions of dollars of sustainable profits month after month. Price movements also allow active investors to buy or sell when objective opportunity costs are favourable, but largely are to be ignored as they can be too high, too low, optimistic, pessimistic or otherwise "right" or "wrong" for sustained periods. Sometimes figures rise, sometimes figures fall and prices repeatedly fluctuate far more than movements in underlying values, even for outstanding businesses and particularly for heavily promoted securities [in relation to which, and for market cycles, there are materially amplified second and third order effects when reversals inevitably arrive].

The few portfolio changes in the month are not reflective of great opportunity or risk, and nothing should be read into them or that the number of portfolio holdings has fallen back to previous levels. Activity post 30 June, which continued in the latest month, included some realisations of smaller holdings in companies that we had picked up at lower market prices, even though they were more cyclical and had lower prospects for sustained profitable growth than our focus businesses (please see previous discussions for rationale, including comments at the latest AGM). Overall, profits from these realisations have exceeded expectations when purchased, and time periods for holding have been considerably shorter, and in the month market conditions continued some price increases, business conditions increased cyclical benefits and in a few cases risks increased from internal and external factors.

The 30 largest holdings in the portfolio as at 29 October 2021 are shown in the table that follows (shown as a percentage of investment assets).

	%		%
Visa	13.9	Alphabet Class A	1.8
MasterCard	13.1	JP Morgan Chase	1.6
Home Depot	10.4	Lloyds Banking Group	1.5
Amazon	10.0	Allianz	1.4
Alphabet Class C	6.9	Procter & Gamble	1.0
Meta Platforms	6.8	US Bancorp	0.9
Microsoft	4.5	DBS Group	0.9
Bank of America	4.1	Lowe's	0.8
CVS Health	3.9	United Overseas Bank	0.8
Prosus	2.9	Oversea - Chinese Banking	0.8
Flutter Entertainment	2.2	Ritchie Bros Auctioneers	0.6
Asahi Group	2.1	L'Oreal	0.5
Intercontinental Exchange	2.0	Schroders	0.4
CK Hutchison	1.9	Sonic Healthcare	0.4
Morgan Stanley	1.9	HCA Healthcare	0.4

Net debt shown as a percentage of investment assets, was approximately 0.6% as at 29 October 2021. AUD net cash was 2.0% (taxes, other expenses and dividends are paid in AUD whilst proceeds of MFF Options (ASX ticker: MFFOA) exercises are received in AUD), USD net debt 0.1%, Yen net debt 1.4% and other currency borrowing/cash exposures were below 1% of investment assets as at 29 October 2021 (all approximate). Key currency rates for AUD as at 29 October 2021 were 0.751 (USD), 0.649 (EUR) and 0.548 (GBP) compared with rates for the previous month which were 0.722 (USD), 0.623 (EUR) and 0.536 (GBP).

Yours faithfully



Chris Mackay
Portfolio Manager

1 November 2021

¹ Figures are ex final dividend 3.5 cents per share fully franked, dividend ex-date 8 October 2021 and payable 5 November 2021.

² 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).

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