



MFF

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

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

Marcia Venegas
Company Secretary

1 October 2019

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

MFF advises that its approximate monthly NTA per share as at 30 September 2019 was \$3.455 pre-tax (\$3.225 as at 30 June, 2019), and \$2.834 after providing for tax¹. Figures are cum dividend. During the month we paid an additional regular monthly company income tax instalment of \$0.4m. Tax payments are MFF's largest expenses and reduce pre-tax NTA.

We again had limited market activity in the month, with sales of less than 1% of investment assets and no purchases. Increases in negative investor sentiment and a noisy political and markets month did not translate into action.

During the month there were again plenty of political and economic inputs. Data remain ambiguous. Manufacturing and similar activities continued their significant falls, with the sizeable European car industry apparently down double digits year on year. Consumption and similar activities apparently continued to grow in most geographies, albeit less strongly than before. Central banks continue their stimulus despite ample evidence of its negative impacts upon bank lending, business and consumer confidence and velocity of money. More widespread fiscal stimulus and initiatives to boost productivity appear closer. India announced a significant cut in the company tax rate from 30% to 22%. Labour markets might be tightening and commodity prices washing out some future supply, in time for the effects of future stimulus. China, which today celebrates 70 years of Communist Party rule, remains a sizeable variable for world economies, well beyond trade issues.

In recent years we have spelt out our lowered return expectations and investment approaches for conditions which appeared to be, or approaching, late cycle(s). It shortly might become more necessary to ask whether mid cycle considerations are again more relevant and whether this matters for the portfolio. Despite a small amount of market price rebalancing during the month in favour of so-called value stocks, low interest rate and growth beneficiaries retain materially higher market ratings and expectations.

Herded investors in private (illiquid) markets, including unicorns, and zero or negative interest rate bond markets, might have started to encounter some stress, partially mitigated by modern promoter shibboleths continuing to transfer real value. In recent years proponents of lower forever and of technology growth forever have translated narratives, momentum and market price 'superiority' in bond and private markets to ratings in equity markets. Central banks and politicians do not currently appear focussed on crowded trades and increasing associated risks in major asset classes.

Holdings as at 30 September 2019 with a market value of 0.5% or more of the portfolio are shown in the table below (shown as a percentage of investment assets).

Holding	%	Holding	%
Visa	15.8	CVS Health	2.8
MasterCard	15.6	Lloyds Banking Group	2.3
Home Depot	11.2	Blackrock	2.1
Bank of America	8.3	DBS Group	1.8
JP Morgan Chase	7.0	United Overseas Bank	1.8
Alphabet	6.6	Oversea - Chinese Banking Corp	1.4
Lowe's	4.2	Microsoft	1.2
Wells Fargo	3.8	Facebook	0.9
HCA Healthcare	3.5	Capitaland	0.8
US Bancorp	3.5	Coca Cola	0.7
S&P Global	3.1	Kraft Heinz	0.7

Net debt as a percentage of investment assets was approximately 1.8% as at 30 September 2019. AUD net cash was 3.3% (taxes, other expenses and dividends are paid in AUD), GBP net debt 0.5%, USD net debt 4.5% and other currency borrowing/cash exposures were below 1% of investment assets as at 30 September 2019 (all approximate). Key currency rates for AUD as at 30 September 2019 were 0.674 (USD), 0.619 (EUR) and 0.547 (GBP) compared with rates for the previous month which were 0.674 (USD), 0.612 (EUR) and 0.553 (GBP).

Yours faithfully,



Chris Mackay
Portfolio Manager

1 October 2019

¹ 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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