



**MFF**

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

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

**Marcia Venegas  
Company Secretary**

3 June 2019

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

MFF advises that its approximate monthly NTA per share as at Friday 31 May 2019 was \$3.048 pre-tax (\$2.762 as at 30 June 2018), and \$2.533 after providing for tax<sup>1</sup>. The interim dividend was paid in May (1.5 cents per share fully franked).

The portfolio was almost unchanged in May. Equity market falls mentioned below were reflected in MFF's lower monthly figures. Transactions were again below 1% of portfolio value and again were sales only. Our principles of portfolio construction remain unchanged (particularly our quality/value/risk assessments), and our portfolio remains competitively advantaged. The strong USD/weak AUD continued in May and, unlike in previous years, currency movements (helping our essentially unhedged currency positions) are not expected to provide much risk protection from current levels.

May was a month of considerable activity in markets generally. This included broad equity index falls of a little over 5% which reversed recent market momentum, exceeded May monthly falls in recent years and increased market fears about a repeat of last December.

We expect some opportunities over the next few years and have maintained considerable balance sheet capacity and investments in liquid securities in case alternatives offer better prices/risks/prospects trade-offs than the portfolio. May highlighted many of the ongoing risks and challenges for profitable businesses, some of which are noted below. Whilst recognising opportunities for profitable growth, we maintain some elevated concerns about business and regulatory issues for current and prospective investee companies.

Trade concerns escalated in May as did sanctions and regulatory/capital restrictions (actual and proposed). Additionally, many companies, including some MFF holdings, reported or updated on (mostly) moderately increased competitive and margin pressures which went beyond slower sales and elevated USD translation effects.

Factors including negative interest rates in Europe and Japan continue downward pressure on US and global interest rates and finance 'carry' flows to the US, USD and other positive yields. Consensus moved in recent months to dismiss inflation, and markets reflect this new consensus. Hence borrowing costs are low and leveraged financial market participants are becoming more active, and risks (and ,in time, losses) increase.

Zealous bureaucratic and regulatory centralisation/standardisation particularly in Europe is increasingly disconnected from business and hampering growth despite ample growing contrary evidence, for example of sclerotic capital markets. Powerful capricious and parochial regulation continues to increase as multilateralism falters. Sustained low growth and unequal globalisation/technological effects are reflected in frustrated, concerned electors' contradictory results and the search for more radical 'solutions'.

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Holdings as at 31 May 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).

<b>Holding</b>	<b>%</b>	<b>Holding</b>	<b>%</b>
Visa	16.1	CVS Health	2.4
MasterCard	15.8	Blackrock	2.1
Home Depot	10.0	DBS Group	1.9
Bank of America	8.3	United Overseas Bank	1.8
JP Morgan Chase	6.8	Oversea - Chinese Banking Corp	1.4
Alphabet	6.1	Coca Cola	1.0
S&P Global	4.3	AECOM	0.8
Lowe's	3.8	Capitaland	0.8
US Bancorp	3.8	Microsoft	0.7
HCA Healthcare	3.7	Kraft Heinz	0.7
Wells Fargo	3.5	Facebook	0.5
Lloyds Banking Group	2.7		

Net debt as a percentage of investment assets was approximately 3.1% as at 31 May 2019. AUD net cash was 3.7% (taxes, other expenses and dividends are paid in AUD) , GBP net debt 0.5%, USD net debt 5.9% and other currency borrowing/cash exposures were below 1% of investment assets as at 31 May 2019 (all approximate). Key currency rates for AUD as at 31 May 2019 were 0.693 (USD), 0.622 (EUR) and 0.550 (GBP) compared with rates for the previous month which were 0.704 (USD), 0.628 (EUR) and 0.540 (GBP).

Yours faithfully,



Chris Mackay  
 Portfolio Manager

3 June 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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