



**MFF**

CAPITAL INVESTMENTS LIMITED

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

General: +61 2 9235 4888  
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 for February 2020***

*Please find enclosed MFF's monthly NTA per share for February 2020.*

**Marcia Venegas  
Company Secretary**

2 March 2020



## MFF Capital Investments Limited ('MFF') Net Tangible Assets ('NTA') per share for February 2020

MFF advises that its approximate monthly NTA per share as at 28 February 2020 was \$3.395 pre-tax (\$3.225 as at 30 June 2019), and \$2.757 after providing for tax<sup>1</sup>. The special dividend was paid in the month and the figures are cum dividend for the interim ordinary dividend which will be paid in accordance with the usual schedule (ex-dividend April 2020, payable May 2020).

Equity markets continued their longstanding upwards moves until reversing aggressively with falls well over 10% in the final 10 days of the month. Portfolio market values fell and this is reflected in the NTA figures. The special dividend, and tax instalments (\$5.9m), paid during the month also reduced NTA (pre tax for the tax instalments).

MFF maintains its balance sheet strength and focus upon advantaged, profitable businesses. MFF has been a seller during the 2019/20 financial year (sales of \$141.8m in H1 as per the Cashflow statement in the H1 accounts, \$46.9m in January and \$67.5m in February). February purchases were negligible (\$1.8m) [all figures approximate and rounded]. MFF continued to become entitled to regular quarterly dividends (\$1.7m February) with some special dividends and regular dividend increases declared in February to be received in upcoming months.

In relation to the spreading virus it appears too early to forecast sensibly the primary and derivative (supply chain, counterparty, psychological, behavioural, political, central bank, fiscal etc) economic implications (including incidence, severity and duration). Political risks and uncertainty also elevated in February, contributing to falls in previously strong equity prices. At month end, interest rates reached even lower record levels. Medium and longer term economic implications of the virus and the other factors on investment, inflation, markets etc might be different to short term implications.

MFF is not under pressure to either act or to do nothing. In addition to near term risks and the market price movements, opportunity costs changed in the month. Overall US equity markets were around peak levels reached in January 2018 and October 2018 prior to the most recent downturns, but market interest rates are materially lower.

During the month, several of MFF's US holdings had positive reports on their financials, positioning and risks. We remain confident that portfolio holdings will add to their business values over coming years and decades. During the month we continued to reduce the small opportunistic/tactical component of the portfolio. The full holdings as at month end are below to show the overall risk positioning and these tactical close outs, although these changes are immaterial financially for the portfolio.

All holdings as at 28 February 2020 are shown in the table below (shown as a percentage of investment assets and net cash).

<b>Holding</b>	<b>%</b>	<b>Holding</b>	<b>%</b>
MasterCard	17.9	United Overseas Bank	1.8
Visa	17.9	US Bancorp	1.6
Home Depot	11.3	Blackrock	1.6
Bank of America	8.2	Microsoft	1.5
JP Morgan Chase	6.2	Oversea - Chinese Banking	1.5
Alphabet	5.2	S&P Global	1.4
Lowe's	4.3	Kraft Heinz	0.7
HCA Healthcare	4.0	Capitaland	0.7
Wells Fargo	3.0	Schroders	0.4
CVS Health	2.8	Morgan Stanley	0.1
Lloyds Banking Group	2.7	SATS	*
DBS Group	2.1	Facebook	*
		* less than 0.1%	

Net cash (this month including short term receivables) as a percentage of investment assets was approximately 3.0% as at 28 February 2020. AUD net cash was 3.3% (taxes, other expenses and dividends are paid in AUD), USD net debt 0.1% and other currency borrowing/cash exposures were below 0.3% of investment assets as at 28 February 2020 (all approximate). Key currency rates for AUD as at 28 February 2020 were 0.645 (USD), 0.587 (EUR) and 0.505 (GBP) compared with rates for the previous month which were 0.669 (USD), 0.604 (EUR) and 0.508 (GBP).

Yours faithfully,



Chris Mackay  
Portfolio Manager

2 March 2020

<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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