MFF
CAPITAL INVESTMENTS LIMITED

MFF Capital Investments Limited

Annual Report

For the year ended 30 June 2021

ABN 32 121 977 884

Contents

Chairman's Letter

for the year ended 30 June 2021

I am pleased to write to you in the Annual Report of MFF Capital Investments Limited ("MFF" or the "Company") for the year ended 30 June 2021. Please also take the time to read the Financial Statements and our Portfolio Manager's Report which follow.

Financial Results, Markets and Portfolio Overview

The Company's profit or loss starts each new financial year at zero, based off the market values at the end of the previous financial year. Therefore, significant fluctuations in reported year to year results are to be expected. This financial year MFF recorded a net profit after tax of $217.5 million. Pre-tax profit was $310.7 million.

The Company uses "mark to market" accounting for both investments and foreign exchange and our net profit principally reflects the positive movements in the market value of our investments, particularly in the second half of the financial year, partially offset by negative currency movements, mainly in the first half (please refer to Statement of Profit or Loss and Comprehensive Income).

Rising geopolitical tensions, increasing protectionism under the guise of national security and prolonged social and economic dislocation related to COVID-19 have made for a particularly challenging macro-economic setting in which to invest. During the early stages of the pandemic, the Company acted to maintain and enhance its balance sheet strength whilst keeping a small number of large positions in businesses we regard as well-placed to provide strong returns over time. During the year, our main activity was to add to existing positions and to acquire new positions in businesses we regard as advantaged (please refer to the Portfolio Manager's Report).

The Company's asset values benefited from strong markets and the successful redeployment during the year of the $680.1 million of cash and cash equivalents MFF held as at 30 June 2020. The net change in fair value of investments for the portfolio was $324.8 million for the year. This figure predominantly reflects "mark to market" unrealised gains from increased equity portfolio prices and a smaller impact from realised profits from the $134.3 million of equity investment sales during the year, each of which include the currency impact for the year on the AUD market values of our portfolio holdings. Please also refer to the Portfolio Manager's Report for a discussion of the currency movements during the year, including the impact on the AUD values of cash balances (which were predominantly held in USD before redeployment).

As highlighted in previous years, the Company's balance sheet and financial flexibility remain very strong. At year end, MFF's $1,593.6 million of total equity comprised retained profits and profits reserve of $913.9 million and contributed equity of $679.7 million. Investments at market value were $1,994.7 million. The deferred tax liability of approximately $269.2 million (relating to unrealised portfolio gains) was the largest liability. Borrowings less cash and cash equivalents were $131.0 million (please refer to Statement of Financial Position). The portfolio remains concentrated in companies with large volumes of daily trading in comparison with MFF's holdings (in other words almost all of our portfolio holdings are very liquid, or capable of being converted rapidly to cash if necessary). During the year, MFF paid cash dividends of approximately $26.0 million (net of dividend reinvestment) as well as cash tax payments of approximately $3.4 million, whilst net interest received or paid was minimal (please refer to Statement of Cash Flows).

Total operating expenses were well contained and reduced from $9.2 million last year to $7.2 million this year. However, the allowance for income tax (mostly deferred) for the year was $93.2 million compared with $10.7 million last year (please refer to Statement of Profit or Loss and Comprehensive Income). Tax payments are direct corporate outflows and reduce MFF's pre-tax assets. In addition to corporate income tax, other taxes and charges include foreign dividend withholding tax, GST, employment taxes and 'user pays' regulatory, stock market and other levies. These taxes and charges are the largest expenses for the Company.

Corporate tax payments for the Company are levied monthly. Monthly instalments mean the current tax liability as at financial year end of approximately $0.1 million (please refer to Statement of Financial Position), will be increased as 2021-22 monthly instalments are levied.

All investments held at the end of the period are listed in Note 6 of the Financial Statements. Details about the portfolio and currency positions and discussions of markets are included in the Portfolio Manager's Report (refer to page 17). In the current Financial Statements and other shareholder communications, we seek to provide shareholders with very high levels of transparency about MFF, our portfolio, decisions made, prospects and risks, in addition to detailed statutory information. The Company provided expanded, prompt, monthly and weekly updates to shareholders (also released to the ASX), including regular details on cash/debt levels and portfolio changes, during the ongoing pandemic and associated market fluctuations.

As consistently noted in our communications, if the Company's investment approach is successful, market fluctuations should continue to benefit MFF over the medium to longer term. However, market fluctuations are unpredictable and adverse movements may be sustained. Your Board and Portfolio Manager continue to note that some periods of negative movements are inevitable over this time frame. For example, currency movements were a negative for the year as the USD depreciated against the AUD, impacting the AUD values of the Company's cash holdings and investments. A majority of proceeds held from the sale of portfolio holdings in the previous year were held in USD prior to redeployment.

Risks associated with sustained low interest rates and high asset prices continued during the year. We therefore continue to caution against elevated investor expectations.

Dividends and Capital Structure

The Company's financial position and strong performance during the year supported the Directors' declaration today of a fully franked final dividend of 3.5 cents per ordinary share, compared with a fully franked final dividend of 3.0 cents per ordinary share last year. This year's final dividend will be paid in November 2021, with the Dividend Reinvestment Plan to operate (at zero discount). During the year the Company paid fully franked dividends of 3.0 cents per ordinary share in both November 2020 and May 2021.

In addition to the increased final dividend declared today, the Company's Directors have decided to reaffirm MFF's ongoing dividend policy and their intention to increase the rate of the six-monthly dividend, within the next two year period, from the current rate of 3.5 cents per ordinary share to 5.0 cents per ordinary share, subject to corporate, legal and regulatory considerations, with continued operation of the Dividend Reinvestment Plan (at zero discount). The current rate of six-monthly dividends at 3.5 cents per ordinary share represents approximately $40 million per annum.

During the financial year, the Company undertook a bonus issue of options on a 1:5 basis to shareholders. The options were issued for no consideration. Each option allows the holder to subscribe for a new share in the Company at any time until 31 October 2022 at an exercise price of $2.60 per ordinary share. The options are ASX quoted and tradeable (code MFFOA). During the year, 15.5 million of the options were exercised and 94.4 million remain to be exercised (refer to Note 8 to the Financial Statements). Shares issued upon exercise of options participate in dividends equally with all other shares from their date of issue. Your Directors continue to favour the possible benefits of greater scale and regard the option issue to be in shareholders' overall interests. An important consideration for the Board continues to be to ensure that shareholders have equal opportunity to participate in entitlements or bonus option issues, including the opportunity to realise market value for entitlements or options.

MFF's dividend and capital policies balance various considerations. We note, continue to respect, and have responded to, the desire of some shareholders for higher dividends. MFF has increased fully franked dividends and Directors have put in place a path for further increases. We also note that MFF's retained funds continue to be put to good use with strong medium-term returns and the Company remains small from the perspective of both its cost base and investment universe.

The Board is committed to prudent capital management and a conservative approach to protect shareholder value over time. To this end, the Directors transferred a further $217.5 million from MFF's retained profits to a profits reserve at year end. The amount represents the total of the Company's net profits after income tax in the 2021 financial year. The transfer of retained profits to profits reserve is a prudent measure to preserve the Company's capacity to pay future dividends, consistent with MFF's dividend policy. As at 30 June 2021 available tax franking credits were approximately $106.9 million (approximately 18.8 cents per ordinary share) following fully franked dividends and tax payments during this financial year.

The Company retains flexibility to fund further investments from sale of existing investments (subject to paying taxes on gains) and retains access to borrowing and equity capacity. The Company has liquid investments and debt markets remain favourable. The potential additional capital from further exercise of options increases the Company's funding flexibility and may further enable MFF to increase exposure to attractive investment opportunities over time or reduce the net debt levels.

As a listed investment company, the Company's capital structure has an advantage that in times of stress, MFF is not forced to sell investments to meet redemption requests. Conversely, however, the Company has not had the very material benefits of steady inflows in the generally rising markets in recent years. Over the years MFF has generally had to sell existing investments to fund new investments. The Company's opportunity cost is high when selling high quality existing investments with above average medium- term growth prospects, thereby incurring tax on accrued gains, in order to buy replacement investments of similar or inferior quality. Although these principles remain true, we have often noted that markets are also cyclical, and that higher prices mean more realisations for MFF than when prices are low.

The Company continues to consider sensible investments which might provide MFF with a meaningful flow of income where the Company would have control over the allocation, but market prices currently remain unfavourable compared with the benefits of MFF's existing portfolio, including its liquidity aspects (which remained important in the financial year). While attractive opportunities are expected to emerge out of the uncertainty linked with the ongoing pandemic and in subsequent periods, the investment portfolio is well-positioned and the approach remains consistent, disciplined and prudent.

Chairman's Letter

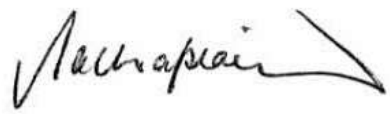
for the year ended 30 June 2021

Annual General Meeting

I would like to draw shareholders' attention to a forthcoming change to the composition of the Company's Board. After close to 15 years of service to MFF's Board, John Ballard has advised that he will retire at the Annual General Meeting later in the year. John's contribution to the success of the Company has been extraordinarily valuable, including his vast experience, wise counsel and excellent judgement. On behalf of my fellow Directors and shareholders, I thank John for his outstanding service to MFF.

Finally, I thank you shareholders for your continuing support and commitment to MFF. Your Directors look forward to welcoming those of you who can join the Annual General Meeting on 1 October 2021. We will advise over the next month whether this year's AGM will be virtual or in person. As always, we welcome your input and feedback on the Company. The Notice of Annual General Meeting will be dispatched to shareholders in the coming weeks.

Yours faithfully,



Annabelle Chaplain AM
Chairman

Sydney
29 July 2021

Directors' Report

for the year ended 30 June 2021

The Directors of MFF Capital Investments Limited ("MFF" or the "Company") submit their annual report in respect of the period ended 30 June 2021.

1. Company Overview

The Company is a listed public company incorporated in Australia. Its principal place of business is Level 36, 25 Martin Place, Sydney, New South Wales, 2000.

The Company's shares and options are listed on the Australian Securities Exchange (ASX code: MFF and MFFOA respectively).

2. Principal Activity

The principal activity of the Company is the investment in a minimum of 20 exchange listed international or Australian companies.

3. Dividends

Final and Interim Dividends

During the period the Company paid the final dividend for the prior period ended 30 June 2020 of $16,747,000 (3.0 cents per ordinary share) and the interim dividend for the period ended 31 December 2020 of $16,990,000 (3.0 cents per ordinary share), both fully franked.

On 29 July 2021, the Directors declared a fully franked final dividend, for the period ended 30 June 2021, of 3.5 cents per ordinary share (June 2020: fully franked final dividend of 3.0 cents per ordinary share), which will be paid on 5 November 2021. The amount of the proposed dividend, based on the number of ordinary shares on issue at 30 June 2021, is $19,881,000. The Dividend Reinvestment Plan ("DRP") will operate in conjunction with this dividend and no discount will be applied for the DRP.

On 29 July 2021, the Directors reiterated their intention to increase the rate of the six monthly dividend, within the two year period from that date, from the current rate of 3.5 cents per ordinary share to 5.0 cents per ordinary share, subject to corporate, legal and regulatory considerations, with continued operation of the DRP (at zero discount).

Imputation Credits

At 30 June 2021, the Company's total available imputation credits (based on a tax rate of 30%) were $106,885,000 (June 2020: $117,971,000).

4. Review of Financial Results and Operations

Financial Results for the Period

The Company recorded a pre-tax profit of $310,704,000 (June 2020: pre-tax profit $35,842,000) and a net profit after income tax of $217,525,000 (June 2020: $25,093,000) for the period ended 30 June 2021. Earnings per share were 38.92 cents (38.75 cents diluted for MFF 2022 options).

The Company reported pre-tax net tangible assets ("NTA") of $3.279 per ordinary share (before net tax liabilities of $0.474 per ordinary share) as at 30 June 2021 compared with $2.809 per ordinary share (before net tax liabilities of $0.331 per ordinary share) as at 30 June 2020. The Company also reported a post-tax NTA of $2.805 per ordinary share as at 30 June 2021 compared with $2.478 per ordinary share as at 30 June 2020.

The ongoing COVID-19 pandemic impacted the companies in MFF's investment portfolio during the year. As markets will always be subject to fluctuations, the investment performance and results of the past period to 30 June 2021 should not be considered to be representative of results and returns in future financial periods.

Operations – Portfolio and Activities

The Company's financial results, investment returns, portfolio composition and changes during the period are summarised in the Portfolio Manager's Report (refer page 17) and detailed in the Financial Statements.

Strategy and Future Outlook

The Company is invested in equities, mainly denominated in foreign currencies. As equity and currency markets continue to be subject to fluctuations, it is not meaningful or prudent to provide a detailed outlook statement or statement of expected results of operations.

The Company provides regular updates in the weekly and monthly NTA announcements, which can be found in the Australian Securities Exchange ("ASX") announcements and in the investor centre section of the MFF website, www.mffcapital.com.au. Releases to shareholders and the ASX have included discussions in relation to the Company's investment processes and some investee companies from time to time.

The Company sets out its 30 largest portfolio holdings at 30 June 2021 in the Portfolio Manager's Report (this information was also released to the ASX on 1 July 2021 as part of the June 2021 monthly NTA release), and the full portfolio is set out in Note 6 to the Financial Statements.

The Company's capital structure is detailed in Note 8 to the Financial Statements including the MFF 2022 Options ("Options").

5. Likely Developments and Expected Results of Operations

The Company will continue to pursue its principal investment objective which is to increase the NTA per share of the Company, over time, in a manner consistent with prudent risk management.

The methods of operating the Company are not expected to change in the foreseeable future.

6. Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the period other than as disclosed in this report.

7. Subsequent Events

In the latest release to the ASX on 26 July 2021, the Company reported a NTA per ordinary share as at 23 July 2021, as follows:

	23 Jul 2021 $[1]	30 Jun 2021 $[2]
Pre-tax NTA per ordinary share	**3.492**	**3.279**
Net tax liabilities per ordinary share	**0.538**	**0.474**
Post-tax NTA per ordinary share	**2.954**	**2.805**

[1] The NTA per ordinary share reported to the ASX is approximate and not audited by EY.
[2] NTA audited by EY (refer Note 14).

The above NTAs per share have not been adjusted for the expected dilution from the exercise of the MFF 2022 options.

Subsequent to 30 June 2021, and until 28 July 2021, a further 221,942 options have been exercised resulting in an additional 221,942 ordinary shares being issued.

Other than the above matters and the proposed dividend detailed at Section 3, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

Directors' Report

for the year ended 30 June 2021

8. Directors and Secretaries

The following persons were Directors of the Company during the period and up to the date of this report:

		Appointed	Resigned
Annabelle Chaplain AM[1]	Chairman & Independent Non-executive Director	21 May 2019	-
John Ballard	Independent Non-executive Director	19 October 2006	-
Robert Fraser[2]	Independent Non-executive Director	21 May 2019	-
Chris Mackay[3]	Managing Director and Portfolio Manager	29 September 2006	-
Peter Montgomery AM[4]	Independent Non-executive Director	21 May 2019	-
Andy Hogendijk	Independent Non-executive Director	19 October 2006	2 October 2020

1 Ms Chaplain was appointed Chairman on 1 August 2019.
2 Mr Fraser was appointed Chairman of the Audit and Risk Committee on 2 October 2020.
3 Mr Mackay was appointed Managing Director and Portfolio Manager on 1 October 2013.
4 Mr Montgomery was appointed to the Audit and Risk Committee on 2 October 2020.

Secretary

The following persons were Secretaries of the Company during the period and up to the date of this report:

	Appointed
Marcia Venegas	20 March 2019
Mariana Kolaroski	23 April 2021

Information on Directors and Secretary

The following information is current as at the date of this report.

Annabelle Chaplain AM

Chairman of the Board and Independent Non-executive Director.

Annabelle Chaplain brings extensive experience in the financial services, mining, engineering and infrastructure sectors. Annabelle has more than twenty five years' experience as a director of public listed, government, private company and not for profit companies.

Annabelle is currently a Director of Seven Group Holdings Limited (since November 2015) and Super Retail Group Ltd (since March 2020). She is also the Chairman of Canstar Pty Ltd, a leading digital intermediary in finance in Australia and New Zealand and a Non-executive Director of the Australian Ballet. Annabelle was previously a Director of Downer EDI Ltd (July 2008 - November 2019) and Credible Labs Inc (December 2017 – October 2019).

In 2015, Annabelle was awarded Griffith University Business School's Outstanding Alumnus of the year and in 2016, Griffith University conferred on her an honorary doctorate in recognition of her distinguished service to banking, finance and the community. Annabelle is a Fellow of the Australian Institute of Company Directors and holds an MBA from the University of Melbourne.

John Ballard

Independent Non-executive Director and member of the Audit and Risk Committee.

John Ballard has extensive senior executive experience across a wide range of industries. He was previously Chairman of Elders Limited, Managing Director and Chief Executive Officer of Southcorp Limited, Managing Director Asia Pacific at United Biscuits Limited and Managing Director Snack Foods for Coca-Cola Amatil Limited, a Director of Woolworths Limited and Email Limited, Chairman of Wattyl Limited, a Director of CSR Limited and subsequently Rinker Limited, a former Director of Fonterra Cooperative Group Limited, International Ferro Metals Limited and a Trustee of the Sydney Opera House Trust.

John is currently Chairman of the Advisory Boards at Pacific Equity Partners and a Director of The Brain Cancer Group. He is a Fellow of the Australian Institute of Company Directors and holds an MBA degree from Columbia University, New York.

Robert Fraser

Independent Non-executive Director and Chairman of the Audit and Risk Committee.

Robert Fraser is a company director and corporate adviser with over 30 years of investment banking experience, specialising in mergers and takeovers, capital management, equity capital markets and corporate governance.

Robert is currently the Managing Director of TC Corporate Pty Limited, the corporate advisory division of Taylor Collison Limited stockbrokers of which he is a Director and Principal. He is a Non-executive Director of Magellan Financial Group Limited ("MFG"), where he is Chairman of Magellan Asset Management Limited (Responsible Entity and main operating subsidiary of MFG), Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. He is also a Non-executive Director of ARB Corporation Limited, where he is Chairman of the Audit Committee and the Remuneration and Nomination Committee, and F.F.I. Holdings Limited.

Robert has a Bachelor of Economics and Bachelor of Laws (Hons) degrees from the University of Sydney and is also qualified as a licensed business broker and licensed real estate agent.

Chris Mackay

Managing Director and Portfolio Manager.

Chris Mackay was appointed Managing Director and Portfolio Manager of the Company with effect from 1 October 2013. He is a Director of Seven Group Holdings Limited (appointed June 2010) and was a Director of Consolidated Media Holdings (formerly Publishing and Broadcasting) from 2006 until its takeover by News Corporation in November 2012.

Chris has considerable experience in business management, business assessment, capital allocation, risk management and investment. He became an investment banker in 1988, after being a corporate and banking lawyer, and has broad experience in the financial and corporate sectors.

Chris co-founded Magellan after retiring as Chairman of the investment bank UBS Australasia in 2006, having previously been its Chief Executive Officer. He was a member of the Federal Treasurer's Financial Sector Advisory Council and the Business Council of Australia, and a director of the International Banks & Securities Association.

Peter Montgomery AM

Independent Non-executive Director and member of the Audit and Risk Committee.

Peter Montgomery is a graduate in law from Sydney University and is a Sydney solicitor. Peter has had a wide ranging multi decade business career which includes extensive public company experience both as a director and a substantial shareholder in public and private companies whose activities have included radiology, aged care, retirement villages, contract oil and gas drilling, funds management, land development and operating tourism businesses.

Peter has had an extensive career in sport both as an athlete, and Australian and global roles as an honorary official, including being the Foundation President of the World Olympians Association. Peter received an Order of Australia Medal in 1986 and was awarded an AM in 2006.

Mariana Kolaroski

Company Secretary.

Mariana Kolaroski was appointed Company Secretary on 23 April 2021. Mariana is an experienced legal professional with over 13 years of experience specialising in corporate law and mergers and acquisitions. Prior to joining MFG, Mariana was a Special Counsel at Minter Ellison, having spent 12 years advising on major corporate transactions, corporate law and corporate governance. During this time, she also gained valuable in-house experience, having completed a number of client secondments with large Australian corporations. Mariana holds a Bachelor of Law and a Bachelor of Commerce from the University of New South Wales and is also the Deputy Chief Legal Officer of MFG.

Marcia Venegas

Company Secretary.

Marcia Venegas has been the Chief Risk Officer and Head of Risk/Compliance and Legal of MFG since November 2015. Prior to MFG, Marcia was Chief Compliance Officer at Platinum Asset Management Limited in Sydney and held senior roles including Chief Compliance Officer at Dodge & Cox in the US. Marcia brings more than 20 years' experience in the financial services industry in Australia and the US, during which time she has been responsible for national and international regulatory requirements, the development and maintenance of governance, risk and compliance frameworks, licensing, proxy voting, training and liaising with regulators, auditors and clients. Marcia holds a Bachelor of Arts from the University of Wollongong.

Directors' Meetings

The number of Board meetings, including meetings of Board Committees, held during the period ended 30 June 2021 and the number of those meetings attended by each Director is set out below:

	While A Director of the Board		While a Member of the Audit & Risk Committee	
	Held	**Attended**	**Held**	**Attended**
Annabelle Chaplain AM	6	6	-	-
John Ballard	6	6	5	5
Robert Fraser[1]	6	6	5	5
Chris Mackay	6	6	-	-
Peter Montgomery AM[2]	6	6	2	2
Andy Hogendijk[3]	4	4	3	3

1 Mr Fraser was appointed Chairman of the Audit and Risk Committee on 2 October 2020.
2 Mr Montgomery was appointed to the Audit and Risk Committee on 2 October 2020.
3 Mr Hogendijk resigned from the Board on 2 October 2020.

Directors' Interests

The interests of Directors in the shares and options of the Company are detailed on page 14.

9. Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements of the Company for the period ended 30 June 2021. It details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly.

KMP, being the Independent Non-executive Directors and the Managing Director (who is the Company's sole employee and Portfolio Manager), are listed in the table below:

		Term As KMP
Directors		
Annabelle Chaplain AM	Chairman	Full Year
John Ballard	Director	Full Year
Robert Fraser	Director	Full Year
Chris Mackay	Director	Full Year
Peter Montgomery AM	Director	Full Year
Andy Hogendijk	Director	1 Jul 2020 to 2 Oct 2020
Executive Director		
Chris Mackay	Managing Director/Portfolio Manager	Full Year

The Board does not grant options or rights to KMP as part of their remuneration under the Company's remuneration policy. The Remuneration Report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001*.

Directors’ Report

for the year ended 30 June 2021

Remuneration of Independent Non-executive Directors

The Independent Non-executive Directors are remunerated by the Company. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Independent Non-executive Directors. The remuneration of the Independent Non-executive Directors is not linked to the performance or earnings of the Company.

The Independent Non-executive Directors’ base remuneration is reviewed annually and remained unchanged during the period ended 30 June 2021. The following table outlines the Independent Non-executive Directors’ fees for the Board and Audit and Risk Committee for the period ended 30 June 2021:

		Fees ($)
Board	Chairman	110,000
	Independent Non-executive Director	70,000
Audit And Risk Committee	Chairman	25,000
	Member	12,500

Retirement Benefits

The Company does not provide retirement benefits (other than superannuation) to the Independent Non-executive Directors.

Other Benefits

The Company does not provide other benefits and incentives to the Independent Non-executive Directors.

Remuneration of Managing Director

The Managing Director is remunerated by the Company. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Managing Director. The remuneration of the Managing Director is not linked to the performance or earnings of the Company. Refer to Employment Agreement on page 13 for further details.

Directors' Report

for the year ended 30 June 2021

Details of Remuneration

The total amount paid or payable to the Directors by the Company during the period is detailed below:

		Short Term Benefits Salary $	Post Employment Benefits Super-annuation $	Other Benefits Long Service Leave $[1]	Total Benefits $
Independent Non-executive Directors					
Annabelle Chaplain AM	**2021**	**100,457**	**9,543**	**-**	**110,000**
	2020	97,413	9,254	-	106,667
John Ballard	**2021**	**75,342**	**7,158**	**-**	**82,500**
	2020	75,342	7,158	-	82,500
Robert Fraser[2]	**2021**	**91,875**	**-**	**-**	**91,875**
	2020	77,970	3,488	-	81,458
Peter Montgomery AM[3]	**2021**	**72,489**	**6,886**	**-**	**79,375**
	2020	63,927	6,073	-	70,000
Andy Hogendijk[4]	**2021**	**22,357**	**2,124**	**-**	**24,481**
	2020	86,758	8,242	-	95,000
Richard Warburton AO[5]	**2021**	**-**	**-**	**-**	**-**
	2020	8,371	795	-	9,166
Managing Director					
Chris Mackay	**2021**	**1,478,306**	**21,694**	**24,000**	**1,524,000**
	2020	1,478,997	21,003	72,583	1,572,583
Total KMP remunerated by the Company	**2021**	**1,840,826**	**47,405**	**24,000**	**1,912,231**
	2020	1,888,778	56,013	72,583	2,017,374

1 Other benefits are comprised of long service leave statutory expense. The amount disclosed in this column is the movement in the provision for long service leave during each period.
2 Mr Fraser was appointed Chairman of the Audit and Risk Committee on 2 October 2020.
3 Mr Montgomery was appointed to the Audit and Risk Committee on 2 October 2020.
4 Mr Hogendijk resigned on 2 October 2020 and remuneration is shown for the period 1 July 2020 to 2 October 2020.
5 Mr Warburton resigned on 1 August 2019 and remuneration is shown for the period 1 July 2019 to 1 August 2019.

Service Agreements

Remuneration and other terms of employment for the Independent Non-executive Directors are formalised in service agreements with the Company.

Annabelle Chaplain AM, Chairman of the Board, Independent Non-executive Director.

- Commenced on 21 May 2019 and appointed Chairman 1 August 2019
- No term of agreement is set. Subject to the Director being re-elected by shareholders of the Company
- Base salary, inclusive of superannuation, for the period ended 30 June 2021 of $110,000.

John Ballard, Independent Non-executive Director and member of the Audit and Risk Committee.

- Commenced on 19 October 2006
- No term of agreement is set. Subject to the Director being re-elected by shareholders of the Company
- Base salary, inclusive of superannuation, for the period ended 30 June 2021 of $82,500.

Robert Fraser, Independent Non-executive Director and Chairman of the Audit and Risk Committee.

- Commenced on 21 May 2019
- No term of agreement is set. Subject to the Director being re-elected by shareholders of the Company
- Base salary for the period ended 30 June 2021 of $91,875.

Peter Montgomery AM, Independent Non-executive Director and member of the Audit and Risk Committee.

- Commenced on 21 May 2019
- No term of agreement is set. Subject to the Director being re-elected by shareholders of the Company
- Base salary, inclusive of superannuation, for the period ended 30 June 2021 of $79,375.

Andy Hogendijk, Independent Non-executive Director and Chairman of the Audit and Risk Committee

- Commenced on 19 October 2006 and resigned on 2 October 2020
- No term of agreement is set. Subject to the Director being re-elected by shareholders of the Company
- Base salary, inclusive of superannuation, for the period from 1 July 2020 to 2 October 2020 of $24,481.

Employment Agreement

Remuneration and other terms of employment for the Managing Director are formalised in an employment agreement with the Company.

Chris Mackay, Managing Director and Portfolio Manager.

On 1 October 2013, Mr Mackay was appointed Managing Director and Portfolio Manager of the Company. Mr Mackay entered into an employment contract. Under the terms of the contract, which continues indefinitely until terminated, Mr Mackay:

- receives fixed compensation structured as a total employment cost package of $1,500,000 per annum (inclusive of superannuation), which may be received as a combination of cash, non-cash benefits and superannuation contributions and is subject to annual review;
- is not entitled to receive short term incentive payments; and
- is restrained from soliciting clients, employees or agents of the Company or related parties for a period of six months after termination of employment.

The contract may be terminated by the Company at any time without notice for cause. Mr Mackay may terminate the contract at any time by providing the Company with not less than 6 months written notice. The Company may terminate the contract at any time by providing six months' written notice or providing payment in lieu of that notice.

Shareholdings

The number of ordinary shares held in the Company at 30 June 2021 by the KMP is as follows:

	Balance 30 Jun 2019	Additions/ (Disposals)	Balance 30 Jun 2020	Additions/ (Disposals)	Options Exercised	Balance 30 Jun 2021
Annabelle Chaplain AM						
Ordinary shares	30,000	102,356	132,356	**206,373**	**-**	**338,729**
MFF 2022 Options[1]				**46,472**	**-**	**46,472**
John Ballard						
Ordinary shares	1,774,820	-	1,774,820	**-**	**-**	**1,774,820**
MFF 2022 Options[1]				**354,964**	**-**	**354,964**
Robert Fraser						
Ordinary shares	498,676	-	498,676	**-**	**-**	**498,676**
MFF 2022 Options[1]				**99,737**	**-**	**99,737**
Chris Mackay						
Ordinary shares	63,723,201	5,429,431	69,152,632	**5,250,720**	**13,830,530**	**88,233,882**
MFF 2022 Options[1]				**13,830,530**	**(13,830,530)**	**-**
Peter Montgomery AM						
Ordinary shares	-	53,424	53,424	**81,890**	**-**	**135,314**
MFF 2022 Options[1]				**216,685**	**-**	**216,685**
Andy Hogendijk[2]						
Ordinary shares	613,202	43,612	656,814	**-**	**-**	**na**
MFF 2022 Options[1]				**131,364**	**-**	**na**

1 MFF 2022 Options issued 3 September 2020.
2 When Mr Hogendijk resigned on 2 October 2020 he held 656,814 ordinary shares and 131,364 MFF 2022 Options.

10. Other

Indemnification and Insurance of Directors and Officers

The Company insures the Directors and Officers of the Company in office to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

During the period, the Company paid insurance premiums to insure the Directors and Officers of the Company. The terms of the contract prohibit the disclosure of the premiums paid.

Auditor

Ernst & Young ("EY") continues in office in accordance with section 327 of the *Corporation Act 2001*.

Non-Audit Services

During the period, EY, the Company’s auditor, has performed other services in addition to its statutory duties. Details of the amounts paid or payable to the auditor are set out in Note 10 to the Financial Statements.

The Directors, in accordance with advice received from the Audit and Risk Committee, are satisfied that the provision of those non-audit services during the period by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied, considering the nature and quantum of the non-audit services that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the impartiality and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Rounding of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and consequently amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of the Directors.

Annabelle Chaplain AM
Chairman

Chris Mackay
Managing Director and
Portfolio Manager

Sydney, 29 July 2021

Building a better
working world

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Auditor's Independence Declaration to the Directors of MFF Capital Investments Limited

As lead auditor for the audit of MFF Capital Investments Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Clare Sporle
Partner

Sydney, 29 July 2021

Portfolio Manager's Report

for the year ended 30 June 2021

Dear Shareholder,

The major activity in the financial year was the successful redeployment of the significant temporary cash balances built up during the initial stages of the pandemic ($680.1 million of cash and cash equivalents as at 30 June 2020). The quality of the portfolio is materially higher at year end 2020/21 than it was a year before, principally because cash is a wasting asset and the competitive positions of portfolio companies have improved during the pandemic period. The MFF portfolio is concentrated in companies which are advantaged, extremely profitable cash flow generators, with very solid post pandemic prospects and current resilience, even if pandemic impacts extend for far longer than currently expected by many. Quality and price compared with value remain at the heart of our portfolio disciplines.

Over many years MFF has invested most of its assets in very high-quality companies with prospects for sustained profitable growth. We added materially to these holdings in the latest year as shown in the table on page 18. Our loose target for these investments remains 85% of the portfolio, depending upon markets and other factors. MFF's significant gap between its pre-tax NTA and post-tax NTA primarily reflects the sustained market price appreciation of these core investments over years and their retention, given our assessment of the ongoing positive prospects for these businesses relative to prices and alternatives. In addition to this core, we also buy quality companies where we perceive their market prices and other risk factors to be favourable, for example as contrarian investments where markets may be overweighting short term adverse sentiment or other headwinds. These companies have also benefited MFF's figures. Given the opportunities available in these two categories during and after the Financial Crisis, we have had very few holdings in our third category, where we seek very low price to value ratios even though medium to longer term business prospects appear more challenged.

Our expectation (noted from late 2020 in ASX releases) that 6% p.a. pre-tax might be a reasonable market benchmark in prevailing conditions has been far exceeded in the first six months of calendar 2021, with widespread double-digit post-tax equity and other asset market returns. Since the pandemic equity market lows late in Q1 calendar 2020, all three categories of investments mentioned in the previous paragraph have risen strongly in price; and price appreciation has become more detached from business prospects in the third category, and in outright speculations, in the first half of calendar 2021. Northern hemisphere reopening remains a current positive, with huge increases in year on year activity (and in many cases compared with 2019), and negative focus remains muted about whether spending is being brought forward and/or substituted.

A year ago, we felt prospects were reasonable for significant bargain purchases. However, factors including optimism, rapid rollouts including in the US and UK of efficacious vaccines and unprecedented fiscal and monetary stimulus, contributed to limit bargain opportunities. We were forced to adjust to conditions and purchase holdings in new and existing portfolio companies on terms that we regarded as favourable in the prevailing circumstances but far less attractive than the extreme bargains which were available in past crises. Although we feel that the decision-making processes were at least satisfactory, the subsequent positive market price movements should not be extrapolated and do not necessarily validate that view. MFF remains characterised by portfolio and process continuity, and patience rather than activity continued to be regarded as appropriate for most months after the portfolio was rebuilt.

Conditions have remained very benign in debt and equity markets in recent months, with upgrades in optimism and profit expectations being widespread. Vaccine rollouts continued and continued to be effective in suppressing the most adverse health impacts of the pandemic, even as more transmissible variants become predominant. Economic reopening and cross border movements have commenced, albeit very unevenly.

As usual, we are wary, as momentum does not replace margins of safety over longer periods. Most obviously, higher market prices are compared with appropriate valuation assessments. 'Margins of safety' also matter for successful business operations given factors such as increased competitive pressures, regulatory and political actions and geo-political concerns. Short term investor sentiment moved upwards into financial year end, market volatility has remained low and concerns about elevated asset prices and speculation have not prevented indices from rising. Broad strength in markets and economies and for leading economic indicator measures are typically followed first by ongoing positives rather than sustained market and economic downturns. Positive sentiment is rewarded by momentum, until it is not rewarded.

Lower return expectations for the medium to longer term are more logical but less common after periods of outsized market appreciation, as positive sentiment becomes more pervasive. The combinations underpinning the current strong asset prices include sustained low interest rates underpinned by monetary policy interventions, extreme liquidity, strong and growing near term profitability, trillions of stimulus including direct payments, inflation expectations and rising markets encouraging both momentum and institutional, retiree and speculative money to move into riskier assets away from very low yielding core bond assets where nominal principal risk is low. The yield on the benchmark US Government 10-year bond closed the year at approximately 1.47% p.a. down from approximately 1.7% p.a. at the start of the June quarter, and this was positive for sentiment, market prices and near term earnings outlooks. However, differences in absolute interest rates/discount rates at these levels should not be impactful to prudent business/equity valuations, and near-term earnings factors are far less important for business/equity valuations than sustained year on year outcomes. The rise in these rates from 30 June 2020 levels of approximately 0.6% p.a. did not dislocate markets.

As sentiment predominates, it may reverse without requiring triggers from material changes in long-term economics. Experts continue to guess on triggers for change and 'forecasts of the moment' (whether inflation is transitory, for example) continue multiplying. Appropriately, most are being treated with caution. Issues surrounding China are numerous including the CCP's interaction with the West and with its own companies, ranging from restrictions on successful technology companies and the CCP's constant assessment of policy support around excessively borrowed and/or insolvent SOEs and other debtors.

Currencies were negative for MFF for the year, as the AUD appreciated against international currencies and the USD was somewhat weaker, particularly in the first half of the financial year. The negative currency impact on cash and borrowings of $31.6 million (shown in the Statement of Profit or Loss) principally reflects our decision to hold the significant majority of the cash balances (noted above) in foreign currencies (almost all USD), and the appreciation of the AUD against the USD before we redeployed the cash balances. The cash balances were overwhelmingly redeployed into core holdings of equities denominated in foreign currencies, particularly in USD (as expected given our focus). MFF decided not to speculate on short term currency movements, as would have been the case if we had moved the cash balances into AUD temporarily, before redeployment. The net change in fair value of investments for the year of $324.8 million also reflects the net impacts on market values of currency impacts and underlying market/sale prices measured in AUD across the year.

Higher market prices reduce margins of safety despite having many positive near-term implications. Obvious direct risks continue to increase and broaden, along with our central case expectations for indirect impacts of inevitable corrections. Whilst positive wealth effect multipliers continue to inflate current economic activity, broader economic risks grow as momentum, speculation, participation and prices increase, 'prudent' savers continue to be chased off the side-lines into risk assets, some chasing bubbles and promoted schemes prior to inevitable reversals. Sustained higher market prices also encourage their own reversals; for example, as buoyant markets increase available funding, talent, and other resources for innovative and effective competitors.

Reversals of political, community and geo-political positives are also becoming more probable, as conditions have been very favourable for capital in recent decades, and increased economic inequality encourages legislators, regulators, and judges to act. Budget deficits with central bank funding have reached levels that were previously unthinkable, and impacts have not been stressed tested.

It remains possible that the current positive equity market cycle might be more concertinaed and quicker than usual and reprise Benjamin Graham's multi decade warnings about addictive characteristics of peer activity and paper profits from low quality companies during the later stages of bull markets.

Longer term risks and opportunities, including from digitisation and globalisation, arguably remain more important than cyclical considerations, even in current market conditions.

The 30 largest holdings in the portfolio as at 30 June 2021 are shown in the table that follows (shown as a percentage of investment assets). All holdings, and all movements in holdings each six months of the financial year, are shown in Note 6 to the Financial Statements.

	%		%
Visa	**15.1**	L'Oreal	**1.6**
MasterCard	**14.1**	Alphabet Class A	**1.5**
Amazon	**9.8**	JP Morgan Chase	**1.4**
Home Depot	**8.6**	Mitsubishi	**1.3**
Facebook	**7.0**	Lloyds Banking Group	**1.2**
Alphabet Class C	**5.7**	US Bancorp	**1.2**
CVS Health	**3.6**	Asahi Group	**1.2**
Microsoft	**3.5**	Itochu	**1.0**
Bank of America	**3.4**	Mitsui & Co	**1.0**
Prosus	**2.3**	Allianz	**0.9**
Procter & Gamble	**2.0**	Sumitomo Corp	**0.8**
CK Hutchison	**1.8**	DBS Group	**0.8**
Flutter Entertainment	**1.7**	Oversea - Chinese Banking	**0.7**
Intercontinental Exchange	**1.7**	Lowe's	**0.7**
Morgan Stanley	**1.6**	United Overseas Bank	**0.6**

Portfolio Manager's Report

for the year ended 30 June 2021

Overall, we consider that large companies have continued to act in relation to ESG matters during the year. Portfolio companies accelerated their actions in relation to climate considerations and other ESG matters, and positive actions go well beyond box ticking ESG virtue signalling. For example, leading Japanese companies (including our holdings) have taken action to reduce carbon impacts alongside, and ahead of, the Japanese Government. Some analysts expect carbon reductions to be beneficial for their costs of capital. Climate and carbon adjustments will cost and transfer trillions, impacting markets for companies and currencies, and the AUD is not an obvious expected beneficiary. In considering global carbon aggregates, the role of the CCP is crucial as China has continued GDP growth targeting. Our major service provider, Magellan Asset Management, continued its ESG focus including the establishment of a stock exchange listed fund based on sustainability.

Net debt shown as a percentage of investment assets, was approximately 6.6% as at 30 June 2021. The debt is predominantly in Yen and USD. In prevailing circumstances, including the low interest rates, balance sheet strength and our assessment of opportunities compared with valuations, we added debt to buy various of the holdings which we chose not to finance from after tax proceeds of selling other holdings. This can be changed rapidly as circumstances and our assessments change, and in time more MFF 2022 Options will be exercised.

MFF releases regular portfolio and investment information to the ASX including the weekly NTA details, as well as monthly NTA updates and commentary. The July 2021 NTA is scheduled to be released to the ASX on 2 August 2021.

Yours faithfully,

Chris Mackay
Portfolio Manager

Sydney
29 July 2021

Important note

MFF Capital Investments Limited ABN 32 121 977 884 (MFF) has prepared the information in this Portfolio Manager's Report ("Report"). This Report has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance. To the extent any general financial product advice is provided in this Report, it is provided by MFF as a corporate authorised representative of Magellan Asset Management Limited ABN 31 120 593 946 AFSL 304 301. An investor, before acting on anything that he or she construes as advice, should consider the appropriateness of such construction and advice having regard to their objectives, financial situation or needs.

Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June 2021

	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Investment Income			
Dividend and distribution income		**19,290**	28,336
Interest income		**69**	455
Net change in fair value of investments[1]		**324,843**	89,194
Net change in fair value of US treasury bills		**(1,364)**	-
Net gains/(losses) on foreign currency cash and borrowings	4	**(31,631)**	(70,159)
Net gains/(losses) on foreign exchange settlements & contracts		**6,638**	(2,738)
Other income		**47**	-
Total Net Investment Income		**317,892**	45,088
Expenses			
Research and services fees	13	**4,000**	5,000
Finance costs – interest expense		**310**	1,229
Managing Director's salary		**1,500**	1,500
Non-Executive Directors' fees		**388**	445
Long service leave statutory expense		**24**	72
Registry fees		**226**	219
ASX listing, clearing and settlement fees		**206**	195
Brokerage		**125**	109
Employment related taxes		**84**	104
Fund administration and operational costs		**92**	88
Auditor's remuneration		**69**	71
Regulatory levy		**51**	64
Legal and professional fees		**-**	7
Other expenses		**113**	143
Total Expenses		**7,188**	9,246
Profit/(Loss) Before Income Tax Expense		**310,704**	35,842
Income tax (expense)/benefit	3	**(93,179)**	(10,749)
Net Profit/(Loss) After Income Tax Expense		**217,525**	25,093
Other comprehensive income		**-**	-
Total Comprehensive Income/(Loss)		**217,525**	25,093
Basic Earnings/(Loss) Per Share (cents)	9	**38.92**	4.61
Diluted Earnings/(Loss) Per Share (cents)	9	**38.75**	4.61

[1] Includes realised and unrealised gains/(losses) on investments.

The above Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Financial Position

as at 30 June 2021

	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Current Assets			
Cash and cash equivalents	4	**3,023**	680,130
Investments	6	**1,994,678**	864,866
Receivables	5	**617**	327
Prepayments		**20**	16
Total Current Assets		**1,998,338**	1,545,339
Total Assets		**1,998,338**	1,545,339
Current Liabilities			
Payables	7	**1,231**	1,216
Current tax payable		**89**	1,798
Borrowings	4	**134,036**	-
Total Current Liabilities		**135,356**	3,014
Non-Current Liabilities			
Net deferred tax liability	3	**269,230**	180,286
Provision for long service leave	7	**190**	166
Total Non-Current Liabilities		**269,420**	180,452
Total Liabilities		**404,776**	183,466
Net Assets		**1,593,562**	1,361,873
Equity			
Contributed equity	8	**679,653**	631,752
Profits reserve		**461,193**	243,668
Retained profits		**452,716**	486,453
Total Equity		**1,593,562**	1,361,873

The above Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Changes in Equity

for the year ended 30 June 2021

	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Contributed Equity			
Balance at Beginning of Period		**631,752**	605,464
Transactions with owners in their capacity as owners:			
Securities issued under Dividend Reinvestment Plan	8	**7,748**	26,288
Shares issued on exercise of options	8	**40,323**	-
Transaction cost on issue of options net of tax		**(170)**	-
Balance at End of Period		**679,653**	631,752
Retained Profits			
Balance at Beginning Of Period		**486,453**	838,130
Total comprehensive income/(loss)		**217,525**	25,093
Transfer to profits reserve	1.10	**(217,525)**	(243,668)
Dividends paid	2	**(33,737)**	(133,102)
Balance at End of Period		**452,716**	486,453
Profits Reserve			
Balance at Beginning of Period		**243,668**	-
Transfer from retained earnings	1.10	**217,525**	243,668
Balance at End of Period		**461,193**	243,668
Total Equity		**1,593,562**	1,361,873

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Cash Flows

for the year ended 30 June 2021

	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Cash Flows from Operating Activities			
Dividends and distributions received (net of withholding tax)		**16,480**	24,482
Interest received		**69**	455
Payments for purchase of equity investments		**(939,258)**	(93,598)
Proceeds from sale of equity investments		**134,288**	1,107,399
Payments for purchase of US treasury bills		**(605,456)**	-
Proceeds from sale of US treasury bills		**604,093**	-
Net realised gain/(loss) on foreign exchange settlements and contracts and cash		**6,638**	(2,738)
Research and services fees paid	13	**(4,000)**	(5,000)
Tax paid		**(3,350)**	(129,420)
Other income received		**47**	-
Other expenses paid		**(2,844)**	(2,878)
Net Cash Inflow/(Outflow) from Operating Activities	4	**(793,293)**	898,702
Cash Flows From Financing Activities			
Net proceed/(repayment) of borrowings		**102,405**	(110,773)
Proceeds on exercise of options	8	**40,323**	-
Payment of issue costs on options		**(242)**	-
Interest paid		**(310)**	(1,229)
Dividends paid (net of DRP)		**(25,990)**	(106,814)
Net Cash Inflow/(Outflow) from Financing Activities		**116,186**	(218,816)
Net increase/(decrease) in cash and cash equivalents		**(677,107)**	679,886
Cash and cash equivalents at beginning of period		**680,130**	244
Cash and Cash Equivalents at End of Period	4	**3,023**	680,130

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements.

Notes to the Financial Statements

for the year ended 30 June 2021

Overview

This annual financial report is for MFF Capital Investments Limited ("MFF" or the "Company") for the period ended 30 June 2021. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies, applied to the annual financial statements, have been consistently applied to the period presented, unless otherwise stated.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia, whose securities are publicly traded on the Australian Securities Exchange.

Assets and liabilities with recovery or settlement dates within 12 months after the balance date (current) and more than 12 months after the balance date (non-current) are presented separately in the Statement of Financial Position.

1. Basis of Preparation

The financial report for the period ended 30 June 2021 is a general purpose financial report and has been prepared in accordance with *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and other mandatory professional reporting requirements. It is presented in Australian dollars ("$") and was approved by the Board of Directors on 29 July 2021. The Directors have the power to amend and reissue the financial report.

1.1. Compliance with International Financial Reporting Standards

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

1.2. Historical Cost Convention

This financial report has been prepared on a going concern basis and under the historical cost convention except for assets which are measured at fair value.

1.3. Accounting Policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The policies adopted in the preparation of this financial report are consistent with those of the previous financial year except for the adoption of the revised Conceptual Framework ("Conceptual Framework") on 1 July 2020. The Conceptual Framework included amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts and resulted in no impact on the Company.

The Company has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

1.4. New and Amended Accounting Standards

There are no new accounting standards, amendments to existing standards or interpretations that are effective as of 1 July 2020 that have a material impact on the amounts recognised by the Company in the prior periods or will affect the current or future periods.

1.5. Segment Reporting

An operating segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to those of other segments.

The Managing Director and Portfolio Manager makes the investment decisions for the Company and the Company's operating segments are determined based on information reviewed by the Portfolio Manager to make investment decisions. The Portfolio Manager manages the Company's investments on a portfolio basis and considers the Company operates in a single operating segment.

1.6. Foreign Currency Translation

The functional and presentation currency of the Company as determined in accordance with AASB 121: *The Effects of Changes in Foreign Exchange Rates* is the Australian Dollar. Transactions denominated in foreign currencies are translated into Australian Dollars at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate ruling at the balance date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities, are recognised in the Statement of Profit or Loss and Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the Statement of Profit or Loss and Comprehensive Income.

1.7. Investment Income

Dividend Income

Dividend income is recognised on the applicable ex-dividend date gross of withholding tax. Foreign dividends received are recognised net of withholding tax in the Statement of Cash Flows.

Net Change in Fair Value of Investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Comprehensive Income. The net change in fair value does not include dividend income.

Interest Income

Interest income is recognised on an accruals basis using the effective interest rate method. If revenue is not received at balance date, it is included in the Statement of Financial Position as a receivable and carried at amortised cost.

1.8. Expenses

All expenses are recognised in the Statement of Profit or Loss and Comprehensive Income on an accruals basis.

Directors' Fees

Directors' fees (including superannuation) and related employment taxes are included as an expense in the Statement of Profit or Loss and Comprehensive Income as incurred. Information regarding the Directors' remuneration is provided in the Remuneration Report (refer page 10 of the Directors' Report).

Finance Costs

The basis on which finance costs incurred on borrowings are recognised is included in Note 4.

1.9. Goods and Services Tax

Revenue, expenses and assets (with the exception of receivables) are recognised net of the amount of Goods And Services Tax ("GST"), except when GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of that purchase or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as receivable or payable.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from financing activities which are recoverable from, or payable to the taxation authority, is presented as operating cash flow.

1.10. Profits Reserve

The profits reserve consists of current and prior period profits transferred from retained earnings that are preserved for future dividend payments. The profits reserve will reduce when dividends are paid from this reserve.

1.11. Rounding of Amounts

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise stated in accordance with the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

1.12. Critical Accounting Estimates and Judgements

In applying the Company's accounting policies, a number of estimates and assumptions have been made concerning the future. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

As all investments are valued with reference to listed quoted prices and the Company's cash and borrowing facility continue to be provided by strongly rated financial institutions, the Company's financial assets are not subject to significant judgement or complexity, nor are the Company's liabilities.

2. Dividends

Dividends paid by the Company during the period are:

	30 Jun 2021 $'000	30 Jun 2020 $'000
For the Period Ended 30 June 2021:		
Fully franked final dividend for 2020 (3.0 cent per ordinary share) paid 6 November 2020	**16,747**	-
Fully franked interim dividend for 2021 (3.0 cent per ordinary share) paid 14 May 2021	**16,990**	-
For the Period Ended 30 June 2020:		
Fully franked final dividend for 2019 (2.0 cent per ordinary share) paid 8 November 2019	**-**	10,842
Fully franked special dividend (20.0 cent per ordinary share) paid 19 February 2020	**-**	108,544
Fully franked interim dividend for 2020 (2.5 cent per ordinary share) paid 15 May 2020	**-**	13,716
Total Dividends Paid During the Period	**33,737**	133,102

All dividends were fully franked at the corporate tax rate of 30%.

Dividend Declared

In addition to the above dividends paid during the period, on 29 July 2021 the Directors declared a final dividend of 3.5 cents per ordinary share, fully franked at the corporate tax rate of 30% in respect of the period ended 30 June 2021. The amount of the proposed dividend, based on the number of ordinary shares on issue at 30 June 2021, is approximately $19,881,000 and will be paid on 5 November 2021.

A dividend payable to shareholders is only recognised if the dividend is declared, by the Directors, on or before the end of the period, but not paid at balance date. Accordingly, the final dividend is not recognised as a liability at balance date.

The DRP will operate in conjunction with this dividend and no discount will be applied to the DRP.

Dividend Reinvestment Plan

The Company's DRP was available to eligible shareholders during the period ended 30 June 2021. Under the terms of the DRP, eligible shareholders are able to elect to reinvest their dividends in additional MFF shares, free of any brokerage or other transaction costs. Shares are issued and/or transferred to DRP participants at a predetermined price, less any discount that the Directors may elect to apply from time to time. No discount has been applied to shares issued under the DRP during the period ended 30 June 2021. The DRP issue price is equal to the average of the daily volume weighted average market price of all Company shares sold in the ordinary course of trading on the ASX during the 5 trading day period commencing from the day the Company's shares go ex-dividend or other dates as determined by the Board. Refer to Note 8 for details of ordinary shares issued under the DRP during the period.

Imputation Credits

	30 Jun 2021 $'000	30 Jun 2020 $'000
Imputation credits at balance date	**106,885**	117,971
Imputation credits that will arise from the payment of income tax payable	**89**	1,798
Total imputation credits available for subsequent reporting periods based on a tax rate of 30% (June 2020: 30%)	**106,974**	119,769

Notes to the Financial Statements

for the year ended 30 June 2021

3. Income Tax

The income tax expense/benefit for the period is the tax payable/receivable on the current period's taxable income based on the current income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all deductible temporary differences and unused tax losses carried forward to the extent that it is probable that future taxable amounts will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of any deferred income tax assets is reviewed at each balance date and recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised only to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset as there is a legally enforceable right to set-off current tax assets and liabilities.

	30 Jun 2021 $'000	30 Jun 2020 $'000
(a) Income Tax (Expense) Attributable to the Period, Payable on Operating Profit, is as Follows:		
Profit/(loss) before income tax expense	**310,704**	35,842
Prima facie income tax (expense)/benefit on net profit at 30%	**(93,211)**	(10,753)
Exchange movement on foreign tax offsets	**2**	(8)
Prior year (under)/over provision	**30**	12
Income Tax Expense reported in the Statement of Profit or Loss and Comprehensive Income	**(93,179)**	(10,749)
(b) Major Components of Income Tax (Expense) are:		
Current income tax expense	**(4,120)**	(121,920)
Deferred income tax (expense)/benefit:		
Origination and reversal of temporary differences	**(89,059)**	111,171
Income Tax Expense reported in the Statement of Profit or Loss and Comprehensive Income	**(93,179)**	(10,749)
(c) Deferred Tax Asset/(Liability)		
Deferred tax liability balances comprise temporary differences attributable to:		
Amounts recognised in the Statement of Financial Position:		
Deferred tax liability from changes in fair value of investments	**(269,281)**	(180,306)
Deferred tax liability from future foreign income tax offsets	**(61)**	(20)
Deferred tax liability from unrealised foreign currency gains	**(43)**	(44)
Deferred tax asset from accrued expenses and transaction costs	**155**	84
Total Net Deferred Tax Asset/(Liability)	**(269,230)**	(180,286)

Notes to the Financial Statements

for the year ended 30 June 2021

4. Cash and Cash Equivalents, and Net Interest Bearing Borrowings

Cash And Cash Equivalents

Cash includes cash at bank and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Borrowings

The transaction costs directly related to the borrowings are recognised in the Statement of Profit or Loss and Comprehensive Income. Borrowings are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Finance costs include interest expense related to the borrowings which are expensed in the Statement of Profit or Loss and Comprehensive Income using the effective interest method.

	30 Jun 2021 $'000	30 Jun 2020 $'000
Cash at bank - denominated in Australian Dollars	**3,023**	260
Set-Off Cash and Borrowings with MLI		
Cash - denominated in US Dollars	**-**	609,913
Cash - denominated in Australian Dollars	**-**	71,317
Borrowings - denominated in British Pounds	**-**	(1,199)
Borrowings - denominated in Singapore Dollars	**-**	(134)
Borrowings - denominated in Hong Kong Dollars	**-**	(17)
Borrowings - denominated in Canadian Dollars	**-**	(10)
Net Cash with MLI	**-**	679,870
Total Cash	**3,023**	680,130
Set-Off Cash and Borrowings with MLI		
Borrowings - denominated in Japanese Yen	**(73,732)**	-
Borrowings - denominated in US Dollars	**(41,751)**	-
Borrowings - denominated in Euros	**(9,981)**	-
Borrowings - denominated in British Pounds	**(7,667)**	-
Borrowings - denominated in Hong Kong Dollars	**(743)**	-
Borrowings - denominated in Singapore Dollars	**(151)**	-
Borrowings - denominated in Canadian Dollars	**(10)**	-
Borrowings - denominated in Australian Dollars	**(1)**	-
Net Borrowings with MLI	**(134,036)**	**-**

The Company holds cash at bank, which is at call and subject to floating interest rates, with an Australian bank. The foreign currency cash balances, which are held with Merrill Lynch International ("MLI"), a wholly owned subsidiary of Bank of America, are demand deposits and also subject to floating interest rates.

Set-Off Arrangement

The foreign currency cash balances held with MLI are set-off against the borrowings drawn under the multi-currency financing facility provided by Merrill Lynch Markets (Australia) Pty Limited ("MLMA") (refer below). The Company and MLI intend to net settle and are permitted to do so under the terms of the facility. At 30 June 2021, the Company's borrowings with MLI of $134,036,000 (June 2020: $1,360,000) have been presented net of the Company's cash deposits held with MLI of nil (June 2020: $609,913,000). As a result, a net borrowings position of $134,036,000 (June 2020: net cash $680,130,000) is included in borrowings in the Statement of Financial Position.

Multi-Currency Financing Facility

The Company has a multi-currency financing facility with MLMA. Amounts drawn as borrowings are repayable on written demand. The financing facility is a service provided under the International Prime Brokerage Agreements ("IPBA") between the Company and MLI. The IPBA provides MLI with a fixed charge over the Company's right, title and interest in the assets held in custody with MLI (refer Note 6), as security for the performance of its obligations under the IPBA.

Notes to the Financial Statements

for the year ended 30 June 2021

Reconciliation of Borrowings arising from Financing Activities

	30 Jun 2021 $'000	30 Jun 2020 $'000
Financing facility borrowings at the beginning of the period	**-**	(40,614)
Net (proceeds)/repayment of borrowings	**(102,405)**	110,773
Foreign exchange movement	**(31,631)**	(70,159)
Financing Facility Borrowings at end of Period	**(134,036)**	-

Net Cash Inflow/(Outflow) from Operating Activities

	30 Jun 2021 $'000	30 Jun 2020 $'000
Net profit/(loss) after income tax expense	**217,525**	25,093
Net gain/(loss) on foreign currency cash and borrowings	**31,631**	70,159
Finance costs - interest expense	**310**	1,229
Net change in fair value of investments	**(1,129,812)**	924,004
(Increase)/decrease in receivables and prepayments	**(294)**	396
Increase/(decrease) in payables and provisions	**39**	147
Increase/(decrease) in deferred taxes on transactions costs	**73**	-
Increase/(decrease) in current and deferred taxes	**87,235**	(122,326)
Net Cash Inflow/(Outflow) from Operating Activities	**(793,293)**	898,702

US Treasury Bills

During the period the Company held US treasury bills. The balance of US treasury bills was nil at 30 June 2021.

5. Receivables

Receivables comprise amounts due from brokers for sales of assets unsettled at balance date, dividends and trust distributions declared but not yet received, and reclaimable taxes. Receivables relating to the sale of investments are usually settled between two and five days after trade date. Receivables are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable. A provision is deducted from receivables for uncollectible amounts based on expected credit losses, if applicable. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The Company applies the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

	30 Jun 2021 $'000	30 Jun 2020 $'000
Dividends receivable	**348**	113
Payroll tax refund	**2**	-
GST receivable	**212**	213
Foreign tax recoverable	**55**	1
Total Receivables	**617**	327
Denomination of current receivables by currency:		
US Dollars	**155**	113
Australian Dollars	**214**	213
Canadian Dollars	**1**	1
Euro	**45**	-
Japanese Yen	**202**	-
Total Receivables	**617**	327

Ageing Analysis of Receivables

At balance date, the Company's receivables, excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days (June 2020: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2020: 30 to 90 days). Foreign withholding tax is due within 2 to 5 years dependent on the jurisdiction (June 2020: 2 to 5 years). No amounts are impaired or past due at 30 June 2021 or 30 June 2020.

6. Investments and Derivatives

The Company classifies its equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss.

The Company discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The Company invests in securities and rights in listed entities. The fair value of these investments is based on the closing price for the security as quoted on the relevant exchange;
- Level 2: valuation techniques using market observable inputs, either directly or indirectly. The fair value of assets and liabilities with short-term maturities are valued at the amount at which the asset or liability could be exchanged in a current transaction between willing parties. The fair value of variable-rate receivables/borrowings is based on parameters such as interest rates and individual creditworthiness of the investee company; and
- Level 3: valuation techniques using non-market observable data with the fair value for investments based on a Directors' valuation.

The Company does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the period.

Transaction costs directly attributable to the acquisition of investments are expensed in the Statement of Profit or Loss and Comprehensive Income as incurred. Changes in the fair value of investments are recognised in the Statement of Profit or Loss and Comprehensive Income. When investments are disposed, the net gain or loss on sale is recognised in the Statement of Profit or Loss and Comprehensive Income on the date of sale.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities as movements in the fair value of these securities represent the Company's main income generating activity.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Company is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

Derivatives are contracts whose value is derived from one or more underlying price, index or other variable. Derivatives are included in the Statement of Financial Position as an asset when the fair value at balance date is positive and classified as a liability when the fair value at balance date is negative.

Notes to the Financial Statements

for the year ended 30 June 2021

Details of Investments

	Domicile	30 Jun 2021 Holding	31 Dec 2020 Holding	30 Jun 2020 Holding	30 Jun 2021 Value $'000	30 Jun 2020 Value $'000
Listed Equity Securities (Level 1)						
Visa	i	**970,222**	1,018,479	1,018,479	**302,169**	285,750
MasterCard	i	**577,061**	577,061	577,061	**280,625**	247,838
Amazon	i	**42,778**	34,665	-	**196,022**	-
Home Depot	i	**403,417**	389,098	389,098	**171,356**	141,573
Facebook	i	**302,723**	221,407	760	**140,206**	251
Alphabet Class C	i	**33,790**	424	424	**112,805**	871
CVS Health	i	**637,910**	626,415	403,310	**70,899**	38,058
Microsoft	i	**195,749**	119,245	111,820	**70,634**	33,052
Bank of America	i	**1,247,260**	1,010,958	2,018	**68,498**	70
Prosus	ii	**352,400**	254,301	-	**45,908**	-
Procter & Gamble	i	**221,535**	-	-	**39,816**	-
CK Hutchison	iv	**3,384,000**	3,384,000	-	**35,116**	-
Flutter Entertainment	vi	**141,082**	107,804	-	**34,125**	-
Intercontinental Exchange	i	**211,146**	223,710	-	**33,384**	-
Morgan Stanley	i	**262,526**	262,526	24,783	**32,063**	1,739
L'Oreal	v	**52,777**	61,777	-	**31,330**	-
Alphabet Class A	i	**8,964**	-	-	**29,155**	-
JP Morgan Chase	i	**138,783**	131,383	128,592	**28,753**	17,568
Mitsubishi	iii	**710,300**	895,800	-	**25,812**	-
Lloyds Banking Group	vi	**28,864,206**	28,163,852	26,807,328	**24,798**	14,998
US Bancorp	i	**307,265**	238,542	218,542	**23,317**	11,687
Asahi Group	iii	**368,300**	592,300	-	**22,944**	-
Itochu	iii	**524,400**	839,800	-	**20,139**	-
Mitsui & Co	iii	**641,400**	873,200	-	**19,248**	-
Allianz	ix	**54,756**	-	-	**18,190**	-
Sumitomo Corp	iii	**917,300**	1,145,500	-	**16,381**	-
DBS Group	vii	**521,294**	247,633	-	**15,399**	-
Oversea - Chinese Banking	vii	**1,178,399**	490,900	-	**13,954**	-
Lowe's	i	**52,219**	52,219	52,219	**13,492**	10,248
United Overseas Bank	vii	**501,323**	163,500	-	**12,827**	-
Ritchie Bros Auctioneers	i	**116,968**	36,968	30,000	**9,236**	1,780
Schroders	vi	**186,668**	181,344	157,221	**8,896**	5,841
Marubeni	iii	**680,300**	904,500	-	**7,888**	-
Sonic Healthcare	viii	**202,715**	-	-	**7,784**	-
HCA Healthcare	i	**20,710**	20,710	15,555	**5,703**	2,193
United Health Group	i	**3,562**	390	-	**1,900**	-
PM Capital Global Opportunities Fund	viii	**946,112**	359,288	200,000	**1,504**	180
Berkshire Hathaway Class B	i	**3,253**	127,231	120,967	**1,204**	31,364
Magellan High Conviction Trust	viii	**765,374**	703,762	703,762	**1,198**	985
Berkshire Hathaway Class A	i	**-**	48	42	**-**	16,306
Wells Fargo	i	**-**	60,523	60,523	**-**	2,250
Magellan Global Trust	viii	**-**	-	118,933	**-**	208
Platinum Capital	viii	**-**	-	45,000	**-**	56
Total Investments					**1,994,678**	864,866

No other securities were bought or sold by the Company in the periods.

Notes to the Financial Statements

for the year ended 30 June 2021

Stock Exchange Domicile

The relevant stock exchange pertaining to each investment shown on page 30 is as follows:

i	United States	iii	Japan	v	France	vii	Singapore
ii	Netherlands	iv	Hong Kong	vi	United Kingdom	viii	Australia

Foreign Exchange Rates

The Australian Dollar exchange rates against the following currencies (London 4.00pm rates) are:

	30 Jun 2021	30 Jun 2020
US Dollar	**0.75075**	0.68850
Euro	**0.63306**	0.61301
Japanese Yen	**83.32576**	74.27881
Hong Kong Dollar	**5.83021**	5.33618
British Pound	**0.54345**	0.55722
Singapore Dollar	**1.00916**	0.96049

7. Payables

Payables comprise trade creditors and accrued expenses owing by the Company at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Trade creditors are unsecured and usually paid within 30 days of recognition. Payables and accruals are recognised at amortised cost, using the effective interest rate method, at the point where the Company becomes obliged to make payments in respect of the purchase of these goods and services.

	30 Jun 2021 $'000	30 Jun 2020 $'000
Current Liabilities		
Research and services fees payable (including GST)	**1,100**	1,100
Accrued expenses	**131**	116
Total Current Liabilities	**1,231**	1,216
Non-Current Liabilities		
Provision for long service leave	**190**	166
Total Non-Current Liabilities	**190**	166
Total Payables	**1,421**	1,382
Denomination of current payables by currency:		
Australian Dollars	**1,421**	1,382
Total Payables	**1,421**	1,382

Wages, Salaries And Annual Leave

Liabilities for wages, salaries and annual leave (including non-monetary benefits) are recognised in payables within accrued employee entitlements and are measured at the amounts expected to be paid when the liabilities are settled. The employee entitlement liability expected to be settled within 12 months from balance date is recognised in current liabilities. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Employee benefit on-costs are included in accrued employee entitlements in the Statement of Financial Position and employee costs in the Statement of Profit or Loss and Comprehensive Income when the employee entitlements to which they relate are recognised in liabilities.

Long Service Leave

Liabilities for long service leave are recognised when employees reach a qualifying period of continuous service. Non-current liabilities are measured as the present value of expected future payments and expected to be paid after 12 months of balance date.

Notes to the Financial Statements

for the year ended 30 June 2021

8. Contributed Equity

The Company's ordinary shares are classified as equity and recognised at the value of consideration received by the Company. Incremental costs directly attributable to the issue of new shares and options are recognised in equity as a deduction, net of tax. Where the Company purchases its own issued shares under a buy-back, the consideration paid, including any directly attributable transaction costs, is deducted from contributed equity.

	30 Jun 2021 Number of Securities	30 Jun 2020 Number of Securities	30 Jun 2021 $'000	30 Jun 2020 $'000
Ordinary Shares				
Opening balance	**549,625,047**	542,083,866	**631,752**	605,464
Shares issued under DRP:				
8 November 2019	**-**	636,516	**-**	2,045
19 February 2020	**-**	5,929,588	**-**	21,446
15 May 2020	**-**	975,077	**-**	2,797
6 November 2020	**1,396,780**	-	**3,668**	-
14 May 2021	**1,509,524**	-	**4,080**	-
Shares issued on exercise of options	**15,508,767**	-	**40,323**	-
Transaction costs on issue of shares net of tax	**-**	-	**(170)**	-
Total Contributed Equity	**568,040,118**	549,625,047	**679,653**	631,752
MFF 2022 Options				
Options issued 3 September 2020	**109,928,551**	-	**-**	-
Shares issued from exercise of options during period	**(15,508,767)**	-	**-**	-
Total MFF 2022 Options	**94,419,784**	-	**-**	-

Ordinary Shares

Fully paid ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

MFF 2022 Options

Each eligible shareholder of the Company received one option for every five ordinary shares held at 27 August 2020 for nil consideration. A total of 109,928,551 options were issued by the Company on 3 September 2020. The options are listed on the ASX (ASX code: MFFOA) with an exercise price of $2.60 and expire on 31 October 2022. Each option entitles the holder to the right to acquire one ordinary share in the Company and is exercisable at any time on or prior to 5pm (Sydney time) on 31 October 2022.

The options are not entitled to dividends, and ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of exercise and entitle the holder to receive dividends, if such shares have been issued, on or prior to the applicable record date for determining entitlements.

Subsequent to 30 June 2021, and until 28 July 2021, a further 221,942 options have been exercised resulting in an additional 221,942 ordinary shares being issued.

Dividend Reinvestment Plan

Refer to Note 2 for details on the DRP.

9. Earnings per Share

Basic earnings per share is calculated as net profit/(loss) after income tax expense for the period divided by the weighted average number of ordinary shares on issue. Diluted earnings per share is calculated by adjusting the basic earnings per share to take into account the effect of any costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	30 Jun 2021	30 Jun 2020
Basic Earnings Per Share (cents)	**38.92**	4.61
Diluted Earnings Per Share (cents)	**38.75**	4.61
Weighted Average Number of Ordinary Shares		
Weighted average number of ordinary shares on issue used in calculating basic EPS	**558,860,197**	544,753,649
add: equivalent number of unexercised options for the purposes of calculating diluted EPS	**2,532,347**	-
Weighted average number of ordinary shares on issue used in calculating diluted EPS	**561,392,544**	544,753,649
Earnings Reconciliation		
Net profit after income tax expense used in the calculation of basic and diluted EPS ($'000)	**217,525**	25,093

MFF 2022 options issued on 3 September 2020 and which remain unexercised at the end of the period are considered potential ordinary shares and included in the determination of diluted earnings per share to the extent they are dilutive. Details of the options are set out in Note 8.

10. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the Company, EY:

	30 Jun 2021 $	30 Jun 2020 $
Fees for audit and review of statutory financial reports	**60,700**	60,700
Fees for other services:		
Taxation compliance services[1]	**8,600**	8,600
Taxation advisory services[2]	**-**	1,500
Total Auditor Remuneration	**69,300**	70,800
% of non-audit fees paid to auditor	**12.4%**	14.3%

1 Relates to the review of the Company's income tax return.
2 Categorised as non-audit services.

Auditor Tenure

EY was appointed auditor of the Company in 2008. Upon EY's 10 year anniversary as auditor, in 2018, the Company conducted an audit tender to select the best auditor in terms of quality within a reasonable price range. The Company outsourced the tender process to its services provider, MAM, however the Company's Audit & Risk Committee retained ultimate authority over the tender process, audit firm evaluation and recommendation of the selection to the Board. The tender process was by invitation and certain minimum requirements and selection criteria were set. Selection criteria included technical criteria, team quality, resources and organisation and in the case of the incumbent auditor, independence considerations due to length of tenure.

EY was reappointed as auditor of the Company as they scored highest across all requirements and the Board was satisfied that appropriate safeguards are in place to ensure the required independence of EY.

Separately, the Audit & Risk Committee formally evaluates the performance of the auditor annually and with no agreed tenure in the agreement with EY, an audit tender can be called at any time.

Notes to the Financial Statements

for the year ended 30 June 2021

11. Capital and Financial Risk Management

Financial Risk Management

The Company's investing activities expose it to various types of risk including: credit risk, liquidity and refinancing risk, price risk, currency risk and interest rate risk.

The Company has investment restrictions designed to reduce some risks. These restrictions are determined from time to time by the Board and currently include requirements that:

- individual investments comprising the investment portfolio will not exceed 10% at cost (or higher amount authorised by the board, with a 12% limit in respect of two holdings currently) of the investment portfolio value of the Company at the time of the investment; and
- at time of borrowing, total borrowings must not exceed 20% of the Company's investments at market value.

The Company did not use derivatives or undertake short selling during the period ended 30 June 2021. The use of derivatives and short selling has never been used by the Company since inception. The circumstances of their use are subject to Board approval and currently derivatives are permitted only where the Portfolio Manager considers that a derivative is preferable to purchasing ordinary share capital, in accordance with the investment objectives and philosophy and short selling is permitted only in relation to implementing hedges of underlying investments or merger arbitrage relating to a portfolio investment. The Portfolio Manager and Board periodically consider whether derivatives might potentially offer some hedging protection for the portfolio. To date, the Company's potential partial offsets to some portfolio risks have included the Company's currency positions to the extent that they have been inversely correlated.

Capital Management

The Board of Directors is committed to prudent capital management and a conservative approach to protect shareholder value in all market conditions. The Company's capital consists of contributed equity, retained profits and a profits reserve to preserve the Company's capacity to pay future dividends, consistent with the dividend policy. The Company is not subject to any externally imposed capital requirements.

The Company recognises that its capital position and market prices will fluctuate in accordance with market conditions and, in order to adjust the Company's capital structure, it may vary the amount of dividends paid, issue new shares or options from time to time, or buy-back its own shares.

On 3 September 2020 the Company issued bonus options to shareholders (refer Note 8).

Credit Risk

Credit risk represents the financial loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities when valued at fair value. The maximum exposure to credit risk at balance date is therefore the carrying amount of financial assets recognised in the Statement of Financial Position.

The Company's key credit risk exposure is to MLI and MLMA. The services provided by MLI under an IPBA include clearing and settlement of transactions, securities lending and acting as custodian for most of the Company's assets. Under an addendum to the IPBA, MLMA may also provide financing services to the Company. The Company has granted MLI a fixed charge over the Company's right, title and interest in the assets held in custody with MLI, as security for the performance of its obligations under the IPBA.

In the event of MLI becoming insolvent, the Company would rank as an unsecured creditor and, to the extent MLI has exercised a right of use over the Company's securities, the Company may not be able to recover such equivalent securities in full. Cash which MLI holds or receives on behalf of the Company (refer Note 4) is not segregated from MLI's own cash and therefore may be used by MLI in the course of its business.

At balance date, the credit quality of Bank of America / Merrill Lynch's senior debt is rated by Standard & Poor's as being A- and by Moody's as being A2 (30 June 2020: A- and A2 respectively). MLI and MLMA are wholly owned subsidiaries of Bank of America which disclosed net assets attributable to common stockholders as at 30 June 2021 of approximately US $253.7 billion. Bank of America does not guarantee the obligations in respect of either MLI or MLMA.

The Company also minimises credit risk by investing and transacting with counterparties that are reputable and have acceptable credit ratings determined by a recognised rating agency, and by regularly monitoring receivables on an ongoing basis.

Notes to the Financial Statements

for the year ended 30 June 2021

Liquidity and Refinancing Risk

Liquidity risk refers to the risk that the Company will not have sufficient funds to settle liabilities or obligations on the due date or will be forced to sell financial assets at a value which is less than they are worth.

A key component of liquidity risk is refinancing risk, which may arise in the unlikely event that MLMA demanded repayment of the borrowings at short notice under the terms of the multi-currency facility (refer Note 4).The Directors are confident that the net borrowings could be repaid via settlement proceeds from the sale of part of the Company's highly liquid investment portfolio, even in the unlikely event that the Company was unable to achieve satisfactory terms for refinancing elsewhere. At balance date, net borrowings repayable on demand were $134,036,000 (June 2020: nil).

Maturities of Financial Liabilities

At balance date, the Company's financial liabilities comprise payables which mature in 0 to 30 days (June 2020: 0 to 30 days) and borrowings which are repayable on written demand (June 2020: repayable on written demand) (refer Note 4).

Price Risk

Price risk is the risk that the value of the Company's investment portfolio will fluctuate as a result of changes in market prices of individual investments and / or the market as a whole. The Company's investments are carried at fair market value with changes recognised in the Statement of Profit or Loss and Comprehensive Income. Price risk is managed by ensuring that all activities are transacted in accordance with the Company's investment policy and within approved limits (refer Financial Risk Management on page 35).

Over the past 10 years, the annual movement in the major global share indices (S&P 500 and MSCI) has varied between +35.05% and -0.76% (in AUD) and +40.79% and -4.98% (in USD). This range of yearly performances of markets may not be a reliable guide to future performances, and the Company's investment portfolio does not attempt to mirror the global indices, but this very wide range of historic movements in the indices provides an indication of the magnitude of equity price movements that could occur within the portfolio over the next 12 months.

The impact of equity price movements, expressed in percentage terms, on the net profit reported by the Company, is essentially linear. For illustrative purposes, each 5% incremental increase in the market prices of the Company's investment portfolio, compared with that at balance date, would increase the total equity and net profit after tax by approximately $69,814,000 (June 2020: $30,270,000) and each 5% incremental decrease would have an equal and opposite impact.

Currency Risk

The Company has exposure to foreign currency denominated cash and borrowings (refer Note 4) and also other assets and liabilities denominated in foreign currencies as it invests in listed international companies. Therefore the Company is exposed to movements in the exchange rate of the Australian Dollar relative to foreign currencies.

For illustrative purposes, at balance date, had the Australian Dollar strengthened by 10% against the foreign currencies in which the Company holds foreign currency denominated monetary assets and liabilities (cash and borrowings), with all other variables held constant, the impact of monetary assets and liabilities on the Company's total equity and net profit after tax would have been:

	30 Jun 2021 Net increase/ (decrease) in Net Profit A$'000		**30 Jun 2020 Net increase/ (decrease) in Net Profit A$'000**
Australian Dollar strengthens by 10% against:		Australian Dollar strengthens by 10% against:	
US Dollar	**2,923**	US Dollar	(42,694)
Japanese Yen	**5,161**	Japanese Yen	-
Euro	**699**	Euro	-
British Pound	**537**	British Pound	84
Hong Kong Dollar	**52**	Hong Kong Dollar	1
Singapore Dollar	**11**	Singapore Dollar	9
Canadian Dollar	**1**	Canadian Dollar	1
Total	**9,384**	Total	(42,599)

A 10% decline in the Australian Dollar against these foreign currencies would have an equal and opposite impact on the Company's total equity and net profit after tax. Currency movements may not be correlated.

Had the Australian Dollar strengthened by 10% against the foreign currencies in which the Company holds total foreign currency denominated monetary and non-monetary assets and liabilities with all other variables held constant, total equity and net profit after tax would have decreased by $138,922,000 (June 2020: $103,047,000 decrease). A 10% decline in the Australian Dollar would have had an equal and opposite impact.

The Company's total net exposure to fluctuations in foreign currency exchange rates at balance date is:

	30 Jun 2021 $'000	30 Jun 2020 $'000
All amounts stated in AUD equivalents[1]		
US Dollars	**1,589,641**	1,452,624
Euro	**85,492**	-
British Pounds	**60,152**	19,640
Singapore Dollars	**42,029**	(134)
Japanese Yen	**38,882**	-
Hong Kong Dollars	**34,373**	(17)
Canadian Dollars	**(9)**	(9)
Total	**1,850,560**	1,472,104

[1] Foreign currency cash balances held with MLI are set-off against foreign currency borrowings provided by MLMA (refer Note 4).

Financial assets and financial liabilities in the Statement of Financial Position exposed to foreign currencies:

	30 Jun 2021 $'000	30 Jun 2020 $'000
All amounts stated in AUD equivalents		
Assets - exposed to foreign currencies[1]	**1,984,595**	1,472,104
Assets - not exposed to foreign currencies	**13,723**	73,219
Assets - as per Statement of Financial Position	**1,998,318**	1,545,323
Liabilities - exposed to foreign currencies[1]	**(134,035)**	-
Liabilities - not exposed to foreign currencies	**(1,232)**	(1,216)
Liabilities - as per Statement of Financial Position	**(135,267)**	(1,216)
Net assets - exposed to foreign currencies	**1,850,560**	1,472,104
Net assets - not exposed to foreign currencies	**12,491**	72,003
Net Assets - as per Statement of Financial Position	**1,863,051**	1,544,107

[1] Foreign currency cash and borrowings, where applicable, are subject to set-off (refer Note 4).

Notes to the Financial Statements

for the year ended 30 June 2021

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's exposure to interest rate risk relates primarily to cash balances and net interest bearing borrowings as follows:

	Interest Rate %	30 Jun 2021 Cash & Cash Equivalents/ (Borrowings) $'000	Interest Rate %	30 Jun 2020 Cash & Cash Equivalents/ (Borrowings) $'000
Australian Dollars	**0.05**	**3,023**	0.20	260
Total Cash		**3,023**		260
Japanese Yen	**(0.69)**	**(73,732)**	-	-
US Dollars	**(0.85)**	**(41,751)**	0.08	609,913
Euros	**(0.18)**	**(9,981)**	-	-
British Pounds	**(0.81)**	**(7,667)**	(0.84)	(1,199)
Hong Kong Dollars	**(0.85)**	**(743)**	(1.19)	(17)
Singapore Dollars	**(0.94)**	**(151)**	(0.85)	(134)
Canadian Dollars	**(1.16)**	**(10)**	(1.27)	(10)
Australian Dollars	**(0.76)**	**(1)**	0.03	71,317
Total Net Cash/(Borrowings) with MLI		**(134,036)**		679,870

Sensitivity Analysis

The sensitivity of the Company's net profit after tax and total equity to a reasonably possible upwards or downwards movement in interest rate risk, assuming all other variables remain constant is set out as follows:

	30 Jun 2021 +1% $'000	30 Jun 2021 -1% $'000	30 Jun 2020 +1% $'000	30 Jun 2020 -1% $'000
Cash and cash equivalents	**21**	**(21)**	4,761	(4,761)
Borrowings	**(938)**	**938**	-	-
Impact on Net Profit and Total Equity - Increase/(Decrease)	**(917)**	**917**	4,761	(4,761)

12. Related Parties

Key Management Personnel

The KMP of the Company comprise the Independent Non-executive Directors and the Managing Director for the periods ended 30 June 2021 and 30 June 2020.

Remuneration of Key Management Personnel

The following remuneration was paid or payable by the Company to the KMP, during the period:

	30 Jun 2021 $	30 Jun 2020 $
Short term benefits	**1,840,826**	1,888,778
Post-employment benefits	**47,405**	56,013
Other benefits	**24,000**	72,583
Total	**1,912,231**	2,017,374

Further details of remuneration paid to the Directors is disclosed in the Remuneration Report in the Directors' Report.

Notes to the Financial Statements

for the year ended 30 June 2021

13. Research and Services Fees

MAM provides investment research and administrative services to the Company in accordance with the Services Agreement between the Company and MAM. Research and services fees are $1,000,000 per quarter payable in arrears.

For the period ended 30 June 2021, research and services fees paid/payable (inclusive of GST) totalled $4,000,366 (June 2020: $5,000,000 which included a performance fee of $1,000,000 for the period 1 January 2017 to 31 December 2019 as the Company's total shareholder return exceeded 10% per annum, annually compounded). The Services Agreement was amended in 2018 to remove MAM's entitlement to performance fees for periods after 31 December 2019, and no performance fee has been paid since then.

14. Net Tangible Assets per Ordinary Share

The following table shows the NTA per ordinary share presented in the Statement of Financial Position as at 30 June 2021 and the NTA per ordinary share reported to the ASX on 1 July 2021.

	30 Jun 2021 $	30 Jun 2021 $	30 Jun 2020 $	30 Jun 2020 $
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
ASX Reported NTA per Ordinary Share[1]	**3.280**	**2.804**	2.809	2.478
NTA per Ordinary Share[2]	**3.279**	**2.805**	2.809	2.478

1 The NTA per ordinary share reported to the ASX includes estimates for accrued expenses and tax liabilities.
2 The NTA per ordinary share refers to the net assets of the Company presented in the Statement of Financial Position, including the net current and deferred tax liabilities/assets, divided by the number of ordinary shares on issue at that date.

The movement between the ASX reported NTA per share and the NTA per share represents period end adjustments, rounding and updating of tax balances.

15. Contingent Assets, Contingent Liabilities and Commitments

At balance date, the Company has no material contingent assets, liabilities or commitments (June 2020: nil).

16. Segment Information

The Company's investments are managed on a single portfolio basis, and are in one business segment being equity investment, and in one geographic segment being Australia. The Company continues to have foreign exposures as it invests in companies which operate internationally.

17. Subsequent Events

On 29 July 2021, the Directors declared a fully franked final dividend of 3.5 cents per ordinary share in respect of the period ended 30 June 2021 (refer to Note 2).

In the latest release to the ASX on 26 July 2021 the Company reported NTA per share as at 23 July 2021 as follows:

	23 Jul 2021 $[1]	30 Jun 2021 $[2]
Pre-tax NTA per ordinary share	**3.492**	**3.279**
Net tax liabilities per ordinary share	**0.538**	**0.474**
Post-tax NTA per ordinary share	**2.954**	**2.805**

1 The NTA per ordinary share reported to the ASX is approximate and not audited by EY.
2 NTA audited by EY (refer Note 14).

Other than the above matters, the Directors are not aware of any matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future periods.

Directors' Declaration

for the year ended 30 June 2021

In the Directors' opinion:

a. the Financial Statements and notes set out on pages 20 to 39 are in accordance with the *Corporations Act 2001,* including:

   i. giving a true and fair view of the financial position of MFF Capital Investments Limited as at 30 June 2021 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and

   ii. complying with Australian Accounting Standards, International Financial Reporting Standards (IFRS) as disclosed in Note 1.1, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

b. there are reasonable grounds to believe that MFF Capital Investments Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the period ended 30 June 2021.

Signed in accordance with a resolution of the Directors.

Annabelle Chaplain AM
Chairman

Chris Mackay
Managing Director and
Portfolio Manager

Sydney
29 July 2021

Building a better
working world

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Independent Auditor's Report to the members of MFF Capital Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MFF Capital Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment existence and valuation

Why significant	*How our audit addressed the key audit matter*
The Company has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2021, the value of these listed equities was 99.8% of the total assets of the Company. As detailed in the Company's accounting policy, described in Note 6 of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.	We assessed the effectiveness of the controls relating to the recognition and valuation of investments. We obtained and considered the assurance report on the controls of the Company's administrator in relation to Fund Administration Services for the year ended 30 June 2021 and considered the auditor's qualifications and objectivity and the results of their procedures. We agreed all investment holdings, including cash accounts, to third party confirmations as at 30 June 2021. We assessed the fair value of all investments in the portfolio held at 30 June 2021 to independently sourced market prices. We assessed the adequacy of the disclosures in Note 6 and 11 of the financial report in accordance with the requirements of Australian Accounting Standards.

Information Other than the Financial Report and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the information included in Company's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intent to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Building a better working world

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' Report for the period ended 30 June 2021.

In our opinion, the Remuneration Report of MFF Capital Investments Limited for the period ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Clare Sporle
Partner

Sydney, 29 July 2021

Shareholder Information

for the year ended 30 June 2021

Distribution of Shareholders

The distribution of ordinary shareholders of the Company as at 23 July 2021 is as follows:

	Holders	Number of Ordinary Shares	%
1-1,000	2,360	1,103,043	0.2
1,001-5,000	3,828	10,833,447	1.9
5,001-10,000	3,077	23,100,075	4.1
10,001-100,000	7,482	220,385,885	38.8
100,001 and over	635	312,788,314	55.0
Total	**17,382**	**568,210,764**	**100.0**
Number of holders with less than a marketable parcel	338	18,284	-

Twenty Largest Shareholders

The names of the 20 largest ordinary shareholders of the Company as at 23 July 2021 are as follows:

	Number of Ordinary Shares	%
Magellan Equities Pty Limited	40,239,445	7.08
HSBC Custody Nominees (Australia) Limited	31,931,814	5.62
Christopher John Mackay	27,729,642	4.88
Naumov Pty Limited	18,387,509	3.24
Netwealth Investments Limited Wrap Services	10,552,000	1.86
Mutual Trust Pty Limited	5,042,924	0.89
J P Morgan Nominees Australia Pty Limited	3,989,033	0.70
Citicorp Nominees Pty Limited	3,985,531	0.70
Jetan Pty Limited	3,416,956	0.60
Nota Bene Investments Pty Limited	3,124,623	0.55
Netwealth Investments Limited Super Services	2,905,902	0.51
Chriswall Holdings Pty Limited	2,300,000	0.40
Midas Touch Investments Pty Limited	2,098,735	0.37
Navigator Australia Limited	1,997,202	0.35
BNP Paribas Nominees Pty Limited Hub24 Custodial Serv Limited	1,993,186	0.35
Nulis Nominees (Australia) Limited	1,905,735	0.34
Glenn Bates Consulting Pty Limited	1,774,820	0.31
Marshstoke Pty Limited	1,618,016	0.28
Magellan Equities	1,561,791	0.27
Dirdot Pty Limited	1,548,529	0.27
Total Ordinary Shares held by the 20 Largest Shareholders	**168,103,393**	**29.58**
Total Ordinary Shares on Issue	**568,210,764**	**-**

Substantial Shareholders

The shareholders appearing on the Company's Register of Substantial Shareholders as at 23 July 2021 are as follows:

	Number of Ordinary Shares
Christopher Mackay and Associates	88,233,882[1]

[1] As disclosed in the latest Appendix 3Y dated 11 June 2021.

Ordinary Share Capital

All issued ordinary shares carry one vote per share and carry the rights to dividends.

Corporate Information

for the year ended 30 June 2021

Directors

Annabelle Chaplain AM - Chairman
John Ballard
Robert Fraser
Chris Mackay - Managing Director and Portfolio Manager
Peter Montgomery AM

Company Secretary

Mariana Kolaroski
Marcia Venegas

Registered Office

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Email: info@magellangroup.com.au

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Share Registrar

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: 1300 005 016 (Australia), +61 2 9290 9600 (International)
Fax: +1300 653 459
Email: magellan@boardroomlimited.com.au

Securities Exchange Listing

Australian Securities Exchange code (ordinary shares): MFF
Australian Securities Exchange code (MFF 2022 Options): MFFOA

Website

www.mffcapital.com.au