

Monthly NTA and Portfolio Update

September 2026



Net tangible assets ("NTA") per share

	30 September 2026 ^{1,2}	30 June 2026
NTA per share (pre-tax) ³	\$5.016	\$4.999
NTA per share (post-tax) ⁴	\$4.272	\$4.254

1. Figures are unaudited and approximate.

2. Cum 11.0 cent per share fully franked final dividend.

3. Pre-tax NTA figures are shown after tax paid (reflected in cash balances) and adjusted for any current tax instalment payable. Taxes paid and adjusted impact pre-tax NTA comparisons with trusts and indices. Tax paid in the financial year is set out in the table below.

4. Post-tax NTA includes net tax liabilities consisting of current tax liabilities and deferred tax liabilities, less deferred tax assets.

Dividends, franking and tax

Expected dividends (100% franked)

- FY26 Final – payable 29 October 2026 11.0 cps
- FY27 Interim – intendedⁱ 12.0 cps

Dividends paid or declared from 2016 110.5 cps

- Including the value of franking creditsⁱⁱ 157.8 cps

Franking credit balance per share at last financial reporting dateⁱⁱⁱ 45.9 cps

Tax paid since 30 June 2026 \$10.5 million

ⁱ Intention subject to prevailing corporate, legal, tax and regulatory considerations. ⁱⁱ Refer to website for historical franking levels, 100% franked since 2017. ⁱⁱⁱ As at 30 June 2026.

Portfolio Manager Update

Major corporate revenue and earnings aggregates continue to be extremely strong, particularly for US focused companies and multinationals. US GDP growth remains strong and recent figures indicate acceleration (both nominal and real). US credit growth has recovered from the post GFC lows, with banks and other lenders encouraged by strong interest margins. Credit creation is a key underpinning of velocity of money and economic activity with growth in employment, incomes, and earnings. Strength in equity markets has been underpinned by earnings growth, and forward estimates have risen throughout 2026.

During September inflation and increased interest rates gave market participants much to worry about, along with numerous economic negatives from socialist/populist measures and geopolitical problems. Financing the AI build out competes with financing Government debt, and repatriation of funds to Japan and elsewhere via unwinding of some carry trades (financing speculation via sustained extremely low interest rates). Private credit problems included mis-selling and repeated variations of past cycles. Overall, the problems are not yet systemic and/or broad enough to derail the positive aggregates for revenues and earnings.

The capital cycle continues to broaden with AI, energy transition, US manufacturing onshoring and Government projects more than offsetting weakness in housing and related activities. Upside in service

sectors in many major economies has surprised many economists. Pressures in emerging markets continue but have not reprised disasters of the past crises. This phase of the capital expenditure cycle is following the usual pattern of significantly enhancing accounting earnings (depreciation of capital items deducts less in aggregate than profitable capex and input revenues for years).

Supports for major equity markets were tested again in September and largely held, as many participants look to political gridlock post the US midterm elections at the start of November. With clowns to the left and jokers to the right, it remains to be seen whether and what gridlock might curtail. For many, broad confidence is being eroded by Governments, anti-business and complex rules and regulations, sustained tax and spend. Inflation and higher interest rates have become significant real-world problems amplified by performative, expensive UN, and other Government talkfest spendathons during September. Medium to longer term bond markets turned negative and retesting of bond and equity markets will continue. Inflation, interest rates, capital and liquidity impacts of bond market mark to market losses, private credit, and debt levels remain focus areas, along with concerns about politics/geopolitics and continued ill-advised yield chasing excess gambling and speculation.

Activity was moderate for MFF in September, resulting from reviews relating to risks/rewards associated with ongoing AI competition and spend, as well as impacts of interest rates/bond markets. MFF maintained its net cash and significant additional balance sheet capacity, as well as ongoing portfolio liquidity as it remains focused upon processes and priority areas with emphasis upon Quality and Value. We continue to favour companies likely to have sustained profitable growth at sensible prices (having regard to factors including interest rates). September was another month when corporate updates and related disclosures for portfolio companies were again positive overall and exceeded many expectations. Despite cost-of-living and inflationary pressures biting widely, resilience remained a feature for many, along with profitable growth. Companies that did not borrow to expand when interest rates were rock bottom are now expanding. Patience mixed with some inventiveness is required as margins of safety in prices are harder to find than advantaged businesses.

Specifically in portfolio construction we continue to favour better quality investments perceived to have sustainable profit growth prospects (even at higher recent interest rate levels). Duration, magnitude, multipliers, competitive intensity (technology, domestic and international), Government, judicial and regulatory interventions, subsequent impacts and second order effects are just some variables. More and more examples of multipliers are emerging from the boom in artificial intelligence development, with community and political backlash also having an impact. We seek to avoid some of the worst disasters including via significant “margins of safety” (low prices for extreme quality businesses with growth prospects underpinned by sustainable advantages) which materially increase prospects for success over time, provided holdings can extend for duration. Our preference is combinations of value and quality with duration advantages (i.e. businesses with probabilities of sustainable success) and very little has changed for MFF in recent months.

Rising interest rates across Government, corporate and alternative securities returned this quarter, accelerated in September and continue to weigh on asset price calculations. Month over month in September, the US Government 10-year bond trading yield rose to approximately 5.29% p.a. from approximately 4.75% p.a. Shorter rates also rose, including increases in official rates by various central banks and the yield on 2-year US Government bonds rising from approximately 4.24% p.a. to approximately

4.91% p.a. in the month. Higher yields continue to be sought as policy settings and actions concern debt investors, as they do in some emerging markets.

We are not making specific forecasts about economic variables such as inflation but seek to have margins of safety in portfolio construction, including liquidity. Nevertheless, as noted last month, inflation analysis has become more important for analysts, academics and investors, and damaging for household budgets and savers/investors seeking to provide for future risks and obligations. Complex adaptive systems such as economies and inflation do not lend themselves to single variables or explanations. Oil price supply shocks have been associated with months of higher inflation and more sustained inflationary problems. This has also been the case for permissive monetary policies, with velocity of money being a variable. Similarly for fiscal ill-discipline, capital expenditure booms and transmission mechanisms chasing higher wages/benefits, higher consumption taxes linked to CPI and business price increases. Economic openness matters with deflationary scale exports and dumping of subsidised steel, cars and other manufacturing forcing out domestic production but with the benefit of lower input, end costs, and spot CPI (at least temporarily, until tariff and other retaliations and when denuding of domestic industry allows scale manufacturer cartels to price). Currently the combination of factors may have inflation risks in the US being neutral to upwards but at least modestly sustained above the 2% Federal Reserve target [but with bullying political pressure to stare into the headlights or blink downwards]. In smaller, more regulated, centralised economies, there are more serious risks of further sustained embedding at the top or above a 2-3% target range, on top of recent cumulative 20% inflation (i.e. reduction in the purchasing power of money). Concurrent performative and anti-business impediments are causing/contributing to economic dampening effects including exploding Government project spending impacting productivity, slow adoption of AI to maintain sector employment and conditions, elevated bankruptcies and company failures and punitive marginal taxes encourage young talent to move overseas.

Larger listed holdings in the Group's portfolio as at 30 September 2026 are shown in the table that follows (shown as percentages of investment assets, including net cash. Excludes various smaller holdings). Equity in group subsidiaries are not included in the table.

	%		%
MasterCard	8.8	Lloyds Banking Group	2.7
Visa	8.6	Lowe's	2.6
Alphabet Class A	8.5	DBS Group	2.5
Amazon	7.5	Oversea - Chinese Banking	2.1
Bank of America	7.4	Blackstone Group	1.9
Microsoft	6.8	KKR & Co	1.8
American Express	5.9	US Bancorp	1.5
Home Depot	4.5	United Overseas Bank	1.5
United Health Group	4.4	CK Hutchison	1.1
L1 Group	3.3		

Net cash shown as a percentage of investment assets (including net cash) was approximately 8.6% as at 30 September 2026. AUD cash was 8.4% (taxes, other expenses and dividends are paid in AUD), SGD cash 0.3%, Euro cash 0.3%, GBP cash 0.1%, HKD borrowings 0.4% and USD borrowings 0.1% of investment assets as at 30 September 2026 (all approximate). Key currency rates for AUD as at 30 September 2026 were 0.696 (USD), 0.612 (EUR) and 0.524 (GBP) compared with rates for the previous month which were 0.717 (USD), 0.617 (EUR) and 0.529 (GBP).

Yours faithfully,

Chris Mackay

Portfolio Manager

1 October 2026

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