

Chairman's Address
MFF Capital Investments Limited 2024 Annual General Meeting
Wednesday, 2 October 2024

Ladies and Gentlemen

Welcome to the 2024 Annual General Meeting of MFF Capital Investments Limited. I enjoy the opportunity to meet shareholders in person at our AGM and welcome your comments and questions. I also welcome those shareholders who join us today by teleconference. As in previous years, our prepared remarks respond to some of the questions received in advance, rather than waiting for the Q+A section.

MFF completed the 2024 financial year in a very strong financial position, with an excellent portfolio of companies, declared and paid increased fully franked ordinary dividends during the year and foreshadowed a further increase. Two years ago, markets around the world were very challenged with inflation and interest rate rises dominating and testing the resilience of MFF, our portfolio and the businesses in which we are invested. We felt that there were opportunities, and these are now reflected in significant mark to market gains.

However, we are cautious about elevated investor expectations, not least because of much higher overall equity market prices.

Investment Objectives and Philosophy

Each year before detailing the outcomes of the financial year, we consider it appropriate to restate that MFF's long-standing investment objectives are to maximise compound, risk-adjusted after-tax returns for its shareholders and to minimise the risk of permanent capital loss. The investment process requires sensible allocation of capital and patience from the portfolio manager and shareholders, for the full benefit of compounding.

MFF also seeks to pay a regular six-monthly fully franked dividend out of its considerable retained profits and franking credits. The core investment philosophy underpinning these objectives is built on taking a medium to long-term view focusing on outstanding companies that are considered to be trading below their intrinsic value. Portfolio activity in financial year 2024 has again been consistent with these objectives, investment philosophy and process. MFF's holdings continue to be concentrated in businesses with very strong market positions and high market liquidity.

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. The net profit before income tax was \$639.1 million (last year \$462.2 million). MFF's

net profit after tax was approximately 26.5% of MFF's Net Assets as of the start of the financial year on 1 July 2023. As is required by accounting standards, the Company uses "mark to market" accounting for both investments and foreign exchange and the net profit for the financial year principally reflects the positive movements in the unrealised market value of MFF's investments in the financial year.

The Company's balance sheet and financial flexibility remain strong. At year end, MFF's \$2,071.0 million of total equity comprised retained profits and profits reserve of \$1,364.1 million and contributed equity of \$707.0 million. Investments at market value were \$2,556.2 million. The deferred tax liability was approximately \$390.3 million (this relates to unrealised portfolio gains). Borrowings less cash and cash equivalents were \$73.7 million (reduced from \$330.2 million at the previous year end). The portfolio remains concentrated in companies with large volumes of daily trading relative to MFF's holdings (in other words, almost all MFF's portfolio holdings are very liquid, or capable of being converted rapidly to cash if necessary).

During the year, MFF paid cash dividends of approximately \$46.0 million (net of dividend reinvestment/bonus share plan elections of approximately \$17.5 million) and cash tax payments of approximately \$60.0 million.

The Board is positive about the overall composition of the portfolio. MFF's risk standards and investment processes continue to be well maintained. Ultimately, the quality of the portfolio, the success of our portfolio companies' businesses,

and the astuteness or otherwise of portfolio purchase and sale decisions will be reflected in future mark to market figures.

MFF's Managing Director and Portfolio Manager, Chris Mackay, will shortly provide details on the portfolio, market risks and opportunities, other risks and longer-term positioning towards 2035.

Dividends and Capital Position

The Company's financial position underpins the fully franked final dividend of 7 cents per ordinary share, compared with a fully franked final dividend of 5 cents per ordinary share last year. This year's final dividend will be paid on 1 November 2024, with the Dividend Reinvestment Plan and the Bonus Share Plan to operate (each at zero discount). During the year the Company paid fully franked dividends in both November 2023 and May 2024 totaling 11 cents per ordinary share.

In recent years, MFF has regularly increased its fully franked dividends. In addition to the increased final dividend, Directors have confirmed that they intend to increase the rate of the six-monthly dividend to 8 cents per ordinary share with the next interim results (expected to be announced towards the end of January 2025). The Board also intends to continue the operation of the Dividend Reinvestment Plan and the Bonus Share Plan (each at zero discount).

MFF expects dividends to continue to be fully franked, in the absence of legislative or similar changes. As of 30 June 2024, available franking credits for the final dividend and future dividends were approximately \$146.8 million (approximately 25.3 cents per ordinary share). Of course, in each case, dividends are subject to corporate, legal, taxation and regulatory considerations at the time.

In addition to dividend policy, the Board regularly reviews capital management as part of overall capital allocation, with many considerations including market prices and conditions for equity and debt (for MFF and generally), and trading in MFF shares. The Board intends to maintain its prudent approach to MFF's balance sheet, risk management and capital management policies; consistent with maintaining the Company's capacity to pay future dividends in accordance with its dividend policy. The Board considers that MFF's retained funds have been put to good use with strong long-term returns which have built the Company's capital base and enabled MFF to pay an increased stream of fully franked dividends. Investments in the portfolio continue to be focused upon quality companies, some of which have appreciated materially from MFF's cost prices (hence the sizable, deferred tax liability included in MFF's financial statements).

The Company remains small from the perspective of both its cost base and investment universe. MFF has access to debt markets (which remain favourable) and borrowing within MFF's risk controls has been disciplined, and beneficial in past market downturns. The Board has maintained the limit on

borrowing at 20% of assets (at the time of borrowing). MFF has liquid investments and retains flexibility to fund further investments from the sale of existing investments (subject to paying taxes on gains) and to access additional equity capacity if required. The Company introduced an on-market share buy-back in January 2023 and since then MFF has bought back and cancelled approximately 16 million ordinary MFF shares at a cost of approximately \$43.1 million. Directors consider that the buy-back has been value accretive for remaining shareholders.

Capital Structure

MFF has previously communicated its hopes to identify large holding(s) in one or more competitively advantaged, strongly cash generative businesses that might provide MFF with meaningful flows of income where the Company would have control over the allocation. Notwithstanding that our processes involve extreme patience in most sectors, market prices for control currently remain unfavourable in contrast to the benefits of MFF's existing portfolio. Importantly, these benefits include MFF's liquidity attributes which enabled us to purchase high quality portfolio holdings at more attractive levels as opportunities arose during periods in almost every recent financial year. Simply put, MFF's investment approach remains focused and disciplined and the investment portfolio is well-positioned.

Our patient and disciplined approach has succeeded in building MFF's net assets from \$412.4 million in 2013 when MFF became a regular internally managed company, and we can now act from a position of strength to enhance further

MFF's immediate and longer-term positions. Today we announce our intention to acquire Montaka Global Investors to add to and strengthen MFF's research focus and capabilities. Montaka Global is a global fund manager with offices in New York and Sydney managing approximately \$280 million across three main funds (including two exchange traded funds which are tradeable on Australian exchanges under the stock symbols MOGL and MKAX). MFF expects to acquire the main Montaka Global businesses for a nominal consideration on an effectively debt free basis, with completion targeted for the first quarter of 2025.

By way of background, in recent years Montaka Global's fund investments have focused successfully on long term research led portfolios. This approach is consistent with MFF's approach, including MFF's longer term goal of achieving satisfactory shareholder results in the period to 2035. Under MFF's ownership, Montaka Global will be resourced and able to add to its successful research driven approach and continue to focus on achieving long-term results for unitholders in the funds that it manages. The MFF Board believes that MFF will benefit from access to the strengthened research focus and capabilities. Montaka Global and its portfolios will operate independently of MFF, which will continue to be managed by its existing portfolio manager.,

Expenses

The Board monitors costs closely and costs are at an extremely low level for a Company with \$2.6 billion of assets and over \$2 billion of net assets. Over the

years, MFF's main expense has been corporate tax as was the case again in the 2024 financial year with MFF's cash tax paid of \$60 million compared with total expenses (excluding tax and interest) of only \$4.2 million. Corporate tax will continue to fluctuate year to year, principally based on profitable sales from the portfolio. Overall, our other expenses were reduced from the previous year except for a moderate increase in interest charges with increased interest rates and increased average debt levels prior to the reductions by financial year end and afterwards.

Information

MFF continues to provide regular, very high levels of transparency about the Company, its portfolio, decisions made, prospects and risks, in addition to detailed statutory information, so that investors can make informed decisions about their investments. We release detailed figures each week including pre and post-tax net tangible assets per share, updates in relation to the portfolio holdings, as well as extensive monthly commentaries.

We welcome the questions we have received during the year and those specifically for the meeting, including for the Q+A.

General

As noted in prior years, I am pleased to report that the Magellan teams supporting MFF are very professional and of great support in many areas. We

have clear access to these teams, Magellan's senior management and MFF's independent external auditors.

The alignment of MFF management with MFF's Directors continues to be very strong, and the Company does not incur any outlay on Board or Executive bonuses or share or option plans.

The MFF Board remains focused and disciplined on positioning MFF for strong shareholder returns over the long term. I thank my fellow directors for their wise counsel during the year.

I now invite Chris Mackay to make some remarks and we look forward to your questions.

Annabelle Chaplain

Chairman

MFF Capital Investments Limited