MFF
CAPITAL INVESTMENTS LIMITED

Level 36, 25 Martin Place
Sydney NSW 2000 AUSTRALIA

General: +61 2 9235 4887
Facsimile: +61 2 9235 4800
Website: www.mffcapital.com.au
ABN: 32 121 977 884

28 July 2023

Company Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

MFF Capital Investments Limited ("MFF") hereby lodges the following documents relating to the year ended 30 June 2023:

• Appendix 4E; and
• Annual Report incorporating the Chairman's Letter, Portfolio Manager's Report and Annual Financial Report.

Yours sincerely,

Authorised by
Marcia Venegas | Company Secretary

Appendix 4E

MFF Capital Investments Limited

ABN 32 121 977 884

Annual Report

Results for Announcement to the Market for the year ended 30 June 2023

				30 Jun 2023 $'000	30 Jun 2022 $'000
Total Net Investment Income/(Loss)	Up by	306%	to	**484,611**	(235,689)
Net Profit/(Loss) After Income Tax Expense	Up by	289%	to	**323,575**	(170,779)

				30 Jun 2023 $'000	30 Jun 2022 $'000
Net Assets	Up by	18%	to	**1,687,264**	1,424,936

Net Tangible Assets ("NTA") Per Ordinary Share

	30 Jun 2023	30 Jun 2022
Pre-tax NTA per ordinary share	**$3.398**	$2.744
Net tax (liability) / asset per ordinary share	**($0.489)**	($0.306)
Post-tax NTA per ordinary share	**$2.909**	$2.438

Dividends

	Cents per ordinary share	Franked at 30% Cents per ordinary share
Interim dividend (paid 12 May 2023)	**4.5**	**4.5**
Final dividend	**5.0**	**5.0**
Final dividend dates:		
Ex-dividend date:		6 October 2023
Record date:		9 October 2023
DRP election date:		10 October 2023
Payment date:		3 November 2023

The Dividend Reinvestment Plan ("DRP") will operate in respect of the final dividend and no discount will be applied.

Brief explanation of results:

The Company recorded a pre-tax profit of $462,236,000 (June 2022: pre-tax loss $244,061,000) and a net profit after income tax of $323,575,000 (June 2022: $170,779,000 loss) for the period ended 30 June 2023. Basic earnings/(loss) per share were 55.34 cents (June 2022: (29.57) cents).

The Company reported pre-tax net tangible assets ("NTA") of $3.398 per ordinary share (before net tax liabilities of $0.489 per ordinary share) as at 30 June 2023 compared with $2.744 per ordinary share (before net tax liabilities of $0.306 per ordinary share) as at 30 June 2022. The Company also reported a post-tax NTA of $2.909 per ordinary share as at 30 June 2023 compared with $2.438 per ordinary share as at 30 June 2022.

On 28 July 2023, the Directors declared a fully franked final dividend, for the period ended 30 June 2023, of 5.0 cents per ordinary share (June 2022: fully franked final dividend of 4.0 cents per ordinary share), which will be paid on 3 November 2023.

Further details on the results are included in the Annual Report.

Financial Report

This report is based on the 30 June 2023 Annual Report which has been audited by Ernst & Young.

CAPITAL INVESTMENTS LIMITED

MFF Capital Investments Limited

Annual Report

For the year ended 30 June 2023

ABN 32 121 977 884

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Chairman's Letter

for the year ended 30 June 2023

On behalf of the Board, it is my pleasure to write to you in the Annual Report of MFF Capital Investments Limited ("MFF" or the "Company") for the year ended 30 June 2023. Please also take the time to read the Portfolio Manager's Report and Financial Statements which follow.

Investment Objectives and Philosophy

MFF's long-standing investment objectives are to maximize compound, risk-adjusted after-tax returns for its shareholders and to minimize the risk of permanent capital loss. The core investment philosophy underpinning these objectives is built on taking a medium to long-term view focusing on outstanding companies which are considered to be trading below their intrinsic value. Portfolio activity in Financial Year 2023 has been consistent with these objectives and investment philosophy. MFF has maintained significant holdings in businesses with very strong market positions and high market liquidity. Market fluctuations should continue to benefit MFF over the medium to longer term as they have done in the past. However, the impacts from sustained rises in central bank determined short term interest rates have not ended, and MFF remains cautious despite very strong near-term financial results, and the outstanding portfolio.

Financial Results, Markets and Portfolio Overview

The Company uses "mark to market" accounting for both investments and foreign exchange and the net profit for the financial year principally reflects upward movements in the market value of MFF's investments in the financial year (please refer to Statement of Profit or Loss and Comprehensive Income). 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 $323.6 million (last financial year a net loss after tax of $170.8 million). The net profit before income tax was $462.2 million (last year the net loss before income tax was $244.1 million). MFF's net profit after tax was approximately 22.7% of MFF's Net Assets as at 1 July 2022.

The Company's balance sheet and financial flexibility remain strong. At year end, MFF's $1,687.3 million of total equity comprised retained profits and profits reserve of $976.6 million and contributed equity of $710.7 million. Investments at market value were $2,301.0 million. The deferred tax liability was approximately $278.2 million (this relates to unrealised portfolio gains). Borrowings less cash and cash equivalents were $330.2 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 MFF's portfolio holdings are very liquid, or capable of being converted rapidly to cash if necessary).

As one possible measure of portfolio health, please note that dividends and distribution income received by MFF in the financial year increased by approximately 20.8% (from approximately $24.2 million to approximately $29.2 million). However, MFF does not target particular levels of dividend receipts from portfolio companies (many of which have superb records in reinvesting their profits rather than paying them out as dividends). Ultimately the quality of the portfolio, the success of the businesses, and the favourability or otherwise of portfolio purchase prices will be reflected in future mark to market figures.

During the year, MFF paid cash dividends of approximately $37.6 million (net of dividend reinvestment of approximately $12.0 million) and cash tax payments of approximately $31.1 million. Interest paid was $16.7 million and interest received was $2.0 million (please refer to Statement of Cash Flows).

Operating expenses (excluding interest and income tax) were well contained at $5.6 million this year against $7.0 million last year. Increased interest and income tax paid caused total operating expenses to rise. The allowance for income tax (mostly deferred) increased, as a result of the increase in unrealised mark to market gains during the year. There is a current liability for tax payable of $5.1 million as a result of taxable income during the year (please refer to Statement of Profit or Loss and Comprehensive Income), in addition to the $31.1 million paid in cash for corporate income tax during the financial year (please refer to Statement of Cash Flows). 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 and GST, for the Company.

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 (page 15). In the Financial Statements and other shareholder communications, the Company seeks to provide shareholders with very high levels of transparency about MFF, investment portfolio decisions, prospects and risks, in addition to detailed statutory information. The Company provides prompt monthly and weekly updates to shareholders (also released to the ASX), including regular details on cash/debt levels, portfolio changes and current market fluctuations.

Currency is an important factor for an internationally focused company, such as MFF. Over the full year, currency was again a modest net benefit. Negative mark to market impacts from foreign currency borrowings (used to fund purchases of foreign currency denominated assets) were more than offset by mark to market impacts from foreign currency translation of the values of the investment portfolio holdings.

Dividends and Capital Structure

The Company's financial position underpins the Directors' declaration today of a fully franked final dividend of 5.0 cents per ordinary share, compared with a fully franked final dividend of 4.0 cents per ordinary share last year. This year's final dividend will be paid in November 2023, with the Dividend Reinvestment Plan to operate (at zero discount). During the year the Company paid fully franked dividends totalling 8.5 cents per ordinary share in November 2022 and May 2023.

In recent years MFF has regularly increased its fully franked dividends. In addition to the increased final dividend, Directors today confirmed details of the path and timing for further increases under MFF's ongoing dividend policy. MFF Directors intend to increase the rate of the six-monthly dividend to 5.5 cents per ordinary share for the period ending 31 December 2023 and to 6.0 cents per ordinary share for the period ending 30 June 2024. The Directors also intend to continue the operation of the Dividend Reinvestment Plan (at zero discount).

MFF expects dividends to continue to be fully franked, in the absence of legislative or similar changes. As at 30 June 2023, available franking credits for the final dividend and future dividends were approximately $114.0 million (approximately 19.7 cents per ordinary share) (refer Note 2). Of course, in each case, dividends are subject to corporate, legal, taxation and regulatory considerations at the time.

In addition to dividend policy, Directors regularly consider 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 implemented an on-market buy-back from the time of the release of the interim results at the end of January 2023. By financial year end, MFF had bought back and cancelled approximately 10.0 million ordinary MFF shares at a cost of approximately $25.6 million. Whilst share buybacks have positive and negative aspects for a company in MFF's current position, the Board considers that in the long term shareholders may benefit, particularly if buy-back prices per share are value accretive for remaining shareholders. For example, in and shortly after the financial crisis period, MFF implemented on-market buy-backs which were meaningfully value accretive and provided liquidity for shareholders who needed or wanted to sell.

The Board intends to maintain its prudent approach to the balance sheet and risk and capital management policies, consistent with maintaining the Company's capacity to pay future dividends in accordance with MFF's dividend policy. The Board considers that MFF's retained funds have been put to good use with strong medium-term returns that have paid fully franked dividends and built capital, and the portfolio continues to be focused upon quality companies, some of which have appreciated materially from MFF's cost prices (hence the sizable, deferred tax liability noted above). Furthermore, the Company remains small from the perspective of the investment universe. MFF has access to debt markets (which remain favourable) and borrowing within MFF's risk controls has been disciplined and beneficial in the most recent 12 months and 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 retains access to additional equity capacity.

A long-standing important policy consideration for the Board in assessing any equity or similar issue 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. This policy was applied during the 2021 financial year when the Company undertook a bonus issue of options on a 1:5 basis to shareholders. The options were issued for no consideration. Each option allowed 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 were ASX quoted and tradeable (code MFFOA). During the 2023 financial year, only approximately 0.8 million of the options were exercised and approximately 81.1 million were unexercised and lapsed.

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 periodically sold existing investments to fund new investments and expects to do so in the future. 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, the Portfolio Manager has often observed that markets are also cyclical and that higher prices mean more realisations for MFF than when prices are low.

MFF's focus on its strengths, including portfolio allocation and risk management has meant MFF has not come close to acting upon its long-held goal to identify large holding(s) in one or more competitively advantaged, strongly cash generative businesses that might provide meaningful flows of income where the Company would have control over the allocation. In recent years such acquisitions would have been expensive, impractical and operationally risky for MFF. Market prices for control continue to remain unfavourable compared with the benefits of MFF's existing portfolio, including its liquidity attributes which remained important in this financial year when opportunities arose to purchase high quality portfolio holdings at attractive levels. There are no signs that these circumstances will change.

In summary, MFF's investment approach remains focused and disciplined and the investment portfolio is well-positioned. Attractive opportunities to add to the MFF portfolio continue to emerge, as in recent months, including those arising out of the uncertainty linked with the Ukraine war, increased inflation, increased interest rates and other challenging geopolitical and macroeconomic factors.

Annual General Meeting

My fellow directors and I look forward to welcoming those of you who can join the Annual General Meeting on 29 September 2023. The Notice of Annual General Meeting will be dispatched to shareholders in the coming weeks. Finally, I thank all shareholders for their continuing support and involvement with MFF and, as always, welcome discussion and your feedback.

Yours faithfully,

Annabelle Chaplain AM
Chairman

Sydney, 28 July 2023

Directors' Report

for the year ended 30 June 2023

The Directors of MFF Capital Investments Limited ("MFF" or the "Company") submit their annual report in respect of the period ended 30 June 2023.

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 are listed on the Australian Securities Exchange (ASX code: MFF).

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 2022 of $23,403,000 (4.0 cents per ordinary share) and the interim dividend for the period ended 31 December 2022 of $26,149,000 (4.5 cents per ordinary share), both fully franked.

On 28 July 2023, the Directors declared a fully franked final dividend, for the period ended 30 June 2023, of 5.0 cents per ordinary share (June 2022: fully franked final dividend of 4.0 cents per ordinary share), which will be paid on 3 November 2023. The amount of the proposed dividend, based on the number of ordinary shares on issue at 30 June 2023, is $29,002,000. The Dividend Reinvestment Plan ("DRP") will operate in conjunction with this dividend and no discount will be applied for the DRP.

On 28 July 2023, the Directors confirmed their intention to increase the rate per share of the six monthly dividend from the current rate of 5.0 cents per ordinary share as follows:

- 5.5 cents fully franked for the period ending 31 December 2023, and
- 6 cents fully franked for the period ending 30 June 2024;

subject in each case, to corporate, legal and regulatory considerations, with continued operation of the DRP (at zero discount).

Imputation Credits

At 30 June 2023, the Company's total available imputation credits (based on a tax rate of 30%) were $114,019,000 (June 2022: $104,135,000).

4. Review of Financial Results and Operations

Financial Results for the Period

The Company recorded a pre-tax profit of $462,236,000 (June 2022: pre-tax loss $244,061,000) and a net profit after income tax of $323,575,000 (June 2022: $170,779,000 loss) for the period ended 30 June 2023. Basic earnings/(loss) per share were 55.34 cents (June 2022: (29.57) cents).

The Company reported pre-tax net tangible assets ("NTA") of $3.398 per ordinary share (before net tax liabilities of $0.489 per ordinary share) as at 30 June 2023 compared with $2.744 per ordinary share (before net tax liabilities of $0.306 per ordinary share) as at 30 June 2022. The Company also reported a post-tax NTA of $2.909 per ordinary share as at 30 June 2023 compared with $2.438 per ordinary share as at 30 June 2022.

As markets will always be subject to fluctuations, the investment performance and results of the past period to 30 June 2023 should not be considered to be representative of results and returns in future financial periods.

On-Market Buy-Back

On 16 January 2023, an on-market buy-back of up to 30,000,000 MFF ordinary shares for a 12 month period ending 31 January 2024 was announced. During the period ended 30 June 2023, the Company purchased on-market, and cancelled, 10,028,930 ordinary shares, at a total cost of $25,641,000. Subsequent to balance date and up until 24 July 2023, the Company purchased on-market, and cancelled, 483,773 ordinary shares, at a total cost of $1,307,000.

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 15) 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 portfolio holdings at 30 June 2023 in the Portfolio Manager's Report (this information was also released to the ASX on 3 July 2023 as part of the June 2023 monthly NTA release), and additional detail on the 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.

5. Likely Developments and Expected Results of Operations

The Company will continue to pursue its principal investment objectives which are to maximize compound, risk-adjusted after-tax returns for its shareholders and to minimize the risk of permanent capital loss.

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 24 July 2023, the Company reported NTA per ordinary share as at 21 July 2023 as follows:

	21 Jul 2023 $[1]	30 Jun 2023 $[2]
Pre-tax NTA per ordinary share	3.434	3.398
Net tax liabilities per ordinary share	(0.499)	(0.489)
Post-tax NTA per ordinary share	**2.935**	**2.909**

[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 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.

8. Directors and Secretary

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

		Appointed
Annabelle Chaplain AM	Chairman & Independent Non-executive Director	21 May 2019
Robert Fraser	Independent Non-executive Director	21 May 2019
Chris Mackay	Managing Director and Portfolio Manager	29 September 2006
Peter Montgomery AM	Independent Non-executive Director	21 May 2019

Secretary

Marcia Venegas was Company Secretary during the period and up to the date of this report.

There are no other officers of the Company.

Information on Directors and Secretary

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

Annabelle Chaplain AM

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

Annabelle Chaplain was appointed as a Non-executive Director on 21 May 2019 and Chairman with effect from 1 August 2019. Annabelle brings extensive experience in the financial services, mining, engineering and infrastructure sectors. Annabelle has more than 25 years’ experience as a director of government bodies and publicly listed, private and not for profit companies.

Annabelle is 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, Non-executive Director of the Australian Ballet, and Chairman of The Society of the Sacred Advent Schools Pty Ltd. Annabelle was previously a Director of Downer EDI Ltd and Credible Labs Inc.

In 2015, Annabelle was awarded Griffith University Business School’s Outstanding Alumnus of the year and in 2016, in recognition of her distinguished service to banking, finance and the community. She was appointed an AM in the General Division of the Order of Australia in the Australia Day Honours in 2020.

Annabelle is a Fellow of the Australian Institute of Company Directors and holds an MBA from the University of Melbourne.

Robert Fraser

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

Robert Fraser was appointed as a Non-executive Director on 21 May 2019. Robert is a company director and corporate adviser with 35 years of investment banking experience, specialising in mergers and takeovers, corporate and financial analysis, 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 the Non-executive Chairman of ARB Corporation Limited (Non-executive Director since February 2004 and Chairman since September 2022). Robert is also a Non-executive Director of FFI Holdings Limited (since October 2011) and Magellan Financial Group Limited (Non-executive Director since April 2014 and Deputy Chairman since February 2022), where he is Chairman of Magellan Asset Management Limited (Responsible Entity and main operating subsidiary of Magellan) (Non-executive Director since April 2014 and Chairman since June 2019), Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. He is the President of the Muscular Dystrophy Association of New South Wales.

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, licensed real estate agent and a registered Tax (financial) Adviser.

Chris Mackay

Managing Director and Portfolio Manager.

Chris Mackay was appointed Managing Director and Portfolio Manager of the Company on 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 was appointed as a Non-executive Director on 21 May 2019. Peter 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.

Marcia Venegas

Company Secretary

Marcia Venegas has been the Chief Risk Officer, Chief Compliance Officer and Company Secretary of Magellan since November 2015. Prior to Magellan, 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 2023 and the number of those meetings attended by each Director are 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	4	4
Robert Fraser	6	6	4	4
Chris Mackay	6	6	na	na
Peter Montgomery AM	6	6	4	4

Directors' Interests

The interests of Directors in the shares of the Company are detailed on page 12.

9. Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements of the Company for the period ended 30 June 2023. 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
Robert Fraser	Director	Full Year
Chris Mackay	Director	Full Year
Peter Montgomery AM	Director	Full Year
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*.

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 2023. The following table outlines the Independent Non-executive Directors' fees for the Board and Audit and Risk Committee for the period ended 30 June 2023:

		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 12 for further details.

Details of Remuneration

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

		Short Term Benefits	Post Employment Benefits	Other Benefits	Total Benefits
		Salary	Super-annuation	Long Service Leave	
		$	$	$[1]	$
Independent Non-executive Directors					
Annabelle Chaplain AM	**2023**	**110,860**	**11,640**	**-**	**122,500**
	2022	108,479	10,848	-	119,327
Robert Fraser	**2023**	**95,000**	**-**	**-**	**95,000**
	2022	95,000	-	-	95,000
Peter Montgomery AM	**2023**	**74,660**	**7,840**	**-**	**82,500**
	2022	75,000	7,500	-	82,500
John Ballard[2]	**2023**	**-**	**-**	**-**	**-**
	2022	19,038	1,904	-	20,942
Managing Director					
Chris Mackay	**2023**	**1,474,698**	**25,302**	**24,240**	**1,524,240**
	2022	1,476,432	23,568	24,936	1,524,936
Total KMP remunerated by the Company	**2023**	**1,755,218**	**44,782**	**24,240**	**1,824,240**
	2022	1,773,949	43,820	24,936	1,842,705

[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 Ballard resigned on 2 October 2021 and remuneration is shown for the period 1 July 2021 to 2 October 2021.

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 and member of the Audit and Risk Committee.

- 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 2023 of $122,500.

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 2023 of $95,000.

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 2023 of $82,500.

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 six 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. On 28 July 2023 the Company and Mr Mackay agreed to increase Mr Mackay's fixed compensation to $1,650,000, effective from 1 July 2023. All other terms of employment remain unchanged.

Shareholdings

The number of ordinary shares held in the Company at 30 June 2023 by the KMP is as follows:

	Balance 30 Jun 2021	Additions/ (Disposals)	Options Exercised	Balance 30 Jun 2022	Additions/ (Disposals)	Balance 30 Jun 2023
Annabelle Chaplain AM						
Ordinary shares	338,729	55,935	46,472	441,136	**35,454**	**476,590**
MFF 2022 Options[1]	46,472	-	(46,472)	-	**-**	**-**
Robert Fraser						
Ordinary shares	498,676	-	99,737	598,413	**-**	**598,413**
MFF 2022 Options[1]	99,737	-	(99,737)	-	**-**	**-**
Chris Mackay						
Ordinary shares	88,233,882	12,611,086	2,375,892	103,220,860	**8,960,333**	**112,181,193**
MFF 2022 Options[1]	-	2,375,892	(2,375,892)	-	**-**	**-**
Peter Montgomery AM						
Ordinary shares	135,314	6,577	216,685	358,576	**12,620**	**371,196**
MFF 2022 Options[1]	216,685	-	(216,685)	-	**-**	**-**

[1] MFF 2022 Options issued 3 September 2020 and lapsed 31 October 2022.

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*.

Directors' Report

for the year ended 30 June 2023

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, 28 July 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the audit of the Financial Report of MFF Capital Investments Limited for the financial year ended 30 June 2023, 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;

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

c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Clare Sporle
Partner

Sydney, 28 July 2023

Portfolio Manager's Report

for the year ended 30 June 2023

Dear Shareholder,

MFF's mark to market profits for fiscal 2023 are detailed in the Chairman's Letter and elsewhere in the Financial Statements. Although positive, one-year results are less important for MFF shareholders than sustained growth in capital and in fully franked dividend payments, over the medium to longer-term.

The table on page 16 indicates an after tax investment return for the 2023 financial year of 22.7% on starting Net Assets after providing for income tax at the full 30% rate on unrealised gains as well as realised profits. MFF benefits from compounding of unrealised gains, which are reflected partly in the increase of the deferred tax liability in fiscal 2023 by $110.6 million (the deferred tax liability as at 30 June 2023 of $278.2 million is equivalent to 16.5% of MFF's Net Assets at that date). Although this year's profit figures were MFF's highest in dollar terms, they were behind (in descending order) the 2015, 2018 and 2013 financial years as a percentage of the applicable starting Net Assets.

Of course, the challenge is to sustain and grow MFF's values from each higher starting point. Past performance does not indicate future performance, although investment processes and focus over time are cumulative and may create patterns. Starting from MFF's fiscal 2012 (which represented an important modification in our approach and processes), nine of the 12 years recorded double digit investment returns (ranging from 12.0% to 40.3%) on starting Net Assets after providing for income tax at the full 30% rate on unrealised gains as well as realised profits.

Looking forward, there are strong grounds for optimism. The businesses that comprise MFF's portfolio companies are advantaged. We believe that they have high probabilities of maintaining their competitive advantages and of achieving well above average levels of profitable growth over the medium term. We also believe that the market prices for the portfolio are satisfactory, even after the MFF portfolio benefitted from significant increases in market prices in fiscal 2023. In addition to benefitting from ongoing business compounding from previous purchases (usually held for many years), MFF also benefits from periodic portfolio purchases at attractive prices. Additionally, MFF sells portfolio companies from time to time, usually to raise capital for future opportunities and to fund taxation, dividends, the on-market share buy-back and other expenses.

2023 Results and Current Position

Despite fiscal 2023 having numerous economic, geopolitical and other challenges including the ongoing kinetic military action, the early stages of an emerging cold war between superpowers and the "record" rapid increase in official interest rates, there is little about the composition of the MFF portfolio or the companies' competitive positions that changed materially. The advantaged companies maintained their advantages with many headwinds and some tailwinds.

Portfolio changes were modest with no new company purchases and no material sales. MFF maintained its fiscal disciplines whilst paying taxes, paying dividends, paying other expenses and buying back MFF shares on market (and cancelling them). Market participant mood swings from fear to greed caused price changes which allowed some buying and selling. Being able to ignore prognostications on the so-called macro forces at play advantages index investors and some active investors. MFF's full portfolio, including all securities bought or sold, and details of the changes (shown in six monthly blocks) are included in Note 6 to the accounts.

Calendar 2022 allowed us to acquire more holdings in outstanding companies on satisfactory or attractive terms. MFF benefitted from the unanticipated market price rebound in calendar 2023 for a number of these companies. Additionally, many of these outstanding companies continued to improve their competitive positions. Some competitors have withdrawn or reduced the competitiveness of offers. More importantly, our portfolio companies sustain massive value creating investments (particularly in skills and technology), broaden customer offers to attractive adjacencies and reduce costs of doing business, whilst improving customer satisfaction. The businesses of our excellent portfolio companies improved further.

Headwinds associated with political and regulatory pressures continued to increase over the last 12 months. Overall, though, the aggressive implementation of multitudes of anti-business measures was matched for our portfolio by advances via technologies related to digitisation, cloud and computing power and to some extent by capitalist strengths (in these early stages of the battles). Whilst many investors have chosen lower quality or more risky investments (and struggle in difficult economic and funding conditions), we maintain our portfolio of quality businesses notwithstanding expectations that these headwinds will grow.

In summary: 1) our portfolio companies continue to be beneficiaries of technology, although of course monitoring is active as new advances may cause circumstances to change very rapidly; and 2) on balance, in 2023 MFF may have benefitted from the current zeal towards regulatory overreach, and, more clearly, MFF benefitted from competitors withdrawing sub-economic activities.

Portfolio Manager's Report

for the year ended 30 June 2023

Results, Performance, Dividends and Expenses Table

Some shareholders and advisers have requested "performance figures" for MFF. The MFF Board agreed to the inclusion of a table of factual data and calculations from MFF's audited/reviewed statutory accounts over a medium-term period, provided that the presentation was non promotional.

The table that follows includes seven years from 1 July 2016 (immediately post Brexit vote). Markets fluctuate, and MFF has successfully held much of the portfolio for the entire period (11 of the then 15 largest holdings) and hence, period to period results must also fluctuate. Over the period, aggregates for after tax gains, for taxes paid, and for dividends paid are far more meaningful than periodic fluctuations. MFF aims to continue to benefit from market fluctuations and does not hurt aggregate performance over time by seeking to "manage" volatility. Of course, extrapolation is both illogical and dangerous. Past performance does not represent future performance.

Obviously figures quoted by index providers and fund managers are usually flattered by excluding the impact of taxation for holders. In Australia, MFF pays income tax, generates franking credits and pays fully franked dividends. Over the last seven years, MFF has declared fully franked dividends of $320.4 million, paid Income Tax of $242 million and bought back and cancelled $25.6 million MFF shares. MFF also managed capital growth over this period, with Net Profits of $1,012.8 million after (30%) Income Tax on unrealised gains as well as realised profits, starting from Net Assets of $786.4 million. The figures are included in the table that follows.

MFF will continue to be managed for medium term outcomes, including the payment of fully franked dividends to shareholders (this has become more important as the shareholder base ages) and growth in portfolio capital values, and MFF seeks to avoid permanent loss of capital. MFF is a company and pays considerable tax in Australia which allows for franked dividends, based on current legislation.

Period Ended[1]	Net Profit/ (Loss) After Income Tax $'m	Opening Statutory Net Assets $'m	After Tax "Performance Indicator" %[2]	Share Buy-back 'm	Dividends Declared $'m[3]	Dividend Yield Indicator %[4]	Cash Tax Paid $'m	Closing Franking Account $'m	Expenses Excluding Income Tax and Interest $'m[5]	Expenses Indicator %[6]
30 Jun 2017	158.8	786.4	20.2	-	10.0	1.3	3.9	1.3	9.4	1.2
30 Jun 2018	240.0	953.1	25.2	-	16.2	1.7	18.0	11.0	7.0	0.7
30 Jun 2019	218.6	1,238.2	17.7	-	19.0	1.5	41.6	45.6	7.0	0.6
30 Jun 2020	25.1	1,443.6	1.7	-	139.0	9.6	129.4	118.0	8.0	0.6
30 Jun 2021	217.5	1,361.9	16.0	-	37.2	2.7	3.4	106.9	6.9	0.5
30 Jun 2022	(170.8)	1,593.6	(10.7)	-	43.8	2.7	14.6	104.1	7.0	0.4
30 Jun 2023	323.6	1,424.9	22.7	25.6[7]	55.2	3.9	31.1	114.0	5.6	0.4
	1,012.8			25.6	320.4		242.0		50.9	

1 Figures are rounded, approximate and not audited.
2 Net Profit/(Loss) After Income Tax Expense divided by Opening Statutory Net Assets.
3 All dividends fully franked except 2017 interim (1 cent per share franked to 85%).
4 Dividends Declared divided by Opening Statutory Net Assets.
5 MFF was not required to pay performance fees to Magellan from 31 December 2019. MFF also does not pay cash or other incentives or grant any stock awards to staff or board members.
6 Expenses (excluding Income tax and Interest) divided by Opening Statutory Net Assets.
7 During the period ended 30 June 2023, the Company purchased on-market, and cancelled, 10,028,930 ordinary shares, at a total cost of $25,641,000 (refer Note 8 to the Financials Statements).

Views in relation to market conditions and the full portfolio at 30 June 2023 were included in the June 2023 NTA statement released to the ASX on 3 July 2023, extracted below. In addition, all movements in all holdings for each six months of the financial year are shown in Note 6 to the Financial Statements.

"MFF advises that its approximate monthly NTA per share as at 30 June 2023 was $3.398 pre-tax ($2.744 as at 30 June 2022), and $2.912 after providing for tax ($2.438 as at 30 June 2022). The figures are not adjusted for 8.5 cents per share of fully franked dividends paid to MFF shareholders during the financial year, for MFF's capital movements or cash tax paid (which reduces pre-tax NTA).

June was another month of rising market prices for equities, including those in the portfolio, resulting in increased unrealized gains which caused the increased gap between pre-tax and after tax NTA figures. Tax paid in the month was below 1 cent per share, with a similar preliminary estimate for July, principally reflecting modest portfolio sales (below). The double-digit percentage yearly appreciation was above inflation and above GDP, for MFF's portfolio and in some equity markets, and in part reflected depressed sentiment and starting points amidst interest rate and other fear induced panics during 2022, and more optimistic recent investor sentiment (enhancing prices paid for forecasts of future earnings and other variables).

MFF's primary feature remains its combination of shareholding interests in extraordinary businesses with sustainable competitive advantages and above average sustainable growth rates, acquired on satisfactory terms. We prefer companies with decent probabilities of sustainable advantages and above average profitable growth, ideally with excellent management, and, with at least reasonable purchase prices. Hence, month after month, MFF's primary activity has remained holding shares in companies we regard as excellent on terms we regard as favourable (the full portfolio is shown below). Market fluctuations are inevitable and have favoured MFF which has the capital resources and scope not to follow momentum and opinions, and to be objective, disciplined and opportunistic in comparing value with price across its extensive but focused investment opportunities. MFF's structure allows for focus, flexibility, and patience in buying or selling. During financial year 2023, MFF did not buy any new securities and in the latest six months only sold out of one, which had completed its purpose.

MFF's portfolio price/value characteristics remained satisfactory, although the market strength in June reduced some of the important "margin of safety" relating to market prices [another crucial "margin of safety" relating to business Quality is essentially unchanged by equity price movements]. In June MFF's buying and selling were each a little under 1% of portfolio value. Proceeds from the modest sales allow for some future opportunities, and to set aside some capital for tax, dividends, and the buyback. We also made modest purchases as sentiment (and hence prices) moved downward moderately for some quality businesses within our focus areas.

Although trivial in the context of MFF, we bought modestly during downward price movements of some health-related businesses partly triggered by post pandemic returns to elective surgeries by older patients, and in some high-quality banks prior to the end of month release of the Federal Reserve's positive reviews under the annual banking stress tests.

June was another appalling month for fans of regulators and politicians, whether of democracies or regimes. Around the world month after month anti-business anti-growth ideological administrations double down on regulating and curtailing their businesses and ultimately their populations, even in the knowledge of dreadful human outcomes including sustained violent rioting by a lost generation in France, crime and hollowing out of US cities and in the collapse in German economic resilience. In the US, many believe that ideology induces the Federal Trade Commission (FTC) to sue Amazon Prime arguing coercion even though it covers a majority of US households, at the same time as the administration doubles down after the Supreme Court ruled as unconstitutional public finance use to forgive loans to university attendees. In the US, businesses and entrepreneurs are moving away inexorably from the highest tax, most anti-business states. The MFF portfolio is disadvantaged by direct regulation, taxes, fines, and levies on large profitable portfolio companies, but some "benefit" somewhat as red tape curtails competition and innovation. The FTC, and other regulatory ideology and bureaucracy continue to dampen US innovation, including the opportunities to recycle capital via IPOs/other capital market exits or sales/mergers and acquisitions. In the US this month activity included the Inflation Reduction Act continuing to add directly to inflation keeping interest rates higher, and included the unappealable, Joseph Heller inspired, pro lawyer announced massive increase in the already overwhelming obligations for filings under the Hart Scott Rodino Act.

Our approach is to seek businesses that will be likely to perform well above average despite the very significant legitimate concerns about Government and economies. The MFF portfolio companies' scale, scope, advantaged technologies, and customer focus contribute to market share gains quarter to quarter and year to year. Innovation matters and we include beneficiaries as well as drivers of important innovation. Scale combined with adaptability allow many to continue to invest in people and capital, applying digital and other new technologies which in some cases materially improve customer satisfaction and reduce ongoing costs for customers and the companies. In technology we are very focused on companies that, as well as having strong pricing power and gross margins allowing cost cutting, are likely major beneficiaries of technological advances in data, cloud, artificial intelligence and simply in digitization. Of course, we also have some of the companies that are driving the new technologies. We attempt to assess where companies are impacted by technology changes currently, and with obvious difficulties, into the future. Typically, we prefer companies with many customer relationships, which give them scope to be fast adopters of technology and may protect against disintermediation.

Last month we noted some factors which have led to the collapse in much of the FMCG/other goods inflation in the US and some other markets. Much was transitory as the global supply chain crisis ended entirely during H1 calendar 2023, and commodity prices mostly fell; these remove the associated significant but temporary inflation multipliers. Services inflation will reduce as immigration's bureaucratic bottlenecks eventually allow the US to increase vital supply of workers, including nurses. Mismeasurement of the artificially derived "occupier rent" will eventually pass through the US inflation figures but not before interest rates themselves act to reduce housing supply(and hence distort actual rental supply and demand). Europe and other jurisdictions (such as Australia) with centralized wage and benefit systems (and increases in taxes, levies, weaker currencies and energy charges) are experiencing higher

Portfolio Manager's Report

for the year ended 30 June 2023

inflation for longer than the US. Demographic factors remain important in most countries (low birth rates as "boomers" and older have most aggregate wealth and induce lower velocity of money after their post pandemic catch up).

Almost every month for the most recent financial year the risks of Central bank misjudgements and disfunction have featured. For ten consecutive months we have argued that "the US 10 year bond rate (the benchmark or risk free rate) remains reasonably anchored" and only once at month end did it exceed 4% p.a. (4.05%p.a.). The rate peaked for last financial year in October 2022 and has not acted as a headwind for Quality equity prices since that time (and arguably for various other asset classes as supply and demand are the main factors; arguably, for example, non-trivial diversions/divergences in price movements for residential real estate city to city within geographies and between price ranges within cities). In June 2023, the ten year bond rate rose month end on month end from approximately 3.64% p.a. to approximately 3.84% p.a. Business results including compounding of reinvestment are far more important over time for investors focussed on quality profitable growth than the 10 year bond gyrations. Of course, as the Federal Reserve "overshoots" on quantitative tightening and/or retains interest rates that are too high for too long, and overall monetary conditions that are too tight, the damage caused by a repeat of Lehman type decisions should still be avoided (despite the damage to date). In previous decades, reversals of US central bank interest rate decisions have been customary.

All holdings in the portfolio as at 30 June 2023 are shown in the table that follows (shown as percentages of investment assets).

	%		%
MasterCard	12.2	JP Morgan Chase	1.6
Visa	11.8	Intercontinental Exchange	1.6
Amazon	10.9	Prosus	1.5
Home Depot	6.7	Lloyds Banking Group	1.4
Alphabet Class C	6.6	DBS Group	1.3
Microsoft	6.6	United Overseas Bank	1.1
American Express	6.1	Oversea - Chinese Banking	1.0
Alphabet Class A	5.5	US Bancorp	0.8
Meta Platforms	5.2	Lowe's	0.8
Bank of America	5.0	UnitedHealth Group	0.7
Flutter Entertainment	2.8	RB Global	0.5
CK Hutchison	2.2	Allianz	0.2
CVS Health	2.2	Schroders	0.1
HCA Healthcare	1.8	L'Oreal	0.1
Morgan Stanley	1.7		

We continue to maintain some liquidity in AUD. Most MFF expenses, and taxes, dividends, and buybacks are paid in AUD, and we regard this as prudent matching. We remain very cautious about all currencies and our negative views on the AUD over extended periods continue. The current sustained period of USD strength and US investment opportunity (and immigration flows to the US and a few other democracies) is already becoming associated elsewhere with banking, hard currency debt, inflationary and other pressures, even prior to customary damage from predictable (but unprepared for) reversals of commodity price and volume strength. Net debt as a percentage of investment assets, was approximately 14.3% as at 30 June 2023. AUD net cash was 3.8%, USD net debt 8.2% and Euro, GBP, HKD and SGD borrowings totalled approximately 9.9% of investment assets as at 30 June 2023 (all approximate). Key currency rates for AUD as at 30 June 2023 were 0.666 (USD), 0.610 (EUR) and 0.524 (GBP) compared with rates for the previous month which were 0.647 (USD), 0.607 (EUR) and 0.522 (GBP)."

Previous discussions of currency positioning will not be repeated as the key principles remain broadly unchanged. Little should be read into changes in the composition of borrowings. The AUD cash is aimed to represent at least 12 months of foreseeable AUD payments. The Yen borrowings were to offset currency risk on the positions. HKD borrowings have slightly lower costs than USD borrowings and the currencies are "pegged" but have different risk profiles. Euro and GBP borrowings are encouraged, other things being equal, by their longer-term economic prospects, although short term sticky inflation may attract interest rate purchasers.

Similarly, the key points discussed previously regarding MFF's funding remain broadly unchanged, including: 1) borrowing amidst inflationary conditions; 2) foreseeable after-tax interest costs are not an impediment to sensible borrowing by MFF for long term quality businesses given MFF's prudent borrowing limits, even assuming further material interest rate increases; and 3) debt is currently less expensive than equity for existing equity holders.

Portfolio Manager's Report

for the year ended 30 June 2023

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 2023 NTA is scheduled to be released to the ASX on 1 August 2023.

Yours faithfully,

Chris Mackay
Portfolio Manager

Sydney
28 July 2023

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 2023

	Note	30 Jun 2023 $'000	30 Jun 2022 $'000
Investment Income			
Dividend and distribution income		**29,182**	24,151
Interest income		**2,034**	30
Net change in fair value of investments		**473,997**	(243,198)
Net gains/(losses) on foreign currency cash and borrowings	4	**(21,050)**	(16,343)
Net gains/(losses) on foreign exchange settlements & contracts		**448**	(335)
Other income		**-**	6
Total Net Investment Income/(Loss)		**484,611**	(235,689)
Expenses			
Research and services fees	13	**2,600**	4,001
Finance costs – interest expense	4	**16,740**	1,338
Managing Director's salary		**1,500**	1,500
Non-Executive Directors' fees		**300**	318
Long service leave statutory expense		**24**	25
Registry fees		**175**	210
ASX listing, clearing and settlement fees		**192**	173
Transaction costs		**129**	379
Employment related taxes		**96**	86
Fund administration and operational costs		**99**	95
Auditor's remuneration	10	**74**	84
Regulatory levy		**56**	51
Withholding tax not recoverable		**199**	-
Other expenses		**191**	112
Total Expenses		**22,375**	8,372
Profit/(Loss) Before Income Tax Expense/(Benefit)		**462,236**	(244,061)
Income tax (expense)/benefit	3	**(138,661)**	73,282
Net Profit/(Loss) After Income Tax Expense/(Benefit)		**323,575**	(170,779)
Other comprehensive income		**-**	-
Total Comprehensive Income/(Loss)		**323,575**	(170,779)
Basic Earnings/(Loss) Per Share (cents)	9	**55.34**	(29.57)
Diluted Earnings/(Loss) Per Share (cents)	9	**55.34**	(29.57)

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 2023

	Note	30 Jun 2023 $'000	30 Jun 2022 $'000
Current Assets			
Cash and cash equivalents	4	**28,248**	33,214
Investments	6	**2,300,972**	1,972,040
Receivables	5	**422**	1,249
Prepayments		**20**	20
Total Current Assets		**2,329,662**	2,006,523
Total Assets		**2,329,662**	2,006,523
Current Liabilities			
Payables	7	**445**	1,204
Current tax payable		**5,128**	11,214
Borrowings	4	**358,423**	401,386
Total Current Liabilities		**363,996**	413,804
Non-Current Liabilities			
Net deferred tax liability	3	**278,162**	167,568
Provision for long service leave	7	**240**	215
Total Non-Current Liabilities		**278,402**	167,783
Total Liabilities		**642,398**	581,587
Net Assets		**1,687,264**	1,424,936
Equity			
Contributed equity	8	**710,695**	722,390
Profits reserve		**784,768**	461,193
Retained profits		**191,801**	241,353
Total Equity		**1,687,264**	1,424,936

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 2023

	Note	30 Jun 2023 $'000	30 Jun 2022 $'000
Contributed Equity			
Balance at Beginning of Period		**722,390**	679,653
Transactions with owners in their capacity as owners:			
Securities issued under Dividend Reinvestment Plan	8	**11,905**	10,255
Shares issued on exercise of options	8	**2,079**	32,482
Shares acquired under buy-back	8	**(25,641)**	-
Transaction costs on shares acquired under buy-back net of tax	8	**(38)**	-
Balance at End of Period		**710,695**	722,390
Retained Profits			
Balance at Beginning of Period		**241,353**	452,716
Total comprehensive income/(loss)		**323,575**	(170,779)
Transfer to profits reserve	1.10	**(323,575)**	-
Dividends paid	2	**(49,552)**	(40,584)
Balance at End of Period		**191,801**	241,353
Profits Reserve			
Balance at Beginning of Period		**461,193**	461,193
Transfer from retained earnings	1.10	**323,575**	-
Balance at End of Period		**784,768**	461,193
Total Equity		**1,687,264**	1,424,936

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 2023

	Note	30 Jun 2023 $'000	30 Jun 2022 $'000
Cash Flows from Operating Activities			
Dividends and distributions received (net of withholding tax)		**26,828**	20,828
Interest received		**2,034**	30
Payments for purchase of equity investments		**(179,458)**	(510,818)
Proceeds from sale of equity investments		**324,503**	290,259
Net realised gain/(loss) on foreign exchange settlements and contracts and cash		**448**	(335)
Research and services fees paid	13	**(3,370)**	(4,001)
Tax paid		**(31,078)**	(14,564)
Other income received		**-**	6
Other expenses paid		**(2,857)**	(3,036)
Net Cash Inflow/(Outflow) from Operating Activities	4	**137,050**	(221,631)
Cash Flows From Financing Activities			
Net proceed/(repayment) of borrowings		**(64,013)**	251,007
Proceeds on exercise of options	8	**2,079**	32,482
Payment for shares acquired under buy-back	8	**(25,641)**	-
Payment of transaction costs on shares acquired under buy-back		**(54)**	-
Interest paid	4	**(16,740)**	(1,338)
Dividends paid (net of DRP)		**(37,647)**	(30,329)
Net Cash Inflow/(Outflow) from Financing Activities		**(142,016)**	251,822
Net increase/(decrease) in cash and cash equivalents		**(4,966)**	30,191
Cash and cash equivalents at beginning of period		**33,214**	3,023
Cash and Cash Equivalents at End of Period	4	**28,248**	33,214

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

Overview

This annual financial report is for MFF Capital Investments Limited ("MFF" or the "Company") for the period ended 30 June 2023. 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 2023 is a general purpose financial report and has been prepared in accordance with the *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 28 July 2023. 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.

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 2022 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 to the Directors' Report on page 10).

Finance Costs

The basis on which finance costs incurred on borrowings is 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 a 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/or 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 held at strongly rated financial institutions, the Company's financial assets and liabilities are not subject to significant judgement or complexity.

Notes to the Financial Statements

for the year ended 30 June 2023

2. Dividends

Dividends paid by the Company during the period are:

	30 Jun 2023 $'000	30 Jun 2022 $'000
For the Period Ended 30 June 2023:		
Fully franked final dividend for 2022 (4.0 cent per ordinary share) paid 4 November 2022	**23,403**	-
Fully franked interim dividend for 2023 (4.5 cent per ordinary share) paid 12 May 2023	**26,149**	-
For the Period Ended 30 June 2022:		
Fully franked final dividend for 2021 (3.5 cent per ordinary share) paid 5 November 2021	**-**	20,205
Fully franked interim dividend for 2022 (3.5 cent per ordinary share) paid 13 May 2022	**-**	20,379
Total Dividends Paid During the Period	**49,552**	40,584

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 28 July 2023 the Directors declared a final dividend of 5.0 cents per ordinary share, fully franked at the corporate tax rate of 30% in respect of the period ended 30 June 2023. The amount of the proposed dividend, based on the number of ordinary shares on issue at 30 June 2023, is approximately $29,002,000 and will be paid on 3 November 2023.

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 2023. 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 2023. 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 five 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 2023 $'000	30 Jun 2022 $'000
Imputation credits at balance date	**114,019**	104,135
Imputation credits that will arise from the payment of income tax payable	**5,128**	11,214
Total imputation credits available for subsequent reporting periods based on a tax rate of 30% (June 2022: 30%)	**119,147**	115,349

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 liabilities are offset only when there is a legally enforceable right to set-off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and for which the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

	30 Jun 2023 $'000	30 Jun 2022 $'000
(a) Income Tax (Expense) / Benefit Attributable to the Period, Payable on Operating Profit, is as Follows:		
Profit/(loss) before income tax expense	**462,236**	(244,061)
Prima facie income tax (expense)/benefit on net profit at 30%	**(138,671)**	73,218
Permanent differences	**11**	64
Prior year (under)/over provision	**(1)**	-
Income Tax (Expense) / Benefit reported in the Statement of Profit or Loss and Comprehensive Income	**(138,661)**	73,282
(b) Major Components of Income Tax Benefit / (Expense) are:		
Current income tax expense	**(28,143)**	(28,308)
Deferred income tax (expense)/benefit:		
Origination and reversal of temporary differences	**(110,518)**	101,590
Income Tax (Expense) / Benefit reported in the Statement of Profit or Loss and Comprehensive Income	**(138,661)**	73,282
(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	**(278,225)**	(167,531)
Deferred tax liability from future foreign income tax offsets	**(42)**	(133)
Deferred tax liability from unrealised foreign currency gains	**(43)**	(43)
Deferred tax asset from accrued expenses and transaction costs	**148**	139
Total Net Deferred Tax Asset/(Liability)	**(278,162)**	(167,568)

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 2023 $'000	30 Jun 2022 $'000
Cash at bank - denominated in Australian Dollars	**28,248**	33,214
Set-Off Cash and Borrowings with MLI		
Cash - denominated in Australian Dollars	**58,815**	-
Borrowings - denominated in US Dollars	**(189,169)**	(353,671)
Borrowings - denominated in British Pounds	**(98,409)**	(14,889)
Borrowings - denominated in Hong Kong Dollars	**(55,785)**	(7,969)
Borrowings - denominated in Euros	**(50,374)**	(5,467)
Borrowings - denominated in Singapore Dollars	**(23,414)**	(11,074)
Borrowings - denominated in Japanese Yen	**(75)**	(7,868)
Borrowings - denominated in Canadian Dollars	**(12)**	(11)
Borrowings - denominated in Australian Dollars	**-**	(437)
Net Borrowings with MLI	**(358,423)**	(401,386)

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 2023, the Company's borrowings with MLI of $417,238,000 (June 2022: $401,386,000) have been presented net of the Company's cash deposits held with MLI of $58,815,000 (June 2022: nil). As a result, a borrowings position of $358,423,000 (June 2022: borrowings $401,386,000) 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.

Reconciliation of Borrowings arising from Financing Activities

	30 Jun 2023 $'000	30 Jun 2022 $'000
Financing facility borrowings at the beginning of the period	**(401,386)**	(134,036)
Net (proceeds)/repayment of borrowings	**64,013**	(251,007)
Foreign exchange movement	**(21,050)**	(16,343)
Financing Facility Borrowings at end of Period	**(358,423)**	(401,386)

Notes to the Financial Statements

for the year ended 30 June 2023

Reconciliation of Net Cash Inflow/(Outflow) from Operating Activities

	30 Jun 2023 $'000	30 Jun 2022 $'000
Net profit/(loss) after income tax expense	**323,575**	(170,779)
Net gain/(loss) on foreign currency cash and borrowings	**21,050**	16,343
Finance costs - interest expense	**16,740**	1,338
Net change in fair value of investments	**(328,932)**	22,638
(Increase)/decrease in receivables and prepayments	**827**	(632)
Increase/(decrease) in payables and provisions	**(734)**	(2)
Increase/(decrease) in deferred taxes on transactions costs	**16**	-
Increase/(decrease) in current and deferred taxes	**104,508**	(90,537)
Net Cash Inflow/(Outflow) from Operating Activities	**137,050**	(221,631)

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 2023 $'000	30 Jun 2022 $'000
Dividends receivable	**238**	759
Outstanding settlements	**20**	-
GST receivable	**73**	215
Foreign tax recoverable	**91**	275
Total Receivables	**422**	1,249
Denomination of current receivables by currency:		
US Dollars	**323**	332
Australian Dollars	**73**	215
Euro	**26**	247
Japanese Yen	**-**	455
Total Receivables	**422**	1,249

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 2022: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2022: 30 to 90 days). Foreign withholding tax is due within 2 to 5 years dependent on the jurisdiction (June 2022: 2 to 5 years). No amounts are impaired or past due at 30 June 2023 or 30 June 2022.

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 2 or 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.

Details of Investments

	Domicile	30 Jun 2023 Holding	31 Dec 2022 Holding	30 Jun 2022 Holding	30 Jun 2023 Value $'000	30 Jun 2022 Value $'000
Listed Equity Securities (Level 1)						
MasterCard	i	**477,273**	528,150	564,261	**281,997**	258,872
Visa	i	**762,870**	879,298	954,222	**272,166**	273,218
Amazon	i	**1,280,547**	1,283,331	1,245,880	**250,781**	192,431
Home Depot	i	**332,229**	328,130	328,130	**155,042**	130,875
Alphabet Class C	i	**842,939**	853,520[1]	42,676	**153,189**	135,755
Microsoft	i	**295,965**	331,616	331,616	**151,413**	123,855
American Express	i	**539,535**	517,717	369,641	**141,196**	74,514
Alphabet Class A	i	**700,322**	687,199[1]	32,092	**125,935**	101,704
Meta Platforms	i	**279,085**	316,425	300,425	**120,321**	70,448
Bank of America	i	**2,682,604**	1,685,493	1,618,594	**115,622**	73,274
Flutter Entertainment	vi	**210,402**	245,170	262,471	**63,493**	38,215
CK Hutchison	iv	**5,506,000**	5,245,500	5,075,500	**50,506**	49,899
CVS Health	i	**481,936**	448,638	525,232	**50,051**	70,774
HCA Healthcare	i	**88,732**	72,222	53,805	**40,454**	13,150
Morgan Stanley	i	**300,894**	347,997	328,472	**38,603**	36,332
JP Morgan Chase	i	**171,723**	185,428	185,428	**37,520**	30,366
Intercontinental Exchange	i	**213,322**	210,700	210,700	**36,239**	28,814
Prosus	ii	**321,152**	437,561	489,323	**35,325**	46,481
Lloyds Banking Group	vi	**37,745,418**	35,311,542	33,817,391	**31,425**	25,269
DBS Group	vii	**829,794**	588,094	578,094	**29,024**	17,929
United Overseas Bank	vii	**836,723**	757,623	747,623	**26,007**	20,507
Oversea - Chinese Banking	vii	**1,635,399**	1,455,499	1,435,499	**22,293**	17,085
US Bancorp	i	**389,195**	117,361	117,361	**19,318**	7,854
Lowe's	i	**52,219**	52,219	52,219	**17,706**	13,264
UnitedHealth Group	i	**21,118**	3,562	3,562	**15,248**	2,661
RB Global[2]	i	**126,068**	126,968	126,968	**11,363**	12,013
Allianz	ix	**10,824**	88,186	107,733	**3,782**	29,829
Schroders	vi	**351,100**	1,056,495[3]	211,299	**2,932**	8,340
L'Oreal	v	**2,887**	2,887	2,887	**2,021**	1,445
Asahi Group	iii	**-**	912,200	912,200	**-**	43,403
Chipotle Mexican Grill	i	**-**	-	9,476	**-**	18,014
Sonic Healthcare	viii	**-**	-	165,094	**-**	5,450
Total Investments					**2,300,972**	1,972,040

1 Stock split effective 18 July 2022. Holders received 19 additional shares for every 1 share held.
2 Effective May 23 2023, Ritchie Bros. Auctioneers Incorporated changed its name to RB Global Inc.
3 Stock split effective 20 September 2022. Holders received 5 post-split ordinary shares for each non-voting share.

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

Stock Exchange Domicile

The relevant stock exchange pertaining to each investment is as follows:

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

Notes to the Financial Statements

for the year ended 30 June 2023

Foreign Exchange Rates

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

	30 Jun 2023	30 Jun 2022
US Dollar	**0.66565**	0.68765
Euro	**0.61013**	0.65776
Japanese Yen	**96.20972**	93.42070
Hong Kong Dollar	**5.21643**	5.39596
British Pound	**0.52358**	0.56622
Singapore Dollar	**0.90086**	0.95700

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 2023 $'000	30 Jun 2022 $'000
Current Liabilities		
Research and services fees payable (including GST)	**330**	1,100
Accrued expenses	**115**	104
Total Current Liabilities	**445**	1,204
Non-Current Liabilities		
Provision for long service leave	**240**	215
Total Non-Current Liabilities	**240**	215
Total Payables	**685**	1,419
Denomination of payables by currency:		
Australian Dollars	**685**	1,419
Total Payables	**685**	1,419

Employee Entitlements

Employee entitlements comprise the Managing Director's salary and Non-Executive Directors' fees.

Liabilities for employee entitlements are recognised in accrued expenses and are measured at the amounts expected to be paid when the liabilities are settled. A liability expected to be settled within 12 months from balance date is recognised in current liabilities.

Employee entitlements are included in payables in the Statement of Financial Position and expensed 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 are expected to be paid after 12 months of balance date.

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 2023 Number of Securities	30 Jun 2022 Number of Securities	30 Jun 2023 $'000	30 Jun 2022 $'000
Ordinary Shares				
Opening balance	**584,359,089**	568,040,118	**722,390**	679,653
Shares issued under DRP:				
5 November 2021	**-**	1,720,999	**-**	4,984
13 May 2022	**-**	2,104,731	**-**	5,271
4 November 2022	**2,716,219**	-	**6,286**	-
12 May 2023	**2,198,457**	-	**5,619**	-
Shares issued on exercise of Options	**799,503**	12,493,241	**2,079**	32,482
Shares bought back on-market and cancelled	**(10,028,930)**	-	**(25,641)**	-
Transaction costs on shares acquired under buy-back net of tax	**-**	-	**(38)**	-
Total Contributed Equity	**580,044,338**	584,359,089	**710,695**	722,390
MFF 2022 Options				
Opening balance	**81,926,543**	94,419,784	**-**	-
Shares issued from exercise of options during period	**(799,503)**	(12,493,241)	**-**	-
Options lapsed 31 October 2022	**(81,127,040)**	-	**-**	-
Total MFF 2022 Options	**-**	81,926,543	**-**	-

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.

Dividend Reinvestment Plan

Refer to Note 2 for details on the DRP.

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. On 31 October 2022, the MFF 2022 Options expired and 81,127,040 unexercised options lapsed. Ordinary shares issued on exercise of the options ranked equally with all other ordinary shares from the date of issue.

On-Market Buy-back

On 16 January 2023, an on-market buy-back of up to 30,000,000 MFF ordinary shares for a 12 month period ending 31 January 2024 was announced. During the period ended 30 June 2023, the Company purchased on-market, and cancelled, 10,028,930 ordinary shares, at a total cost of $25,641,000. Subsequent to balance date and up until 20 July 2023, the Company purchased on-market, and cancelled, 483,773 ordinary shares, at a total cost of $1,307,000.

9. Earnings per Share

Basic Earnings Per Share ("EPS") 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 EPS is calculated by adjusting the basic EPS 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 2023	30 Jun 2022
Basic Earnings/(Loss) Per Share (cents)	**55.34**	(29.57)
Diluted Earnings/(Loss) Per Share (cents)	**55.34**	(29.57)[1]
Weighted Average Number of Ordinary Shares		
Weighted average number of ordinary shares on issue used in calculating basic and diluted EPS	**584,672,007**	577,511,045
Earnings Reconciliation		
Net profit/(loss) after income tax expense used in the calculation of basic and diluted EPS ($'000)	**323,575**	(170,779)

[1] As the Company had a net loss after income tax expense for the year ended 30 June 2022, outstanding Options were antidilutive and were not considered for the dilutive EPS calculation. All Options lapsed on 31 October 2022.

As the Company has no potential dilutive units, basic and diluted EPS are equal.

10. Auditor's Remuneration

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

	30 Jun 2023 $	30 Jun 2022 $
Fees for audit and review of statutory financial reports	**64,955**	61,900
Fees for other services:[1]		
Taxation compliance services[2]	**9,000**	8,800
Taxation advisory services	**-**	13,007
Total Auditor Remuneration	**73,955**	83,707
% of non-audit fees paid to auditor	**12.2%**	26.1%

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

External Auditor

The Audit & Risk Committee's work consists of overseeing the relationship with the Company's external auditors including safeguarding independence and approving non-audit fees and their appointment.

EY was appointed auditor of the Company in 2008. The external audit was last put out to tender in 2018, which aligned to the auditor's 10 year anniversary, and EY was reappointed auditor as it scored highest across all requirements and the Board was satisfied that appropriate safeguards were in place to ensure the required independence of EY. The Company outsourced the tender process to its services provider, Magellan Asset Management Limited ("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. Ms Clare Sporle has served as lead audit partner since August 2019. In accordance with the *Corporations Act 2001*, the next rotation of the lead partner is planned to occur after the completion of the 30 June 2024 financial year audit.

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.

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.

Investment Limitations

The Company is subject to investment and borrowing limitations which may change from time to time, as determined by the Directors. These limitations include:

- 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 three 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 2023. 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.

Credit Risk

Credit risk refers to 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 A1 (30 June 2022: 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 2023 of approximately US $254.9 billion. Bank of America does not guarantee the obligations in respect of either MLI or MLMA.

The Company has cash at bank with National Australia Bank ("NAB"). At balance date NAB's senior debt is rated by Standard & Poor's as being AA- and by Moody's as being Aa3 (30 June 2022: AA- and Aa3 respectively).

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.

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 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 $358,423,000 (June 2022: $401,386,000).

Maturities of Financial Liabilities

At balance date, the Company's financial liabilities comprise payables which mature in 0 to 30 days (June 2022: 0 to 30 days) and borrowings which are repayable on written demand (June 2022: repayable on written demand) (refer Note 4).

Price Risk

Price risk refers to 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 +31.92% and -6.48% (in AUD) and +40.79% and -14.34% (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 $80,534,000 (June 2022: $69,021,000) and each 5% incremental decrease would have an equal and opposite impact.

Currency Risk

The Company holds the following types of assets and liabilities for which fair value changes arise as a result of movements in foreign exchange rates:

- cash and borrowings denominated in a foreign currency (refer Note 4);
- financial assets and liabilities denominated in a foreign currency (refer to note 6); and
- dividend/distribution receivables and outstanding receivable/payable settlements for sales/purchases relating to these financial assets.

Notes to the Financial Statements

for the year ended 30 June 2023

The following table presents the Company's foreign currency denominated assets and liabilities translated into Australian Dollars, at balance date and, for illustrative purposes, the potential impact on the Company's total equity and net profit after tax, had the Australian Dollar strengthened by 10% against the foreign currencies in which the Company transacts (with all other variables held constant):

	Assets and Liabilities Denominated in Foreign Currency			
	USD		Other	
	30 Jun 2023 $'000	Increase/ (Decrease) $'000	30 Jun 2023 $'000	Increase/ (Decrease) $'000
Investments	**2,034,164**	**142,391**	**266,808**	**18,677**
Receivables	**323**	**23**	**26**	**2**
Payables	**-**	**-**	**-**	**-**
Borrowings	**(189,169)**	**(13,242)**	**(228,069)**	**(15,965)**
10% impact on Net Profit/(Loss) After Income Tax Expense and Total Equity		**129,172**		**2,714**

	Assets and Liabilities Denominated in Foreign Currency			
	USD		Other	
	30 Jun 2022 $'000	Increase/ (Decrease) $'000	30 Jun 2022 $'000	Increase/ (Decrease) $'000
Cash and cash equivalents	-	-	-	-
Investments	1,668,188	116,773	298,402	20,888
Receivables	332	23	702	49
Payables	-	-	-	-
Borrowings	(353,671)	(24,757)	(47,278)	(3,309)
10% impact on Net Profit/(Loss) After Income Tax Expense and Total Equity		92,039		17,628

A 10% decline in the Australian Dollar against these foreign currencies would have an equal and opposite impact on the Company's net profit after tax and total equity. Currency movements may not be correlated and no offsetting impacts are assumed for the purposes of the sensitivity analysis.

Notes to the Financial Statements

for the year ended 30 June 2023

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 interest bearing borrowings as follows:

	Interest Rate %	30 Jun 2023 Cash & Cash Equivalents/ (Borrowings) $'000	Interest Rate %	30 Jun 2022 Cash & Cash Equivalents/ (Borrowings) $'000
Australian Dollars	**4.05**	**28,248**	0.80	33,214
Total Cash		**28,248**		33,214
Australian Dollars	**3.97**	**58,815**	(1.89)	(437)
US Dollars	**(5.82)**	**(189,169)**	(2.32)	(353,671)
British Pounds	**(5.68)**	**(98,409)**	(1.94)	(14,889)
Hong Kong Dollars	**(5.68)**	**(55,785)**	(1.62)	(7,969)
Euros	**(4.15)**	**(50,374)**	(0.17)	(5,467)
Singapore Dollars	**(4.54)**	**(23,414)**	(2.31)	(11,074)
Japanese Yen	**(0.68)**	**(75)**	(0.72)	(7,868)
Canadian Dollars	**(5.50)**	**(12)**	(2.98)	(11)
Total Net Cash/(Borrowings) with MLI		**(358,423)**		(401,386)

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 2023 +1% $'000	30 Jun 2023 -1% $'000	30 Jun 2022 +1% $'000	30 Jun 2022 -1% $'000
Cash and cash equivalents	**198**	**(198)**	232	(232)
Borrowings	**(2,509)**	**2,509**	(2,810)	2,810
Impact on Net Profit/(Loss) After Tax Expense and Total Equity	**(2,311)**	**2,311**	(2,578)	2,578

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 2023 and 30 June 2022.

Remuneration of Key Management Personnel

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

	30 Jun 2023 $	30 Jun 2022 $
Short term benefits	**1,755,218**	1,773,949
Post-employment benefits	**44,782**	43,820
Other benefits	**24,240**	24,936
Total	**1,824,240**	1,842,705

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

Notes to the Financial Statements

for the year ended 30 June 2023

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. During the period, an amendment to the Services Agreement resulted in a reduction in the research and services fees from 1 January 2023. Research and services fees are payable in arrears.

For the period ended 30 June 2023, research and services fees paid/payable (inclusive of GST) totalled $2,600,000 (June 2022: $4,000,710).

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 2023 and the NTA per ordinary share reported to the ASX on 3 July 2023.

	30 Jun 2023 $		30 Jun 2022 $	
	Pre-tax	Post-tax	Pre-tax	Post-tax
ASX Reported NTA per Ordinary Share[1]	**3.398**	**2.912**	2.745	2.438
NTA per Ordinary Share[2]	**3.398**	**2.909**	2.744	2.438

[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 2022: nil).

16. Segment Information

The Company's investments are managed on a single portfolio basis (refer Note 1.5), 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

In the latest release to the ASX on 24 July 2023, the Company reported NTA per share as at 21 July 2023 as follows:

	21 Jul 2023 $[1]	30 Jun 2023 $[2]
Pre-tax NTA per ordinary share	**3.434**	**3.398**
Net tax liabilities per ordinary share	**(0.499)**	**(0.489)**
Post-tax NTA per ordinary share	**2.935**	**2.909**

[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).

On 28 July 2023, the Directors declared a fully franked final dividend of 5.0 cents per ordinary share in respect of the period ended 30 June 2023 (refer Note 2).

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 2023

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 2023 and of its performance for the period ended on that date; and

   ii. complying with Australian Accounting Standards, International Financial Reporting Standards 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 2023.

Signed in accordance with a resolution of the Directors.

Annabelle Chaplain AM
Chairman

Chris Mackay
Managing Director and
Portfolio Manager

Sydney
28 July 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2023, 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 material accounting policy information, 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 2023 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) together with the ethical requirements that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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 judgement, 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, and 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

The Company has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2023, the value of these listed equities was 98.8% of the total assets of the Company.

As disclosed 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

How our audit addressed the key audit matter

We assessed the effectiveness of the controls relating to the recognition and valuation of investments.

We obtained and assessed the assurance report on the controls of the Company's administrator in relation to Fund Administration Services for the year ended 30 June 2023, and the auditor's qualifications, objectivity and the results of their procedures.

We agreed all investment holdings, including cash accounts, to third party confirmations as at 30 June 2023.

We assessed the fair value of all investments in the portfolio held at 30 June 2023 to independently sourced market prices.

We assessed the adequacy of the disclosures included 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 the Company's 2023 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 intend to liquidate the Company or to 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 12 of the Directors' Report for the period ended 30 June 2023. In our opinion, the Remuneration Report of MFF Capital Investments Limited for the period ended 30 June 2023, 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

Clare Sporle
Partner

Sydney, 28 July 2023

Shareholder Information

for the year ended 30 June 2023

Shareholder Information

Distribution of Shareholders

The distribution of ordinary shareholders of the Company as at 21 July 2023 is as follows:

	Holders	Number of Ordinary Shares	%
1-1,000	2,026	875,466	0.15
1,001-5,000	2,993	8,303,683	1.43
5,001-10,000	2,421	18,194,547	3.14
10,001-100,000	6,362	194,296,373	33.53
100,001 and over	668	357,890,496	61.75
Total	**14,470**	**579,560,565**	**100.0**
Number of holders with less than a marketable parcel	411	23,780	0.00

Twenty Largest Shareholders

The names of the 20 largest ordinary shareholders of the Company as at 21 July 2023 are as follows:

	Number of Ordinary Shares	%
Magellan Equities Pty Limited	61,559,477	10.62
HSBC Custody Nominees (Australia) Limited	44,751,352	7.72
Christopher John Mackay	28,948,806	4.99
Naumov Pty Ltd	19,533,959	3.37
Netwealth Investments Limited <Wrap Services A/C>	14,293,146	2.47
BNP Paribas Nominees Pty Ltd Barclays <DRP A/C>	11,593,915	2.00
Mutual Trust Pty Ltd	3,722,923	0.64
Citicorp Nominees Pty Limited	3,428,549	0.59
Netwealth Investments Limited <Super Services A/C>	2,545,145	0.44
Melbourne Business School Limited	2,180,000	0.37
J P Morgan Nominees Australia Pty Limited	1,946,086	0.34
Magellan Equities Pty Limited <Magellan Super Fund A/C>	1,803,785	0.31
Glenn Bates Consulting Pty Ltd <Bates Ballard Super A/C>	1,774,820	0.31
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	1,712,941	0.29
Navigator Australia Ltd <MLC Investment Sett A/C>	1,557,733	0.27
Invia Custodian Pty Limited <Bozwald Pty Ltd A/C>	1,480,203	0.26
Evenhall Proprietary Limited <The Pb 2004 Family A/C>	1,451,725	0.25
Gold Tiger Investments Pty Ltd	1,450,000	0.25
Rogand Superannuation Pty Ltd <Rogand Super Fund A/C>	1,321,883	0.23
L J Thomson Pty Ltd	1,321,176	0.23
Total Ordinary Shares held by the 20 Largest Shareholders	**208,377,624**	**35.95**
Total Ordinary Shares on Issue	**579,560,565**	**-**

Substantial Shareholders

The shareholders appearing on the Company's Register of Substantial Shareholders as at 21 July 2023 are as follows:

	Number of Ordinary Shares
Christopher Mackay and Associates	112,181,193[1]

[1] As disclosed in the latest Appendix 3Y dated 16 May 2023.

Ordinary Share Capital

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

Corporate Information

for the year ended 30 June 2023

Directors

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

Company Secretary

Marcia Venegas

Registered Office

Level 36
25 Martin Place
Sydney NSW 2000
Telephone: +61 2 9235 4887
Fax: +61 2 9235 4800
Email: info@magellangroup.com.au

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Share Registrar

Boardroom Pty Limited
Level 8
210 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

Website

www.mffcapital.com.au