



MLC Centre  
Level 36, 19 Martin Place  
Sydney NSW 2000 AUSTRALIA

General: +61 2 9235 4887  
Facsimile: +61 2 9235 4800  
Website: [www.mffcapital.com.au](http://www.mffcapital.com.au)  
ABN: 32 121 977 884

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

Please find enclosed MFF's monthly NTA per share for March 2021.

*Authorised by*  
***Marcia Venegas / Company Secretary***

1 April 2021



## **MFF Capital Investments Limited ('MFF') Net Tangible Assets ('NTA') per share for March 2021**

MFF advises that its approximate monthly NTA per share as at 31 March 2021 was \$3.032 pre-tax (cum 3.0 cent per share fully franked interim dividend) (\$2.809 as at 30 June 2020), and \$2.634 after providing for tax<sup>1</sup>. The full portfolio is shown below.

MFF remains characterised by portfolio and process continuity and we caution against reading much into portfolio changes. The portfolio is concentrated in portfolio companies which are advantaged, extremely profitable cashflow generators, with very solid post pandemic prospects and current resilience, even if pandemic impacts extend for far longer than currently expected by many. The changes in the month increase modestly the proportion of advantaged companies at sensible prices, in part funded with very modest reductions in the proportion of quality, lower (through cycle) growth businesses which had been purchased at previous market prices. Overall results in the longer term most depend upon longer term business performances of MFF's portfolio companies.

Past pandemics have not been resolved uniformly even after effective vaccines were available broadly, with societal, behavioural, and financial impacts ongoing for years beyond when medical impacts of virus variations were mitigated.

Management and business excellence and adaptability continued within our portfolio companies and elsewhere, but March was a long month in which politicians and regulators were active, continued to be key negatives and sources of uncertainty.

Market factors discussed in recent months remain applicable, including those pointing towards lower future market return expectations and hurdle rates, and we retain a primary focus on seeking to avoid major permanent losses of capital. MFF remains price sensitive and markets provide satisfactory opportunities from time to time for MFF to buy interests in high quality, but less popular or less understood companies, funded from capital resources and/or sales of less attractively priced/riskier holdings and dividends. Ongoing 'normalisation' increases in US 10-year Government interest rates during the month impacted prices paid/received by bond traders in their markets as well as equity markets sentiment, allocations and momentum, but remain below levels likely to cut into longer term business/equity valuations. High levels of speculation and leverage continued in many asset markets, and further unwinding may provide opportunities in time, as well as escalating risks. MFF balance sheet and capital structure strengths remain.

March 2021 featured less market and health changes than March 2020, but more speculation and higher prices for some 'reopening trades' (further reducing or eliminating diminished margins of safety in those markets). As always there was considerable market noise, and movements in individual prices and indices exceed underlying business changes. Strengthened populist agendas around the new US administration are well beyond noise, and have gained momentum and urgency for interventions, including against successful businesses.

Capricious political and regulatory interventions continue to occur and should be expected to increase, along with higher taxes, bureaucracies and charges impacting SME employers and other businesses. Rent seekers have quickly captured populist agendas and narratives to support massively increased government funding, regulatory interventions and bureaucracies including 'transitions' to new energy and infrastructure. Increased inflation and stagflation risks inevitably follow such government 'help', at least partially offsetting ongoing, extraordinarily positive new business enablement, entrepreneurship, competition increases and consumer fulfilment arising from technology advances and management excellence.

Holdings as at 31 March 2021 are shown in the table that follows (shown as a percentage of investment assets).

	%		%
MasterCard	15.3	US Bancorp	1.3
Visa	15.3	Lloyds Banking Group	1.3
Amazon	9.7	Asahi Group	1.2
Home Depot	9.2	Mitsui & Co	1.1
Facebook	6.2	Allianz	1.0
Alphabet	5.2	Sumitomo Corp	1.0
Bank of America	3.6	DBS Group	0.8
CVS Health	3.6	Lowe's	0.7
Microsoft	2.5	United Overseas Bank	0.5
Procter & Gamble	2.2	Ritchie Bros Auctioneers	0.5
Prosus	2.1	Oversea - Chinese Banking	0.5
CK Hutchison	2.0	Schroders	0.5
Flutter Entertainment	1.8	Marubeni	0.4
L'Oreal	1.8	Sonic Healthcare	0.4
Intercontinental Exchange	1.8	HCA Healthcare	0.3
JP Morgan Chase	1.6	United Health Group	0.1
Morgan Stanley	1.5	PM Capital Global Opportunities Fund	0.1
Mitsubishi	1.5	Berkshire Hathaway Class B	0.1
Itochu	1.4	Magellan High Conviction Trust	0.1

Net debt shown as a percentage of investment assets, was approximately 5.1% as at 31 March 2021 (figures in this paragraph are not adjusted for payables and receivables, including end month net sales and dividend accruals approximating 1.6% of investment portfolio value). AUD net debt was 0.1% (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 4.1%, EUR net debt 0.4%, Yen net debt 0.3% and other currency borrowing/cash exposures were below 1% of investment assets as at 31 March 2021 (all approximate). Key currency rates for AUD as at 31 March 2021 were 0.762 (USD), 0.648 (EUR) and 0.552 (GBP) compared with rates for the previous month which were 0.774 (USD), 0.638 (EUR) and 0.554 (GBP).

Yours faithfully



Chris Mackay  
Portfolio Manager

1 April 2021

<sup>1</sup>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).

MFF Capital Investments Limited ABN 32 121 977 884 (MFF) has prepared the information in this document. This document is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance. This document has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs and MFF does not offer financial advice in any form whatsoever, expressly or implied. To the extent anyone attempts to imply general financial product advice is contained in this document, it is by MFF as a corporate authorised representative of Magellan Asset Management Limited ABN 31 120 593 946 AFSL 304 301.