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***MFF Capital Investments Limited ('MFF')  
Net Tangible Assets ('NTA') per share for December 2017***

*Please find enclosed MFF's monthly NTA per share for December 2017.*

***Geoffrey Stirton  
Company Secretary***

***2 January 2018***

**MFF Capital Investments Limited ('MFF')  
Net Tangible Assets ('NTA') per share for December 2017**

MFF advises that its approximate monthly NTA per share as at 29 December 2017 was \$2.475 pre-tax, (\$2.324 pre-tax as at 30 June 2017) and \$2.112 after providing for tax<sup>1</sup> (mostly deferred). Tax of approximately 1.2 cents per share was paid in December for 2016/17 and the performance accrual of 0.2 cents per share was triggered at month end (each reduce pre-tax NTA). Franking credits at month end were approximately 1.4 cents per share.

Overall conditions have remained broadly unchanged for the latest month, quarter and six months. Equity markets, economic data and performances by MFF's portfolio companies remained strong. There are some indicators of acceleration, as is customary later in cycles, and the US corporate tax cuts were enacted in December. Benchmark US 10 year bond yields remained benign, at slightly higher levels of about 2.4% per annum.

Conditions have been broadly unchanged for an extended period, and MFF continues gradually to prepare for change. Although MFF is not under pressure to buy, sell or hold, our goals of maintaining decent after tax returns and seeking to protect capital are far more difficult in prevailing much higher markets as reflected in MFF's low double digit after tax portfolio appreciation for the latest 6 months. Investors weigh up positive views about near term corporate profitability, economic growth, market dynamics (including supply and demand) and assessments of opportunity costs against rising market prices and rising financial market and other risks. Although cyclical and turning points eventually follow markets buoyed by liquidity, historically high profit margins, reduced taxes and recent sizable gains, we have benefitted from our participation.

In recent years we have wrongly expected materially lower returns and periodic market downturns, and we continue with these expectations. There has been little market benefit from Adaptation (as mentioned at our latest AGM) given the continuation of Momentum referred to in the previous year. We have remained cautious about new initiatives, and missed direct participation in the current commodity price recoveries for example. It remains likely that our major holdings will earn materially more in 10 years or so, and we are cautious about swapping high quality businesses for securities in lesser businesses (even ignoring transaction costs and tax impacts), particularly later in market cycles. Current market conditions appear to require the taking of real risk for the potential of equity returns or less. We have to consider the extent to which we deploy parts of our balance sheet cash in modest return, moderate risk opportunities (at best) prior to market turns, or whether we accept close to zero returns on lower risk cash with options for subsequent deployment.

Shorter cycles are occurring within the currently benign overall cycle; "good news happens in bull markets" and inflates key figures (some indicators have been discussed in recent monthly NTAs). Beyond the immediate, we expect some pressures in emerging markets and in refinancing (perhaps broadly given the duration of the low interest rate cycle, higher incidence of borrowing, market disintermediation and liquidity issues, with rollups, internet challengers and traditional retailing amongst vulnerable sectors). The displacement of baby boomer workers by millennials impacts almost everything, including supply and demand in investment markets (investible assets versus student debt, for example), and casts doubt on whether the US tax cut gift to boomers will be maintained if unpopular with voting millennials (who fund it via higher future taxes and debt). The current cycles may be extended materially if the US administration implements a broad infrastructure investment subsidy program, for example with the recycling of funds from asset sales by the 50 states into new projects and repairs, and there would be considerable 'multiplier effect' benefits particularly for millennial project workers.

US Dollar weakness was a characteristic of calendar 2017. An important positive is that it has assisted the US Federal Reserve in commencing its massive policy normalization. The weak USD also assists in the translation effect for non US earnings from US multinationals. USD weakness and end year AUD strengthening with commodity recovery, have continued to be headwinds for MFF's reported NTA figures. We continue to hold the majority of cash in USD and not to hedge our asset positions back into AUD.

Holdings as at 29 December 2017 with market values of 0.5% or more of the portfolio are shown in the table below (shown as percentages of investment assets including net cash).

Holding	%
Visa	12.9
Home Depot	11.0
MasterCard	10.7
Bank of America	10.1
Lowe's	9.3
Wells Fargo	6.1
JP Morgan Chase	4.8
HCA Healthcare	4.2
US Bancorp	4.2
Alphabet	3.8

Holding	%
CVS Health	3.2
Lloyds Banking Group	3.1
Facebook	2.5
S&P Global	1.4
DBS Group	1.3
United Overseas Bank	1.3
Oversea - Chinese Banking	1.2
Capitaland	0.9
Schroders	0.5

Net cash as a percentage of investment assets including net cash was approximately 6.5% as at 29 December 2017. AUD net cash was 0.1%, GBP net debt 2.4%, USD net cash 8.8% and other currency borrowing/cash exposures were below 1% of investment assets as at 29 December 2017 (all approximate). Key currency rates for AUD as at 29 December 2017 were 0.7822 (USD), 0.6514 (EUR) and 0.5782 (GBP), compared with rates for the previous month which were 0.7592 (USD), 0.6367 (EUR) and 0.5608 (GBP).

Yours faithfully,



Chris Mackay  
Portfolio Manager

2 January 2018

<sup>1</sup> Net tax liabilities are tax liabilities less tax assets, and are partially in respect of realised gains.

All figures are unaudited and approximate.