



CAPITAL INVESTMENTS LIMITED

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

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

***Geoffrey Stirton
Company Secretary***

Friday, February 1, 2019

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Net Tangible Assets ('NTA') per share for January 2019**

MFF advises that its approximate monthly NTA per share as at 31 January 2019 was \$2.814 pre-tax, (\$2.762 pre-tax as at 30 June 2018) and \$2.378 after providing for tax¹. Figures are cum dividend (1.5 cents per share fully franked payable in May 2019).

Portfolio activity in January was minimal as market prices mostly rose from the lows of December. MFF made a few purchases (approximately 0.9% of portfolio value) where price limits were reached at the beginning of the month. This was around the time of the Apple downgrade preannouncement, and some prices initially reflected the carry-over of negative market sentiment from end 2018. There was a single sale of less than 0.1% of portfolio value from our temporary consumer staples (cash equivalents) holdings, which were discussed in the March 2018 NTA release.

During January a majority by value of the portfolio companies reported December quarter and 2018 results, as did about half of the leading global companies. Overall results and outlook statements exceeded market expectations, and US equity markets had the strongest percentage January appreciation in decades. Share (and commodity) price recoveries in the month were broad based rather than stock or index specific. New issues also increased in debt markets and more modestly in equity markets; primary markets are not back to the permissive levels of Q2/Q3 2018 but may be heading that way.

Overall the results for our portfolio companies were excellent with few negatives amongst our large holdings. In some cases market expectations had remained very high going into results and market reactions were subdued, but the post result reactions for Facebook and some of the US banks reflected lower expectations.

We remain focused on competitive positions and threats, and outlooks for profitable growth over years. Our companies maintained structural advantages. Capital allocation remains shareholder friendly with buyback and dividend increases and favourable issuer terms for debt rollovers. Most of the portfolio companies also continue investing substantial sums out of current profits in longer term initiatives to maintain/enhance competitive advantages.

Cyclical impacts have become more nuanced with the US Federal Reserve removing the rationale for some of the 2018 panic by confirming that interest rates are on hold, and Government and trade issues detracting from current GDP and earnings (but likely extending the duration of the cycles by reducing capacity constraints, as some investment/consumption has been deferred).

MFF currency and debt positions were materially unchanged in the month. Currency markets mostly remained benign, as did bond markets. The AUD fell during a 'flash crash' after the Apple downgrade and this more than reversed as the USD weakened modestly towards the end of the month. USD weakness reduced the monthly NTA figures.

Holdings as at 31 January 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	13.0	CVS Health	2.7
MasterCard	12.7	Lloyds Banking Group	2.6
Home Depot	9.3	Apple	2.1
Bank of America	8.3	Blackrock	2.0
Alphabet	7.1	DBS Group	1.6
JP Morgan Chase	5.9	United Overseas Bank	1.5
Facebook	5.5	Oversea - Chinese Banking	1.2
Lowe's	4.4	Coca Cola	1.1
HCA Healthcare	4.1	Kraft Heinz	0.9
S&P Global	3.7	Capitaland	0.8
Wells Fargo	3.5	AECOM	0.7
US Bancorp	3.4	Microsoft	0.6

Net debt as a percentage of investment assets was approximately 9.6% as at 31 January 2019. AUD net cash (including short term bank deposit) was 1.9%, GBP net debt 0.6%, USD net debt 10.9% and other currency borrowing/cash exposures were below 1% of investment assets as at 31 January 2019 (all approximate). Key currency rates for AUD as at 31 January 2019 were 0.7292 (USD), 0.6355 (EUR) and 0.5543 (GBP), compared with rates for the previous month which were 0.7040 (USD), 0.6158 (EUR) and 0.5528 (GBP).

Yours faithfully,

A handwritten signature in black ink that reads 'Chris Mackay' in a cursive script.

Chris Mackay
Portfolio Manager

Friday, February 1, 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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