



**MFF**

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***MFF Capital Investments Limited ('MFF')***  
***Net Tangible Assets ('NTA') per share for August 2019***

*Please find enclosed MFF's monthly NTA per share for August 2019.*

**Marcia Venegas**  
**Company Secretary**

2 September 2019



## **MFF Capital Investments Limited ('MFF') Net Tangible Assets ('NTA') per share for August 2019**

MFF advises that its approximate monthly NTA per share as at 30 August 2019 was \$3.429 pre-tax (\$3.225 as at 30 June, 2019), and \$2.816 after providing for tax<sup>1</sup>. Figures are cum dividend. During the month we paid a regular monthly company income tax instalment of \$1.8m. Tax payments are MFF's largest expenses and reduce pre-tax NTA.

We again had limited market activity in the month, with purchases and sales each at about or below 1% of investment assets. We continue to prefer excellent companies with sustainable advantages and prospects for profitable growth. Not a lot appeared to change for the larger portfolio companies during the month despite considerable and increasing negative economic and political sentiment. The portfolio companies continue to deal with tariffs and supply chain adjustments and political agendas, build for growth and prepare for inevitable future recessions and political cycles. We maintained portfolio flexibility, and the previously noted rationale and lower future return expectations remain.

Although overall equity markets remain relatively robust, indices, and prices generally, remain at or below levels at the end of January 2018. Dispersion has returned somewhat, as overall prices of so called value assets have not risen to reflect lower rates. Bond prices have rebounded strongly (lower or negative yields) and possibilities increase for poor long term returns. So called safe haven buying continued, as crowded momentum jumped on top of central bank and more usual buying to drive markets further into negative rates. Exits and liquidity are expected to be challenging in time; in the second half of the month more hot money traders publicly explained their participation in lower yield chasing as 'it's making money'.

Meanwhile Hollywood is reprising the 1960s Once Upon a Time on the corner of Wall St & Washington but with changed endings to reflect the tech inspired new generations, inequality, growing deficits, social division and an unwinnable [trade] war. Broad inflation is not yet present, and consensus lower for longer currently is only challenged by lower forever. This month reality TV took over the G7, its communique and press conferences.

During the month US and elsewhere consumer strength continued, albeit autos continue to drop, and economists worry about leading indicators. Expectations continue to increase for increased government and central bank interventions. Individual political processes will determine whether emphasis is on skills and infrastructure spending, measures to increase cash in hand, market interventions (such as price and rent controls) designed to reduce inequality, nationalistic and/or further protectionist measures and whether they are funded by increased taxes, unfunded or bought/created by central banks.

Political confidence in market based solutions is a battleground, and outcomes remain unpredictable as the cyclical and seminal changes work their ways through. Pressures are building with insufficient growth across both developed and emerging market countries. Memories are distant for 1990 style optimism in Europe, particularly Germany, and more recent optimism in Argentina. Positive Hollywood style endings are not guaranteed.

Net debt as a percentage of investment assets was approximately 2.5% as at 30 August 2019. AUD net cash was 3.4% (taxes, other expenses and dividends are paid in AUD), GBP net debt 0.5%, USD net debt 5.1% and other currency borrowing/cash exposures were below 1% of investment assets as at 30 August 2019 (all approximate). Key currency rates for AUD as at 30 August 2019 were 0.674 (USD), 0.612 (EUR) and 0.553 (GBP) compared with rates for the previous month which were 0.689 (USD), 0.619 (EUR) and 0.563 (GBP).

Yours faithfully,



Chris Mackay  
Portfolio Manager

2 September 2019

<sup>1</sup> Net tax liabilities are current tax liabilities and deferred tax liabilities, less tax assets.

All figures are unaudited and approximate.

**Important note**

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